

**MCCORMICK SCHOOL DISTRICT
NUMBER 1**

MCCORMICK, SOUTH CAROLINA

**ANNUAL FINANCIAL REPORT
June 30, 2013**

(With Independent Auditors' Report Thereon)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2013

| <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 Position..... | 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 Position..... | 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 Position - 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 Position - Fiduciary Fund..... | 24 |
| N Statement of Changes in Fiduciary Net Position - 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, 2013

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..... | 52-61 |
| 4A | Schedule of Program Classifications - Special Projects Fund..... | 62 |
| 5 | Summary Schedule for Designated State Restricted Grants..... | 63 |
| 6 | Education Improvement Act - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance..... | 64-67 |
| 7 | Education Improvement Act - Summary Schedule by Program..... | 68 |

DEBT SERVICE FUND

Schedule

| | | |
|-----------|-----------------------------------------------------------------------------------|----|
| 8 | Schedule of Revenues, Expenditures, and Changes in Fund Balance - District..... | 69 |
| 8A | Schedule of Revenues, Expenditures, and Changes in Fund Balance - Foundation..... | 70 |

SCHOOL BUILDING FUND

Schedule

| | | |
|-----------|-----------------------------------------------------------------------------------|----|
| 9 | Schedule of Revenues, Expenditures, and Changes in Fund Balance - District..... | 71 |
| 9A | Schedule of Revenues, Expenditures, and Changes in Fund Balance - Foundation..... | 72 |

PROPRIETARY FUND

Schedule

| | | |
|-----------|---------------------------------------------------------------------------------------|-------|
| 10 | Food Service Fund - Schedule of Revenues, Expenditures, and Retained Earnings..... | 73-74 |
|-----------|---------------------------------------------------------------------------------------|-------|

Continued

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2013

FIDUCIARY FUND

Schedule

| | | |
|----|----------------------------------------------------------------------------------------------------------------|----|
| 11 | Pupil Activity Fund - Combining Balance Sheet..... | 75 |
| 12 | Pupil Activity Fund - Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations..... | 76 |

SUPPLEMENTAL SCHEDULES

Schedule

| | | |
|----|-------------------------------------------------------------------------------------|-------|
| 13 | Schedule of Due to State Department of Education/Federal Government..... | 77 |
| 14 | Schedule of Capital Assets Used in Operation of Governmental Funds by Function..... | 78 |
| 15 | Schedule of Prior Year Findings..... | 79-80 |
| 16 | Schedule of Findings and Questioned Costs..... | 81-83 |
| 17 | Highlights..... | 84 |
| 18 | Schedule of Expenditures of Federal Awards..... | 85-86 |
| 19 | Location Reconciliation Schedule..... | 87 |

AUDITORS' REPORTS ON OTHER MATTERS

Schedule

| | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 20 | Independent Auditors' Report on Compliance and on Internal Control over over Financial Reporting Based on an Audit of Basic Purpose Financial Statements Performed in Accordance with <u>Government</u> Auditing Standards..... | 88 |
| 21 | Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133..... | 89-90 |

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 aggregate remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of McCormick School District No. 1 as of June 30, 2013, 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.

Others Matters

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 that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards, as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", are presented for purposes of additional analysis and are not a required part of the basic financial statements of McCormick School District No. 1. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2013, 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.

Martin Smith & Company CPAs PA

Greenville, South Carolina
November 30, 2013

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED June 30, 2013**

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, 2013. 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 2013 are as follows:

- In the Statement of Net Position, the assets of the District exceeded its liabilities at the close of the 2013 fiscal year by \$17,413,667. Of this amount, \$3,101,293 may be used to meet the District's ongoing obligations to citizens and creditors.
- In the Statement of Activities, the District's total net position decreased by \$7,199 in the 2013 fiscal year, as compared to an increase of \$937,182 in the previous fiscal year.
- The District had \$11,772,683 in expenses related to governmental activities; of these expenses \$3,507,574 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8,211,598 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 \$4,182,534, a decrease of \$1,190,063. \$2,810,676 is unassigned and available for spending at the District's discretion, \$8,880 is nonspendable, and \$1,362,978 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 \$2,810,676.
- The District's total net fixed assets decreased by \$1,012,077 during the current fiscal year, as capital expenditures were exceeded by depreciation expense.
- The District's total long-term obligations of \$11,471,000 are comprised of the District's outstanding general obligation bonds of \$4,075,000 and its outstanding acquisition debt of \$638,000. Additionally, the McCormick County School Facilities Foundation (the "Foundation") has outstanding facilities bonds of \$6,758,000. 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 2013 fiscal year, the District's governmental fund type revenues were \$12,150,556 compared to \$12,206,441 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position 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, 2013**

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, 2013**

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 position 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, 2013**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$17,413,667 at the close of the most recent fiscal year.

The following table provides a summary of the School District's net position for 2012 compared to 2013:

| | Net Position | | | | | |
|-------------------------------------|--------------------------------|----------------------|---------------------------------|-------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Assets | | | | | | |
| Current and Other Assets | \$ 6,356,714 | \$ 7,360,167 | \$ 281,737 | \$ 219,796 | \$ 6,638,451 | \$ 7,579,963 |
| Capital Assets | 24,315,309 | 25,311,757 | 105,087 | 120,716 | 24,420,396 | 25,432,473 |
| Total Assets | 30,672,023 | 32,671,924 | 386,824 | 340,512 | 31,058,847 | 33,012,436 |
| Liabilities | | | | | | |
| Long-term Liabilities | 11,471,000 | 13,604,000 | - | - | 11,471,000 | 13,604,000 |
| Other Liabilities | 2,174,180 | 1,987,570 | - | - | 2,174,180 | 1,987,570 |
| Total Liabilities | 13,645,180 | 15,591,570 | - | - | 13,645,180 | 15,591,570 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 12,844,309 | 11,707,757 | 105,087 | 120,716 | 12,949,396 | 11,828,473 |
| Restricted | 1,362,978 | 1,641,848 | - | - | 1,362,978 | 1,641,848 |
| Unrestricted | 2,819,556 | 3,730,749 | 281,737 | 219,796 | 3,101,293 | 3,950,545 |
| Total Net Position | \$ 17,026,843 | \$ 17,080,354 | \$ 386,824 | \$ 340,512 | \$ 17,413,667 | \$ 17,420,866 |

Total net position of the District's governmental activities decreased (\$17,026,843 compared to \$17,080,354). 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 \$3,730,749 at June 2012 to \$2,819,556 at June 2013. This decrease was higher than that of the previous year because of increases in expenditures coupled with stable revenues.

The net assets of business-type activities increased (\$386,824 compared to \$340,512) for the year ended June 30, 2013.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2013**

The following table shows the changes in net position for fiscal year 2013 compared to 2012.

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|----------------------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ - | \$ - | \$ 50,302 | \$ 53,402 | \$ 50,302 | \$ 53,402 |
| Operating Grants | 3,507,574 | 4,156,184 | 538,940 | 526,788 | 4,046,514 | 4,682,972 |
| Capital Grants | - | - | - | - | - | - |
| General Revenue: | | | | | | |
| Property Taxes | 8,162,730 | 8,210,387 | - | - | 8,162,730 | 8,210,387 |
| Other | 48,868 | 17,159 | 902 | 23 | 49,770 | 17,182 |
| Total Revenues | <u>11,719,172</u> | <u>12,383,730</u> | <u>590,144</u> | <u>580,213</u> | <u>12,309,316</u> | <u>12,963,943</u> |
| Program Expenses | | | | | | |
| Instruction | 5,637,986 | 5,397,991 | - | - | 5,637,986 | 5,397,991 |
| Support Services | 5,625,037 | 5,004,280 | - | - | 5,625,037 | 5,004,280 |
| Community Services | 110,696 | 249,942 | - | - | 110,696 | 249,942 |
| Intergovernmental | 13,189 | 13,268 | - | - | 13,189 | 13,268 |
| Interest and Fiscal Charges | 385,775 | 814,295 | - | - | 385,775 | 814,295 |
| Food Service | - | - | 543,832 | 546,985 | 543,832 | 546,985 |
| Total Expenses | <u>11,772,683</u> | <u>11,479,776</u> | <u>543,832</u> | <u>546,985</u> | <u>12,316,515</u> | <u>12,026,761</u> |
| Increase (Decrease) in Net Position | <u>\$ (53,511)</u> | <u>\$ 903,954</u> | <u>\$ 46,312</u> | <u>\$ 33,228</u> | <u>\$ (7,199)</u> | <u>\$ 937,182</u> |

Governmental Activities. Governmental activities decreased the District's net assets in 2013 by \$53,511.

Business Type Activities. Business-type activities increased the District's net assets by \$46,312.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2013**

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, 2013, the District's governmental funds reported a combined fund balance of \$4,182,534, as compared to \$5,372,597 for the prior year. In particular, unassigned fund balance may serve as a useful measure of a government's net sources available for spending at the end of the fiscal year. At June 30, 2013, the District's unassigned fund balance for all governmental funds was \$2,810,676 which solely represents the General Fund. The remainder is restricted for items such as capital projects and debt service, with \$973,502 residing in capital projects, which is representative of the District's building plan, and \$344,793 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 \$2,819,556.

The District's general fund balance decreased by \$911,193 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, increasing by \$113,891 from fiscal year 2012. The fiscal year ended 2013 fund balance was \$344,793, all of which was restricted for the payment of debt service. The District's debt millage rate continues to be static.

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 \$392,783 from fiscal year ended 2012 to 2013, as the District expended substantial funds on its capital projects. The District's capital project fund balance was \$973,502 at the end of the current fiscal year.

Proprietary Funds

The District's only Proprietary Fund is the food service fund. This program had an increase in net assets of \$46,312 for the fiscal year ended June 30, 2013.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2013**

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 2013, 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 2013, the District had \$24,420,396 invested in capital assets, net of depreciation.

The total decrease in the District's investment in capital assets was \$1,012,077, as capital expenditures were exceeded by depreciation.

The following table shows fiscal 2013 balances compared to 2012.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|--------------------------------|----------------------|---------------------------------|-------------------|----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land and land improvements | \$ 823,524 | \$ 833,285 | \$ - | \$ - | \$ 823,524 | \$ 833,285 |
| Buildings | 23,051,783 | 23,980,643 | - | - | 23,051,783 | 23,980,643 |
| Equipment | 440,002 | 497,829 | 105,087 | 120,716 | 545,089 | 618,545 |
| Vehicles | - | - | - | - | - | - |
| Construction in progress | - | - | - | - | - | - |
| Totals | \$ 24,315,309 | \$ 25,311,757 | \$ 105,087 | \$ 120,716 | \$ 24,420,396 | \$ 25,432,473 |

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2013**

Long-term Debt

At fiscal year-end, the District had \$4,075,000 in bonds outstanding versus \$5,315,000 in the prior year, a decrease of approximately 23% as shown in the following table. During fiscal year 2012, the District issued \$4,075,000 general obligation refunding bonds, Series 2012. These bonds were issued to advance refund bonds of \$4,245,000 from a 2002 bond issue. The net proceeds from the issuance were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments, except for the payment scheduled for March 1, 2013, which will be paid as contracted. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's balance sheet. Such bonds were paid in full by the escrow agent during fiscal year 2013.

At fiscal year-end, the District also had \$638,000 in acquisition agreement debt outstanding versus \$728,000 in the prior year, a decrease of approximately 13% 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 \$6,758,000 in bonds outstanding versus \$7,561,000 in the prior year.

Outstanding Debt, at Year End

| | Governmental Activities | Governmental Activities |
|-----------------------------------------------|--------------------------------|--------------------------------|
| | 2013 | 2012 |
| District General Obligation Bonds 2002 Series | \$ - | \$ 1,240,000 |
| District acquisition agreement debt | 738,000 | 728,000 |
| District Refunding Bonds 2012 Series | 4,075,000 | 4,075,000 |
| Foundation Facilities Bonds 2008 Series | 6,758,000 | 7,561,000 |
| | 11,571,000 | 13,604,000 |

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, 2013**

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 2013 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 Position
June 30, 2013

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Total</u> |
|-------------------------------------------|------------------------------------------|-------------------------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 2,251,184 | \$ 57 | \$ 2,251,241 |
| Cash with fiscal agent | 1,046,765 | - | 1,046,765 |
| Investments | 1,480,778 | - | 1,480,778 |
| Accounts receivable | 133,557 | - | 133,557 |
| Property taxes receivable | 775,278 | - | 775,278 |
| Due from governmental agencies | 925,796 | 13,883 | 939,679 |
| Internal balances | (265,524) | 265,524 | - |
| Inventories and prepaid expenses | 8,880 | 2,273 | 11,153 |
| Capital assets | | | |
| Land and land improvements | 882,080 | - | 882,080 |
| Buildings | 29,168,738 | - | 29,168,738 |
| Equipment | 780,374 | 158,922 | 939,296 |
| Vehicles | 139,846 | - | 139,846 |
| Less accumulated depreciation | <u>(6,655,729)</u> | <u>(53,835)</u> | <u>(6,709,564)</u> |
| Total capital assets, net of depreciation | <u>24,315,309</u> | <u>105,087</u> | <u>24,420,396</u> |
| Total assets | <u>30,672,023</u> | <u>386,824</u> | <u>31,058,847</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 1,126,468 | - | 1,126,468 |
| Deferred revenue | 977,592 | - | 977,592 |
| Due to other governmental units | 1,000 | - | 1,000 |
| Other liabilities | 69,120 | - | 69,120 |
| Long-term liabilities: | | | |
| Due within one year: | | | |
| Bonds, capital leases, and contracts | 2,133,000 | - | 2,133,000 |
| Due in more than one year: | | | |
| Bonds, capital leases, and contracts | <u>9,338,000</u> | <u>-</u> | <u>9,338,000</u> |
| Total liabilities | <u>13,645,180</u> | <u>-</u> | <u>13,645,180</u> |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 12,844,309 | 105,087 | 12,949,396 |
| Restricted for: | | | |
| Capital projects | 973,502 | - | 973,502 |
| Debt service | 344,793 | - | 344,793 |
| Other | 44,683 | - | 44,683 |
| Unrestricted net position | <u>2,819,556</u> | <u>281,737</u> | <u>3,101,293</u> |
| Total net position | <u>\$ 17,026,843</u> | <u>\$ 386,824</u> | <u>\$ 17,413,667</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, 2013

| Functions / Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Change in Net Position | | |
|----------------------------------------------------------|----------------------|--------------------------------|------------------------------------|----------------------------------|--------------------------------------------------|----------------------------|----------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business - Type Activities | Total |
| Governmental activities: | | | | | | | |
| Instruction | \$ 5,637,986 | \$ - | \$ 2,081,915 | \$ - | \$ (3,556,071) | | \$ (3,556,071) |
| Support services | 5,625,037 | - | 1,367,173 | - | (4,257,864) | | (4,257,864) |
| Community services | 110,696 | - | 58,486 | - | (52,210) | | (52,210) |
| Intergovernmental | 13,189 | - | - | - | (13,189) | | (13,189) |
| Interest and other charges | 385,775 | - | - | - | (385,775) | | (385,775) |
| Total governmental activities | <u>11,772,683</u> | <u>-</u> | <u>3,507,574</u> | <u>-</u> | <u>(8,265,109)</u> | | <u>(8,265,109)</u> |
| Business-type activities: | | | | | | | |
| Food service | <u>543,832</u> | <u>50,302</u> | <u>538,940</u> | <u>-</u> | <u>-</u> | <u>\$ 45,410</u> | <u>45,410</u> |
| Total business-type activities | <u>543,832</u> | <u>50,302</u> | <u>538,940</u> | <u>-</u> | <u>-</u> | <u>45,410</u> | <u>45,410</u> |
| Total primary government | <u>\$ 12,316,515</u> | <u>\$ 50,302</u> | <u>\$ 4,046,514</u> | <u>\$ -</u> | <u>(8,265,109)</u> | <u>45,410</u> | <u>(8,219,699)</u> |
| General revenues: | | | | | | | |
| Property taxes levied for: | | | | | | | |
| General purposes | | | | | 6,675,750 | - | 6,675,750 |
| Debt service | | | | | 1,486,980 | - | 1,486,980 |
| Miscellaneous | | | | | 47,249 | 902 | 48,151 |
| Unrestricted investment earnings | | | | | 1,619 | - | 1,619 |
| Total general revenues, special, and extraordinary items | | | | | <u>8,211,598</u> | <u>902</u> | <u>8,212,500</u> |
| Change in net position | | | | | (53,511) | 46,312 | (7,199) |
| Net position, beginning of year | | | | | <u>17,080,354</u> | <u>340,512</u> | <u>17,420,866</u> |
| Net position, end of year | | | | | <u>\$ 17,026,843</u> | <u>\$ 386,824</u> | <u>\$ 17,413,667</u> |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2013

| | General | Special Revenue | EIA | Debt Service - District | Debt Service - Foundation | School Building - District | School Building - Foundation | Total Governmental Funds |
|--------------------------------|---------------------|-------------------|-------------------|-------------------------|---------------------------|----------------------------|------------------------------|--------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 2,206,501 | \$ 44,683 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,251,184 |
| Cash with fiscal agent | 448,720 | - | - | 378,736 | - | 219,309 | - | 1,046,765 |
| Investments | 1,480,778 | - | - | - | - | - | - | 1,480,778 |
| Accounts receivable | 133,557 | - | - | - | - | - | - | 133,557 |
| Property taxes receivable | 674,406 | - | - | 100,872 | - | - | - | 775,278 |
| Due from governmental agencies | - | 925,796 | - | - | - | - | - | 925,796 |
| Due from other funds | 939,523 | - | 276,196 | - | - | 754,193 | - | 1,969,912 |
| Prepaid expenses | 8,880 | - | - | - | - | - | - | 8,880 |
| Total assets | \$ 5,892,365 | \$ 970,479 | \$ 276,196 | \$ 479,608 | \$ - | \$ 973,502 | \$ - | \$ 8,592,150 |

LIABILITIES AND FUND BALANCES

| | | | | | | | | |
|-------------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------|-------------------|-------------|---------------------|
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 1,126,468 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,126,468 |
| Due to other funds | 1,428,204 | 857,410 | - | 18,942 | - | - | - | 2,304,556 |
| Due to other governmental units | - | - | 1,000 | - | - | - | - | 1,000 |
| Deferred revenues | 518,137 | 68,386 | 275,196 | 115,873 | - | - | - | 977,592 |
| Total liabilities | 3,072,809 | 925,796 | 276,196 | 134,815 | - | - | - | 4,409,616 |
| Fund balances: | | | | | | | | |
| Nonspendable | 8,880 | - | - | - | - | - | - | 8,880 |
| Restricted | - | 44,683 | - | 344,793 | - | 973,502 | - | 1,362,978 |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | 2,810,676 | - | - | - | - | - | - | 2,810,676 |
| Total fund balances | 2,819,556 | 44,683 | - | 344,793 | - | 973,502 | - | 4,182,534 |
| Total liabilities and fund balance | \$ 5,892,365 | \$ 970,479 | \$ 276,196 | \$ 479,608 | \$ - | \$ 973,502 | \$ - | \$ 8,592,150 |

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 Position
June 30, 2013

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total fund balances - governmental funds | \$ 4,182,534 |
| Amounts reported for governmental activities in the statement of net position are different because of the following: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$30,971,038 and the accumulated depreciation is \$6,655,729. | 24,315,309 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | <u>(11,471,000)</u> |
| Net position of governmental activities | <u>\$ 17,026,843</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, 2013

| | General | Special Revenue | EIA | Debt Service - District | Debt Service - Foundation | School Building - District | School Building - Foundation | Total Governmental Funds |
|----------------------------------------------------------|--------------|-----------------|-----------|-------------------------|---------------------------|----------------------------|------------------------------|--------------------------|
| REVENUES | | | | | | | | |
| Local property taxes | \$ 3,410,412 | \$ - | \$ - | \$ 1,373,213 | \$ - | \$ - | \$ - | \$ 4,783,625 |
| Other local | 48,869 | 175,899 | - | - | - | - | - | 224,768 |
| Total local | 3,459,281 | 175,899 | - | 1,373,213 | - | - | - | 5,008,393 |
| State | 4,914,503 | 171,686 | 804,752 | 113,767 | - | - | - | 6,004,708 |
| Federal | 60,048 | 1,077,407 | - | - | - | - | - | 1,137,455 |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Total revenues all sources | 8,433,832 | 1,424,992 | 804,752 | 1,486,980 | - | - | - | 12,150,556 |
| EXPENDITURES | | | | | | | | |
| Current | | | | | | | | |
| Instruction | 4,120,032 | 681,262 | 339,543 | - | - | - | - | 5,140,837 |
| Support services | 4,174,165 | 665,236 | 286,337 | - | - | - | - | 5,125,738 |
| Community services | 52,211 | 58,486 | - | - | - | - | - | 110,697 |
| Intergovernmental | 13,189 | - | - | - | - | - | - | 13,189 |
| Debt service | - | - | - | - | 803,000 | - | - | 2,133,000 |
| Principal | - | - | - | 1,330,000 | 111,949 | - | - | 385,775 |
| Interest and other | - | - | - | 273,826 | - | - | - | 392,783 |
| Capital outlay | - | - | - | - | - | 392,783 | - | - |
| Total expenditures | 8,359,597 | 1,404,984 | 625,880 | 1,603,826 | 914,949 | 392,783 | - | 13,302,019 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 74,235 | 20,008 | 178,872 | (116,846) | (914,949) | (392,783) | - | (1,151,463) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Operating transfers in | 178,872 | - | - | 230,737 | 914,949 | - | - | 1,324,558 |
| Operating transfers out | (1,184,286) | - | (178,872) | - | - | - | - | (1,363,158) |
| Indirect cost transfers | 19,986 | (19,986) | - | - | - | - | - | - |
| Total other financing sources (uses) | (985,428) | (19,986) | (178,872) | 230,737 | 914,949 | - | - | (38,600) |
| Net change in fund balances | (911,193) | 22 | -0- | 113,891 | - | (392,783) | -0- | (1,190,063) |
| FUND BALANCE, July 1, 2012 | 3,730,749 | 44,661 | -0- | 230,902 | -0- | 1,366,285 | -0- | 5,372,597 |
| FUND BALANCE, June 30, 2013 | 2,819,556 | 44,683 | -0- | 344,793 | -0- | 973,502 | -0- | 4,182,534 |

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, 2013**

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Total net change in fund balance -- governmental funds | \$ (1,190,063) |
| 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 (\$43,758) are less than depreciation expense (\$1,040,206) in the period. | (996,448) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | <u>2,133,000</u> |
| Change in net position of governmental activities | \$ <u><u>(53,511)</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, 2013

| | <u>Original</u> | <u>Final</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget - Favorable (Unfavorable)</u> |
|------------------------------------------------------|---------------------|---------------------|-------------------------------------|-------------------------------------------------------------------------|
| REVENUES | | | | |
| Local | \$ 3,350,175 | \$ 3,350,175 | \$ 3,459,281 | \$ 109,106 |
| State | 4,863,293 | 4,863,293 | 4,914,503 | 51,210 |
| Federal | 48,000 | 48,000 | 60,048 | 12,048 |
| Intergovernmental | - | - | - | - |
| Total revenues | <u>8,261,468</u> | <u>8,261,468</u> | <u>8,433,832</u> | <u>172,364</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 3,931,877 | 3,931,877 | 4,120,032 | (188,155) |
| Support services | 4,053,709 | 4,053,709 | 4,174,165 | (120,456) |
| Community services | 42,604 | 42,604 | 52,211 | (9,607) |
| Intergovernmental | 5,000 | 5,000 | 13,189 | (8,189) |
| Total expenditures | <u>8,033,190</u> | <u>8,033,190</u> | <u>8,359,597</u> | <u>(326,407)</u> |
| Excess (deficiency) of revenues over expenditures | 228,278 | 228,278 | 74,235 | (154,043) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer from EIA fund | 122,162 | 122,162 | 178,872 | 56,710 |
| Transfers of indirect costs | 15,000 | 15,000 | 19,986 | 4,986 |
| Transfer to special revenue fund | (7,500) | (7,500) | - | 7,500 |
| Transfer to debt service fund | (1,244,158) | (1,244,158) | (1,145,686) | 98,472 |
| Transfer to pupil activity fund | <u>(38,600)</u> | <u>(38,600)</u> | <u>(38,600)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (924,818)</u> | <u>\$ (924,818)</u> | (911,193) | <u>\$ 13,625</u> |
| Fund balance, July 1, 2012 | | | <u>3,730,749</u> | |
| Fund balance, June 30, 2013 | | | <u>\$ 2,819,556</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 - Special Projects Fund
For the Fiscal Year Ended June 30, 2013

| | <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 | \$ 194,351 | \$ 194,351 | \$ 175,899 | \$ (18,452) |
| State | 260,584 | 260,584 | 171,686 | (88,898) |
| Federal | 1,501,325 | 1,501,325 | 1,077,407 | (423,918) |
| Intergovernmental | - | - | - | - |
| Total revenues | <u>1,956,260</u> | <u>1,956,260</u> | <u>1,424,992</u> | <u>(531,268)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 1,029,924 | 1,029,924 | 681,262 | 348,662 |
| Support services | 936,011 | 936,011 | 665,236 | 270,775 |
| Community services | 86,431 | 86,431 | 58,486 | 27,945 |
| Intergovernmental | - | - | - | - |
| Total expenditures | <u>2,052,366</u> | <u>2,052,366</u> | <u>1,404,984</u> | <u>647,382</u> |
| Excess (deficiency) of revenues over expenditures | <u>(96,106)</u> | <u>(96,106)</u> | <u>20,008</u> | <u>116,114</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in (out) | 129,530 | 129,530 | - | (129,530) |
| Spec revenue fund indirect costs | <u>(33,424)</u> | <u>(33,424)</u> | <u>(19,986)</u> | <u>13,438</u> |
| Total other financing sources (uses) | <u>96,106</u> | <u>96,106</u> | <u>(19,986)</u> | <u>(116,092)</u> |
| Net change in fund balance | <u>\$ -0-</u> | <u>\$ -0-</u> | 22 | <u>\$ 22</u> |
| Fund balance, July 1, 2012 | | | <u>44,661</u> | |
| Fund balance, June 30, 2013 | | | <u>\$ 44,683</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, 2013

| | <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 | 853,376 | 853,376 | 804,752 | (48,624) |
| Federal | - | - | - | - |
| Intergovernmental | - | - | - | - |
| | <u>853,376</u> | <u>853,376</u> | <u>804,752</u> | <u>(48,624)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 522,348 | 522,348 | 339,543 | 182,805 |
| Support services | 349,057 | 349,057 | 286,337 | 62,720 |
| Community services | - | - | - | - |
| Intergovernmental | - | - | - | - |
| | <u>871,405</u> | <u>871,405</u> | <u>625,880</u> | <u>245,525</u> |
| Excess (deficiency) of revenues over expenditures | (18,029) | (18,029) | 178,872 | 196,901 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer to general fund | <u>18,029</u> | <u>18,029</u> | <u>(178,872)</u> | <u>(196,901)</u> |
| Net change in fund balance | <u>\$ -0-</u> | <u>\$ -0-</u> | -0- | <u>\$ -0-</u> |
| Fund balance, July 1, 2012 | | | <u>-0-</u> | |
| Fund balance, June 30, 2013 | | | <u>\$ -0-</u> | |

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2013

| | Enterprise Fund |
|--------------------------------------|-----------------------------|
| | <u>Food Services</u> |
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 57 |
| Due from governmental agencies | 13,883 |
| Due from other funds | 265,524 |
| Inventories - supplies and materials | <u>2,273</u> |
| Total current assets | <u>281,737</u> |
| Noncurrent assets: | |
| Furniture and equipment | 158,922 |
| Less accumulated depreciation | <u>(53,835)</u> |
| Total noncurrent assets | <u>105,087</u> |
| Total assets | <u>386,824</u> |
| NET POSITION | |
| Net investment in capital assets | 105,087 |
| Unrestricted | <u>281,737</u> |
| Total net position | <u><u>\$ 386,824</u></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, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| | Enterprise Fund <u>Food Services</u> |
|------------------------------------------|-------------------------------------------------------|
| OPERATING REVENUES | |
| Proceeds from sale of meals | \$ 50,302 |
| Total operating revenues | <u>50,302</u> |
| OPERATING EXPENSES | |
| Food costs | 288,227 |
| Salaries and wages | 186,035 |
| Supplies and materials | 36,759 |
| Depreciation | 15,628 |
| Other operating costs | 17,183 |
| Total operating expenses | <u>543,832</u> |
| Operating income (loss) | <u>(493,530)</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| USDA reimbursements | 538,940 |
| Other federal sources | 879 |
| Other state aid | 23 |
| Total nonoperating revenues (expenses) | <u>539,842</u> |
| Income (loss) before operating transfers | <u>46,312</u> |
| Transfers in (out) | <u>-</u> |
| Change in net position | 46,312 |
| Total net position - July 1, 2012 | <u>340,512</u> |
| Total net position - June 30, 2013 | <u>\$ 386,824</u> |

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| | Enterprise Fund <u>Food Services</u> |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Received from patrons | \$ 50,302 |
| Payments to employees for services | (186,035) |
| Payments to suppliers for goods and services | (390,226) |
| Net cash received from (used by) operating activities | <u>(525,959)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Cash received from USDA reimbursements | 525,057 |
| Cash received from other local and federal sources | 902 |
| Net cash received from (used for) noncapital financing activities | <u>525,959</u> |
| CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES | |
| Net cash received from (used for) capital and related financing activities | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Net cash received from (used by) investing activities | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | - |
| Cash and cash equivalents - July 1, 2012 | <u>57</u> |
| Cash and cash equivalents - June 30, 2013 | <u>\$ 57</u> |
| Reconciliation of operating income (loss) to net cash received from (used by) operating activities: | |
| Operating income (loss) - Exhibit K | \$ (493,530) |
| Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities: | |
| Depreciation | 15,628 |
| Change in assets and liabilities: | |
| (Increase) decrease in inventories | 252 |
| Increase (decrease) in due to other funds | (48,309) |
| Net cash received from (used by) operating activities | <u>\$ (525,959)</u> |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2013

| | <u>Agency Fund</u> <u>Pupil Activity</u> |
|------------------------------|---------------------------------------------|
| ASSETS | |
| Due from general fund | \$ <u>69,120</u> |
| Total assets | <u>69,120</u> |
| LIABILITIES | |
| Accounts payable | - |
| Due to student organizations | <u>69,120</u> |
| Total liabilities | <u>69,120</u> |
| NET POSITION | |
| Unreserved - undesignated | <u>-0-</u> |
| Total net position | \$ <u><u>-0-</u></u> |

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013**

| | <u>Agency Fund</u> <u>Pupil Activity</u> |
|------------------------------------------|---------------------------------------------|
| ADDITIONS | |
| Receipts | |
| Bookstore sales | \$ 163 |
| Student fees | 2,178 |
| Other | 336,492 |
| Transfer from other funds | <u>38,600</u> |
| Total receipts | <u>377,433</u> |
| DEDUCTIONS | |
| Pupil activity programs | 442,437 |
| Decrease in due to student organizations | <u>(65,004)</u> |
| Total deductions | <u>377,433</u> |
| CHANGE IN NET ASSETS | |
| Net position, beginning of year | <u>-0-</u> |
| Net position, end of year | <u><u>\$ -0-</u></u> |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

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 position 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, 2013

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, 2013

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, 2013

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 \$2,251,184 because of outstanding checks, deposits in transit, and other reconciling items) of \$2,380,121 at June 30, 2013, was insured or fully collateralized. The District's certificates of deposit balance of \$1,480,778 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, 2013 are as follows:

| | |
|--------------------|---------------------|
| Insured | \$ 255,958 |
| Collateralized | <u>3,604,941</u> |
| Total bank balance | <u>\$ 3,860,899</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, 2013

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, 2013

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, 2013

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 position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets 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 position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its 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, 2013

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, 2013

3) DUE FROM/DUE TO OTHER FUNDS

Interfund balances at June 30, 2013, consist of the following individual fund receivables and payables:

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|---------------------------|---------------------|---------------------|
| General fund | \$ 939,523 | \$ 1,428,204 |
| Special revenue funds: | | |
| Special projects fund | - | 857,160 |
| Education Improvement Act | 276,196 | - |
| Debt service | - | 18,942 |
| School building fund | 754,193 | - |
| Proprietary fund | 265,525 | - |
| Pupil activity fund | 68,869 | - |
| | <u>\$ 2,304,306</u> | <u>\$ 2,304,306</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, 2013

4) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2013, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------------------|----------------------|---------------------|-------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 686,894 | \$ - | \$ - | \$ 686,894 |
| Capital assets, being depreciated | | | | |
| Land improvements | 195,186 | - | - | 195,186 |
| Buildings | 29,168,738 | - | - | 29,168,738 |
| Equipment | 736,616 | 43,758 | - | 780,374 |
| Vehicles | 139,846 | - | - | 139,846 |
| Construction in progress | - | - | - | - |
| | <u>30,240,386</u> | <u>43,758</u> | <u>-</u> | <u>30,284,144</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 48,797 | 9,759 | - | 58,556 |
| Buildings | 5,188,093 | 928,862 | - | 6,116,955 |
| Equipment | 238,787 | 101,585 | - | 340,372 |
| Vehicles | 139,846 | - | - | 139,846 |
| | <u>5,615,523</u> | <u>1,040,206</u> | <u>-</u> | <u>6,655,729</u> |
| Total capital assets being depreciated, net | <u>24,624,863</u> | <u>(996,448)</u> | <u>-</u> | <u>23,628,415</u> |
| Governmental activities capital assets, net | <u>\$ 25,311,757</u> | <u>\$ (996,448)</u> | <u>\$ -</u> | <u>\$ 24,315,309</u> |

Depreciation was charged to functions/programs as follows:

| | |
|------------------------------------------------------|---------------------|
| Governmental activities: | |
| Instruction | \$ 540,907 |
| Support | <u>499,299</u> |
| Total depreciation expense - governmental activities | <u>\$ 1,040,206</u> |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

5) **LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the District for the year ended June 30, 2013:

| | Balance June 30, 2012 | Additions | Retirements | Balance June 30, 2013 |
|-----------------------------|--------------------------|-------------|---------------------|--------------------------|
| General obligation bonds | \$ 1,240,000 | \$ - | \$ 1,240,000 | \$ - |
| Acquisition agreement debt | 728,000 | - | 90,000 | 638,000 |
| Refunding bonds | 4,075,000 | - | - | 4,075,000 |
| Foundation facilities bonds | 7,561,000 | - | 803,000 | 6,758,000 |
| | <u>\$ 13,604,000</u> | <u>\$ -</u> | <u>\$ 2,133,000</u> | <u>\$ 11,471,000</u> |

Long-term debt payable at June 30, 2013 is comprised of the following instruments:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| \$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%. | \$ 638,000 |
| \$4,075,000 2012 District refunding bonds due in annual installments of \$1,290,000 to \$1,430,000 through March 1, 2016; interest due semi-annually at 4.00% to 5.00%. | 4,075,000 |
| \$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>6,758,000</u> |
| | <u>\$ 11,471,000</u> |

The annual requirements of principal and interest to service all long-term debt outstanding at June 30, 2013 are as follows:

| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------|----------------------|---------------------|----------------------|
| 2014 | \$ 2,220,000 | \$ 492,182 | \$ 2,712,182 |
| 2015 | 2,322,000 | 402,748 | 2,724,748 |
| 2016 | 2,437,000 | 309,194 | 2,746,194 |
| 2017 | 1,048,000 | 196,695 | 1,244,695 |
| 2018 | 1,090,000 | 154,058 | 1,244,058 |
| Thereafter | 2,354,000 | 194,548 | 2,548,548 |
| | <u>\$ 11,471,000</u> | <u>\$ 1,749,425</u> | <u>\$ 13,220,425</u> |

\$344,193 is available in the debt service – district fund to service the long-term debt at June 30, 2013.

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, 2013.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

5) **LONG-TERM DEBT, Continued**

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

| | <u>July 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2013</u> |
|---------------------------------------------------------------|-------------------------|-------------------|---------------------|--------------------------|
| Amount available in debt service fund | \$ 230,902 | \$ 113,291 | \$ - | \$ 344,193 |
| Amount to be provided for retirement of long-term obligations | <u>13,373,098</u> | <u>-</u> | <u>2,246,291</u> | <u>11,126,807</u> |
| Total available and to be provided | <u>\$ 13,604,000</u> | <u>\$ 113,291</u> | <u>\$ 2,246,291</u> | <u>\$ 11,471,000</u> |
| Total long-term obligations | <u>\$ 13,604,000</u> | <u>\$ 113,291</u> | <u>\$ 2,246,291</u> | <u>\$ 11,471,000</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.

During the fiscal year ended June 30, 2012, the District issued \$4,075,000 general obligation refunding bonds, Series 2012. These bonds were issued to advance refund bonds of \$4,245,000 from a 2002 bond issue. The net proceeds from the issuance were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments, except for the payment scheduled for March 1, 2013, which was paid as contracted. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's balance sheet. Such bonds were paid in full by the escrow agent during the fiscal year ended June 30, 2013. The advance refunding resulted in an economic gain of \$542,598.

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, 2013 was \$5,724,175; the District's total payroll was \$6,554,494.

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, 2013

6) RETIREMENT PLAN, CONTINUED

SCRS plan members are required to contribute 7.00% of their annual covered salary while the District is required to contribute an actuarially determined rate. The current rate for the SCRS is 15.000 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>June 30</u> | <u>Employer</u> | <u>Employees</u> | <u>Employer</u> | <u>Employees</u> | |
| 2013 | \$ | 858,626 | \$ | 400,692 | 15.000% | 7.00% |
| 2012 | | 775,258 | | 369,321 | 13.685% | 6.50% |
| 2011 | | 760,721 | | 376,308 | 13.140% | 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, 2013

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, 2013, 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, 2013

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, 2013, 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, 2013

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 2013 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, 2013

| | <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) | \$ 3,218,180 | \$ 3,313,254 | \$ 95,074 |
| 1280 Revenue in lieu of taxes (independent and dependent) | 115,285 | 97,158 | (18,127) |
| 1500 Earnings on investments | | | |
| 1510 Interest on investments | 7,000 | 1,619 | (5,381) |
| 1900 Other revenue from local sources | | | |
| 1910 Rentals | 9,710 | 12,880 | 3,170 |
| 1950 Refund of prior year's expenditures | - | 32,613 | 32,613 |
| 1990 Miscellaneous local revenue | | | |
| 1999 Revenue from other local sources | - | 1,757 | 1,757 |
| | <u>3,350,175</u> | <u>3,459,281</u> | <u>109,106</u> |
| 3000 Revenue from state sources | | | |
| 3100 Restricted state funding | | | |
| 3130 Special programs | | | |
| 3131 Handicapped transportation | - | 726 | 726 |
| 3133 IDEA contingency fund | - | 26,213 | 26,213 |
| 3160 School bus driver salary (includes hazardous condition transportation) | 77,372 | 85,238 | 7,866 |
| 3162 Transportation workers' compensation | 7,280 | 7,809 | 529 |
| 3180 Fringe benefits employer contributions (no carryover provision) | 389,917 | 406,629 | 16,712 |
| 3181 Retiree insurance (no carryover provision) | 160,888 | 209,110 | 48,222 |
| 3199 Other restricted state grants | - | 125 | 125 |
| 3300 Education Finance Act | | | |
| 3310 Full-time programs | | | |
| 3311 Kindergarten | 100,991 | 99,584 | (1,407) |
| 3312 Primary | 207,005 | 204,120 | (2,885) |
| 3313 Elementary | 235,410 | 232,129 | (3,281) |
| 3314 High school | 97,821 | 96,458 | (1,363) |
| 3315 Trainable mentally handicapped | 14,712 | 14,507 | (205) |
| 3316 Speech handicapped (part-time program) | 38,974 | 38,431 | (543) |
| 3317 Homebound | 1,808 | 1,783 | (25) |

(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, 2013

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------------------------------------------------------|------------------|------------------|-------------------------------------------------|
| 3320 Part-time programs | | | |
| 3321 Emotionally handicapped | \$ 1,975 | \$ 1,947 | \$ (28) |
| 3322 Educable mentally handicapped | 10,390 | 10,245 | (145) |
| 3323 Learning disabilities | 66,820 | 65,889 | (931) |
| 3324 Hearing handicapped | 1,268 | 1,250 | (18) |
| 3326 Orthopedically handicapped | 1,975 | 1,947 | (28) |
| 3327 Vocational | 145,807 | 143,775 | (2,032) |
| 3330 Other EFA programs | | | |
| 3331 Autism | 1,268 | 1,250 | (18) |
| 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 | 23,000 | 23,921 | 921 |
| 3890 Other state property tax revenues (includes motor carrier vehicle tax) | 100,000 | 59,363 | (40,637) |
| Total state sources | <u>4,863,293</u> | <u>4,914,503</u> | <u>51,210</u> |
| 4000 Revenue from federal sources | | | |
| 4900 Other federal sources | | | |
| 4999 Revenue from other federal sources | 48,000 | 60,048 | 12,048 |
| Total federal sources | <u>48,000</u> | <u>60,048</u> | <u>12,048</u> |
| Total revenue all sources | <u>8,261,468</u> | <u>8,433,832</u> | <u>172,364</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, 2013

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> |
|----------------------------------------------|---------------|---------------|-------------------------------------------------------------|
| EXPENDITURES | | | |
| 100 Instruction | | | |
| 110 General instruction | | | |
| 111 Kindergarten programs | | | |
| 100 Salaries | \$ 337,102 | \$ 285,335 | \$ 51,767 |
| 200 Employee benefits | 94,389 | 116,256 | (21,867) |
| 300 Purchased services | 1,000 | - | 1,000 |
| 400 Supplies and materials | 4,500 | 4,001 | 499 |
| 112 Primary programs | | | |
| 100 Salaries | 542,538 | 554,225 | (11,687) |
| 200 Employee benefits | 146,256 | 183,254 | (36,998) |
| 400 Supplies and materials | 9,500 | 6,585 | 2,915 |
| 113 Elementary programs | | | |
| 100 Salaries | 756,446 | 813,815 | (57,369) |
| 200 Employee benefits | 211,805 | 282,667 | (70,862) |
| 300 Purchased services | 2,000 | 1,860 | 140 |
| 400 Supplies and materials | 20,000 | 9,808 | 10,192 |
| 114 High school programs | | | |
| 100 Salaries | 404,830 | 410,817 | (5,987) |
| 200 Employee benefits | 113,352 | 134,722 | (21,370) |
| 300 Purchased services | 48,000 | 45,888 | 2,112 |
| 400 Supplies and materials | 11,000 | 8,295 | 2,705 |
| 115 Career and technology education programs | | | |
| 100 Salaries | 562,616 | 590,852 | (28,236) |
| 200 Employee benefits | 157,532 | 189,264 | (31,732) |
| 400 Supplies and materials | 12,300 | 7,307 | 4,993 |
| 120 Exceptional programs | | | |
| 121 Educable mentally handicapped | | | |
| 100 Salaries | 85,354 | 85,391 | (37) |
| 200 Employee benefits | 23,899 | 39,424 | (15,525) |
| 122 Trainable mentally handicapped | | | |
| 100 Salaries | 68,782 | 61,132 | 7,650 |
| 200 Employee benefits | 20,094 | 22,395 | (2,301) |

(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, 2013

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------------------------------|------------------|------------------|-------------------------------------------------|
| 123 Orthopedically handicapped | | | |
| 400 Supplies and materials | \$ 2,619 | \$ 2,534 | \$ 85 |
| 125 Hearing handicapped | | | |
| 400 Supplies and materials | 2,000 | - | 2,000 |
| 126 Speech handicapped | | | |
| 300 Purchased services | 15,000 | 10,507 | 4,493 |
| 127 Learning disabilities | | | |
| 100 Salaries | 154,918 | 130,064 | 24,854 |
| 200 Employee benefits | 43,377 | 50,948 | (7,571) |
| 130 Pre-school programs | | | |
| 133 Pre-school handicapped self-contained (5 yr olds) | | | |
| 300 Purchased services | - | 651 | (651) |
| 137 Pre-school handicapped self-contained (3&4 yr olds) | | | |
| 300 Purchased services | - | 1,000 | (1,000) |
| 140 Special programs | | | |
| 145 Homebound | | | |
| 100 Salaries | 6,300 | 4,320 | 1,980 |
| 200 Employee benefits | 1,470 | 16,007 | (14,537) |
| 300 Purchased services | 10,450 | - | 10,450 |
| 147 CDEPP | | | |
| 100 Salaries | 18,665 | - | 18,665 |
| 200 Employee benefits | 5,260 | 5,492 | (232) |
| 300 Purchased services | - | 1,702 | (1,702) |
| 400 Supplies and materials | - | 1,734 | (1,734) |
| 160 Other exceptional programs | | | |
| 161 Autism | | | |
| 400 Supplies and materials | 2,619 | 1,545 | 1,074 |
| 180 Adult/continuing educational programs | | | |
| 188 Parenting/family literacy | | | |
| 100 Salaries | 28,010 | 23,609 | 4,401 |
| 200 Employee benefits | 7,894 | 16,626 | (8,732) |
| Total instruction | <u>3,931,877</u> | <u>4,120,032</u> | <u>(188,155)</u> |

(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, 2013

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> |
|---------------------------------------------------------------|---------------|---------------|-------------------------------------------------------------|
| 200 Support services | | | |
| 210 Pupil services | | | |
| 211 Attendance and social work services | | | |
| 100 Salaries | \$ 11,141 | \$ 19,497 | (8,356) |
| 200 Employee benefits | 3,138 | 10,886 | (7,748) |
| 212 Guidance services | | | |
| 100 Salaries | 354,248 | 343,478 | 10,770 |
| 200 Employee benefits | 63,722 | 122,481 | (58,759) |
| 300 Purchased services | 900 | 2,739 | (1,839) |
| 400 Supplies and materials | 2,750 | 1,868 | 882 |
| 213 Health services | | | |
| 100 Salaries | 4,770 | - | 4,770 |
| 200 Employee benefits | 1,345 | - | 1,345 |
| 300 Purchased services | 6,000 | 2,836 | 3,164 |
| 400 Supplies and materials | 1,500 | 1,351 | 149 |
| 220 Instructional staff services | | | |
| 221 Improvement of instruction - curriculum development | | | |
| 100 Salaries | 190,448 | 177,239 | 13,209 |
| 200 Employee benefits | 51,921 | 58,891 | (6,970) |
| 300 Purchased services | 76,108 | 29,446 | 46,662 |
| 400 Supplies and materials | 20,402 | 17,707 | 2,695 |
| 222 Library and media services | | | |
| 100 Salaries | 122,663 | 98,198 | 24,465 |
| 200 Employee benefits | 34,565 | 47,442 | (12,877) |
| 300 Purchased services | 4,700 | 4,296 | 404 |
| 400 Supplies and materials | 11,130 | 7,954 | 3,176 |
| 223 Supervision of special programs | | | |
| 200 Employee benefits | - | 1,543 | (1,543) |
| 400 Supplies and materials | - | 15,000 | (15,000) |
| 224 Improvement of instruction - inservice and staff training | | | |
| 100 Salaries | 171,652 | 169,223 | 2,429 |
| 200 Employee benefits | 47,686 | 66,015 | (18,329) |
| 300 Purchased services | 2,250 | 2,248 | 2 |

(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, 2013

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------------------------------------------|---------------|---------------|-------------------------------------------------|
| 230 General administration services | | | |
| 231 Board of Education | | | |
| 100 Salaries | \$ 5,571 | \$ 9,749 | (4,178) |
| 200 Employee benefits | 20,471 | 12,274 | 8,197 |
| 300 Purchased services | 111,955 | 145,900 | (33,945) |
| 318 Audit services | 18,675 | 18,675 | - |
| 400 Supplies and materials | 11,230 | 11,398 | (168) |
| 600 Other objects | 17,524 | 11,988 | 5,536 |
| 232 Office of the superintendent | | | |
| 100 Salaries | 199,653 | 194,930 | 4,723 |
| 200 Employee benefits | 55,274 | 48,948 | 6,326 |
| 300 Purchased services | 2,700 | 1,267 | 1,433 |
| 400 Supplies and materials | 2,055 | 1,844 | 211 |
| 600 Other objects | 500 | 395 | 105 |
| 233 School administration | | | |
| 100 Salaries | 300,252 | 306,923 | (6,671) |
| 200 Employee benefits | 83,385 | 108,220 | (24,835) |
| 300 Purchased services | 1,750 | 2,415 | (665) |
| 400 Supplies and materials | 4,850 | 3,964 | 886 |
| 600 Other objects | 7,920 | 1,742 | 6,178 |
| 250 Finance and operations services | | | |
| 252 Fiscal services | | | |
| 100 Salaries | 140,470 | 122,562 | 17,908 |
| 200 Employee benefits | 40,160 | 32,711 | 7,449 |
| 300 Purchased services | 12,233 | 6,096 | 6,137 |
| 400 Supplies and materials | 2,200 | 2,876 | (676) |
| 600 Other objects | 5,091 | 11,765 | (6,674) |
| 254 Operation and maintenance of plant | | | |
| 100 Salaries | 221,318 | 208,648 | 12,670 |
| 200 Employee benefits | 60,273 | 68,232 | (7,959) |
| 300 Purchased services | 242,236 | 201,033 | 41,203 |
| 321 Public utilities (excludes gas, oil, elec, other heating fuels) | 58,700 | 44,236 | 14,464 |
| 400 Supplies and materials | 71,625 | 88,460 | (16,835) |
| 470 Energy (includes gas, oil, elec, other heating fuels) | 303,875 | 402,777 | (98,902) |

(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, 2013

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------------------|---------------|---------------|-------------------------------------------------|
| 255 Student transportation (state mandated) | | | |
| 100 Salaries | \$ 191,903 | \$ 221,883 | \$ (29,980) |
| 200 Employee benefits | 60,431 | 74,473 | (14,042) |
| 300 Purchased services | 16,650 | 8,869 | 7,781 |
| 400 Supplies and materials | 700 | 232 | 468 |
| 256 Food service | | | |
| 200 Employee benefits | 44,693 | 81,717 | (37,024) |
| 258 Security | | | |
| 100 Salaries | 15,000 | 17,250 | (2,250) |
| 200 Employee benefits | 1,650 | 5,061 | (3,411) |
| 300 Purchased services | 30,000 | 30,150 | (150) |
| 260 Central support services | | | |
| 263 Information services | | | |
| 100 Salaries | 11,141 | 19,497 | (8,356) |
| 200 Employee benefits | 3,138 | 5,881 | (2,743) |
| 300 Purchased services | 35,790 | 31,688 | 4,102 |
| 400 Supplies and materials | 3,500 | 3,545 | (45) |
| 600 Other objects | 300 | 500 | (200) |
| 264 Staff services | | | |
| 100 Salaries | 65,178 | 60,077 | 5,101 |
| 200 Employee benefits | 16,803 | 17,583 | (780) |
| 300 Purchased services | 6,000 | 3,085 | 2,915 |
| 400 Supplies and materials | 1,600 | 1,748 | (148) |
| 266 Technology and data processing services | | | |
| 100 Salaries | 96,000 | 84,817 | 11,183 |
| 200 Employee benefits | 26,880 | 21,854 | 5,026 |
| 300 Purchased services | 83,300 | 70,382 | 12,918 |
| 400 Supplies and materials | 770 | 554 | 216 |

(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, 2013

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------------------|---------------------|---------------------|-------------------------------------------------|
| 270 Support services pupil activity | | | |
| 271 Pupil services activities | | | |
| 100 Salaries | \$ 86,000 | \$ 82,138 | \$ 3,862 |
| 200 Employee benefits | 24,798 | 19,890 | 4,908 |
| 300 Purchased services | 33,500 | 30,173 | 3,327 |
| 400 Supplies and materials | 7,000 | 5,202 | 1,798 |
| 500 Capital outlay | 5,999 | 5,550 | 449 |
| | <u>4,053,709</u> | <u>4,174,165</u> | <u>(120,456)</u> |
| Total support services | | | |
| 300 Community services | | | |
| 350 Custody and care of children services | | | |
| 100 Salaries | 33,238 | 33,246 | (8) |
| 200 Employee benefits | 9,366 | 18,965 | (9,599) |
| | <u>42,604</u> | <u>52,211</u> | <u>(9,607)</u> |
| Total community services | | | |
| 400 Other charges | | | |
| 410 Intergovernmental expenditures | | | |
| 411 Payments to SC Department of Education | | | |
| 720 Transits | - | 11,205 | (11,205) |
| 412 Payments to other governmental units | | | |
| 720 Transits | 5,000 | 1,984 | 3,016 |
| | <u>5,000</u> | <u>13,189</u> | <u>(8,189)</u> |
| Total intergovernmental expenditures | | | |
| Total expenditures | <u>8,033,190</u> | <u>8,359,597</u> | <u>(326,407)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Interfund transfers, from (to) other funds | | | |
| 5230 Transfer from special revenue EIA fund | 122,162 | 178,872 | 56,710 |
| 5280 Transfer from other funds indirect costs | 15,000 | 19,986 | 4,986 |
| 421-710 Transfer to special revenue fund | (7,500) | - | 7,500 |
| 423-710 Transfer to debt service fund | (1,244,158) | (1,145,686) | 98,472 |
| 426-710 Transfer to pupil activity fund | (38,600) | (38,600) | - |
| | <u>(1,153,096)</u> | <u>(985,428)</u> | <u>167,668</u> |
| Total other financing sources (uses) | | | |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | \$ <u>(924,818)</u> | (911,193) | \$ <u>13,625</u> |
| FUND BALANCE, July 1, 2012 | | <u>3,730,749</u> | |
| FUND BALANCE, June 30, 2013 | | <u>\$ 2,819,556</u> | |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
SPECIAL REVENUE FUND
Combining Balance Sheet
June 30, 2013

| | <u>Special Projects Fund</u> | <u>Education Improvement Act</u> | <u>Total</u> |
|-------------------------------------------------|--------------------------------------|------------------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 44,683 | \$ - | \$ 44,683 |
| Due from governmental agencies | 925,796 | - | 925,796 |
| Prepaid expenses | - | - | - |
| Due from other funds | <u>-</u> | <u>276,196</u> | <u>276,196</u> |
| Total assets | <u>\$ 970,479</u> | <u>\$ 276,196</u> | <u>\$ 1,246,675</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| LIABILITIES | | | |
| Due to governmental units | \$ - | \$ 1,000 | \$ 1,000 |
| Accounts payable | - | - | - |
| Deferred revenues | 68,386 | 275,196 | 343,582 |
| Due to other funds | <u>857,410</u> | <u>-</u> | <u>857,410</u> |
| Total liabilities | <u>925,796</u> | <u>276,196</u> | <u>1,201,992</u> |
| FUND BALANCES | | | |
| Unreserved - undesignated | <u>44,683</u> | <u>-0-</u> | <u>44,683</u> |
| Total liabilities and fund balances | <u>\$ 970,479</u> | <u>\$ 276,196</u> | <u>\$ 1,246,675</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, 2013

| | <u>Special Projects Fund</u> | <u>Education Improvement Act</u> | <u>Total</u> |
|---------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------|------------------|
| REVENUES | | | |
| Local sources | \$ 175,899 | \$ - | \$ 175,899 |
| State sources | 171,686 | 804,752 | 976,438 |
| Federal sources | <u>1,077,407</u> | <u>-</u> | <u>1,077,407</u> |
| Total revenues all sources | <u>1,424,992</u> | <u>804,752</u> | <u>2,229,744</u> |
| EXPENDITURES | | | |
| Instruction | 681,262 | 339,543 | 1,020,805 |
| Supporting services | 665,236 | 286,337 | 951,573 |
| Community services | 58,486 | - | 58,486 |
| Intergovernmental expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>1,404,984</u> | <u>625,880</u> | <u>2,030,864</u> |
| OTHER FINANCING SOURCES (USES) | <u>(19,986)</u> | <u>(178,872)</u> | <u>(198,858)</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | | | |
| | 22 | -0- | 22 |
| FUND BALANCE, July 1, 2012 | <u>44,661</u> | <u>-0-</u> | <u>44,661</u> |
| FUND BALANCE, June 30, 2013 | <u>\$ 44,683</u> | <u>\$ -0-</u> | <u>\$ 44,683</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, 2013

| | Title I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | Preschool | | CATE (VA Projects) (207/208) | Drug Free (FP/FQ Projects) (209/210) | Adult Education (EA Projects) | Other | | Total |
|-------------------------------------------------------|---------------------------------------|------------------------------------|-------------------------------------------|-----------------------------|------------------------------------|--------------------------------------------|-------------------------------------|-------------------------------------------|------------------------------------------|---------|
| | | | Handicapped (CG Projects) (205/206) | Restricted State Grants* | | | | Designated Restricted State Grants* | Other Special Revenue Programs* | |
| REVENUES | | | | | | | | | | |
| 1000 Revenue from local sources | | | | | | | | | | |
| 1500 Earnings on investments | | | | | | | | | | |
| 1510 Interest on investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22 |
| 1900 Other revenue from local sources | | | | | | | | | | |
| 1930 Medicaid | - | - | - | - | - | - | - | - | - | 28,370 |
| 1999 Revenue from other local sources | - | - | - | - | - | - | - | - | - | 147,507 |
| Total local sources | - | - | - | - | - | - | - | - | - | 175,899 |
| 3000 Revenue from state sources | | | | | | | | | | |
| 3100 Restricted state funding | | | | | | | | | | |
| 3110 Occupational education | | | | | | | | | | |
| 3118 EEDA career specialist | - | - | - | - | - | - | - | 40,748 | - | 40,748 |
| 3120 General education | | | | | | | | | | |
| 3123 Formative assessment | - | - | - | - | - | - | - | 4,602 | - | 4,602 |
| 3127 Student health and fitness - PE teachers | - | - | - | - | - | - | - | 6,094 | - | 6,094 |
| 3128 High schools that work/making middle grades work | - | - | - | - | - | - | - | 7,172 | - | 7,172 |
| 3130 Special programs | | | | | | | | | | |
| 3136 Student health and fitness - nurses | - | - | - | - | - | - | - | 22,530 | - | 22,530 |

* 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, 2013

| | 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) | State Grants* (900s) | Other Designated Restricted State Grants* (900s) | Other Special Revenue Programs* (200s/800s) | Total |
|---------------------------------------------------------------|----------------------------------------------------|-------------------|--------------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------|-------------------------|--------------------------------------------------------------|---------------------------------------------------------|---------|
| 3190 Miscellaneous restricted state grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 367 | \$ - | \$ - | \$ 367 |
| 3193 Education license plates | | | | | | | | | | |
| 3199 Other restricted state grants | - | - | - | - | - | - | 4,136 | - | - | 4,136 |
| 3600 Education Lottery Act revenue | | | | | | | | | | |
| 3607 6-8 enhancement | - | - | - | - | - | - | 1,916 | - | - | 1,916 |
| 3610 K-5 enhancement | - | - | - | - | - | - | 84,121 | - | - | 84,121 |
| Total state sources | - | - | - | - | - | - | 171,686 | - | - | 171,686 |
| 4000 Revenue from federal sources | | | | | | | | | | |
| 4200 Occupational education | | | | | | | | | | |
| 4210 Perkins aid, Title I | - | - | - | 18,691 | - | - | - | - | - | 18,691 |
| 4300 Elementary and Secondary Education Act of 1965 (ESEA) | | | | | | | | | | |
| 4310 Title I, basic state grant programs | 361,067 | - | - | - | - | - | - | - | - | 361,067 |
| 4312 Rural and low-income school program, Title VI | - | - | - | - | - | - | - | - | 24,176 | 24,176 |
| 4351 Improving teacher quality | - | - | - | - | - | - | - | - | 88,903 | 88,903 |
| 4360 Even start - family literacy | - | - | - | - | - | - | - | - | 1,154 | 1,154 |

* 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, 2013

| | 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 |
|--------------------------------------------------------|---------------------------------------|------------------------------------|--------------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|------------|
| 4400 Adult education | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 131,580 | \$ - | \$ - | \$ 131,580 |
| 4410 Basic adult education | | | | | | | | | |
| 4500 Programs for children with disabilities | | | | | | | | | |
| 4510 IDEA | - | 286,722 | - | - | - | - | - | - | 286,722 |
| 4520 Preschool grants (IDEA) | - | - | 23,759 | - | - | - | - | - | 23,759 |
| 4900 Other federal sources | | | | | | | | | |
| 4924 21st Century Community Learning Center Program | - | - | - | - | - | - | - | 141,355 | 141,355 |
| Total federal sources | 361,067 | 286,722 | 23,759 | 18,691 | - | 131,580 | - | 255,588 | 1,077,407 |
| Total revenue all sources | 361,067 | 286,722 | 23,759 | 18,691 | - | 131,580 | 171,686 | 431,487 | 1,424,992 |

* 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, 2013

| | Title I (BA Projects) (201/202) | Preschool | | | Drug Free (FP/FQ Projects) (209/210) | Adult Education (EA Projects) (200s/800s) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Total |
|-------------------------------------------------|---------------------------------------|-------------------|-------------------------------------------|------------------------------------|--------------------------------------------|----------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------|----------|
| | | IDEA (203/204) | Handicapped (CG Projects) (205/206) | CATE (VA Projects) (207/208) | | | | | |
| EXPENDITURES | | | | | | | | | |
| 100 Instruction | | | | | | | | | |
| 110 General instruction | | | | | | | | | |
| 111 Kindergarten programs | | | | | | | | | |
| 100 Salaries | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,359 | \$ - | \$ 6,359 |
| 200 Employee benefits | - | - | - | - | - | - | 243 | - | 243 |
| 400 Supplies and materials | - | - | - | - | - | - | 1,685 | - | 1,685 |
| 112 Primary programs | | | | | | | | | |
| 100 Salaries | 34,785 | - | - | - | - | - | 16,507 | - | 51,292 |
| 200 Employee benefits | 12,234 | - | - | - | - | - | 6,749 | - | 18,983 |
| 300 Purchased services | - | - | - | - | - | - | 1,912 | - | 1,912 |
| 400 Supplies and materials | 4,725 | - | - | - | - | - | 6,447 | - | 11,172 |
| 113 Elementary programs | | | | | | | | | |
| 100 Salaries | 69,061 | - | - | - | - | - | - | - | 69,061 |
| 200 Employee benefits | 22,099 | - | - | - | - | - | - | - | 22,099 |
| 300 Purchased services | - | - | - | - | - | - | 2,231 | - | 2,231 |
| 400 Supplies and materials | 29,947 | - | - | - | - | - | 4,391 | - | 34,338 |
| 114 High school programs | | | | | | | | | |
| 100 Salaries | 35,276 | - | - | - | - | - | - | - | 35,276 |
| 200 Employee benefits | 10,719 | - | - | - | - | - | - | - | 10,719 |
| 300 Purchased services | - | - | - | - | - | - | 777 | - | 777 |
| 400 Supplies and materials | 15,169 | - | - | - | - | - | - | - | 15,169 |
| 115 Career and technology education programs | | | | | | | | | |
| 300 Purchased services - other than tuition | - | 1,777 | - | - | - | - | - | - | 3,549 |

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, 2013

| | Title I (201/202) | Preschool | | | Drug Free (209/210) | Adult Education (EA Projects) | Other | | Total |
|---------------------------------------------------------|----------------------|-------------------|--------------------------|-------------------|------------------------|-------------------------------------|----------------------------------------------------|-----------------------------------------------|-----------|
| | | IDEA (203/204) | Handicapped (205/206) | CATE (207/208) | | | Designated Restricted State Grants (900s) | Special Revenue Programs (200s/800s) | |
| 120 Exceptional programs | | | | | | | | | |
| 121 Educable mentally handicapped | | | | | | | | | |
| 100 Salaries | \$ - | \$ 40,278 | \$ 15,590 | \$ - | \$ - | \$ - | \$ 100 | \$ - | \$ 55,968 |
| 200 Employee benefits | - | 17,223 | 7,037 | - | - | - | - | - | 24,260 |
| 400 Supplies and materials | - | 460 | - | - | - | - | - | - | 460 |
| 125 Hearing handicapped | | | | | | | | | |
| 300 Purchased services | - | 8,120 | - | - | - | - | - | - | 8,120 |
| 126 Speech handicapped | | | | | | | | | |
| 300 Purchased services | - | 49,110 | - | - | - | - | - | - | 49,110 |
| 170 Summer school programs | | | | | | | | | |
| 174 Gifted and talented summer school | | | | | | | | | |
| 400 Supplies and materials | - | - | - | - | - | - | - | 5,195 | 5,195 |
| 175 Instructional programs beyond regulat school day | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | 8,500 | 79,868 | 88,368 |
| 200 Employee benefits | - | - | - | - | - | - | 2,008 | 18,939 | 20,947 |
| 400 Supplies and materials | - | - | - | - | - | - | - | 1,424 | 1,424 |
| 180 Adult/continuing educational programs | | | | | | | | | |
| 181 Adult basic education programs | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | 56,501 | - | - | 56,501 |
| 200 Employee benefits | - | - | - | - | - | 13,242 | - | - | 13,242 |
| 300 Purchased services | - | - | - | - | - | 6,300 | - | - | 6,300 |
| 400 Supplies and materials | - | - | - | - | - | 23,810 | - | - | 23,810 |

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, 2013

| | Title I (201/202) | IDEA (203/204) | Preschool Handicapped (205/206) | CATE (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 |
|-----------------------------------------|------------------------------|---------------------------|------------------------------------------------|---------------------------|-----------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|----------------|
| 182 Adult secondary education programs | | | | | | | | | |
| 100 Salaries | \$ - | \$ - | \$ - | \$ - | \$ - | 3,222 | - | - | 3,222 |
| 200 Employee benefits | - | - | - | - | - | 702 | - | - | 702 |
| 300 Purchased services | - | - | - | - | - | 2,812 | - | - | 2,812 |
| 188 Parenting/family literacy | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | - | 26,054 | 26,054 |
| 200 Employee benefits | - | - | - | - | - | - | - | 9,112 | 9,112 |
| 300 Purchased services | - | - | - | - | - | - | - | 790 | 790 |
| Total instruction | 234,015 | 116,968 | 22,627 | 1,772 | - | 106,589 | 51,307 | 147,984 | 681,262 |
| 200 Support services | | | | | | | | | |
| 210 Pupil services | | | | | | | | | |
| 211 Attendance and social work services | | | | | | | | | |
| 100 Salaries | 20,986 | - | - | - | - | - | - | - | 20,986 |
| 200 Employee benefits | 4,962 | - | - | - | - | - | - | - | 4,962 |
| 400 Supplies and materials | 2,021 | - | - | - | - | - | - | - | 2,021 |
| 213 Health services | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | 16,741 | 6,532 | 23,273 |
| 200 Employee benefits | - | - | - | - | - | - | 5,789 | 1,326 | 7,115 |
| 300 Purchased services | - | 33,495 | - | - | - | - | - | 8,648 | 42,143 |
| 400 Supplies and materials | - | 1,353 | - | - | - | - | - | - | 1,353 |
| 214 Psychological services | | | | | | | | | |
| 300 Purchased services | - | 26,920 | - | - | - | - | - | - | 26,920 |

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, 2013

| | Title I (201/202) | Preschool | | | Drug Free (209/210) | Adult Education (EA Projects) | Other | | Total |
|------------------------------------------------------------|----------------------|-------------------|-------------------------------------------|------------------------------------|------------------------|-------------------------------------|----------------------------------------------------|--------------------------------------------------------|----------|
| | | IDEA (203/204) | Handicapped (CG Projects) (205/206) | CATE (VA Projects) (207/208) | | | Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | |
| 215 Exceptional program services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,075 |
| 300 Purchased services | | | | | | | | | |
| 216 Vocational placement services | | | | | | | | | |
| 100 Salaries | - | 7,933 | - | - | - | - | - | 35,899 | 43,832 |
| 200 Employee benefits | - | 1,683 | - | - | - | - | - | 10,660 | 12,343 |
| 300 Purchased services | - | - | - | 5,975 | - | - | - | 3,062 | 9,037 |
| 400 Supplies and materials | - | - | - | 10,944 | - | - | - | 1,281 | 12,225 |
| 217 Career specialist services | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | 33,307 | - | 33,307 |
| 200 Employee benefits | - | - | - | - | - | - | 7,441 | - | 7,441 |
| 220 Instructional staff services | | | | | | | | | |
| 221 Improvement of instruction - curriculum development | | | | | | | | | |
| 300 Purchased services | 69,793 | - | - | - | - | - | 2,127 | 266 | 72,186 |
| 400 Supplies and materials | 886 | - | - | - | - | - | 899 | - | 1,785 |
| 223 Supervision of special programs | | | | | | | | | |
| 100 Salaries | 10,200 | 67,580 | - | - | - | 6,000 | - | 14,654 | 98,434 |
| 200 Employee benefits | 3,824 | 18,294 | - | - | 1,897 | - | - | 2,314 | 26,329 |
| 300 Purchased services | 1,000 | 6,535 | - | - | 1,804 | - | - | - | 9,339 |
| 400 Supplies and materials | 1,076 | 5,861 | - | - | 700 | - | - | - | 7,637 |
| 600 Other objects | - | 100 | - | - | - | - | - | - | 100 |

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, 2013

| | 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 |
|------------------------------------------------------------------|---------------------------------------|------------------------------------|--------------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------|-------------------------------------------------------------|--------------------------------------------------------|-----------|
| 224 Improvement of instruction - inservice and staff training | | | | | | | | | |
| 100 Salaries | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 32,355 | \$ 10,074 | \$ 42,429 |
| 200 Employee benefits | - | - | - | - | - | - | 10,238 | 7,616 | 17,854 |
| 300 Purchased services | - | - | - | - | - | - | 2,644 | 47,123 | 49,767 |
| 400 Supplies and materials | - | - | - | - | - | - | 4,528 | 13,318 | 17,846 |
| 250 Finance and operations services | | | | | | | | | |
| 251 Student transportation (federal/district mandated) | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | 2,380 | 8,871 | 11,251 |
| 200 Employee benefits | - | - | - | - | - | - | 560 | 4,471 | 5,031 |
| 300 Purchased services | - | - | - | - | - | - | 1,370 | 28,229 | 29,599 |
| 252 Fiscal services | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | - | 557 | 557 |
| 200 Employee benefits | - | - | - | - | - | - | - | 171 | 171 |
| 254 Operation and maintenance of plant | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | 2,500 | - | - | 2,500 |
| 200 Employee benefits | - | - | - | - | - | 590 | - | - | 590 |
| 300 Purchased services | - | - | - | - | - | 5,000 | - | - | 5,000 |
| 400 Supplies and materials | - | - | - | - | - | 6,500 | - | - | 6,500 |

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, 2013

| | Title I (BA Projects)(CA Projects) (201/202) (203/204) | IDEA (203/204) | Preschool Handicapped (CG Projects)(VA Projects) (205/206) (207/208) | CATE (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 |
|---------------------------------------------|-----------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------|-------------------|--------------------------------------------|-------------------------------------|-------------------------------------------------------------|--------------------------------------------------------|-----------|
| 255 Student transportation (state mandated) | | | | | | | | | |
| 100 Salaries | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,060 | \$ 2,060 |
| 270 Support services - pupil activity | | | | | | | | | |
| 271 Pupil service activities | | | | | | | | | |
| 300 Purchased services | - | - | - | - | - | - | - | 2,238 | 2,238 |
| Total support services | 114,748 | 169,754 | - | 16,919 | - | 24,991 | 120,379 | 218,445 | 665,236 |
| 300 Community services | | | | | | | | | |
| 350 Custody and care of children | | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | - | 42,355 | 42,355 |
| 200 Employee benefits | - | - | - | - | - | - | - | 13,089 | 13,089 |
| 300 Purchased services | - | - | - | - | - | - | - | 1,199 | 1,199 |
| 400 Supplies and materials | - | - | - | - | - | - | - | 1,769 | 1,769 |
| 390 Other community services | 74 | - | - | - | - | - | - | - | 74 |
| 300 Purchased services | 74 | - | - | - | - | - | - | 58,412 | 58,486 |
| Total community services | 348,837 | 286,722 | 22,627 | 18,691 | - | 131,580 | 171,686 | 424,841 | 1,404,984 |
| Total expenditures | | | | | | | | | |

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, 2013

| | <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>(BA Projects)(CA Projects)(CG Projects)(VA Projects)(FP/FQ Projects)(EA Projects)</u> | <u>(203/204)</u> | <u>Handicapped</u> | <u>(207/208)</u> | <u>(209/210)</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>State Grants</u> | <u>Revenue</u> |
| | | | | | | <u>(900s)</u> | <u>(900s)</u> | <u>(200s/800s)</u> |
| | | | | | | | | <u>Total</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Interfund transfers, from (to) other funds | | | | | | | | |
| 431-791 Special revenue fund indirect costs | (12,230) | - | (1,132) | - | - | - | - | (6,624) |
| | | | | | | | | (19,986) |
| TOTAL OTHER FINANCING SOURCES (USES) | (12,230) | - | (1,132) | - | - | - | - | (19,986) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 22 |
| FUND BALANCE, July 1, 2012 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | 44,661 |
| FUND BALANCE, June 30, 2013 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ 44,683 |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Program Classifications - Special Projects Fund
For the Fiscal Year Ended June 30, 2013

| <u>LEA</u> <u>Subfund</u> <u>Code</u> | <u>Program</u> | <u>Revenue</u> | <u>Revenue</u> <u>Code</u> |
|---------------------------------------------|--------------------------------------------------|-------------------|-------------------------------|
| <u>OTHER RESTRICTED STATE GRANTS</u> | | | |
| 928 | EEDA career specialist | \$ 40,748 | 3118 |
| 933 | Formative assessment | 4,602 | 3123 |
| 908 | Refurbishment of K-8 science kits | 4,036 | 3126 |
| 937 | Student health and fitness - PE teachers | 6,094 | 3127 |
| 938 | High schools that work/making middle grades work | 7,172 | 3128 |
| 936 | Student health and fitness - nurses | 22,530 | 3136 |
| 919 | Education license plates | 367 | 3193 |
| 203 | Extended school year | 100 | 3199 |
| 967 | 6-8 enhancement | 1,916 | 3607 |
| 960 | K-5 enhancement | 84,121 | 3610 |
| | | <u>\$ 171,686</u> | |
| <u>OTHER SPECIAL REVENUE PROGRAMS</u> | | | |
| 299 | Interest on investments | \$ 22 | 1510 |
| 280 | Medicaid | 26,309 | 1930 |
| 830 | JAG - CIS | 53,140 | 1999 |
| 890 | First steps | 94,367 | 1999 |
| 224 | 21st century learning centers grants, Title VI | 141,355 | 4924 |
| 839 | Special needs transportation | 2,061 | 1999 |
| 242 | Even start - family literacy | 1,154 | 4360 |
| 251 | Rural and low-income school program, Title VI | 24,176 | 4312 |
| 267 | Improving teacher quality | 88,903 | 4351 |
| | | <u>\$ 431,487</u> | |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Summary Schedule for Designated State Restricted Grants
For the Fiscal Year Ended June 30, 2013

| Revenue Subfund Code | Code | Programs | Revenues | Expenditures | Special Revenue | | Special Revenue Fund Deferred |
|-------------------------|------|-------------------------------------------------|-------------------|-------------------|------------------------------------|-------------------------------------|----------------------------------------|
| | | | | | Interfund Transfers In/(Out) | Other Fund Transfers In/(Out) | |
| 928 | 3118 | EEDA career specialist | \$ 40,748 | \$ 40,748 | \$ - | \$ - | \$ - |
| 933 | 3123 | Formative assessment | 4,602 | 4,602 | - | - | - |
| 937 | 3127 | Student health and fitness - PE teachers | 12,079 | 6,094 | - | - | 5,985 |
| 924 | 3134 | CDEPP | - | - | - | - | - |
| 936 | 3136 | Student health and fitness - nurses | 31,468 | 22,530 | - | - | 8,938 |
| 921 | 3151 | Adult education: basic | - | - | - | - | - |
| 920 | 3154 | Young adult education | - | - | - | - | - |
| 203 | 3199 | Extended school year | 100 | 100 | - | - | - |
| 938 | 3128 | High schools that work/making middle grades wor | 7,172 | 7,172 | - | - | - |
| 908 | 3126 | Refurbishment of K-8 science kits | 4,036 | 4,036 | - | - | - |
| 919 | 3193 | Education license plates | 816 | 367 | - | - | 449 |
| 967 | 3607 | 6-8 enhancement | 3,685 | 1,916 | - | - | 1,769 |
| 960 | 3610 | K-5 enhancement | 130,150 | 84,121 | - | - | 46,029 |
| | | | <u>\$ 234,856</u> | <u>\$ 171,686</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 63,170</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, 2013

REVENUES

| | | |
|------------------------------------------------------------------|----|---------|
| 3000 Revenue from state sources | | |
| 3500 Education Improvement Act | | |
| 3502 ADEPT | \$ | 3,001 |
| 3511 Professional development | | 4,508 |
| 3518 Formative assessment | | 1,962 |
| 3525 Career and technology education equipment | | 26,581 |
| 3526 Refurbishment of K-8 science kits | | 1,754 |
| 3530 Trainable and profoundly mentally disabled student services | | 4,660 |
| 3532 National board certification (NBC) salary supplement | | 82,890 |
| 3533 Teacher of the year award | | 1,077 |
| 3538 Students at risk of school failure | | 176,002 |
| 3541 Child development education pilot program (CDEPP) | | 47,087 |
| 3542 Preschool programs for children with disabilities | | 5,448 |
| 3544 High achieving students | | 18,163 |
| 3550 Teacher salary increase | | 83,864 |
| 3551 Teacher salary supplement state share | | 60,657 |
| 3555 School employer contributions | | 32,951 |
| 3556 Adult education | | 116,141 |
| 3558 Reading | | 21,857 |
| 3568 EAA technical assistance | | 4,589 |
| 3577 Teacher supplies | | 17,114 |
| 3578 High schools that work/making middle grades work | | 5,525 |
| 3585 Aid to districts - special education | | 20,031 |
| 3594 EEDA Supplemental programs | | 55,830 |
| 3597 Aid to districts | | 9,183 |
| 3598 Cost savings allocations | | 1,041 |
| 3599 Other EIA | | 2,836 |
| | | <hr/> |
| Total state sources | | 804,752 |
| | | <hr/> |
| Total revenue all sources | | 804,752 |
| | | <hr/> |

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, 2013

EXPENDITURES

| | | |
|------------------------------------------------------|----|--------|
| 100 Instruction | | |
| 110 General instruction | | |
| 111 Kindergarten programs | | |
| 100 Salaries | \$ | 15,000 |
| 200 Employee benefits | | 3,377 |
| 400 Supplies and materials | | 17,114 |
| 112 Primary programs | | |
| 100 Salaries | | 49,520 |
| 200 Employee benefits | | 15,065 |
| 300 Purchased services | | 17 |
| 400 Supplies and materials | | 1,956 |
| 113 Elementary programs | | |
| 100 Salaries | | 47,953 |
| 200 Employee benefits | | 13,889 |
| 300 Purchased services | | 458 |
| 400 Supplies and materials | | 7,571 |
| 114 High school programs | | |
| 100 Salaries | | 33,213 |
| 200 Employee benefits | | 10,445 |
| 300 Purchased services | | 1,488 |
| 400 Supplies and materials | | 3,596 |
| 115 Career and technology education programs | | |
| 300 Purchased services | | 1,016 |
| 400 Supplies and materials | | 6,566 |
| 500 Capital outlay | | 20,309 |
| 120 Exceptional programs | | |
| 121 Educable mentally handicapped | | |
| 400 Supplies and materials | | 31 |
| 122 Trainable mentally handicapped | | |
| 100 Salaries | | 3,410 |
| 200 Employee benefits | | 1,251 |
| 130 Preschool programs | | |
| 135 Preschool handicapped speech (3 and 4 year olds) | | |
| 300 Purchased services | | 4,494 |
| 400 Supplies and materials | | 954 |

(continued)

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, 2013

| | | |
|---------------------------------------------------------|----|----------------|
| 140 Special programs | | |
| 147 CDEPP | | |
| 100 Salaries | \$ | 32,766 |
| 200 Employee benefits | | 12,945 |
| 300 Purchased services | | 647 |
| 400 Supplies and materials | | 728 |
| 148 Gifted and talented - artistic | | |
| 100 Salaries | | 13,465 |
| 200 Employee benefits | | 2,936 |
| 149 Other special programs | | |
| 300 Purchased services | | 89 |
| 170 Summer school program | | |
| 175 Instructional programs beyond regular school day | | |
| 100 Salaries | | 1,425 |
| 200 Employee benefits | | 337 |
| 180 Adult/continuing educational programs | | |
| 181 Adult basic education programs | | |
| 100 Salaries | | 6,751 |
| 200 Employee benefits | | 862 |
| 300 Purchased services | | 8,678 |
| 400 Supplies and materials | | (779) |
| Total instruction | | <u>339,543</u> |
| 200 Support services | | |
| 210 Pupil services | | |
| 212 Guidance services | | |
| 100 Salaries | | 16,000 |
| 200 Employee benefits | | 3,440 |
| 220 Instructional staff services | | |
| 221 Improvement of instruction - curriculum development | | |
| 300 Purchased services | | 4,508 |
| 400 Supplies and materials | | 1,511 |

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, 2013

| | | |
|---------------------------------------------------------------|----|-------------------|
| 223 Supervision of special programs | | |
| 100 Salaries | \$ | 155,006 |
| 200 Employee benefits | | 51,206 |
| 300 Purchased services | | 3,456 |
| 400 Supplies and materials | | 40,970 |
| | | |
| 224 Improvement of instruction - inservice and staff training | | |
| 100 Salaries | | 2,428 |
| 200 Employee benefits | | 573 |
| 300 Purchased services | | 3,500 |
| 400 Supplies and materials | | 929 |
| | | |
| 230 General administration services | | |
| 233 School administration | | |
| 400 Supplies and materials | | 1,769 |
| | | |
| 250 Finance and operations services | | |
| 255 Student transportation | | |
| 100 Salaries | | <u>1,041</u> |
| | | |
| Total support services | | <u>286,337</u> |
| | | |
| Total expenditures | | <u>625,880</u> |
| | | |
| OTHER FINANCING SOURCES (USES) | | |
| | | |
| Interfund transfers, from (to) other funds | | |
| 420-710 Transfer to general fund (excludes indirect costs) | | <u>(178,872)</u> |
| | | |
| Total other financing sources (uses) | | <u>(178,872)</u> |
| | | |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | | -0- |
| | | |
| FUND BALANCE, July 1, 2012 | | <u>-0-</u> |
| | | |
| FUND BALANCE, June 30, 2013 | \$ | <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, 2013

| PROGRAM | EIA Interfund | | | | |
|---------------------------------------------------------------------|-------------------|---------------------|------------------------------|------------------------------|-----------------------------|
| | <u>Revenues</u> | <u>Expenditures</u> | <u>Transfers In(Out)</u> | <u>Transfers In(Out)</u> | <u>Deferred Revenue</u> |
| 3500 Education Improvement Act | | | | | |
| 3502 ADEPT | \$ 1,603 | \$ 3,001 | \$ - | \$ 3,001 | \$ 1,603 |
| 3511 Professional development | 4,508 | 4,508 | - | - | - |
| 3518 Formative assessment | 3,802 | 1,962 | - | - | 1,840 |
| 3525 Career and technology education equipment | 22,519 | 26,581 | - | 26,581 | 22,519 |
| 3526 Refurbishment of K-8 science kits | 4,224 | 1,754 | - | 1,754 | 4,224 |
| 3530 Trainable and profoundly mentally disabled student services | - | 4,660 | - | 4,660 | - |
| 3532 National board certification (NBC) salary supplement | 82,890 | 82,890 | - | - | - |
| 3533 Teacher of the year award | 1,077 | 1,077 | - | - | - |
| 3538 Students at risk of school failure | 203,023 | 176,002 | - | - | 27,021 |
| 3541 Child development education pilot program (CDEPP) | 91,709 | 47,087 | - | 32,806 | 77,428 |
| 3542 Preschool programs for children with disabilities | - | 5,448 | - | 5,448 | - |
| 3544 High achieving students | 14,999 | 18,163 | - | 12,697 | 9,533 |
| 3550 Teacher salary increase | 83,864 | 83,864 | - | - | - |
| 3551 Teacher salary supplement state share | 60,657 | 60,657 | - | - | - |
| 3555 School employer contributions | 32,951 | 32,951 | - | - | - |
| 3556 Adult education | 119,918 | 116,141 | - | 43,907 | 47,684 |
| 3558 Reading | 3,596 | 21,857 | - | 19,534 | 1,273 |
| 3568 EAA technical assistance | - | 4,589 | - | 4,589 | - |
| 3577 Teacher supplies | 17,114 | 17,114 | - | - | - |
| 3578 High schools that work/making middle grades work | 13,089 | 5,525 | - | - | 7,564 |
| 3585 Aid to districts - special education | 21,574 | 20,031 | - | 20,014 | 21,557 |
| 3588 IDEA MOE special allocation | - | 0 | - | - | - |
| 3592 Work-based learning | 1,916 | - | - | - | 1,916 |
| 3594 EEDA Supplemental programs | 100,000 | 55,830 | - | - | 44,170 |
| 3597 Aid to districts | 11,991 | 9,183 | - | 4,056 | 6,864 |
| 3598 Cost savings allocations | - | 1,041 | - | 1,041 | - |
| 3599 Other EIA | 409 | 2,836 | - | 2,427 | - |
| TOTALS | \$ 897,433 | \$ 804,752 | \$ -0- | \$ 182,515 | \$ 275,196 |

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, 2013

REVENUES

| | |
|-----------------------------------------------------------------------------|---------------------|
| 1000 Revenue from local sources | |
| 1200 Revenue from local governmental units other than LEAs | |
| 1210 Ad valorem taxes - including delinquent (fiscally dependent LEA) | \$ <u>1,373,213</u> |
| Total local sources | <u>1,373,213</u> |
| 3000 Revenue from state sources | |
| 3800 State revenue in lieu of taxes | |
| 3820 Homestead exemption (tier 2) | 93,600 |
| 3830 Merchant's inventory tax | 766 |
| 3840 Manufacturers depreciation reimbursement | 6,230 |
| 3890 Other state property tax revenues (includes motor carrier vehicle tax) | <u>13,171</u> |
| Total state sources | <u>113,767</u> |
| Total revenue all sources | <u>1,486,980</u> |

EXPENDITURES

| | |
|-----------------------------|------------------|
| 500 Debt service | |
| 610 Redemption of principal | 1,330,000 |
| 620 Interest | <u>273,826</u> |
| Total debt service | <u>1,603,826</u> |
| Total expenditures | <u>1,603,826</u> |

OTHER FINANCING SOURCES (USES)

| | |
|--------------------------------------------|----------------|
| Interfund transfers, from (to) other funds | |
| 5210 Transfer from general fund | <u>230,737</u> |
| Total other financing sources (uses) | <u>230,737</u> |

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES 113,891

FUND BALANCE, July 1, 2012 230,902

FUND BALANCE, June 30, 2013 \$ 344,793

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, 2013

REVENUES

| | |
|---------------------------------|-------|
| 1000 Revenue from local sources | |
| 1500 Earnings on investments | |
| 1510 Interest on investments | - |
| | <hr/> |
| Total local sources | - |
| | <hr/> |
| Total revenue all sources | - |
| | <hr/> |

EXPENDITURES

| | |
|-----------------------------------------------|---------|
| 500 Debt service | |
| 395 Other professional and technical services | 600 |
| 610 Redemption of principal | 803,000 |
| 620 Interest | 111,949 |
| | <hr/> |
| Total debt service | 915,549 |
| | <hr/> |
| Total expenditures | 915,549 |
| | <hr/> |

OTHER FINANCING SOURCES (USES)

| | |
|--------------------------------------------|---------|
| Interfund transfers, from (to) other funds | |
| 5210 Transfer from general fund | 915,549 |
| | <hr/> |
| Total other financing sources (uses) | 915,549 |
| | <hr/> |

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES

| | |
|-------------------------------------------------|-------------|
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | - |
| | <hr/> |
| FUND BALANCE, July 1, 2012 | - |
| | <hr/> |
| FUND BALANCE, June 30, 2013 | \$ - |
| | <hr/> <hr/> |

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, 2013

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 | |
| 300 Purchased services | 159,740 |
| 400 Supplies and materials | 187,710 |
| 500 Capital outlay | |
| 540 Equipment | 43,758 |
| 600 Other objects | |
| 690 Other objects | <u> 1,575</u> |
| Total expenditures | <u> 392,783</u> |

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (392,783)

FUND BALANCE, July 1, 2012 1,366,285

FUND BALANCE, June 30, 2013 \$ 973,502

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, 2013

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, 2012 | <u> -</u> |
| FUND BALANCE, June 30, 2013 | \$ <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, 2013

REVENUES

| | |
|---------------------------------------------------|----------------|
| 1000 Revenue from local sources | |
| 1600 Food service | |
| 1610 Lunch sales to pupils | \$ 25,529 |
| 1630 Special sales to pupils | 27 |
| 1640 Lunch sales to adults | 10,829 |
| 1660 Special sales to adults | 319 |
| 1900 Other revenue from local sources | |
| 1999 Revenue from other local sources | <u>13,598</u> |
| Total local sources | <u>50,302</u> |
| 3000 Revenue from state sources | |
| 3100 Restricted state funding | |
| 3140 School lunch | |
| 3142 Program aid | <u>23</u> |
| Total state sources | <u>23</u> |
| 4000 Revenue from federal sources | |
| 4800 USDA reimbursement | |
| 4810 School lunch and after school snacks program | 338,777 |
| 4830 School breakfast program | 200,163 |
| 4900 Other federal sources | |
| 4999 Revenue from other federal sources | <u>879</u> |
| Total federal sources | <u>539,819</u> |
| Total revenue all sources | <u>590,144</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, 2013

EXPENDITURES

| | |
|---------------------------------------------------------------------------|-------------------|
| 256 Food service | |
| 100 Salaries | \$ 184,100 |
| 200 Employee benefits | 1,935 |
| 300 Purchased services (excludes gas, oil, elec, other heating fuels) | |
| 325 Rentals | 426 |
| 332 Travel | 3,863 |
| 350 Advertising | 200 |
| 360 Printing | 610 |
| 395 Other | 9,055 |
| 400 Supplies and materials (includes gas, oil, elec, other heating fuels) | |
| 410 Supplies | 36,759 |
| 460 Purchased food | 287,023 |
| 462 Commodity distribution charge | 1,204 |
| 500 Capital outlay | |
| 540 Expendable equipment | 1,012 |
| 570 Depreciation | 15,628 |
| 600 Other objects | |
| 670 Sales tax | 574 |
| 690 Other | <u>1,443</u> |
| Total expenditures | <u>543,832</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | 46,312 |
| RETAINED EARNINGS, July 1, 2012 | <u>340,512</u> |
| RETAINED EARNINGS, June 30, 2013 | <u>\$ 386,824</u> |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Pupil Activity Fund
Balance Sheet
June 30, 2013

| | <u>Student Activity Fund</u> |
|---------------------------------------------|-------------------------------------------------|
| <u>ASSETS</u> | |
| Due from general fund | \$ <u>69,120</u> |
| Total assets | \$ <u><u>69,120</u></u> |
| <u>LIABILITIES AND FUND BALANCES</u> | |
| LIABILITIES | |
| Due to student organizations | \$ <u>69,120</u> |
| Total liabilities | <u>69,120</u> |
| FUND BALANCES | |
| Total liabilities and fund balances | \$ <u><u>-0-</u></u> \$ <u><u>69,120</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, 2013

RECEIPTS

| | |
|--------------------------------------------------|----------------|
| 1000 Receipts from local sources | |
| 1700 Pupil activities | |
| 1720 Bookstore sales | \$ 163 |
| 1740 Student fees | 2,178 |
| 1790 Other | 252,824 |
| 1900 Other revenue from local sources | |
| 1920 Contributions and donations private sources | 31,878 |
| 1999 Revenue from other local sources | <u>51,790</u> |
| Total receipts from local sources | <u>338,833</u> |

DISBURSEMENTS

| | |
|------------------------------------------|----------------|
| 270 Support services pupil activity | |
| 271 Pupil service activities | |
| 100 Salaries | 80,560 |
| 200 Employee benefits | 19,303 |
| 660 Supporting services pupil activity | 338,541 |
| 272 Enterprise activities | |
| 660 Enterprise activities pupil activity | <u>4,033</u> |
| Total disbursements | <u>442,437</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 (65,004)

DUE TO STUDENT ORGANIZATIONS, July 1, 2012 134,124

DUE TO STUDENT ORGANIZATIONS, June 30, 2013 \$ 69,120

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2013

| <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> |
|----------------------|-----------------------|------------------------------------|--------------------|------------------------------------------------------------------------|
| EIA Teacher supplies | | 3577 | Overclaimed funds | \$ <u>1,000.00</u> |
| | | | | \$ <u><u>1,000.00</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, 2013

| <u>Function</u> | <u>Land and Improvements</u> | <u>Buildings</u> | <u>Equipment</u> | <u>Vehicles</u> | <u>Totals</u> |
|------------------------------|----------------------------------|----------------------|-------------------|-------------------|----------------------|
| High school | \$ - | \$ 12,830,789 | \$ 561,812 | \$ 16,669 | \$ 13,409,270 |
| Elementary and middle school | 882,080 | 14,506,391 | 89,078 | - | 15,477,549 |
| Administration and services | - | 1,831,558 | 129,484 | 123,177 | 2,084,219 |
| Totals | <u>\$ 882,080</u> | <u>\$ 29,168,738</u> | <u>\$ 780,374</u> | <u>\$ 139,846</u> | <u>\$ 30,971,038</u> |

| <u>Function</u> | <u>Capital Assets July 1, 2012</u> | <u>Additions</u> | <u>Disposals</u> | <u>Capital Assets June 30, 2013</u> |
|------------------------------|--------------------------------------------|------------------|------------------|---------------------------------------------|
| High school | \$ 13,409,270 | \$ - | \$ - | \$ 13,409,270 |
| Elementary and middle school | 15,477,549 | - | - | 15,477,549 |
| Administration and services | 2,040,461 | 43,758 | - | 2,084,219 |
| Totals | <u>\$ 30,927,280</u> | <u>\$ 43,758</u> | <u>\$ -</u> | <u>\$ 30,971,038</u> |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2013

Financial Statement Findings

- 12-01** **Bank Statement Reconciliations**
- Condition:** Bank statements for the various cash accounts were not fully reconciled and the general ledger was not appropriately adjusted on a timely basis.
- Effect:** Accounting personnel performed 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.
- Recommendation:** Timely, accurate preparation of reconciliations of all bank statements should be performed, with such reconciliations reviewed by financial management on a timely basis.
- Status:** The comment is not repeated.
- 12-02** **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 throughout the entire fiscal year. 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.
- 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.
- Recommendation:** Timely, accurate reconciliation with the County Treasurer should be performed.
- Status:** The District met with County personnel in December 2012 to discuss the additional reports and support needed to identify the District's activity at the County office. Procedures were put in place to accomplish this control. However, the process was not begun until later in the fiscal year; therefore, the comment is repeated in current year.
- 12-03** **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 forty seven entries. In numerous entries, the amounts involved were material to the financial statements.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2013

Financial Statement Findings

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 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.

Status: The District implemented procedures to improve the preparation and review process. However, the process was not begun until later in the fiscal year; therefore, the comment is repeated in current year.

12-04 **Recording of Activity in Special Revenue Funds**

Condition: Special revenue funds (including EIA) are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. These sources may be local, state, or federal. It is the responsibility of the District to monitor the expenditure of these special revenue funds so as to insure that such expenditures are in accordance with the allowable specified purposes. This monitoring should be on a regular, timely basis. As of the end of each fiscal year, the District should have accurately recorded all revenues and expenditures for each special revenue fund in such a manner that all revenues available have been expended or any unexpended revenue is deferred, to the extent allowable. The special revenue funds (including EIA) were not analyzed and adjusted during the period and as of the end of the fiscal year.

Effect: Accounting personnel did not analyze the special revenue funds, so as to adjust the general ledger appropriately. During the audit process, significant adjusting entries were made to properly record expenditures and defer revenues, as necessary, to properly state special revenue funds.

Recommendation: Timely analysis of each special revenue fund should be performed throughout the period. As of the end of the fiscal year, expenditures for each special revenue fund should equal revenues, with revenue deferred as necessary.

Status: The comment is not repeated.

Federal Award Findings and Questioned Costs

None.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2013

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

Name of Federal Program or Cluster

84.027
84.287C
84.048

Individuals with disabilities education (IDEA)
21st century learning centers grants (Title VI)
CATE

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, 2013**

Section II - Financial Statement Findings

13-01

Reconciliation of Funds Received 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 throughout the entire fiscal year. 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. The District met with County personnel in December 2012 to discuss the additional reports and support needed to identify the District's activity at the County office. Procedures were put in place to accomplish this control. However, the process was not begun until later in the fiscal year; therefore, the comment is repeated in current year.
- Criteria:** Internal accounting control requirements
- 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, significant adjusting entries were made to properly recognize revenues received and cash held by the County Treasurer.
- Recommendation:** Timely reconciliation with the County Treasurer should be performed.
- Response:** Management will continue to emphasize the importance of following established internal control procedures for timely, complete reconciliation with the County Treasurer. District finance department personnel and auditor personnel will work collaboratively to ensure that reconciliations of district and County activity are properly completed.

13-02

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. The District made significant progress in improving the review process for amounts reflected in the financial statements. However, during the audit process numerous adjustments and corrections were made to the financial statements. In some 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.
- 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.

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2013**

Section II - Financial Statement Findings, continued

Recommendation: The condition, cause and effect described above are common to similar organizations. The District should continue 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 is committed to ongoing improvement in training and equipping finance personnel. The District will continue to enhance the review process to ensure the accuracy of amounts reflected in the financial statements.

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, 2013

The table on this page presents pupil cost based on the average daily attendance of 777. This table may be compared with the District's objectives and with other state and national statistics on schools.

| | Per Pupil Cost (General Fund Expenditures) Based on 2012-2013 Average Daily <u>Attendance</u> |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Instruction | \$ 5,302.49 |
| Pupil services | 650.11 |
| Instructional staff services | 894.73 |
| Administration | 1,133.38 |
| Finance and operations | 2,095.79 |
| Central support | 413.40 |
| Pupil activities | 183.98 |
| Intergovernmental | <u>16.97</u> |
| Total | <u><u>\$ 10,690.86</u></u> |

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

| LEA Subfund Code | Federal Grantor/ Pass-Through Grantor Program Title | Federal CFDA Number | Pass Through Grantor's Number | Total Expenditures |
|--------------------------------------------|-----------------------------------------------------------|---------------------------|-------------------------------------|-----------------------|
| <u>U. S. DEPARTMENT OF EDUCATION</u> | | | | |
| Passed through SC Department of Education: | | | | |
| 201 | Title I grant to LEAs | 84.010 | 13-BA058 | \$ 337,033 |
| 207 | CATE (Subprogram 02) ** | 84.048 | 13-VA058 | 6,633 |
| 207 | CATE (Subprogram 04) ** | 84.048 | 13-VA058 | 3,863 |
| 207 | CATE (Subprogram 08) ** | 84.048 | 13-VA058 | 8,195 |
| | Total 84. 048 | | | <u>18,691</u> |
| 203 | Individuals with disabilities education (IDEA) ** | 84.027 | 13-CA058 | 286,722 |
| 224 | 21st century learning centers grants, Title VI ** | 84.287C | 13-CL058 | 141,355 |
| 242 | Even start - family literacy | 84.213 | 13-EK058 | 1,154 |
| 237 | Title I, basic state grant programs | 84.010 | 13-BJ058 | 24,034 |
| 251 | Rural and low-income school program, Title VI | 84.358 | 13-BS058 | 24,176 |
| 205 | Preschool grants | 84.173 | 13-CG058 | 23,759 |
| 243 | Basic adult education | 84.002 | 13-EA058 | 131,580 |
| 267 | Improving teacher quality | 84.367 | 13-TQ058 | <u>88,903</u> |
| | TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>1,077,407</u> |
| <u>U. S. DEPARTMENT OF DEFENSE</u> | | | | |
| Passed through McCormick County | | | | |
| 100 | AFJROTC | 12.000 | N/A | <u>60,048</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>543,830</u> |
| | TOTAL FEDERAL ASSISTANCE EXPENDED | | | <u>\$ 1,681,285</u> |

The accounting system used by South Carolina LEAs does not allow for the segregation of expenditures by fund source in the Food Service Fund. Thus the total amount, displayed under "Total USDA," includes \$50,325 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)

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013**

(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, 2013. 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, 2013

| <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 | \$ 2,643,683 |
| 02 | McCormick Middle School | Middle school | School | 1,430,447 |
| 03 | McCormick Elementary School | Elementary school | School | 2,461,395 |
| 05 | Vocational School | High school | School | 1,780,577 |
| 06 | Special Services | Non-school | Central | 253,357 |
| 07 | Transportation | Non-school | Central | 87,776 |
| 10 | District | Non-school | Central | 2,726,464 |
| 15 | Grant | Non-school | Central | 65,795 |
| 16 | Grant | Non-school | Central | 89 |
| 20 | Adult Education | Non-school | Central | 249,264 |
| 49 | Grant | Non-school | Central | 248,711 |
| 80 | Grant | Non-school | Central | 14,869 |
| 99 | District | Non-school | Central | <u>2,325,859</u> |
| TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS | | | | <u>\$ 14,288,286</u> |

The above expenditures are reconciled to the District's financial statements as follows:

| | |
|-------------------------------------|----------------|
| General Fund | \$ 8,359,596 |
| Special Revenue Fund (includes EIA) | 2,030,866 |
| Debt Service Fund | 2,518,774 |
| Capital Projects Fund | 392,781 |
| Proprietary Fund | 543,830 |
| Trust and agency Fund | <u>442,439</u> |

TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS \$ 14,288,286

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
BASIC 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2013. 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 13-01 through 13-02 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 13-01 through 13-02 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greenville, South Carolina
November 30, 2013

Martin Smith & Company CPAs PA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Program

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management.

Auditor's Responsibility

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.

Opinion

In our opinion, McCormick School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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 significant deficiency is a deficiency, or a combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving the internal control over compliance that we consider a significant deficiency. 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 a material weakness.

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. Given these limitations, we noted no matters involving the internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

This report is intended solely for the information and use of the Board of Trustees, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greenville, South Carolina
November 30, 2013

Martin Smith & Company CPA, PA