

**MCCORMICK SCHOOL DISTRICT
NUMBER 1**

MCCORMICK, SOUTH CAROLINA

**ANNUAL FINANCIAL REPORT
June 30, 2011**

(With Independent Auditors' Report Thereon)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2011

<u>FINANCIAL SECTION</u>	<u>Page</u>
Independent Auditors' Report on Financial Statements.....	1-2
Management's Discussion and Analysis.....	3-11
 <u>BASIC FINANCIAL STATEMENTS</u>	
<u>Exhibit</u>	
Government-wide Financial Statements	
A Statement of Net Assets.....	12
B Statement of Activities.....	13
 Fund Financial Statements:	
C Balance Sheet - Governmental Funds.....	14
D Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	15
E Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	16
F Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	17
 Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual:	
G General Fund.....	18
H Special Revenue Funds - Special Projects Fund.....	19
I Special Revenue Funds - Education Improvement Act.....	20
J Statement of Net Assets - Proprietary Fund.....	21
K Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund.....	22
L Statement of Cash Flows - Proprietary Fund.....	23
M Statement of Fiduciary Net Assets - Fiduciary Fund.....	24
N Statement of Changes in Fiduciary Net Assets - Fiduciary Fund.....	25
O Notes to Financial Statements.....	26-41

Continued

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
 Annual Financial Report
 Table of Contents
 June 30, 2011

COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS
AND SCHEDULES

GENERAL FUND

Schedule

1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	42-49
---	---	-------

SPECIAL REVENUE FUND

Schedule

2	Combining Balance Sheet.....	50
3	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	51
4	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund.....	52-62
4A	Schedule of Program Classifications - Special Projects Fund.....	63
5	Summary Schedule for Designated State Restricted Grants.....	64
6	Education Improvement Act - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	65-69
7	Education Improvement Act - Summary Schedule by Program.....	70

DEBT SERVICE FUND

Schedule

8	Schedule of Revenues, Expenditures, and Changes in Fund Balance - District.....	71
8A	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Foundation.....	72

SCHOOL BUILDING FUND

Schedule

9	Schedule of Revenues, Expenditures, and Changes in Fund Balance - District.....	73
9A	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Foundation.....	74

PROPRIETARY FUND

Schedule

10	Food Service Fund - Schedule of Revenues, Expenditures, and Retained Earnings.....	75-76
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Continued

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2011

FIDUCIARY FUND

Schedule

11	Pupil Activity Fund - Combining Balance Sheet.....	77
12	Pupil Activity Fund - Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations.....	78

SUPPLEMENTAL SCHEDULES

Schedule

13	Schedule of Due to State Department of Education/Federal Government.....	79
14	Schedule of Capital Assets Used in Operation of Governmental Funds by Function.....	80
15	Schedule of Findings and Questioned Costs.....	81-83
16	Highlights.....	84
17	Schedule of Expenditures of Federal Awards.....	85-86
18	Location Reconciliation Schedule.....	87

AUDITORS' REPORTS ON OTHER MATTERS

Schedule

19	Independent Auditors' Report on Compliance and on Internal Control over over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government</u> Auditing Standards.....	88
20	Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	89

MARTIN SMITH & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, PA

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of McCormick School District No. 1 as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is supplementary information 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 the 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 performed for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements of McCormick School District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011, on our consideration of McCormick School District No. 1'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.

Greenville, South Carolina
November 30, 2011

Martin Smith & Company CPAs PA

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED June 30, 2011**

This discussion and analysis of McCormick School District No. 1's (the "District's") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- In the Statement of Net Assets, the assets of the District exceeded its liabilities at the close of the 2011 fiscal year by \$16,483,684. Of this amount, \$3,642,067 may be used to meet the District's ongoing obligations to citizens and creditors.
- In the Statement of Activities, the District's total net assets increased by \$573,478 in the 2011 fiscal year, as compared to an increase of \$1,139,949 in the previous fiscal year.
- The District had \$11,581,518 in expenses related to governmental activities; of these expenses \$4,288,718 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,859,525 provided the remaining funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,586,373, a decrease of \$1,407,015. \$3,448,037 is unassigned and available for spending at the District's discretion, \$23,090 is nonspendable, and \$3,115,246 is restricted. No fund balances are committed or assigned.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3,448,037.
- The District's total net fixed assets increased by \$173,673 during the current fiscal year, as capital expenditures exceeded depreciation expense.
- The District's total long-term obligations of \$16,698,000 are comprised of the District's outstanding general obligation bonds of \$6,625,000 and its outstanding acquisition debt of \$815,000. Additionally, the McCormick County School Facilities Foundation (the "Foundation") has outstanding facilities bonds of \$9,258,000. These bonds were sold in a previous fiscal year to fund the Foundation's construction program. The Foundation, although a separate legal entity, is a blended component unit of the District, and its activities and balances are included in the financial information of the District.
- During the 2011 fiscal year, the District's governmental fund type revenues were \$12,142,567 compared to \$12,778,375 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – the basic financial statements, required supplementary information (which includes this management's discussion and analysis section), an optional section that presents combining and individual fund statements and schedules for major governmental funds, and the compliance section.

Government-wide financial statements. The basic financial statements include two kinds of statements that present different views of the District. The first two statements are government-wide financial statements that provide a broad overview of the 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 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 District is improving or deteriorating.

The statement of activities presents information showing how the government's 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.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011**

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

The government-wide financial statements include not only the District itself, but also a component unit. The Foundation is a "blended" component unit, and as such, is included in the governmental activities of the District. Separate financial statements for the Foundation are not issued.

Fund financial statements. The remaining basic financial statements are fund financial statements that focus on individual parts of the District, reporting the 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 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 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 financial statements. However, unlike the government-wide financial statements, governmental fund 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 financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide 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 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 projects fund, EIA fund, debt service fund and the capital projects fund, all of which are considered major funds. The Foundation's debt service and capital projects funds are also major funds and therefore shown in separate columns.

Proprietary Fund. The 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 financial statements. The District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the food service operation, which is considered a major fund of the 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 financial statement because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund.

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

Other information. The District adopts an annual appropriated budget for its general fund, special projects fund and EIA fund. A budgetary comparison statement has been provided in the basic financial section of these funds to demonstrate compliance with their budgets.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011**

Major Features of the District's Government-wide and Fund Financial Statements

Fund Financial Statements				
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets, Statement of revenues, expenses, and changes in net assets, Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
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; the District's funds do not currently contain capital assets, although they can
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/services have been received and payment is due during the year or soon after	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

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011**

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 District, assets exceeded liabilities by \$16,483,684 at the close of the most recent fiscal year.

The following table provides a summary of the School District's net assets for 2010 compared to 2011:

	Net Assets					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and Other Assets	\$ 8,605,494	\$ 10,575,829	\$ 170,940	\$ 159,120	\$ 8,776,434	\$ 10,734,949
Capital Assets	26,288,027	26,109,287	136,344	141,411	26,424,371	26,250,698
Total Assets	<u>34,893,521</u>	<u>36,685,116</u>	<u>307,284</u>	<u>300,531</u>	<u>35,200,805</u>	<u>36,985,647</u>
Liabilities						
Long-term Liabilities	16,698,000	18,493,000	-	-	16,698,000	18,493,000
Other Liabilities	2,019,121	2,582,441	-	-	2,019,121	2,582,441
Total Liabilities	<u>18,717,121</u>	<u>21,075,441</u>	<u>-</u>	<u>-</u>	<u>18,717,121</u>	<u>21,075,441</u>
Net Assets						
Invested in Capital Assets, Net of Debt	9,590,027	7,616,287	136,344	141,411	9,726,371	7,757,698
Restricted	3,115,246	5,378,148	-	-	3,115,246	5,378,148
Unrestricted	3,471,127	2,615,240	170,940	159,120	3,642,067	2,774,360
Total Net Assets	<u>\$ 16,176,400</u>	<u>\$ 15,609,675</u>	<u>\$ 307,284</u>	<u>\$ 300,531</u>	<u>\$ 16,483,684</u>	<u>\$ 15,910,206</u>

Total net assets of the District's governmental activities increased by 4 percent (\$16,176,400 compared to \$15,609,675). 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 changed from \$2,615,240 at June 2010 to \$3,471,127 at June 2011. This increase, while still significant, was lower than the previous year because of substantial declines in property tax receipts and state funding which were only partially offset by decreases in expenditures.

The net assets of business-type activities increased (\$307,284 compared to \$300,531) for the year ended June 30, 2011.

MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011

The following table shows the changes in net assets for fiscal year 2011 compared to 2010.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 53,984	\$ 53,289	\$ 53,984	\$ 53,289
Operating Grants	4,288,718	5,329,496	479,112	523,930	4,767,830	5,853,426
Capital Grants	-	-	-	-	-	-
General Revenue:						
Property Taxes	7,837,717	7,332,890	-	-	7,837,717	7,332,890
Other	21,808	107,470	295	604	22,103	108,074
Total Revenues	<u>12,148,243</u>	<u>12,769,856</u>	<u>533,391</u>	<u>577,823</u>	<u>12,681,634</u>	<u>13,347,679</u>
Program Expenses						
Instruction	5,533,395	5,755,918	-	-	5,533,395	5,755,918
Support Services	5,235,750	4,906,896	-	-	5,235,750	4,906,896
Community Services	47,367	170,411	-	-	47,367	170,411
Intergovernmental	13,989	62,619	-	-	13,989	62,619
Interest and Fiscal Charges	751,017	777,114	-	-	751,017	777,114
Food Service	-	-	526,638	534,772	526,638	534,772
Total Expenses	<u>11,581,518</u>	<u>11,672,958</u>	<u>526,638</u>	<u>534,772</u>	<u>12,108,156</u>	<u>12,207,730</u>
Increase (Decrease) in Net Assets	<u>\$ 566,725</u>	<u>\$ 1,096,898</u>	<u>\$ 6,753</u>	<u>\$ 43,051</u>	<u>\$ 573,478</u>	<u>\$ 1,139,949</u>

Governmental Activities. Governmental activities increased the District's net assets in 2011 by \$566,725 or 4%. Key elements of this increase include increased revenue from state reimbursement for property tax relief coupled with careful cost management which reduced expenditures.

Business Type Activities. Business-type activities increased the District's net assets by \$6,753.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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, 2011, the District's governmental funds reported a combined fund balance of \$6,586,373, as compared to \$7,993,388 for the prior year. 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, 2011, the District's unassigned fund balance for all governmental funds was \$3,448,037 which solely represents the General Fund. The remainder is restricted for items such as capital projects and debt service, with \$1,592,096 residing in capital projects, which is representative of the District's building plan, and \$1,578,493 in debt service.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,448,037.

The District's general fund balance increased by \$900,504 during the current fiscal year.

The District's Major Funds include general fund, special projects, special revenue - EIA, debt service - District, debt service - Foundation, capital projects - District and capital projects - Foundation.

The District's special revenue funds, special projects and EIA, are used to account for revenues derived from the State of South Carolina and the Federal Government. Special revenue funds do not have fund balances as revenues should be expended, deferred, or returned to the grantor.

Two debt service funds are shown in the accompanying financial statements. The District's debt service fund balance has remained relatively stable, decreasing by \$200,874 from fiscal year ended 2010. The fiscal year ended 2011 fund balance was \$478,410, all of which was restricted for the payment of debt service. The District's debt millage rate continues to be static. The Foundation's debt service fund balance was \$1,000,083 at June 30, 2011, all of which was reserved for the payment of debt service.

Two capital project funds are utilized as well to segregate District expenditures from Foundation capital project expenditures. The District's capital projects fund decreased by \$2,106,685 from fiscal year ended 2010 to 2011, as the District expended substantial funds on its capital projects. The District's capital project fund balance was \$1,592,096 at the end of the current fiscal year. The Foundation's capital project fund balance was completely utilized during the previous fiscal year.

Proprietary Funds

The District's only Proprietary Fund is the food service fund. This program had an increase in net assets of \$6,753 for the fiscal year ended June 30, 2011.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011**

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2011, substantial amendments to the District's general fund revenue budget were made. However, net differences between the original budget and the final amended budget for revenues were relatively minor.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had \$26,424,371 invested in capital assets, net of depreciation.

The total increase in the District's investment in capital assets was \$173,673, as capital expenditures exceeded depreciation.

The following table shows fiscal 2011 balances compared to 2010.

**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 843,044	\$ 858,803	\$ -	\$ -	\$ 843,044	\$ 858,803
Buildings	24,842,840	12,957,626	-	-	24,842,840	12,957,626
Equipment	602,042	75,258	136,344	141,411	738,386	216,669
Vehicles	101	21,646	-	-	101	21,646
Construction in progress	-	12,195,954	-	-	-	12,195,954
Totals	\$ 26,288,027	\$ 26,109,287	\$ 136,344	\$ 141,411	\$ 26,424,371	\$ 26,250,698

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011**

Long-term Debt

At fiscal year-end, the District had \$6,625,000 in bonds outstanding versus \$7,595,000 in the prior year, a decrease of approximately 10% as shown in the following table. At fiscal year-end, the District also had \$815,000 in acquisition agreement debt outstanding versus \$898,000 in the prior year, a decrease of approximately 10% as shown in the following table. All of the District's debt is backed by the full faith and credit of the District as is typical with General Obligation Bonded Indebtedness.

McCormick County School Facilities Foundation is a not-for-profit 501(c) (3) organization incorporated in 2008 for the specific charitable purpose of serving as a "support organization" for capital projects of the District. The Foundation issued facilities bonds in the amount of \$10,000,000 pursuant to a School Facilities Use and Occupancy Agreement (the Facilities Agreement) and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a base lease agreement between the District and the Foundation dated October 31, 2008. The bonds were issued to facilitate the construction of a new high school educational facility and related athletic facilities. The District will purchase the capital assets from the Foundation pursuant to the Facilities Agreement, which will obligate the District to make semi-annual installment payments to the Foundation in amounts calculated to be sufficient to enable the Foundation to pay the principal and interest on the outstanding bonds. The District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments. However, the District would forfeit possession of the capital assets for the remainder of the lease term. At fiscal year-end, the Foundation had \$9,258,000 in bonds outstanding versus \$10,000,000 in the prior year.

Outstanding Debt, at Year End

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	2011	2010
District General Obligation Bonds 2002 Series	\$ 6,625,000	\$ 7,595,000
District acquisition agreement debt	815,000	898,000
Foundation Facilities Bonds 2008 Series	9,258,000	10,000,000
	16,698,000	18,493,000

Economic Factors

The District is located in McCormick County in western South Carolina and contains the small town of McCormick. The District has a population of approximately 9,000 and operates one high school, one middle school and one elementary school.

Textiles and forestry are the largest employment sectors in the District, followed by wholesale and retail. Wholesale and retail trade and services represent the fastest growing sectors of the District.

The District has shown slight growth over the past five years. Total property tax collections have historically been strong and slowly increasing. Difficulties with manufacturing and textiles specifically, have been a drag on continued growth within the District.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2011**

In 2007, South Carolina enacted Act 388, which was effective for the District beginning July 1, 2007. Act 388 provides an exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent it is not already covered by other property tax relief exemptions, for all property taxes imposed for school operating purposes, but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007. Act 388 also created a new Homestead Exemption fund (Homestead Exemption Fund) which is funded from an additional 1 cent sales tax imposed by Act 388.

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$404,119.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$269,832. Tier one and two distributions are fixed and do not change.

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases. Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the general fund of the State. The District's reimbursement for fiscal 2009 for tier three was \$2,500,000.

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district, the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the general fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced.

In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Net Assets
June 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,498,835	\$ 57	\$ 2,498,892
Cash with fiscal agent	2,900,932	-	2,900,932
Investments	1,478,284	-	1,478,284
Accounts receivable	43,361	-	43,361
Property taxes receivable	75,770	-	75,770
Due from governmental agencies	1,754,023	-	1,754,023
Internal balances	(168,801)	168,801	-
Inventories and prepaid expenses	23,090	2,082	25,172
Capital assets			
Land and land improvements	882,080	-	882,080
Buildings	29,080,629	-	29,080,629
Equipment	736,616	158,922	895,538
Vehicles	139,846	-	139,846
Less accumulated depreciation	<u>(4,551,144)</u>	<u>(22,578)</u>	<u>(4,573,722)</u>
Total capital assets, net of depreciation	<u>26,288,027</u>	<u>136,344</u>	<u>26,424,371</u>
Total assets	<u>34,893,521</u>	<u>307,284</u>	<u>35,200,805</u>
<u>LIABILITIES</u>			
Accounts payable	1,152,465	-	1,152,465
Deferred revenue	740,632	-	740,632
Due to other governmental units	3,507	-	3,507
Other liabilities	122,517	-	122,517
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	2,030,000	-	2,030,000
Due in more than one year:			
Bonds, capital leases, and contracts	<u>14,668,000</u>	<u>-</u>	<u>14,668,000</u>
Total liabilities	<u>18,717,121</u>	<u>-</u>	<u>18,717,121</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	9,590,027	136,344	9,726,371
Restricted for:			
Capital projects	1,592,096	-	1,592,096
Debt service	1,478,493	-	1,478,493
Other	44,657	-	44,657
Unrestricted (deficit)	<u>3,471,127</u>	<u>170,940</u>	<u>3,642,067</u>
Total net assets	<u>\$ 16,176,400</u>	<u>\$ 307,284</u>	<u>\$ 16,483,684</u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2011

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental activities:							
Instruction	\$ 5,533,395	\$ -	\$ 2,800,371	\$ -	\$ (2,733,024)		\$ (2,733,024)
Support services	5,235,750	-	1,431,637	-	(3,804,113)		(3,804,113)
Community services	47,367	-	47,367	-	-		-
Intergovernmental	13,989	-	9,343	-	(4,646)		(4,646)
Interest and other charges	751,017	-	-	-	(751,017)		(751,017)
Total governmental activities	11,581,518	-	4,288,718	-	(7,292,800)		(7,292,800)
Business-type activities:							
Food service	526,638	53,984	479,112	-	-	\$ 6,458	6,458
Total business-type activities	526,638	53,984	479,112	-	-	6,458	6,458
Total primary government	\$ 12,108,156	\$ 53,984	\$ 4,767,830	\$ -	(7,292,800)	6,458	(7,286,342)
General revenues:							
Property taxes levied for:							
General purposes					6,738,034	-	6,738,034
Debt service					1,099,683	-	1,099,683
Miscellaneous					13,616	295	13,911
Unrestricted investment earnings					8,192	-	8,192
Total general revenues, special, and extraordinary items					7,859,525	295	7,859,820
Change in net assets					566,725	6,753	573,478
Net assets, beginning of year					15,609,675	300,531	15,910,206
Net assets, end of year					\$ 16,176,400	\$ 307,284	\$ 16,483,684

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2011

	General	Special Revenue	EIA	Debt Service - District	Debt Service - Foundation	School Building - District	School Building - Foundation	Total Governmental Funds
Cash and cash equivalents	\$ 2,454,177	\$ 44,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,498,835
Cash with fiscal agent	2,061,061	-	-	559,089	-	280,782	-	2,900,932
Investments	1,478,284	-	-	-	-	-	-	1,478,284
Accounts receivable	43,361	-	-	-	-	-	-	43,361
Property taxes receivable	74,873	-	-	897	-	-	-	75,770
Due from governmental agencies	-	753,940	-	-	1,000,083	-	-	1,754,023
Due from other funds	783,036	-	281,484	-	-	1,311,314	-	2,375,834
Prepaid expenses	23,090	-	-	-	-	-	-	23,090
Total assets	\$ 6,917,882	\$ 798,598	\$ 281,484	\$ 559,986	\$ 1,000,083	\$ 1,592,096	\$ -	\$ 11,150,129

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ 1,152,425	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,152,465
Due to other funds	2,019,789	628,423	-	18,940	-	-	-	2,667,152
Due to other governmental units	-	3,507	-	-	-	-	-	3,507
Deferred revenues	274,541	121,971	281,484	62,636	-	-	-	740,632
Total liabilities	3,446,755	753,941	281,484	81,576	-	-	-	4,563,756
Fund balances:								
Nonspendable	23,090	-	-	-	-	-	-	23,090
Restricted	-	44,657	-	478,410	1,000,083	1,592,096	-	3,115,246
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	3,448,037	-	-	-	-	-	-	3,448,037
Total fund balances	3,471,127	44,657	-	478,410	1,000,083	1,592,096	-	6,586,373
Total liabilities and fund balance	\$ 6,917,882	\$ 798,598	\$ 281,484	\$ 559,986	\$ 1,000,083	\$ 1,592,096	\$ -	\$ 11,150,129

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2011

Total fund balances - governmental funds	\$	6,586,373
<p>Amounts reported for governmental activities in the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$30,839,171 and the accumulated depreciation is \$4,551,144.</p>		26,288,027
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		<u>(16,698,000)</u>
Net assets of governmental activities	\$	<u>16,176,400</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Special Revenue	EIA	Debt Service - District	Debt Service - Foundation	School Building - District	School Building - Foundation	Total Governmental Funds
REVENUES								
Local property taxes	\$ 3,314,662	\$ -	\$ -	\$ 999,003	\$ -	\$ -	\$ -	\$ 4,313,665
Other local	20,698	164,295	-	733	110	267	-	186,103
Total local	3,335,360	164,295	-	999,736	110	267	-	4,499,768
State	4,757,169	173,494	846,285	100,680	-	120,500	-	5,998,128
Federal	49,733	1,594,938	-	-	-	-	-	1,644,671
Intergovernmental	-	-	-	-	-	-	-	-
Total revenues all sources	8,142,262	1,932,727	846,285	1,100,416	110	120,767	-	12,142,567
EXPENDITURES								
Current								
Instruction	3,830,552	746,754	486,681	-	-	-	-	5,063,987
Support services	3,574,717	784,649	244,334	-	-	-	-	4,603,700
Community services	-	46,996	371	-	-	-	-	47,367
Intergovernmental	4,646	8,793	550	-	-	-	-	13,989
Debt service	-	-	-	1,053,000	742,000	-	-	1,795,000
Principal	-	-	-	372,597	378,420	-	-	751,017
Interest	-	-	-	-	-	1,271,198	-	1,271,198
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	7,409,915	1,587,192	731,936	1,425,597	1,120,420	1,271,198	-	13,546,258
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	732,347	345,535	114,349	(325,181)	(1,120,310)	(1,150,431)	-	(1,403,691)
OTHER FINANCING SOURCES (USES)								
Sale of fixed assets	5,058	-	-	-	-	-	-	5,058
Operating transfers in	1,401,622	-	113,675	124,307	1,120,310	-	-	2,759,914
Operating transfers out	(1,283,217)	(331,019)	(228,024)	-	-	(956,254)	-	(2,798,514)
Indirect cost transfers	44,694	(14,476)	-	-	-	-	-	30,218
Total other financing sources (uses)	168,157	(345,495)	(114,349)	124,307	1,120,310	(956,254)	-	(3,324)
Net change in fund balances	900,504	40	-0-	(200,874)	-	(2,106,685)	-0-	(1,407,015)
FUND BALANCE, July 1, 2010	2,570,623	44,617	-0-	679,284	1,000,083	3,698,781	-0-	7,993,388
FUND BALANCE, June 30, 2011	3,471,127	44,657	-0-	478,410	1,000,083	1,592,096	-0-	6,586,373

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Total net change in fund balance -- governmental funds \$ (1,407,015)

Amounts reported for governmental activities in the statement of activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,108,538) exceed depreciation expense (\$580,900) in the period.	527,638
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,795,000
Capital assets which had been used in governmental activities were disposed of because such assets no longer needed. This is the amount by which cost of such assets exceeded accumulated depreciation	<u>(348,898)</u>
Change in net assets of governmental activities	<u><u>\$ 566,725</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 2,928,343	\$ 2,928,343	\$ 3,335,360	\$ 407,017
State	4,766,357	4,766,357	4,757,169	(9,188)
Federal	48,000	48,000	49,733	1,733
Intergovernmental	-	-	-	-
Total revenues	<u>7,742,700</u>	<u>7,742,700</u>	<u>8,142,262</u>	<u>399,562</u>
EXPENDITURES				
Current:				
Instruction	3,764,179	3,778,851	3,830,552	(51,701)
Support services	3,444,503	3,597,699	3,574,717	22,982
Community services	-	-	-	-
Intergovernmental	11,000	11,000	4,646	6,354
Total expenditures	<u>7,219,682</u>	<u>7,387,550</u>	<u>7,409,915</u>	<u>(22,365)</u>
Excess (deficiency) of revenues over expenditures	523,018	355,150	732,347	377,197
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	-	-	5,058	5,058
Transfer from special revenue (excludes indirect cost)	-	-	331,019	331,019
Transfer from EIA fund	120,500	120,500	114,349	(6,151)
Transfer from school building fund	-	-	956,254	956,254
Transfers of indirect costs	25,000	25,000	44,694	19,694
Transfer to debt service fund	(1,244,728)	(1,197,560)	(1,244,617)	(47,057)
Transfer to pupil activity fund	(38,600)	(38,600)	(38,600)	-
Net change in fund balance	<u>\$ (614,810)</u>	<u>\$ (735,510)</u>	900,504	<u>\$ 1,636,014</u>
Fund balance, July 1, 2010			<u>2,570,623</u>	
Fund balance, June 30, 2011			<u>\$ 3,471,127</u>	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Special Projects Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 177,416	\$ 177,416	\$ 164,295	\$ (13,121)
State	221,964	221,964	173,494	(48,470)
Federal	1,557,822	1,557,822	1,594,938	37,116
Intergovernmental	-	-	-	-
Total revenues	<u>1,957,202</u>	<u>1,957,202</u>	<u>1,932,727</u>	<u>(24,475)</u>
EXPENDITURES				
Current:				
Instruction	1,042,122	1,042,122	746,754	295,368
Support services	828,610	828,610	784,649	43,961
Community services	114,727	114,727	46,996	67,731
Intergovernmental	-	-	8,793	(8,793)
Total expenditures	<u>1,985,459</u>	<u>1,985,459</u>	<u>1,587,192</u>	<u>398,267</u>
Excess (deficiency) of revenues over expenditures	<u>(28,257)</u>	<u>(28,257)</u>	<u>345,535</u>	<u>373,792</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	63,868	63,868	(331,019)	(394,887)
Spec revenue fund indirect costs	<u>(35,611)</u>	<u>(35,611)</u>	<u>(14,476)</u>	<u>21,135</u>
Total other financing sources (uses)	<u>28,257</u>	<u>28,257</u>	<u>(345,495)</u>	<u>(373,752)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	40	<u>\$ 40</u>
Fund balance, July 1, 2010			<u>44,617</u>	
Fund balance, June 30, 2011			<u>\$ 44,657</u>	

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Education Improvement Act
For the Fiscal Year Ended June 30, 2011

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	932,137	962,712	846,285	(116,427)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>932,137</u>	<u>962,712</u>	<u>846,285</u>	<u>(116,427)</u>
Total revenues				
EXPENDITURES				
Current:				
Instruction	602,333	611,638	486,681	124,957
Support services	207,642	228,912	244,334	(15,422)
Community services	-	-	371	(371)
Intergovernmental	-	-	550	(550)
	<u>809,975</u>	<u>840,550</u>	<u>731,936</u>	<u>108,614</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	122,162	122,162	114,349	(7,813)
OTHER FINANCING SOURCES (USES)				
Transfer to general fund	<u>(122,162)</u>	<u>(122,162)</u>	<u>(114,349)</u>	<u>7,813</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, July 1, 2010			<u>-0-</u>	
Fund balance, June 30, 2011			<u>\$ -0-</u>	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Fund <u>Food Services</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 57
Due from other funds	168,801
Inventories - supplies and materials	<u>2,082</u>
Total current assets	<u>170,940</u>
Noncurrent assets:	
Furniture and equipment	158,922
Less accumulated depreciation	<u>(22,578)</u>
Total noncurrent assets	<u>136,344</u>
Total assets	<u>307,284</u>
NET ASSETS	
Invested in capital assets	136,344
Unrestricted	<u>170,940</u>
Total net assets	<u><u>\$ 307,284</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Proceeds from sale of meals	\$ 53,984
Total operating revenues	<u>53,984</u>
OPERATING EXPENSES	
Food costs	220,291
Salaries and wages	164,228
Supplies and materials	74,540
Depreciation	15,628
Other operating costs	21,733
Total operating expenses	<u>496,420</u>
Operating income (loss)	<u>(442,436)</u>
NONOPERATING REVENUES (EXPENSES)	
USDA reimbursements	479,112
Other state aid	295
Total nonoperating revenues (expenses)	<u>479,407</u>
Income (loss) before operating transfers	36,971
Transfers in (out)	<u>(30,218)</u>
Change in net assets	6,753
Total net assets - July 1, 2010	<u>300,531</u>
Total net assets - June 30, 2011	<u>\$ 307,284</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 53,984
Payments to employees for services	(164,228)
Payments to suppliers for goods and services	(396,192)
Operating transfers to other funds	(30,218)
Net cash used by operating activities	<u>(536,654)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from USDA reimbursements	546,920
Cash received from other state sources	295
Net cash received from noncapital financing activities	<u>547,215</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(10,561)</u>
Net cash used by investing activities	<u>(10,561)</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents - July 1, 2010	<u>57</u>
Cash and cash equivalents - June 30, 2011	<u>\$ 57</u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating loss - Exhibit K	\$ (442,436)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Operating transfers in (out)	(30,218)
Depreciation	15,628
Change in assets and liabilities:	
(Increase) decrease in inventories	(1,616)
(Increase) decrease in due from other funds	<u>(78,012)</u>
Net cash used by operating activities	<u>\$ (536,654)</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2011

	<u>Agency Fund Pupil Activity</u>
ASSETS	
Due from general fund	\$ <u>122,517</u>
Total assets	<u>122,517</u>
LIABILITIES	
Due to student organizations	<u>122,517</u>
Total liabilities	<u>122,517</u>
NET ASSETS	
Unreserved - undesignated	<u>-0-</u>
Total net assets	<u><u>\$ -0-</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	<u>Agency Fund</u> <u>Pupil Activity</u>
ADDITIONS	
Receipts	
Interest	\$ 38
Admissions	48,848
Bookstore sales	1,360
Student fees	6,445
Other	193,200
Transfer from other funds	<u>38,600</u>
Total receipts	<u>288,491</u>
 DEDUCTIONS	
Pupil activity programs	335,738
Decrease in due to student organizations	<u>(47,247)</u>
Total deductions	<u>288,491</u>
 CHANGE IN NET ASSETS	
Net assets, beginning of year	<u>-0-</u>
Net assets, end of year	<u><u>\$ -0-</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the McCormick County School District Number 1, South Carolina (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial accounting principles. The more significant of the District's accounting policies are described below.

a) **Reporting Entity**

McCormick County School District Number 1, South Carolina is a school district created by the South Carolina Legislature to provide public education services to students of a specified geographical district. The District receives funding from local, state and federal sources and must comply with any requirements of the funding source entities. The Board of Trustees (the Board) of McCormick County School District Number One is the level of government which has oversight responsibility and control over all activities related to public school education in District Number One of McCormick County, South Carolina. The District is not included in any other local governmental "reporting entity" as defined by the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". The established criteria set forth in Statement 14 is financial accountability and is defined as appointment of the component units' board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government.

As required by GAAP, the District's financial statements include the operations of all organizations for which the District Board exercises oversight responsibility or for which exclusion of a component unit would render the financial statements incomplete or misleading. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Blended component units, although separate legal entities, are in substance part of the government's operations; data from these units are combined with data of the primary government.

McCormick County School Facilities Foundation (the Foundation) is a not-for-profit 501(c) (3) organization incorporated in 2008 for the specific charitable purpose of serving as a "support organization" for capital projects of the District. Foundation board members are appointed by the Board of the District. Because the Foundation exclusively benefits the District, the Foundation's financial information is blended with that of the District in these basic financial statements. Separate Foundation financial information is included in individual columns throughout the financial statements. Separate financial statements for the Foundation are not issued.

b) **Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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 District.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) **Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund 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 financial statements are prepared (see further detail below). Governmental fund 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 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.

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

Fund financial statements report detailed information about the 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. Nonmajor funds are aggregated and presented in a single 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. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the District.

Governmental fund types are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities (except for those accounted for in the proprietary and expendable trust funds) 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 District's major governmental fund types:

The General Fund, a major fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Measurement Focus, Basis of Accounting and Basis of Presentation, continued

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

- i) The Special Projects Fund, a major fund, is used to account for financial resources provided by federal, state, and local projects and grants.
- ii) The Education Improvement Act (EIA) Fund, a major fund, is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

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

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

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

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

Proprietary Fund types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable GASB pronouncements, as well as the requirements for Financial Accounting Standards Board (FASB) Statements and Interpretations. In addition, the School District applies all FASB Statements and Interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements in accounting and reporting for its operations. Proprietary fund types include the following fund:

The Enterprise Fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the 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 District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Trust Funds and Agency Funds. Fiduciary Fund Types include:

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) **Cash, Cash Equivalents and Investments**

The District's cash and cash equivalents balance (which was different from the District's book balances of \$2,498,835 because of outstanding checks, deposits in transit, and other reconciling items) of \$2,298,176 at June 30, 2011, was insured or fully collateralized. The District's certificates of deposit balance of \$1,478,284 was also insured or fully collateralized.

Cash and savings accounts and certificates of deposit are placed with banking institutions and are protected by federal depository insurance up to \$250,000 and collateral pledged by the bank for 100% of the amount in excess of \$250,000. The collateral generally consists of obligations of the United States and its agencies or general obligations of the State of South Carolina or any of its political units. The collateral consists of investments that are insured or registered in the District's name or held by the District or its agents in the District's name.

Insured and collateralized amounts at June 30, 2011 are as follows:

Insured	\$ 381,241
Collateralized	<u>3,395,219</u>
Total bank balance	<u>\$ 3,776,460</u>

The District is authorized to invest in securities as allowed by South Carolina statute, which investments are restricted to:

- 1) Obligations of the United States and agencies thereof;
- 2) General obligations of the State of South Carolina or any of its political units;
- 3) Savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation,
- 4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.
- 5) 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 (1) is limited to obligations described in 1) or 2) above, and (2) 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 District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

The District's cash investment objectives are preservation of capital, liquidity and yield.

The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds are exempt from concentration of credit risk disclosures.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) **Cash, Cash Equivalents and Investments, continued**

Investments in certificates of deposit are stated at cost which approximates market. Investments in mutual funds are stated at fair market value. During the year, investments made but not held as of the balance sheet date consisted of certificates of deposit.

Cash with fiscal agent consists of funds held by the McCormick County Treasurer. The Treasurer receives monies from local, state, and federal sources on behalf of the District. The monies held by the Treasurer are uninsured but are collateralized with government investments held by the pledging institution's agent in the name of the Treasurer. The Treasurer invests these funds in investments authorized by state statute as described above. All interest and other earnings gained are added to the fund. These monies are remitted to the District once a claim has been presented to the Treasurer.

For purposes of the statement of cash flows, the District's Proprietary fund type considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

e) **Receivables and Payables**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds" or "due to 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.

f) **Inventories**

With the exception of the Proprietary fund, the District has elected to account for disbursements for inventory items as expenditures at the time of purchase. Accordingly, no inventories have been recorded in the financial statements of these funds. The Proprietary fund inventories are recorded at cost using the first-in, first-out method.

g) **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 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 financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The 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 capitalized.

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 fixed asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

g) Capital Assets, continued

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	30 years	N/A
Buildings/ Improvements	10-30 years	N/A
Furniture and Equipment	5-10 years	7 years
Vehicles	10 years	N/A

h) **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums and bond issuance costs are included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. Bond issuance costs are included with other assets and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

i) **Fund Equity**

In the fund financial statements, fund balance classifications depict the nature of the net resources reported in the governmental funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The general fund also includes unassigned amounts. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the District board through motions passed at District School Board meetings. The District has no committed fund balance amounts. Assigned fund balance amounts are established by the District administration. The District has no assigned fund balance amounts.

Nonspendable fund balance includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The District's nonspendable fund balance represents amounts not in spendable form.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the District School Board.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are established by the District administration.

Unassigned fund balance is the residual classification for the general fund. This classification represents 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, it may be necessary to report a negative unassigned fund balance.

j) **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.

k) **Vacation and Sick Leave**

There is no vested or accumulated vacation or sick pay that is expected to be paid after year end. All full-time employees of the District earn annual leave based on the length of service. It is the District's policy to vest unpaid annual leave with its employees up to the equivalent of forty five work days and to recognize compensated absences as an expense in the period earned rather than the period such benefit is paid.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

l) **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Practices – Formal budgetary accounting is employed as a management tool for the District. Budgets are presented in the basic financial statements section for general fund and all major special revenue funds.

Each budget is presented on the modified accrual basis of accounting which is consistent with GAAP.

Each 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. This 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 supplementary action. The legal level of control is at the fund level. During the year, the Board revised the budget.

The following procedures are followed in establishing the budgetary data as reflected in the financial statements:

- 1) In the fall of the preceding year, the District begins its budget process for the next succeeding fiscal year beginning on July 1.
- 2) After the District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for his review and adjustment.
- 3) The Superintendent then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- 4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.
- 5) The Board of Trustees recommends the budget to the McCormick County Council.

The Administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts in the financial statements are as amended by the administration. All annual appropriations lapse at fiscal year end. Each 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. This 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 supplementary action. The legal level of control is at the fund level. During the year, the Board revised the budget.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

3) DUE FROM/DUE TO OTHER FUNDS

Interfund balances at June 30, 2011, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 783,036	\$ 2,019,789
Special revenue funds:		
Special projects fund	-	628,423
Education Improvement Act	281,484	-
Debt service	-	18,940
School building fund	1,311,314	-
Proprietary fund	168,801	-
Pupil activity fund	122,517	-
	<u>\$ 2,667,152</u>	<u>\$ 2,667,152</u>

The interfund receivables and payables are the result of special revenue owing the general fund for claims that were filed but not yet received, the general fund owing the EIA fund for amounts received for state claims on behalf of the EIA fund, the general fund owing the school building fund for bond proceeds received in previous year, and the general fund owing the food service fund for funds collected but not yet expended.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

4) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2011, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 692,894	\$ -	\$ (6,000)	\$ 686,894
Capital assets, being depreciated				
Land improvements	195,186	-	-	195,186
Buildings	17,799,321	12,742,680	(1,461,372)	29,080,629
Equipment	305,101	561,812	(130,297)	736,616
Vehicles	139,846	-	-	139,846
Construction in progress	12,195,954	1,108,538	(13,304,492)	-
	<u>30,635,408</u>	<u>14,413,030</u>	<u>(14,896,161)</u>	<u>30,152,277</u>
Less accumulated depreciation for:				
Land improvements	29,277	9,759	-	39,036
Buildings	4,841,695	527,439	(1,131,345)	4,237,789
Equipment	229,843	31,157	(126,426)	134,574
Vehicles	118,200	21,545	-	139,745
	<u>5,219,015</u>	<u>589,900</u>	<u>(1,257,771)</u>	<u>4,551,144</u>
Total capital assets being depreciated, net	<u>25,416,393</u>	<u>13,823,130</u>	<u>(13,638,390)</u>	<u>25,601,133</u>
Governmental activities capital assets, net	<u>\$ 26,109,287</u>	<u>\$ 13,823,130</u>	<u>\$ (13,644,390)</u>	<u>\$ 26,288,027</u>

Depreciation was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 306,748
Support	<u>283,152</u>
Total depreciation expense - governmental activities	<u>\$ 589,900</u>

During the year ended June 30, 2011, the Foundation and District completed a capital project for the construction of a new high school educational facility and related athletic facilities. The District will purchase the capital assets from the Foundation pursuant to a Facilities Agreement (see Footnote 5). The District was responsible for funding certain portions of the project.

The District determined that its former high school facility was not needed for its educational and administrative purposes and, therefore, transferred ownership of this facility, including land, buildings, and equipment, to McCormick County and two other non-profit organizations.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

5) LONG-TERM DEBT

The following is a summary of changes in long-term debt for the District for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
District general obligation bonds	\$ 7,595,000	\$ -	\$ 970,000	\$ 6,625,000
District acquisition agreement debt	898,000	-	83,000	815,000
Foundation facilities bonds	10,000,000	-	742,000	9,258,000
	<u>\$ 18,493,000</u>	<u>\$ -</u>	<u>\$ 1,795,000</u>	<u>\$ 16,698,000</u>

Long-term debt payable at June 30, 2011 is comprised of the following instruments:

\$12,700,000 2002 District building bonds due in annual installments of \$370,000 to \$1,430,000 through March 1, 2016; interest due semi-annually at 2% to 4.125%.	\$ 6,625,000
\$1,000,000 2009 District acquisition agreement debt due in annual installments of \$83,000 to \$119,000 through December 1, 2018; interest due annually at 4.6%.	815,000
\$10,000,000 2008 Foundation facilities bonds due in annual installments of \$742,000 to \$1,087,000 through September 1, 2020; interest due semi-annually at 3.93%.	<u>9,258,000</u>
	<u>\$ 16,698,000</u>

The annual requirements of principal and interest to service all long-term debt outstanding at June 30, 2011 are as follows:

June 30	Principal	Interest	Total
2012	\$ 2,030,000	\$ 683,497	\$ 2,713,497
2013	2,165,000	591,546	2,756,546
2014	2,313,000	493,219	2,806,219
2015	2,467,000	394,635	2,861,635
2016	2,474,000	296,681	2,770,681
Thereafter	5,249,000	545,302	5,794,302
	<u>\$ 16,698,000</u>	<u>\$ 3,004,880</u>	<u>\$ 19,702,880</u>

\$478,410 is available in the debt service – district fund to service the long-term debt at June 30, 2011. \$1,000,083 is available in the debt service – foundation fund to service its long-term debt at June 30, 2011.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

5) LONG-TERM DEBT, Continued

The following is a summary of changes in long-term obligations for the year ended June 30, 2011:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Amount available in debt service fund	\$ 1,679,367	\$ -	\$ 200,874	\$ 1,478,493
Amount to be provided for retirement of long-term obligations	<u>16,813,633</u>	<u>200,874</u>	<u>1,795,000</u>	<u>15,219,507</u>
Total available and to be provided	<u>\$ 18,493,000</u>	<u>\$ 200,874</u>	<u>\$ 1,995,874</u>	<u>\$ 16,698,000</u>
Total long-term obligations	<u>\$ 18,493,000</u>	<u>\$ 200,874</u>	<u>\$ 1,995,874</u>	<u>\$ 16,698,000</u>

For the payment of principal and interest on the bonds as they mature, the full faith, credit and taxing power of the District is irrevocably pledged.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The District is in compliance with all such significant limitations and restrictions at June 30, 2011.

The Foundation facilities bonds were issued pursuant to a School Facilities Use and Occupancy Agreement (the Facilities Agreement) and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a base lease agreement between the District and the Foundation dated October 31, 2008. The bonds were issued to facilitate the construction of a new high school educational facility and related athletic facilities. The District will purchase the capital assets from the Foundation pursuant to the Facilities Agreement, which will obligate the District to make semi-annual installment payments to the Foundation in amounts calculated to be sufficient to enable the Foundation to pay the principal and interest on the outstanding bonds. The District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments. However, the District would forfeit possession of the capital assets for the remainder of the lease term.

6) RETIREMENT PLAN

Substantially all District employees participate in the South Carolina Retirement System (the Plan), a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. The Plan offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, and life and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. The payroll for District employees covered by the Plan for the year ended June 30, 2011 was \$5,789,358; the District's total payroll was \$5,996,568.

All District full-time employees are required to participate in the Plan and make contributions as a condition of employment. A monthly pension benefit is payable to eligible employees at age 65 or upon attaining 28 years of credited service regardless of age, with reduced pension benefits payable as early as age 55 and 25 years of service. An employee is vested for a deferred annuity with 5 years service.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

6) RETIREMENT PLAN, CONTINUED

SCRS plan members are required to contribute 6.50% of their annual covered salary while the District is required to contribute an actuarially determined rate. The current rate for the SCRS is 13.14% of annual covered payroll. Additionally, the District must contribute .15% of covered payroll to a group life insurance benefit for SCRS participants.

Both employees and the District are required to contribute to the Plan at rates established under authority of Title 9 of the South Carolina Code of Laws. The contribution requirements for the current and two preceding years are as follows:

<u>Year Ended</u>	<u>Contribution Amount</u>		<u>Contribution Percentage</u>	
	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>
<u>June 30</u>				
2011	\$ 760,721	\$ 376,308	13.140%	6.50%
2010	765,826	379,925	12.740%	6.50%
2009	750,777	375,902	12.740%	6.50%

The state of South Carolina also provides an optional retirement plan (State ORP). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the Internal Revenue Code. The State ORP is a defined contribution plan that provides retirement and survivor benefits as an alternative to the SCRS. Employees may choose between the State ORP and the SCRS plan.

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, P. O. Box 11960, Columbia, SC 29211-1960.

7) DEFERRED COMPENSATION PLAN

The District, through the South Carolina Deferred Compensation Commission, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable emergency. Investments are managed by the plan's program administrator under a variety of investment options or a combination thereof. The participants make the choice of investment(s) option(s). Investments are carried at their market value. The District's administrative involvement is limited to transmitting amounts withheld from payroll to the program administrator.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

8) **POSTRETIREMENT BENEFITS**

The District is a member of the South Carolina Retirement System which was established July 1, 1945. The system covers public school employees, public higher-education personnel, state employees, city, county and other local public employees. It provides a complete schedule of benefits for regular retirement. A member is eligible for a full service retirement at age 65 or upon completion of thirty years membership. On or after January 1, 2002, members are eligible after twenty-eight years membership. Reduced benefits are payable as early as age 55.

As described more fully in Note 6, funding of the plan is made from employee/employer contributions. Benefits vest after five years of service. Vested members who retire at age 65 or with twenty-eight years of service at any age receive an annual benefit payable monthly for life. The benefit is based on length of service and on average final compensation.

In addition to providing pension plan and supplemental benefits, the state currently provides its retired employees with health care benefits. All postretirement benefits paid to District retired members are made from the South Carolina Retirement Systems and from South Carolina's General Fund (Health Care).

9) **POSTEMPLOYMENT BENEFITS**

The District provides death benefits to employees through the group life insurance program for members of the South Carolina Retirement System ("System"), which is explained further in Note 6. The beneficiaries of those employees who die in active service after one year of credited service are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the budgeted salary of the deceased member. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. For the year ended June 30, 2011, the District made contributions to the State for death benefits representing 0.15 percent of covered payroll.

Upon death of a retiree, a benefit will be paid to the designated beneficiary of an amount based on years of credit services as follows:

10 to 19 years of service credits	\$2,000
20 to 27 years of service credits	4,000
28 or more years of service credits	6,000

The District also provides its retired employees health care benefits through the State health insurance program for members of the System. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. The District's contributions are financed on an advance funded actuarially-determined basis.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. Because of the high cost of insurance purchased from commercial insurers, the District has chosen to participate with other school districts in the state in the South Carolina School Boards Insurance Trust/Workers' Compensation Pool (SCSBIT/WCP). This public entity risk pool operates as a common risk management and insurance program for member school districts. The District pays annual premiums to the public entity risk pool for its workers' compensation insurance coverage. The Agreement for Formation of the public entity risk pool provides that SCSBIT/WCP will be self-sustaining through member premiums and any deficiencies can be charged back the member school districts in the event that a fund deficit arises. The District also participates in the South Carolina School Boards Insurance Trust for all other risks of loss.

The District carries commercial insurance for certain risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District has elected to be self-insured for unemployment taxes, whereby it would reimburse the South Carolina Employment Security Commission for actual claims paid attributable to service in the employ of the District. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

11) SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 30, 2011, the date the financial statements were available to be issued.

12) COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal and state assisted grant programs. Although the District has been audited in accordance with provisions of OMB Circular A-133, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's management believes such disallowances, if any, would not be significant.

In 2007, South Carolina enacted Act 388, which was effective for the District beginning July 1, 2007. Act 388 provides an exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent it is not already covered by other property tax relief exemptions, for all property taxes imposed for school operating purposes, but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007. Act 388 also created a new Homestead Exemption fund (Homestead Exemption Fund) which is funded from an additional 1 cent sales tax imposed by Act 388.

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$404,119.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$269,832. Tier one and two distributions are fixed and do not change.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2011

12) COMMITMENTS AND CONTINGENCIES, CONTINUED

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases. Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the general fund of the State. The District's reimbursement for fiscal 2011 for tier three was \$2,500,000.

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district, the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the general fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced. In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1200 Revenue from local governmental units other than LEAs			
1210 Ad valorem taxes - including delinquent (dependent)	\$ 2,770,843	\$ 3,211,189	\$ 440,346
1280 Revenue in lieu of taxes (independent and dependent)	135,000	103,473	(31,527)
1500 Earnings on investments			
1510 Interest on investments	15,000	7,082	(7,918)
1900 Other revenue from local sources			
1910 Rentals	7,500	8,909	1,409
1950 Refund of prior year's expenditures	-	425	425
1990 Miscellaneous local revenue			
1993 Receipt of insurance proceeds	-	1,092	1,092
1999 Revenue from other local sources	-	3,190	3,190
	<u>2,928,343</u>	<u>3,335,360</u>	<u>407,017</u>
Total local sources			
3000 Revenue from state sources			
3100 Restricted state funding			
3129 Consolidated funding	-	25,752	25,752
3130 Special programs			
3131 Handicapped transportation	-	19,439	19,439
3160 School bus driver salary	81,433	89,567	8,134
(includes hazardous condition transportation)			
3162 Transportation workers' compensation	7,000	7,739	739
3180 Fringe benefits employer contributions (no carryover provision)	458,694	374,920	(83,774)
3181 Retiree insurance (no carryover provision)	123,310	154,701	31,391
3199 Other restricted state grants	-	12,373	12,373

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
3300 Education Finance Act			
3310 Full-time programs			
3311 Kindergarten	\$ 55,155	\$ 53,097	\$ (2,058)
3312 Primary	167,354	167,878	524
3313 Elementary	209,896	193,553	(16,343)
3314 High school	61,040	82,876	21,836
3315 Trainable mentally handicapped	-	6,297	6,297
3316 Speech handicapped (part-time program)	25,239	35,308	10,069
3317 Homebound	2,568	5,127	2,559
3320 Part-time programs			
3321 Emotionally handicapped	-	619	619
3322 Educable mentally handicapped	15,600	16,140	540
3323 Learning disabilities	54,353	59,231	4,878
3324 Hearing handicapped	1,965	1,998	33
3325 Visually handicapped	3,929	-	(3,929)
3326 Orthopedically handicapped	1,559	1,586	27
3327 Vocational	181,684	144,095	(37,589)
3330 Other EFA programs			
3331 Autism	1,965	1,998	33
3800 State revenue in lieu of taxes			
3810 Reimbursement for local residential property tax relief (tier 1)	404,119	404,119	-
3820 Homestead exemption (tier 2)	266,391	269,832	3,441
3825 Reimbursement for property tax relief (tier 3)	2,500,000	2,500,000	-
3830 Merchant's inventory tax	8,103	8,103	-
3840 Manufacturers depreciation reimbursement	35,000	25,551	(9,449)
3890 Other state property tax revenues (includes motor carrier vehicle tax)	100,000	92,719	(7,281)
3900 Other state revenue			
3999 Revenue from other state sources	-	2,551	2,551
Total state sources	<u>4,766,357</u>	<u>4,757,169</u>	<u>(9,188)</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
4000 Revenue from federal sources			
4900 Other federal sources			
4999 Revenue from other federal sources	\$ 48,000	\$ 49,733	\$ 1,733
	<u>48,000</u>	<u>49,733</u>	<u>1,733</u>
Total federal sources			
	<u>48,000</u>	<u>49,733</u>	<u>1,733</u>
Total revenue all sources	<u>7,742,700</u>	<u>8,142,262</u>	<u>399,562</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	237,083	235,717	1,366
200 Employee benefits	70,723	70,070	653
400 Supplies and materials	3,400	3,198	202
112 Primary programs			
100 Salaries	302,963	443,556	(140,593)
200 Employee benefits	83,865	90,029	(6,164)
400 Supplies and materials	33,228	15,915	17,313
113 Elementary programs			
100 Salaries	840,660	876,431	(35,771)
200 Employee benefits	250,677	260,743	(10,066)
300 Purchased services	13,000	8,574	4,426
400 Supplies and materials	32,872	224	32,648
114 High school programs			
100 Salaries	513,029	438,034	74,995
200 Employee benefits	159,051	132,808	26,243
300 Purchased services	8,000	1,560	6,440
400 Supplies and materials	23,072	13,166	9,906
115 Career and technology education programs			
100 Salaries	560,457	560,842	(385)
200 Employee benefits	178,461	171,528	6,933
300 Purchased services - other than tuition	8,000	7,933	67
400 Supplies and materials	10,500	10,439	61

(continued)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	\$ 161,838	\$ 116,422	\$ 45,416
200 Employee benefits	53,813	40,023	13,790
122 Trainable mentally handicapped			
100 Salaries	15,177	67,052	(51,875)
200 Employee benefits	9,824	25,959	(16,135)
123 Orthopedically handicapped			
100 Salaries	1,628	1,628	-
200 Employee benefits	874	904	(30)
125 Hearing handicapped			
300 Purchased services	2,000	19,951	(17,951)
126 Speech handicapped			
300 Purchased services	25,000	18,856	6,144
127 Learning disabilities			
100 Salaries	89,007	93,888	(4,881)
200 Employee benefits	31,817	30,910	907
400 Supplies and materials	-	1,159	(1,159)
140 Special programs			
145 Homebound			
100 Salaries	3,200	6,223	(3,023)
200 Employee benefits	690	1,305	(615)
300 Purchased services	300	258	42
147 CDEPP			
100 Salaries	37,099	32,574	4,525
200 Employee benefits	15,041	13,634	1,407
160 Other exceptional programs			
161 Autism			
100 Salaries	1,628	1,628	-
200 Employee benefits	874	904	(30)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
170 Summer school program			
175 Instructional programs beyond regular school day			
100 Salaries	\$ -	\$ 13,765	\$ (13,765)
200 Employee benefits	-	2,742	(2,742)
	<hr/>	<hr/>	<hr/>
Total instruction	3,778,851	3,830,552	(51,701)
200 Support services			
210 Pupil services			
211 Attendance and social work services			
100 Salaries	37,657	45,482	(7,825)
200 Employee benefits	11,600	13,130	(1,530)
300 Purchased services	100	-	100
212 Guidance services			
100 Salaries	164,395	166,245	(1,850)
200 Employee benefits	47,018	46,738	280
300 Purchased services	1,350	1,344	6
400 Supplies and materials	1,800	2,297	(497)
213 Health services			
100 Salaries	30,794	26,003	4,791
200 Employee benefits	20,570	2,010	18,560
300 Purchased services	7,573	112	7,461
400 Supplies and materials	2,200	-	2,200
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
100 Salaries	87,094	81,631	5,463
200 Employee benefits	26,478	24,423	2,055
300 Purchased services	3,400	-	3,400
222 Library and media services			
100 Salaries	123,181	123,717	(536)
200 Employee benefits	41,021	40,831	190
300 Purchased services	9,300	6,740	2,560
400 Supplies and materials	35,420	34,267	1,153

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
223 Supervision of special programs			
100 Salaries	\$ 29,066	\$ 28,594	\$ 472
200 Employee benefits	9,474	8,060	1,414
400 Supplies and materials	800	744	56
224 Improvement of instruction - inservice and staff training			
100 Salaries	1,500	831	669
200 Employee benefits	323	179	144
300 Purchased services	-	1,458	(1,458)
230 General administration services			
231 Board of Education			
100 Salaries	4,249	4,979	(730)
200 Employee benefits	21,257	37,646	(16,389)
300 Purchased services	88,700	61,675	27,025
318 Audit services	19,000	18,000	1,000
400 Supplies and materials	5,000	8,591	(3,591)
600 Other objects	6,950	5,639	1,311
232 Office of the superintendent			
100 Salaries	160,043	161,042	(999)
200 Employee benefits	42,097	39,261	2,836
300 Purchased services	3,050	557	2,493
400 Supplies and materials	11,650	9,552	2,098
600 Other objects	500	395	105
233 School administration			
100 Salaries	365,814	366,216	(402)
200 Employee benefits	109,390	102,768	6,622
300 Purchased services	15,500	12,324	3,176
400 Supplies and materials	5,500	4,244	1,256
600 Other objects	1,000	438	562
250 Finance and operations services			
252 Fiscal services			
100 Salaries	96,601	96,934	(333)
200 Employee benefits	31,964	32,353	(389)
300 Purchased services	6,300	6,328	(28)
400 Supplies and materials	3,400	3,671	(271)
600 Other objects	100	25	75

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
254 Operation and maintenance of plant			
100 Salaries	\$ 225,862	\$ 240,473	\$ (14,611)
200 Employee benefits	78,964	98,933	(19,969)
300 Purchased services	411,700	391,076	20,624
321 Public utilities (excludes gas, oil, elec, other heating fuels)	24,100	33,754	(9,654)
400 Supplies and materials	197,800	212,076	(14,276)
470 Energy (includes gas, oil, elec, other heating fuels)	329,000	399,258	(70,258)
255 Student transportation (state mandated)			
100 Salaries	203,114	208,994	(5,880)
200 Employee benefits	48,635	45,316	3,319
300 Purchased services	13,800	9,251	4,549
400 Supplies and materials	10,950	437	10,513
256 Food service			
200 Employee benefits	68,708	79,037	(10,329)
258 Security			
100 Salaries	15,000	820	14,180
200 Employee benefits	1,800	218	1,582
300 Purchased services	30,000	30,000	-
260 Central support services			
263 Information services			
100 Salaries	8,497	8,497	-
200 Employee benefits	2,515	2,501	14
300 Purchased services	24,500	14,643	9,857
400 Supplies and materials	1,400	1,369	31
264 Staff services			
100 Salaries	49,960	44,828	5,132
200 Employee benefits	16,096	14,118	1,978
300 Purchased services	6,500	6,147	353
400 Supplies and materials	1,500	1,481	19
266 Technology and data processing services			
300 Purchased services	12,000	3,000	9,000
400 Supplies and materials	54,858	22,592	32,266

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
270 Support services pupil activity			
271 Pupil services activities			
100 Salaries	\$ 57,800	\$ 65,400	\$ (7,600)
200 Employee benefits	12,461	13,024	(563)
	<u>3,597,699</u>	<u>3,574,717</u>	<u>22,982</u>
Total support services			
400 Other charges			
410 Intergovernmental expenditures			
412 Payments to other governmental units			
720 Transits	11,000	4,646	6,354
	<u>11,000</u>	<u>4,646</u>	<u>6,354</u>
Total intergovernmental expenditures			
Total expenditures	<u>7,387,550</u>	<u>7,409,915</u>	<u>(22,365)</u>
 OTHER FINANCING SOURCES (USES)			
5300 Sale of fixed assets	-	5,058	5,058
Interfund transfers, from (to) other funds			
5220 Transfer from special revenue fund (excludes indirect costs)	-	331,019	331,019
5230 Transfer from special revenue EIA fund	120,500	114,349	(6,151)
5250 Transfer from school building fund	-	956,254	956,254
5280 Transfer from other funds indirect costs	25,000	44,694	19,694
423-710 Transfer to debt service fund	(1,197,560)	(1,244,617)	(47,057)
426-710 Transfer to pupil activity fund	(38,600)	(38,600)	-
	<u>(1,090,660)</u>	<u>168,157</u>	<u>1,258,817</u>
Total other financing sources (uses)			
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ <u>(735,510)</u>	900,504	\$ <u>1,636,014</u>
FUND BALANCE, July 1, 2010		<u>2,570,623</u>	
FUND BALANCE, June 30, 2011		<u>\$ 3,471,127</u>	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
SPECIAL REVENUE FUND
Combining Balance Sheet
June 30, 2011

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 44,658	\$ -	\$ 44,658
Due from governmental agencies	753,940	-	753,940
Prepaid expenses	-	-	-
Due from other funds	<u>-</u>	<u>281,484</u>	<u>281,484</u>
Total assets	<u>\$ 798,598</u>	<u>\$ 281,484</u>	<u>\$ 1,080,082</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Due to governmental units	\$ 3,507	\$ -	\$ 3,507
Accounts payable	41	-	41
Deferred revenues	121,971	281,484	403,455
Due to other funds	<u>628,422</u>	<u>-</u>	<u>628,422</u>
Total liabilities	<u>753,941</u>	<u>281,484</u>	<u>1,035,425</u>
FUND BALANCES			
Unreserved - undesignated	<u>44,657</u>	<u>-0-</u>	<u>44,657</u>
Total liabilities and fund balances	<u>\$ 798,598</u>	<u>\$ 281,484</u>	<u>\$ 1,080,082</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
SPECIAL REVENUE FUND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2011

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
REVENUES			
Local sources	\$ 164,294	\$ -	\$ 164,294
State sources	173,494	846,285	1,019,779
Federal sources	<u>1,594,938</u>	<u>-</u>	<u>1,594,938</u>
Total revenues all sources	<u>1,932,726</u>	<u>846,285</u>	<u>2,779,011</u>
EXPENDITURES			
Instruction	746,753	486,681	1,233,434
Supporting services	784,649	244,334	1,028,983
Community services	46,996	371	47,367
Intergovernmental expenditures	<u>8,793</u>	<u>550</u>	<u>9,343</u>
Total expenditures	<u>1,587,191</u>	<u>731,936</u>	<u>2,319,127</u>
OTHER FINANCING SOURCES (USES)	<u>(345,495)</u>	<u>(114,349)</u>	<u>(459,844)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)			
	40	-0-	40
FUND BALANCE, July 1, 2010	<u>44,617</u>	<u>-0-</u>	<u>44,617</u>
FUND BALANCE, June 30, 2011	<u>\$ 44,657</u>	<u>\$ -0-</u>	<u>\$ 44,657</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects)(CA Projects) (201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Total
	(201/202)	(203/204)	(205/206)	(207/208)	(209/210)	(EA Projects)	(900s)	(200s/800s)	Total
REVENUES									
1000 Revenue from local sources									
1500 Earnings on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40
1510 Interest on investments									40
1900 Other revenue from local sources									
1930 Medicaid	-	-	-	-	-	-	-	-	30,448
1999 Revenue from other local sources	-	-	-	-	-	-	-	-	133,806
Total local sources									164,294
3000 Revenue from state sources									
3100 Restricted state funding									
3110 Occupational education									
3117 EEDA middle and high school career awareness	-	-	-	-	-	-	543	-	543
3118 EEDA career specialist	-	-	-	-	-	-	40,748	-	40,748
3120 General education									
3123 Formative assessment	-	-	-	-	-	-	4,430	-	4,430
3127 Student health and fitness - PE teachers	-	-	-	-	-	-	8,967	-	8,967
3130 Special programs									
3134 Child development education pilot program (CDEPP)	-	-	-	-	-	-	3,651	-	3,651
3136 Student health and fitness - nurses	-	-	-	-	-	-	29,468	-	29,468

* See Schedule 4A for a listing of LEA sub fund codes for each program.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	<u>Title I</u>	<u>IDEA</u>	<u>Preschool</u>	<u>CATE</u>	<u>Drug Free</u>	<u>Adult</u>	<u>Other</u>	<u>Other</u>	<u>Total</u>
	<u>(BA Projects)</u>	<u>(CA Projects)</u>	<u>Handicapped</u>	<u>(VA Projects)</u>	<u>(FP/FQ Projects)</u>	<u>Education</u>	<u>Designated</u>	<u>Special</u>	<u>Total</u>
	<u>(201/202)</u>	<u>(203/204)</u>	<u>(CG Projects)</u>	<u>(207/208)</u>	<u>(209/210)</u>	<u>(EA Projects)</u>	<u>Restricted</u>	<u>Revenue</u>	<u>Total</u>
			<u>(205/206)</u>				<u>State Grants*</u>	<u>(200s/800s)</u>	
							<u>(900s)</u>		
3150 Adult education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 983	\$ -	\$ 983
3151 Adult education: basic	-	-	-	-	-	-	3,342	-	3,342
3154 Young adult education	-	-	-	-	-	-	-	-	-
3190 Miscellaneous restricted state grants	-	-	-	-	-	-	520	-	520
3193 Education license plates	-	-	-	-	-	-	-	-	-
3600 Education Lottery Act revenue	-	-	-	-	-	-	243	-	243
3607 6-8 enhancement	-	-	-	-	-	-	78,535	-	78,535
3610 K-5 enhancement	-	-	-	-	-	-	-	-	-
3900 Other state revenue	-	-	-	-	-	-	2,064	-	2,064
3991 ADEPT	-	-	-	-	-	-	173,494	-	173,494
Total state sources									23,025
4000 Revenue from federal sources	-	-	-	23,025	-	-	-	-	23,025
4200 Occupational education	-	-	-	-	-	-	-	-	-
4210 Perkins aid, Title I	-	-	-	-	-	-	-	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA)	304,106	-	-	-	-	-	-	44,611	348,717
4310 Title I, basic state grant programs	-	-	-	-	-	-	-	17,271	17,271
4312 Rural and low-income school program, Title VI	-	-	-	-	-	-	-	53,588	53,588
4314 School improvement discretionary	-	-	-	-	-	-	-	125,511	125,511
4315 ARRA, Title I basic state grant prgms	-	-	-	-	-	-	-	-	-

* See Schedule 4A for a listing of LEA sub fund codes for each program.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects)(CA Projects) (201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Total
4350 State fiscal stabilization fund (ARRA)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,019	\$ 331,019
4351 Improving teacher quality	-	-	-	-	-	-	-	53,483	53,483
4360 Even start - family literacy	-	-	-	-	-	-	-	150,000	150,000
4400 Adult education	-	-	-	-	-	116,705	-	-	116,705
4410 Basic adult education	-	-	-	-	-	-	-	-	-
4500 Programs for children with disabilities	-	226,118	-	-	-	-	-	-	226,118
4510 IDEA	-	-	21,367	-	-	-	-	-	21,367
4520 Preschool grants (IDEA)	-	-	-	-	-	-	-	-	-
4540 IDEA (ARRA 611)	-	-	-	-	-	-	-	122,841	122,841
4550 IDEA preschool (ARRA 619)	-	-	-	-	-	-	-	5,293	5,293
Total federal sources	304,106	226,118	21,367	23,025	-	116,705	-	903,617	1,594,938
Total revenue all sources	304,106	226,118	21,367	23,025	-	116,705	173,494	1,067,911	1,932,726

* See Schedule 4A for a listing of LEA sub fund codes for each program.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects)(CA Projects) (201/202) (203/204)	IDEA (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES									
100 Instruction									
110 General instruction									
111 Kindergarten programs									
100 Salaries	\$ 16,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	16,252
200 Employee benefits	9,313	-	-	-	-	-	-	-	9,313
300 Purchased services	-	3,263	-	-	-	-	790	-	4,053
400 Supplies and materials	-	-	-	-	-	-	1,466	-	1,466
112 Primary programs									
100 Salaries	32,422	-	-	-	-	-	-	-	32,422
200 Employee benefits	26,686	-	-	-	-	-	-	10,924	37,610
400 Supplies and materials	-	-	-	-	-	-	5,460	-	5,460
113 Elementary programs									
100 Salaries	52,618	-	-	-	-	-	-	-	52,618
200 Employee benefits	17,185	-	-	-	-	-	-	-	17,185
300 Purchased services	-	-	-	-	-	-	4,430	-	4,430
400 Supplies and materials	52	-	-	-	-	-	2,791	39,549	42,392
114 High school programs									
400 Supplies and materials	-	-	-	-	-	-	-	45,685	45,685
115 Career and technology education programs									
300 Purchased services - other than tuition	-	2,282	-	-	-	-	-	-	2,282
400 Supplies and materials	125	-	-	-	-	-	-	-	125

(continued)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
120 Exceptional programs									
121 Educable mentally handicapped									
100 Salaries	\$ -	\$ 15,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,564
200 Employee benefits	-	7,262	-	-	-	-	-	-	7,262
400 Supplies and materials	-	157	-	-	-	-	-	23,249	23,406
122 Trainable mentally handicapped									
400 Supplies and materials	-	-	-	-	-	-	-	23,481	23,481
125 Hearing handicapped									
100 Salaries	-	35	-	-	-	-	-	-	35
200 Employee benefits	-	3	-	-	-	-	-	-	3
300 Purchased services	-	30,281	-	-	-	-	-	-	30,281
400 Supplies and materials	-	164	-	-	-	-	-	107	271
126 Speech handicapped									
300 Purchased services	-	32,295	-	-	-	-	-	3,909	36,204
400 Supplies and materials	-	-	-	-	-	-	-	422	422
127 Learning disabilities									
400 Supplies and materials	-	-	-	-	-	-	-	42,645	42,645
131 Preschool handicapped speech (5 yr olds)									
100 Salaries	-	-	600	-	-	-	-	-	600
200 Employee benefits	-	-	130	-	-	-	-	-	130

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	<u>Title I</u>	<u>IDEA</u>	<u>Preschool</u>	<u>CATE</u>	<u>Drug Free</u>	<u>Adult</u>	<u>Other</u>	<u>Other</u>	<u>Total</u>
	<u>(BA Projects)</u>	<u>(CA Projects)</u>	<u>Handicapped</u>	<u>(VA Projects)</u>	<u>(FP/FQ Projects)</u>	<u>Education</u>	<u>Designated</u>	<u>Special</u>	
	<u>(201/202)</u>	<u>(203/204)</u>	<u>(205/206)</u>	<u>(207/208)</u>	<u>(209/210)</u>	<u>(EA Projects)</u>	<u>Restricted</u>	<u>Revenue</u>	
							<u>State Grants</u>	<u>Programs</u>	
							<u>(900s)</u>	<u>(200s/800s)</u>	
140 Special programs									
147 CDEPP									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,917	-	1,917
200 Employee benefits	-	-	-	-	-	-	358	-	358
300 Purchased services	-	-	-	-	-	-	1,306	-	1,306
400 Supplies and materials	-	-	-	-	-	-	69	-	69
160 Other exceptional programs									
161 Autism									
100 Salaries	-	-	13,827	-	-	-	-	-	13,827
200 Employee benefits	-	-	6,379	-	-	-	-	-	6,379
170 Summer school programs									
172 Elementary summer school									
100 Salaries	5,359	-	-	-	-	-	-	-	5,359
200 Employee benefits	1,183	-	-	-	-	-	-	-	1,183
174 Gifted and talented summer school									
100 Salaries	-	-	-	-	-	-	-	9,251	9,251
200 Employee benefits	-	-	-	-	-	-	-	1,993	1,993
175 Instructional programs beyond regular school day									
100 Salaries	27,966	-	-	-	-	-	-	-	27,966
200 Employee benefits	6,075	-	-	-	-	-	-	-	6,075
400 Supplies and materials	2,342	-	-	-	-	-	13	1,200	3,555

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects) (CA Projects) (201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
180 Adult/continuing educational programs									
181 Adult basic education programs	\$ -	\$ -	\$ -	\$ -	\$ -	64,047	-	11,214	\$ 75,261
100 Salaries	-	-	-	-	-	11,906	-	2,440	14,346
200 Employee benefits	-	-	-	-	-	2,596	-	-	2,596
300 Purchased services	-	-	-	-	-	3,641	259	2,299	6,199
400 Supplies and materials	-	-	-	-	-	-	-	-	-
182 Adult secondary education programs									
100 Salaries	-	-	-	-	-	5,904	-	-	5,904
200 Employee benefits	-	-	-	-	-	1,282	-	-	1,282
300 Purchased services	-	-	-	-	-	1,920	-	-	1,920
188 Parenting/family literacy									
100 Salaries	-	-	-	-	-	-	-	55,450	55,450
200 Employee benefits	-	-	-	-	-	-	-	28,466	28,466
300 Purchased services	-	-	-	-	-	-	3,000	5,495	8,495
400 Supplies and materials	7,980	-	-	-	-	-	-	8,019	15,999
Total instruction	205,558	91,306	20,936	-	-	91,296	21,859	315,798	746,753
200 Support services									
210 Pupil services									
211 Attendance and social work services									
100 Salaries	22,786	-	-	-	-	-	-	-	22,786
200 Employee benefits	4,979	-	-	-	-	-	-	-	4,979
300 Purchased services	-	-	-	-	-	-	-	750	750
212 Guidance services									
400 Supplies and materials	-	-	-	-	-	-	543	-	543

(continued)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects)(CA Projects) (201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
213 Health services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,521	\$ 4,434	\$ 23,955
100 Salaries	-	-	-	-	-	-	9,947	5,367	15,342
200 Employee benefits	-	28	-	-	-	-	-	12,999	23,097
300 Purchased services	-	10,098	-	-	-	-	-	2,741	2,953
400 Supplies and materials	-	212	-	-	-	-	-	-	-
214 Psychological services	-	18,500	-	-	-	-	-	-	18,500
300 Purchased services	-	-	-	-	-	-	-	-	-
216 Vocational placement services	-	3,200	-	16,800	-	-	-	17,026	37,026
100 Salaries	-	1,185	-	6,225	-	-	-	9,963	17,373
200 Employee benefits	-	-	-	-	-	-	-	1,530	1,558
300 Purchased services	-	28	-	-	-	-	-	1,123	1,123
400 Supplies and materials	-	-	-	-	-	-	-	-	-
217 Career specialist services	-	-	-	-	-	-	28,424	-	28,424
100 Salaries	-	-	-	-	-	-	12,324	-	12,324
200 Employee benefits	-	-	-	-	-	-	-	-	-
220 Instructional staff services	-	-	-	-	-	-	-	-	-
221 Improvement of instruction - curriculum development	3,616	-	-	-	-	-	-	4,903	8,519
100 Salaries	780	-	-	-	-	-	-	1,055	1,835
200 Employee benefits	978	-	-	-	-	-	-	124,744	125,722
300 Purchased services	4,192	-	-	-	-	-	-	13,842	19,890
400 Supplies and materials	-	1,856	-	-	-	-	-	-	-

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects) (201/202)	Preschool			Drug Free (209/210)	Adult Education (EA Projects)	Other		Total
		IDEA (CA Projects) (203/204)	Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)			Designated Restricted State Grants (900s)	Special Revenue Programs (200s/800s)	
223 Supervision of special programs	\$ 12,471	\$ 71,468	\$ -	\$ -	\$ -	\$ 2,849	\$ 1,902	\$ 39,830	\$ 128,520
100 Salaries						1,337	893	11,846	40,283
200 Employee benefits	5,065	21,142	-	-	-	999	1,604	7,000	13,034
300 Purchased services	3,049	382	-	-	-	787	1,731	6,769	15,979
400 Supplies and materials	5,006	1,686	-	-	-	-	-	-	-
224 Improvement of instruction - in-service and staff training	-	-	-	-	-	-	51,750	4,375	56,125
100 Salaries	-	-	-	-	-	-	15,864	912	16,776
200 Employee benefits	-	-	-	-	-	-	-	9,201	20,322
300 Purchased services	11,121	-	-	-	-	-	1,922	478	2,400
400 Supplies and materials	-	-	-	-	-	-	-	-	-
250 Finance and operations services									
251 Student transportation (federal/district mandated)	5,321	-	-	-	-	-	-	-	5,321
100 Salaries	895	-	-	-	-	-	-	249	1,144
200 Employee benefits	10,026	-	-	-	-	-	-	440	10,466
300 Purchased services	-	-	-	-	-	-	-	-	-
254 Operation and maintenance of plant									
100 Salaries	-	-	-	-	-	2,055	-	1,052	3,107
200 Employee benefits	-	-	-	-	-	430	-	89	519
300 Purchased services	-	-	-	-	-	4,787	-	21,269	26,056
400 Supplies and materials	-	-	-	-	-	12,165	-	13,935	26,100
500 Capital outlay	-	-	-	-	-	-	-	9,972	9,972
255 Student transportation (state mandated)									
100 Salaries	-	-	-	-	-	-	-	177	177

(continued)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
260 Central support services									
264 Staff services									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,561	\$ 19,561
200 Employee benefits	-	-	-	-	-	-	-	2,568	2,568
270 Support services - pupil activity									
271 Pupil service activities									
300 Purchased services	-	-	-	-	-	-	5,210	6,811	12,021
500 Capital outlay	-	-	-	-	-	-	-	7,499	7,499
Total support services	90,285	129,785	-	23,025	-	25,409	151,635	364,510	784,649
300 Community services									
330 Civic services									
300 Purchased services	1,390	-	-	-	-	-	-	-	1,390
350 Custody and care of children									
100 Salaries	-	-	-	-	-	-	-	26,888	26,888
200 Employee benefits	-	-	-	-	-	-	-	13,915	13,915
300 Purchased services	-	-	-	-	-	-	-	673	673
400 Supplies and materials	-	-	-	-	-	-	-	4,130	4,130
Total community services	1,390	-	-	-	-	-	-	45,606	46,996

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2011

	Title I (BA Projects)(CA Projects)(CG Projects)(VA Projects)(FP/FQ Projects) (201/202) (203/204) (205/206)	Preschool Handicapped (207/208)	CATE (209/210)	Drug Free Education (EA Projects)	Adult Education (900s)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
410 Intergovernmental expenditures								
411 Payments to South Carolina Department of Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,793	\$ 8,793
720 Transits								
Total intergovernmental expenditures	-	-	-	-	-	-	8,793	8,793
Total expenditures	297,233	221,091	20,936	23,025	116,705	173,494	734,707	1,587,191
OTHER FINANCING SOURCES (USES)								
Interfund transfers, from (to) other funds								
420-710 Transfer to general fund (excludes indirect costs)	-	-	-	-	-	-	(331,019)	(331,019)
431-791 Special revenue fund indirect costs	(6,873)	(5,027)	(431)	-	-	-	(2,145)	(14,476)
TOTAL OTHER FINANCING SOURCES (USES)	(6,873)	(5,027)	(431)	-	-	-	(333,164)	(345,495)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	40	40
FUND BALANCE, July 1, 2010	-0-	-0-	-0-	-0-	-0-	-0-	44,617	44,617
FUND BALANCE, June 30, 2011	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 44,657	\$ 44,657

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Program Classifications - Special Projects Fund
For the Fiscal Year Ended June 30, 2011

LEA Subfund Code	Program	Revenue	Revenue Code
<u>OTHER RESTRICTED STATE GRANTS</u>			
927	EEDA middle and high school career awareness	\$ 543	3117
928	EEDA career specialist	40,748	3118
933	Formative assessment	4,430	3123
937	Student health and fitness - PE teachers	8,967	3127
924	CDEPP	3,651	3134
936	Student health and fitness - nurses	29,468	3136
918	Adult education: basic	983	3151
920	Young adult education	3,342	3154
919	Education license plates	520	3193
967	6-8 enhancement	243	3607
960	K-5 enhancement	78,535	3610
916	ADEPT	2,064	3991
		<u>\$ 173,494</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
299	Interest on investments	\$ 40	1510
280	Medicaid	30,271	1930
288	SDE/ABC childcare	25,615	1999
890	First steps	73,976	1999
830	JAG - CIS	34,215	1999
839	Special needs transportation	177	1999
237	Title I, basic state grant programs	44,611	4310
251	Rural and low-income school program, Title VI	17,271	4312
234	School improvement grant	53,588	4314
222	ARRA, Title I basic state grant programs	95,252	4315
223	ARRA School Improvement	30,259	4315
250	State fiscal stabilization fund (ARRA)	331,019	4350
267	Improving teacher quality	53,483	4351
242	Even start - family literacy	150,000	4360
215	IDEA (ARRA 611)	122,841	4540
216	IDEA preschool (ARRA 619)	5,293	4550
		<u>\$ 1,067,911</u>	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Summary Schedule for Designated State Restricted Grants
For the Fiscal Year Ended June 30, 2011

Subfund	Revenue		Revenues	Expenditures	Special Revenue		Special Revenue Fund
	Code	Programs			Transfers	Transfers	
					In/(Out)	In/(Out)	
927	3117	EEDA middle and high school career awareness	\$ 543	\$ 543	\$ -	\$ -	\$ -
928	3118	EEDA career specialist	40,748	40,748	-	-	-
933	3123	Formative assessment	4,430	4,430	-	-	-
937	3127	Student health and fitness - PE teachers	8,967	8,967	-	-	7,804
924	3134	CDEPP	3,651	3,651	-	-	8,529
936	3136	Student health and fitness - nurses	29,468	29,468	-	-	-
918	3151	Adult education: basic	983	983	-	-	-
920	3154	Young adult education	3,342	3,342	-	-	3,941
908	3126	Refurbishment of K-8 science kits	-	-	-	-	4,036
919	3193	Education license plates	520	520	-	-	-
967	3607	6-8 enhancement	243	243	-	-	2,130
960	3610	K-5 enhancement	78,535	78,535	-	-	84,698
916	3991	ADEPT	2,064	2,064	-	-	-
			<u>\$ 173,494</u>	<u>\$ 173,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,138</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

REVENUES

3000 Revenue from state sources	
3500 Education Improvement Act	
3511 Professional development	\$ 7,217
3525 Career and technology education equipment	10,292
3532 National board certification (NBC) salary supplement	108,846
3533 Teacher of the year awards	1,077
3538 Students at risk of school failure	173,696
3541 Child development education pilot program (CDEPP)	53,821
3542 Preschool programs for children with disabilities	2,459
3544 High achieving students	18,176
3550 Teacher salary increase	94,550
3555 School employer contributions	19,799
3556 Adult education	133,537
3558 Reading	8,842
3562 Adult education, basic (includes rural and workforce initiatives)	25,169
3565 Adult education, literacy	7,723
3568 EAA technical assistance	159,097
3577 Teacher supplies	18,975
3578 High schools that work/making middle grades work	2,910
3588 IDEA maintenance of effort	<u>99</u>
 Total state sources	 <u>846,285</u>
 Total revenue all sources	 <u>846,285</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

EXPENDITURES

100 Instruction		
110 General instruction		
111 Kindergarten programs		
100 Salaries	\$	30,836
200 Employee benefits		9,936
400 Supplies and materials		1,375
112 Primary programs		
100 Salaries		74,960
200 Employee benefits		28,762
400 Supplies and materials		18,586
113 Elementary programs		
100 Salaries		47,455
200 Employee benefits		10,876
400 Supplies and materials		38,107
114 High school programs		
400 Supplies and materials		14,609
115 Career and technology education programs		
100 Salaries		25,594
200 Employee benefits		7,114
400 Supplies and materials		14,599
120 Exceptional programs		
122 Trainable mentally handicapped		
400 Supplies and materials		275
127 Learning disabilities		
400 Supplies and materials		1,100
130 Preschool programs		
135 Preschool handicapped speech (3 and 4 year olds)		
300 Purchased services		2,459
139 Early childhood programs		
100 Salaries		7,500
200 Employee benefits		1,542

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

140 Special programs		
143 Advanced placement		
400 Supplies and materials	\$	389
147 CDEPP		
100 Salaries		41,117
200 Employee benefits		12,704
400 Supplies and materials		275
148 Gifted and talented - artistic		
100 Salaries		14,001
200 Employee benefits		3,066
170 Summer school program		
174 Gifted and talented summer school		
300 Purchased services		720
175 Instructional programs beyond regular school day		
100 Salaries		959
200 Employee benefits		208
180 Adult/continuing educational programs		
181 Adult basic education programs		
100 Salaries		24,220
200 Employee benefits		9,001
300 Purchased services		9,784
400 Supplies and materials		3,356
182 Adult secondary education programs		
400 Supplies and materials		1,458
188 Parenting/family literacy		
100 Salaries		21,714
200 Employee benefits		6,318
400 Supplies and materials		1,706
		<hr/>
Total instruction		486,681
200 Support services		
210 Pupil services		
211 Attendance and social work services		
100 Salaries		27,496
200 Employee benefits		7,797

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

212 Guidance services		
100 Salaries	\$	16,000
200 Employee benefits		3,120
400 Supplies and materials		825
213 Health services		
300 Purchased services		12,675
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
300 Purchased services		15,558
400 Supplies and materials		485
222 Library and media		
100 Salaries		7,500
200 Employee benefits		1,559
400 Supplies and materials		550
223 Supervision of special programs		
100 Salaries		91,004
200 Employee benefits		27,032
300 Purchased services		889
400 Supplies and materials		939
224 Improvement of instruction - inservice and staff training		
100 Salaries		8,000
200 Employee benefits		1,669
300 Purchased services		14,802
400 Supplies and materials		187
250 Finance and operations services		
254 Operation and maintenance of plant		
300 Purchased services		126
400 Supplies and materials		78
270 Support services pupil activity		
271 Pupil services activities		
300 Purchased services		6,043
Total support services		<u>244,334</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

300 Community services	
390 Other community services	
300 Purchased services	\$ <u>371</u>
Total community services	<u>371</u>
400 Other charges	
410 Intergovernmental expenditures	
411 Payments to the South Carolina Department of Education	
720 Transits	<u>550</u>
Total intergovernmental expenditures	<u>550</u>
Total expenditures	<u>731,936</u>
 OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
5230 Transfer from special revenue EIA fund	113,675
420-710 Transfer to general fund (excludes indirect costs)	(114,349)
422-710 Transfer to EIA fund	<u>(113,675)</u>
Total other financing sources (uses)	<u>(114,349)</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	 -0-
 FUND BALANCE, July 1, 2010	 <u>-0-</u>
 FUND BALANCE, June 30, 2011	 \$ <u><u>-0-</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For the Fiscal Year Ended June 30, 2011

PROGRAM	Revenues	Expenditures	EIA Interfund		Deferred Revenue
			Transfers In(Out)	Transfers In(Out)	
3500 Education Improvement Act					
3511 Professional development	\$ 5,670	\$ 7,217	\$ -	\$ 7,217	\$ 5,670
3525 Career and technology education equipment	26,696	10,292	-	10,292	26,696
3526 Refurbishment of K-8 science kits	4,577	-	-	-	4,577
3530 Trainable and profoundly mentally disabled student services	4,548	-	-	-	4,548
3532 National board certification (NBC) salary supplement	108,846	108,846	-	-	-
3533 Teacher of the year awards	1,077	1,077	-	-	-
3538 Students at risk of school failure	216,166	173,696	-	2,582	45,052
3541 Child development education pilot program (CDEPP)	76,090	53,821	-	-	22,269
3542 Preschool programs for children with disabilities	2,459	2,459	-	-	-
3544 High achieving students	15,000	18,176	-	14,376	11,200
3550 Teacher salary increase	94,550	94,550	-	-	-
3555 School employer contributions	19,799	19,799	-	-	-
3556 Adult education	161,426	19,860	(113,676)	-	27,890
3558 Reading	18,335	8,842	-	5,007	14,500
3562 Adult education, basic (includes rural and workforce initiatives)	-	120,421	95,251	25,170	-
3565 Adult education, literacy	-	26,148	18,425	7,723	-
3568 EAA technical assistance	149,112	159,097	-	74,129	64,144
3577 Teacher supplies	18,975	18,975	-	-	-
3578 High schools that work/making middle grades work	2,601	2,910	-	2,531	2,222
3588 IDEA maintenance of effort	49,309	99	-	-	49,210
3592 Work-based learning	2,274	-	-	-	2,274
3598 Cost savings - writing assessment	1,232	-	-	-	1,232
TOTALS	\$ 978,742	\$ 846,285	\$ -0-	\$ 149,027	\$ 281,484

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Debt Service Fund - District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

REVENUES

1000 Revenue from local sources	
1200 Revenue from local governmental units other than LEAs	
1210 Ad valorem taxes - including delinquent (fiscally dependent LEA)	\$ 999,003
1500 Earnings on investments	
1510 Interest on investments	<u>733</u>
Total local sources	<u>999,736</u>
3000 Revenue from state sources	
3800 State revenue in lieu of taxes	
3820 Homestead exemption (tier 2)	74,145
3830 Merchant's inventory tax	767
3840 Manufacturers depreciation reimbursement	5,594
3890 Other state property tax revenues (includes motor carrier vehicle tax)	<u>20,174</u>
Total state sources	<u>100,680</u>
Total revenue all sources	<u>1,100,416</u>

EXPENDITURES

500 Debt service	
610 Redemption of principal	1,053,000
620 Interest	<u>372,597</u>
Total debt service	<u>1,425,597</u>
Total expenditures	<u>1,425,597</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund	<u>124,307</u>
Total other financing sources (uses)	<u>124,307</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(200,874)
FUND BALANCE, July 1, 2010	<u>679,284</u>
FUND BALANCE, June 30, 2011	<u>\$ 478,410</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Debt Service Fund - Foundation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	<u>110</u>
Total local sources	<u>110</u>
Total revenue all sources	<u>110</u>

EXPENDITURES

500 Debt service	
610 Redemption of principal	742,000
620 Interest	<u>378,420</u>
Total debt service	<u>1,120,420</u>
Total expenditures	<u>1,120,420</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund	<u>1,120,310</u>
Total other financing sources (uses)	<u>1,120,310</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES

	-
FUND BALANCE, July 1, 2010	<u>1,000,083</u>
FUND BALANCE, June 30, 2011	<u>\$ 1,000,083</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
School Building Fund - District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ <u>267</u>
Total local sources	<u>267</u>
3000 Revenue from state sources	
3900 Other state revenue	
3999 Revenue from other state sources	<u>120,500</u>
Total state sources	<u>120,500</u>
Total revenue all sources	<u>120,767</u>

EXPENDITURES

250 Finance and operations	
253 Facilities acquisition and construction	
400 Supplies and materials	132,982
500 Capital outlay	
520 Construction services	1,108,538
540 Equipment	<u>29,678</u>
Total expenditures	<u>1,271,198</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to general fund (excludes indirect costs)	<u>(956,254)</u>
Total other financing sources (uses)	<u>(956,254)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (2,106,685)

FUND BALANCE, July 1, 2010 3,698,781

FUND BALANCE, June 30, 2011 \$ 1,592,096

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
School Building Fund - Foundation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ <u> -</u>
Total local sources	<u> -</u>
Total revenue all sources	<u> -</u>

EXPENDITURES

250 Finance and operations	
253 Facilities acquisition and construction	-
500 Capital outlay	
520 Construction services	<u> -</u>
Total expenditures	<u> -</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, July 1, 2010	<u> -</u>
FUND BALANCE, June 30, 2011	\$ <u><u> -0-</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenses, and Changes in Retained Earnings
For the Fiscal Year Ended June 30, 2011

REVENUES

1000 Revenue from local sources	
1600 Food service	
1610 Lunch sales to pupils	\$ 41,672
1630 Special sales to pupils	61
1640 Lunch sales to adults	2,704
1660 Special sales to adults	20
1900 Other revenue from local sources	
1999 Revenue from other local sources	<u>9,527</u>
Total local sources	<u>53,984</u>
3000 Revenue from state sources	
3100 Restricted state funding	
3140 School lunch	
3142 Program aid	<u>295</u>
Total state sources	<u>295</u>
4000 Revenue from federal sources	
4800 USDA reimbursement	
4810 School lunch and after school snacks program	308,477
4830 School breakfast program	<u>170,635</u>
Total federal sources	<u>479,112</u>
Total revenue all sources	<u>533,391</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenses, and Changes in Retained Earnings
For the Fiscal Year Ended June 30, 2011

EXPENDITURES

256 Food service	\$ 163,402
100 Salaries	826
200 Employee benefits	398
300 Purchased services (excludes gas, oil, elec, other heating fuels)	559
325 Rentals	77
332 Travel	19,172
350 Advertising	72,407
395 Other	2,133
400 Supplies and materials (includes gas, oil, elec, other heating fuels)	217,719
410 Supplies	2,572
445 Tech supplies	15,628
460 Purchased food	806
462 Commodity distribution charge	721
500 Capital outlay	<u>496,420</u>
570 Depreciation	
600 Other objects	
670 Sales tax	
690 Other	
Total expenditures	<u>496,420</u>
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
432-791 Food service fund indirect costs	<u>(30,218)</u>
Total other financing sources (uses)	<u>(30,218)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	6,753
RETAINED EARNINGS, July 1, 2010	<u>300,531</u>
RETAINED EARNINGS, June 30, 2011	<u>\$ 307,284</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Pupil Activity Fund
Balance Sheet
June 30, 2011

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Due from general fund	\$ <u>122,517</u>
Total assets	\$ <u><u>122,517</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Due to student organizations	\$ <u>122,517</u>
Total liabilities	<u>122,517</u>
FUND BALANCES	
	<u>-0-</u>
Total liabilities and fund balances	\$ <u><u>122,517</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Pupil Activity Fund

Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations
For the Fiscal Year Ended June 30, 2011

RECEIPTS

1000 Receipts from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 38
1700 Pupil activities	
1710 Admissions	48,848
1720 Bookstore sales	1,360
1740 Student fees	6,445
1790 Other	160,635
1900 Other revenue from local sources	
1920 Contributions and donations private sources	430
1999 Revenue from other local sources	<u>32,135</u>
Total receipts from local sources	<u>249,891</u>

DISBURSEMENTS

270 Support services pupil activity	
271 Pupil service activities	
100 Salaries	60,290
200 Employee benefits	18,190
660 Supporting services pupil activity	<u>257,258</u>
Total disbursements	<u>335,738</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund (excludes indirect costs)	<u>38,600</u>
Total other financing sources (uses)	<u>38,600</u>

EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS (47,247)

DUE TO STUDENT ORGANIZATIONS, July 1, 2010 169,764

DUE TO STUDENT ORGANIZATIONS, June 30, 2011 \$ 122,517

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2011

<u>Program</u>	<u>Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
CATE	11-VA058	4210/207	Overclaimed funds	\$ <u>3,506.74</u>
				\$ <u><u>3,506.74</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Capital Assets Used in Governmental Operations by Function
For the Fiscal Year Ended June 30, 2011

<u>Function</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Totals</u>
High school	\$ -	\$ 12,742,680	\$ 561,812	\$ 16,669	\$ 13,321,161
Elementary and middle school	882,080	14,506,391	89,078	-	15,477,549
Administration and services	-	1,831,558	85,726	123,177	2,040,461
Totals	\$ 882,080	\$ 29,080,629	\$ 736,616	\$ 139,846	\$ 30,839,171

<u>Function</u>	<u>Capital Assets July 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Capital Assets June 30, 2011</u>
High school	\$ 13,810,292	\$ 1,108,538	\$ 1,597,669	\$ 13,321,161
Elementary and middle school	15,477,549	-	-	15,477,549
Administration and services	2,040,461	-	-	2,040,461
Totals	\$ 31,328,302	\$ 1,108,538	\$ 1,597,669	\$ 30,839,171

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Deficiency(ies) identified? yes no

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported

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

Any audit findings disclosed that required to be reported in accordance with section 510(a) of Circular A-133?

yes no

Identification of major programs:

CFDA Numbers

84.010
84.010
84.002
84.394A

Name of Federal Program or Cluster

Title I grant to LEAs
Title I, basic state grant programs
Basic adult education
State fiscal stabilization fund (ARRA)

Dollar threshold used to distinguish between type A and type B programs:
Auditee qualified as low-risk auditee?

\$300,000
 yes no

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2011

Section II - Financial Statement Findings

- 11-01** **Bank Statement Reconciliations**
- Condition:** Bank statements for the various cash accounts were not reconciled on a timely basis.
- Criteria:** Internal accounting control requirements
- Cause:** The District experienced turnover in a key financial management position during the year.
- Effect:** Accounting personnel did perform partial reconciliations of the bank statements regularly, but did not complete the reconciliations and did not adjust the general ledger appropriately. A strong system of internal accounting controls requires the timely and complete reconciliation of bank statements so that errors or irregularities, if any, are detected and addressed, and general ledger adjustments are made on a timely basis. During the audit process, adjusting entries totalling approximately \$2.1 million were made to properly state cash balances.
- Recommendation:** Timely, accurate preparation of reconciliations of all bank statements should be performed, with such reconciliations reviewed by financial management on a timely basis.
- Response:** Management has emphasized the importance of following established internal control procedures for timely, complete reconciliations of bank statements.
-
- 11-02** **Reconciliation of Funds Received Through and Cash Held with County Treasurer**
- Condition:** Funds received through the County Treasurer and cash balances held with the County Treasurer were not reconciled on a timely basis. A strong system of internal accounting controls requires timely reconciliation with records provided by the County Treasurer and the payments to counties report so that revenue is accurately recorded and errors or irregularities, if any, are detected and addressed on a timely basis.
- Criteria:** Internal accounting control requirements
- Cause:** The District experienced turnover in a key financial management position during the year.
- Effect:** Accounting personnel did not reconcile information received from the County Treasurer and the payments to counties report, so as to adjust the general ledger appropriately. During the audit process, adjusting entries totalling approximately \$1.4 million were made to properly recognize revenues received and cash held by the County Treasurer.
- Recommendation:** Timely, accurate reconciliation with the County Treasurer should be performed.
- Response:** Management has emphasized the importance of following established internal control procedures for timely, complete reconciliation with the County Treasurer.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2011

Section II - Financial Statement Findings, continued

11-03

Internal Control over Financial Reporting

- Condition:** Under current professional standards, the District is responsible for the internal control process which includes the preparation of financial statements in accordance with generally accepted accounting principles. This preparation of materially accurate financial statements will help the District to prevent, detect and correct potential misstatements in the financial statements or footnotes. During the audit process numerous adjustments and corrections were made to the financial statements. The number of adjusting entries increased to one hundred thirty three entries, from forty five in the previous year. In numerous entries, the amounts involved were material to the financial statements.
- Criteria:** The financial statement revisions made during the audit process constitute a material weakness in internal control under standards.
- Cause:** The District experienced turnover in senior financial management during the year. During the period leading to the departure of the chief financial officer, and immediately following that departure, the District's internal control processes did not adequately identify and correct certain misstatements in the financial statements.
- Effect:** The District's independent auditors assist in the preparation of accurate financial statements and disclosures, but are not considered a part of the District's internal control process under newly-issued audit standards.
- Recommendation:** The condition, cause and effect described above are common to similar organizations. The District should seek to improve the review process for amounts reflected in the financial statements. The District should continue to employ individuals capable of thoroughly reviewing and accepting responsibility for proposed journal entries and the financial statements.
- Response:** The District has employed experienced senior financial management. Management has emphasized the importance of following established internal control procedures for identifying and correcting financial statement misstatements.

Section III - Federal Award Findings and Questioned Costs

None.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Highlights
For the Fiscal Year Ended June 30, 2011

The table on this page presents pupil cost based on the average daily attendance of 795. This table may be compared with the District's objectives and with other state and national statistics on schools.

	(General Fund) Per Pupil Cost Based on 2010-2011 Average Daily <u>Attendance</u>
Instruction	\$ 4,818.30
Pupil services	381.58
Instructional staff services	442.11
Administration	1,048.21
Finance and operations	2,376.27
Central support	149.91
Pupil activities	98.65
Intergovernmental	<u>5.84</u>
Total	\$ <u><u>9,320.87</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

<u>LEA Subfund Code</u>	<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Total Expenditures</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through SC Department of Education:				
201	Title I grant to LEAs**	84.010	11-BA058	\$ 304,106
207	CATE (Subprogram 02)	84.048	11-VA058	13,842
207	CATE (Subprogram 08)	84.048	11-VA058	9,183
	Total 84. 048			<u>23,025</u>
203	Individuals with disabilities education (IDEA)	84.027	11-CA058	226,118
222	ARRA, Title I basic state grant programs	84.389A	11-SA058	95,252
223	ARRA School Improvement	84.389A	11-SJ058	30,259
250	State fiscal stabilization fund (ARRA)**	84.394A	11-SF058	331,019
215	IDEA (ARRA 611)	84.391A	11-SC058	122,841
216	IDEA preschool (ARRA 619)	84.392A	11-CG058	5,293
251	Rural and low-income school program, Title VI	84.358	11-BS058	17,271
205	Preschool grants	84.173	11-CG058	21,367
243	Basic adult education**	84.002	11-EA058	116,705
242	Even start - family literacy	84.213	11-EK058	150,000
234	School improvement grant	84.377	11-BH058	53,588
237	Title I, basic state grant programs**	84.010	11-BJ058	44,611
267	Improving teacher quality	84.367	11-TQ058	<u>53,483</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>1,594,938</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through SDE:				
600's	School Lunch Program	10.555		See
600's	School Breakfast Program	10.553		disclosure
600's	Commodities/Food Distribution	10.550		<u>below</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>496,420</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 2,091,358</u>

The accounting system used by South Carolina LEAs does not allow for the segregation of expenditures by fundsource in the Food Service Fund. Thus the total amount, displayed under "Total USDA," includes \$54,279 of state and local revenue. The detailed schedule for the Food Service is on Schedule 10 of this audit report.

**Denotes Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards

(continued)
85

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011**

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of McCormick County School District Number One for the year ended June 30, 2011. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's general purpose financial statements.

(3) Relationship to Combined Financial Statements

Federal financial assistance revenues are reported in the District's general purpose financial statements as federal revenues in the Special Revenue Fund and operating and nonoperating revenues in the Proprietary Fund:

(4) 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 revenues and expenditures received or made subsequent to the filing of federal financial reports.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Location Reconciliation Schedule
For the Fiscal Year Ended June 30, 2011

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
01	McCormick High School	High school	School	\$ 4,072,057
02	McCormick Middle School	Middle school	School	1,380,603
03	McCormick Elementary School	Elementary school	School	2,517,316
05	Vocational School	High school	School	1,112,912
06	Special Services	Non-school	Central	362,997
07	Transportation	Non-school	Central	50,250
10	District	Non-school	Central	2,245,532
15	Grant	Non-school	Central	129,385
16	Grant	Non-school	Central	123,175
20	Adult Education	Non-school	Central	311,558
80	Grant	Non-school	Central	13,493
99	District	Non-school	Central	<u>2,059,131</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				\$ <u>14,378,409</u>
The above expenditures are reconciled to the District's financial statements as follows:				
	General Fund			\$ 7,409,913
	Special Revenue Fund (includes EIA)			2,319,126
	Debt Service Fund			2,546,017
	Capital Projects Fund			1,271,197
	Proprietary Fund			496,418
	Trust and agency Fund			<u>335,738</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				\$ <u>14,378,409</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

We have audited the financial statements of McCormick School District No. 1 as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's 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 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

A deficiency in 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified matters that we consider to be significant deficiencies, as described in Findings 11-01 through 11-03 in the Schedule of Findings and Questioned Costs.

A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We noted matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, as described in Findings 11-01 through 11-03 in the Schedule of Findings and Questioned Costs.

The District's responses to the findings identified in our audit are described in the Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended for the information of the Board of Trustees, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Martin Smith & Company CPAs PA

Greenville, South Carolina
November 30, 2011

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

Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

We have audited the compliance of McCormick School District No. 1 with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, McCormick School District No. 1 complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the 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 District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the 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 District's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the District's internal controls on a timely basis. We noted no matters involving the internal control over compliance that we consider material weaknesses.

Our consideration of the internal control over compliance was for the limited purpose described above and was not designed to identify all deficiencies in the District's internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance.

This report is intended for the information of the Board of Trustees, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Greenville, South Carolina
November 30, 2011

Martin Smith & Company CPAs PA