

**MCCORMICK SCHOOL DISTRICT NO. 1**

**MCCORMICK, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**June 30, 2010**

**(With Independent Auditors' Report Thereon)**



**MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Annual Financial Report  
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# MARTIN SMITH & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, PA

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McCormick School District No. 1 as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards are presented for purposes of individual analysis and are not a required part of the general purpose financial statements of McCormick School District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2010, 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 grants.

November 4, 2010

*Martin Smith & Company CPAs & PA*

**MCCORMICK SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED June 30, 2010**

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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, 2010. 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 2010 are as follows:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$15,910,206. Of this amount, \$2,774,360 may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$1,139,949 in the most recent fiscal year, as compared to an increase of \$2,033,499 in the previous fiscal year.
- The District's total long-term obligations of \$18,493,000 are comprised of the District's outstanding general obligation bonds of \$7,595,000 and its outstanding acquisition debt of \$898,000. Additionally, the McCormick County School Facilities Foundation (the "Foundation") has outstanding facilities bonds of \$10,000,000. 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.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,993,388, a decrease of \$9,268,089. Approximately 32 percent of the total fund balance amount, \$2,570,623, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2,570,623. Of that unreserved, undesignated balance, \$584,586 is considered committed, pending final determination by the McCormick County Treasurer. Also, \$645,759 is considered assigned for capital projects, pursuant to the Board policy by which the District maintains two months general fund budgeted expenditures in general fund balance and transfers the remainder to its capital projects fund. \$948,043 was held by the McCormick County Treasurer.
- The District's total net fixed assets increased by \$9,505,216 during the current fiscal year, as capital expenditures significantly exceeded depreciation expense.
- During the 2010 fiscal year, the District's governmental fund type revenues were \$12,778,375 compared to \$13,907,320 in the prior year.
- The District had \$11,672,958 in expenses related to governmental activities; of these expenses \$5,329,496 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,440,360 provided the remaining funding for these programs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The statement of activities presents information showing how the government's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods.

**MCCORMICK SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2010**

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, 2010**

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

<b>Fund Financial Statements</b>				
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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
<b>Required financial statements</b>	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets, Statement of revenues, expenses, and changes in net assets, Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
<b>Accounting basis and measurement focus</b>	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
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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, 2010**

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$15,910,206 at the close of the most recent fiscal year.

The following table provides a summary of the School District's net assets for 2009 compared to 2010:

	<b>Net Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Assets</b>						
Current and Other Assets	\$ 10,575,829	\$ 18,987,060	\$ 159,120	\$ 244,298	\$ 10,734,949	\$ 19,231,358
Capital Assets	<u>26,109,287</u>	<u>16,732,300</u>	<u>141,411</u>	<u>13,182</u>	<u>26,250,698</u>	<u>16,745,482</u>
Total Assets	<u>36,685,116</u>	<u>35,719,360</u>	<u>300,531</u>	<u>257,480</u>	<u>36,985,647</u>	<u>35,976,840</u>
<b>Liabilities</b>						
Long-term Liabilities	18,493,000	19,480,000	-	-	18,493,000	19,480,000
Other Liabilities	<u>2,582,441</u>	<u>1,726,583</u>	<u>-</u>	<u>-</u>	<u>2,582,441</u>	<u>1,726,583</u>
Total Liabilities	<u>21,075,441</u>	<u>21,206,583</u>	<u>-</u>	<u>-</u>	<u>21,075,441</u>	<u>21,206,583</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Debt	7,616,287	5,941,484	141,411	13,182	7,757,698	5,954,666
Restricted	5,378,148	6,536,888	-	-	5,378,148	6,536,888
Unrestricted	<u>2,615,240</u>	<u>2,034,405</u>	<u>159,120</u>	<u>244,298</u>	<u>2,774,360</u>	<u>2,278,703</u>
Total Net Assets	<u>\$ 15,609,675</u>	<u>\$ 14,512,777</u>	<u>\$ 300,531</u>	<u>\$ 257,480</u>	<u>\$ 15,910,206</u>	<u>\$ 14,770,257</u>

Total net assets of the District's governmental activities increased by 7 percent (\$15,609,675 compared to \$14,512,777). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$2,034,405 at June 2009 to \$2,615,240 at June 2010. This increase, while still significant, was lower than the previous year because of substantial declines in property tax receipts and state funding which were only partially offset by decreases in expenditures.

The net assets of business-type activities increased (\$300,531 compared to \$257,480) for the year ended June 30, 2010.

**MCCORMICK SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2010**

The following table shows the changes in net assets for fiscal year 2010 compared to 2009.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 53,289	\$ 56,242	\$ 53,289	\$ 56,242
Operating Grants	5,329,496	5,166,930	523,930	543,068	5,853,426	5,709,998
Capital Grants	-	-	-	-	-	-
General Revenue:						
Property Taxes	7,332,890	8,252,137	-	-	7,332,890	8,252,137
Other	107,470	89,961	604	1,164	108,074	91,125
<b>Total Revenues</b>	<b>12,769,856</b>	<b>13,509,028</b>	<b>577,823</b>	<b>600,474</b>	<b>13,347,679</b>	<b>14,109,502</b>
<b>Program Expenses</b>						
Instruction	5,755,918	5,660,012	-	-	5,755,918	5,660,012
Support Services	4,906,896	5,033,664	-	-	4,906,896	5,033,664
Community Services	170,411	228,146	-	-	170,411	228,146
Intergovernmental	62,619	174,882	-	-	62,619	174,882
Interest and Fiscal Charges	777,114	520,932	-	-	777,114	520,932
Food Service	-	-	534,772	458,367	534,772	458,367
<b>Total Expenses</b>	<b>11,672,958</b>	<b>11,617,636</b>	<b>534,772</b>	<b>458,367</b>	<b>12,207,730</b>	<b>12,076,003</b>
Increase (Decrease) in Net Assets	\$ <u>1,096,898</u>	\$ <u>1,891,392</u>	\$ <u>43,051</u>	\$ <u>142,107</u>	\$ <u>1,139,949</u>	\$ <u>2,033,499</u>

**Governmental Activities.** Governmental activities increased the District's net assets in 2010 by \$1,096,898 or 7%. Key elements of this increase include increased revenue from state reimbursement for property tax relief coupled with careful cost management which reduced expenditures.

**Business Type Activities.** Business-type activities increased the District's net assets by \$43,051.

**MCCORMICK SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2010**

**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, 2010, the District's governmental funds reported a combined fund balance of \$7,993,388, as compared to \$17,260,477 for the prior year. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2010, the District's unreserved, undesignated fund balance for all governmental funds was \$2,570,623 which solely represents the General Fund. The remainder is reserved for items such as capital projects and debt service, with \$3,698,781 residing in capital projects and \$1,679,367 in debt service which is representative of the District's building plan.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved, undesignated, fund balance of the general fund was \$2,570,623. Of that unreserved, undesignated balance, \$584,586 is considered committed, pending final determination by the McCormick County Treasurer. Also, \$645,759 is considered assigned for capital projects, pursuant to the Board policy by which the District maintains two months general fund budgeted expenditures in general fund balance and transfers the remainder to its capital projects fund. \$948,043 was held by the McCormick County Treasurer.

The District's general fund balance increased by \$580,724 during the current fiscal year.

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

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

Two debt service funds are shown in the accompanying financial statements. The District's debt service fund balance has remained relatively stable, decreasing by \$130,113 from fiscal year ended 2009. The fiscal year ended 2010 fund balance was \$679,284, all of which was reserved for the payment of debt service. The District's debt millage rate continues to be static. The Foundation's debt service fund balance was \$1,000,083 at June 30, 2009, all of which was reserved for the payment of debt service.

Two capital project funds are utilized as well to segregate District expenditures from Foundation capital project expenditures. The District's capital projects fund decreased by \$1,025,204 from fiscal year ended 2009 to 2010, as the District expended substantial funds on its capital projects. The District's capital project fund balance was \$3,698,781 at the end of the current fiscal year. The Foundation's capital project fund balance was completely utilized during the current fiscal year. The fund was begun in the prior fiscal year and decreased due to substantial expenditures on its capital projects.

**Proprietary Funds**

The District's only Proprietary Fund is the food service fund. This program had an increase in net assets of \$43,051 for the fiscal year ended June 30, 2010.

**MCCORMICK SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2010**

**General Fund Budgetary Highlights**

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2010, 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 2010, the District had \$26,250,698 invested in capital assets, net of depreciation.

The total increase in the District's investment in capital assets was \$9,505,216, as capital expenditures exceeded depreciation.

Total outstanding commitments at June 30, 2009 were approximately \$2,900,000, including the Foundation's project.

The following table shows fiscal 2010 balances compared to 2009.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land and land improvements	\$ 858,803	\$ 868,562	\$ -	\$ -	\$ 858,803	\$ 868,562
Buildings	12,957,626	13,482,099	-	-	12,957,626	13,482,099
Equipment	75,258	87,772	141,411	13,182	216,669	100,954
Vehicles	21,646	46,403	-	-	21,646	46,403
Construction in progress	12,195,954	2,247,464	-	-	12,195,954	2,247,464
Totals	<u>\$ 26,109,287</u>	<u>\$ 16,732,300</u>	<u>\$ 141,411</u>	<u>\$ 13,182</u>	<u>\$ 26,250,698</u>	<u>\$ 16,745,482</u>

**MCCORMICK SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2010**

**Long-term Debt**

At fiscal year-end, the District had \$7,595,000 in bonds outstanding versus \$8,480,000 in the prior year, a decrease of approximately 10% as shown in the following table. At fiscal year-end, the District also had \$898,000 in acquisition agreement debt outstanding versus \$1,000,000 in the prior year, a decrease of approximately 10% as shown in the following table. All of the District's debt is backed by the full faith and credit of the District as is typical with General Obligation Bonded Indebtedness.

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

**Outstanding Debt, at Year End**

	<b>Governmental Activities</b>		<b>Governmental Activities</b>
	<b>2010</b>		<b>2009</b>
District General Obligation Bonds 2002 Series	\$ 7,595,000		\$ 8,480,000
District acquisition agreement debt	898,000		1,000,000
Foundation Facilities Bonds 2008 Series	10,000,000		10,000,000
	18,493,000		19,480,000

**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, 2010**

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

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

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

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

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

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

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Net Assets**  
**June 30, 2010**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,592,803	\$ 57	\$ 2,592,860
Cash with fiscal agent	3,820,837	-	3,820,837
Investments	1,473,698	-	1,473,698
Accounts receivable	283,442	-	283,442
Property taxes receivable	259,878	-	259,878
Due from governmental agencies	2,111,045	67,808	2,178,853
Internal balances	(90,789)	90,789	-
Inventories and prepaid expenses	124,915	466	125,381
Capital assets			
Land and land improvements	888,080	-	888,080
Buildings	17,799,321	-	17,799,321
Equipment	305,101	148,361	453,462
Vehicles	139,846	-	139,846
Construction in progress	12,195,954	-	12,195,954
Less accumulated depreciation	(5,219,015)	(6,950)	(5,225,965)
Total capital assets, net of depreciation	<u>26,109,287</u>	<u>141,411</u>	<u>26,250,698</u>
 Total assets	 <u>36,685,116</u>	 <u>300,531</u>	 <u>36,985,647</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	1,744,878	-	1,744,878
Deferred revenue	655,333	-	655,333
Due to other governmental units	12,466	-	12,466
Other liabilities	169,764	-	169,764
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	1,825,000	-	1,825,000
Due in more than one year:			
Bonds, capital leases, and contracts	<u>16,668,000</u>	<u>-</u>	<u>16,668,000</u>
 Total liabilities	 <u>21,075,441</u>	 <u>-</u>	 <u>21,075,441</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	7,616,287	141,411	7,757,698
Restricted for:			
Capital projects	3,698,781	-	3,698,781
Debt service	1,679,367	-	1,679,367
Unrestricted (deficit)	<u>2,615,240</u>	<u>159,120</u>	<u>2,774,360</u>
 Total net assets	 <u>\$ 15,609,675</u>	 <u>\$ 300,531</u>	 <u>\$ 15,910,206</u>



**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Change in Net Assets</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Governmental activities:							
Instruction	\$ 5,755,918	\$ -	\$ 3,309,736	\$ -	\$ (2,446,182)		\$ (2,446,182)
Support services	4,906,896	-	1,787,492	-	(3,119,404)		(3,119,404)
Community services	170,411	-	170,411	-	-		-
Intergovernmental	62,619	-	61,857	-	(762)		(762)
Interest and other charges	777,114	-	-	-	(777,114)		(777,114)
Total governmental activities	<u>11,672,958</u>	<u>-</u>	<u>5,329,496</u>	<u>-</u>	<u>(6,343,462)</u>		<u>(6,343,462)</u>
Business-type activities:							
Food service	<u>534,772</u>	<u>53,289</u>	<u>523,930</u>	<u>-</u>	<u>-</u>	\$ <u>42,447</u>	<u>42,447</u>
Total business-type activities	<u>534,772</u>	<u>53,289</u>	<u>523,930</u>	<u>-</u>	<u>-</u>	<u>42,447</u>	<u>42,447</u>
Total primary government	<u>\$ 12,207,730</u>	<u>\$ 53,289</u>	<u>\$ 5,853,426</u>	<u>\$ -</u>	<u>(6,343,462)</u>	<u>42,447</u>	<u>(6,301,015)</u>
General revenues:							
Property taxes levied for:							
General purposes					6,216,559	-	6,216,559
Debt service					1,116,331	-	1,116,331
Miscellaneous					90,019	604	90,623
Unrestricted investment earnings					17,451	-	17,451
Total general revenues, special, and extraordinary items					<u>7,440,360</u>	<u>604</u>	<u>7,440,964</u>
Change in net assets					1,096,898	43,051	1,139,949
Net assets, beginning of year					<u>14,512,777</u>	<u>257,480</u>	<u>14,770,257</u>
Net assets, end of year					<u>\$ 15,609,675</u>	<u>\$ 300,531</u>	<u>\$ 15,910,206</u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2010**

	<b>General</b>	<b>Special Revenue</b>	<b>EIA</b>	<b>Debt Service - District</b>	<b>Debt Service - Foundation</b>	<b>School Building - District</b>	<b>School Building - Foundation</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,548,186	\$ 44,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,592,803
Cash with fiscal agent	1,837,983	-	-	669,596	-	1,313,258	-	3,820,837
Investments	1,473,698	-	-	-	-	-	-	1,473,698
Accounts receivable	283,442	-	-	-	-	-	-	283,442
Property taxes receivable	209,720	-	-	50,158	-	-	-	259,878
Due from governmental agencies	-	1,109,672	1,290	-	1,000,083	-	-	2,111,045
Due from other funds	1,138,456	-	147,976	-	-	2,385,523	-	3,671,955
Prepaid expenses	124,915	-	-	-	-	-	-	124,915
<b>Total assets</b>	<b>\$ 7,616,400</b>	<b>\$ 1,154,289</b>	<b>\$ 149,266</b>	<b>\$ 719,754</b>	<b>\$ 1,000,083</b>	<b>\$ 3,698,781</b>	<b>\$ -</b>	<b>\$ 14,338,573</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>								
Accounts payable	\$ 1,744,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,744,878
Due to other funds	2,937,442	976,124	-	18,942	-	-	-	3,932,508
Due to other governmental units	-	12,227	239	-	-	-	-	12,466
Deferred revenues	363,457	121,321	149,027	21,528	-	-	-	655,333
<b>Total liabilities</b>	<b>5,045,777</b>	<b>1,109,672</b>	<b>149,266</b>	<b>40,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,345,185</b>
<b>Fund balances:</b>								
Reserved for:								
Debt service	-	-	-	679,284	1,000,083	-	-	1,679,367
Capital projects	-	-	-	-	-	3,698,781	-	3,698,781
Unreserved, undesignated	2,570,623	44,617	-	-	-	-	-	2,615,240
<b>Total fund balances</b>	<b>2,570,623</b>	<b>44,617</b>	<b>-</b>	<b>679,284</b>	<b>1,000,083</b>	<b>3,698,781</b>	<b>-</b>	<b>7,993,388</b>
<b>Total liabilities and fund balance</b>	<b>\$ 7,616,400</b>	<b>\$ 1,154,289</b>	<b>\$ 149,266</b>	<b>\$ 719,754</b>	<b>\$ 1,000,083</b>	<b>\$ 3,698,781</b>	<b>\$ -</b>	<b>\$ 14,338,573</b>

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

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**June 30, 2010**

Total fund balances - governmental funds	\$	7,993,388
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net assets are different because of the following:</p>		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$31,328,302 and the accumulated depreciation is \$5,219,015.</p>		
		26,109,287
<p style="margin-left: 40px;">Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
		<u>(18,493,000)</u>
Net assets of governmental activities	\$	<u><u>15,609,675</u></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, 2010**

	General	Special Revenue	EIA	Debt Service - District	Debt Service - Foundation	School Building - District	School Building - Foundation	Total Governmental Funds
<b>REVENUES</b>								
Local property taxes	\$ 2,901,237	\$ -	\$ -	\$ 1,015,860	\$ -	\$ -	\$ -	\$ 3,917,097
Other local	99,630	285,939	-	820	158	500	949	387,996
Total local	3,000,867	285,939	-	1,016,680	158	500	949	4,305,093
State	4,843,561	275,656	1,159,213	100,471	-	94,123	-	6,473,024
Federal	43,258	1,957,000	-	-	-	-	-	2,000,258
Intergovernmental	-	-	-	-	-	-	-	-
Total revenues all sources	7,887,686	2,518,595	1,159,213	1,117,151	158	94,623	949	12,778,375
<b>EXPENDITURES</b>								
Current								
Instruction	3,804,265	1,071,655	582,816	-	-	-	-	5,458,736
Support services	3,229,072	1,006,892	396,611	-	-	-	-	4,632,575
Community services	-	169,696	715	-	-	-	-	170,411
Intergovernmental	762	61,618	239	-	-	-	-	62,619
Debt service	-	-	-	987,000	-	-	-	987,000
Principal	-	-	-	384,114	393,000	-	-	777,114
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	1,259,932	8,690,133	9,950,065
Total expenditures	7,034,099	2,309,861	980,381	1,371,114	393,000	1,259,932	8,690,133	22,038,520
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	853,587	208,734	178,832	(253,963)	(392,842)	(1,165,309)	(8,689,184)	(9,260,145)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of fixed assets	354	-	-	-	-	-	-	354
Operating transfers in	286,912	4,113	-	123,850	389,419	140,105	-	944,399
Operating transfers out	(640,127)	(164,750)	(178,832)	-	-	-	-	(983,709)
Special revenue indirect costs	79,998	(47,986)	-	-	-	-	-	32,012
Total other financing sources (uses)	(272,863)	(208,623)	(178,832)	123,850	389,419	140,105	-	(6,944)
Net change in fund balances	580,724	111	-0-	(130,113)	(3,423)	(1,025,204)	(8,689,184)	(9,267,089)
<b>FUND BALANCE, July 1, 2009</b>	1,989,899	44,506	-0-	809,397	1,003,506	4,723,985	8,689,184	17,260,477
<b>FUND BALANCE, June 30, 2010</b>	\$ 2,570,623	\$ 44,617	\$ -0-	\$ 679,284	\$ 1,000,083	\$ 3,698,781	\$ -	\$ 7,993,388

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, 2010**

Total net change in fund balance -- governmental funds	\$ (9,267,089)
--	----------------

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 (\$9,948,490) exceed depreciation expense (\$571,503) in the period.

9,376,987

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

987,000

Change in net assets of governmental activities

\$ 1,096,898

**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, 2010**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Local	\$ 2,932,312	\$ 2,932,312	\$ 3,000,867	\$ 68,555
State	5,061,358	5,061,358	4,843,561	(217,797)
Federal	48,000	48,000	43,258	(4,742)
Intergovernmental	-	-	-	-
Total revenues	<u>8,041,670</u>	<u>8,041,670</u>	<u>7,887,686</u>	<u>(153,984)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	3,977,529	3,977,529	3,804,265	173,264
Support services	3,643,555	3,643,555	3,229,072	414,483
Community services	-	-	-	-
Intergovernmental	5,000	5,000	762	4,238
Total expenditures	<u>7,626,084</u>	<u>7,626,084</u>	<u>7,034,099</u>	<u>591,985</u>
Excess (deficiency) of revenues over expenditures	415,586	415,586	853,587	438,001
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets	-	-	354	354
Transfer from special revenue (excludes indirect cost)	-	-	164,750	164,750
Transfer from EIA fund	133,314	133,314	122,162	(11,152)
Transfers of indirect costs	35,000	35,000	79,998	44,998
Transfer to special revenue fund	(6,000)	(6,000)	(3,523)	2,477
Transfer to debt service fund	(535,500)	(535,500)	(513,269)	22,231
Transfer to school building fund	-	-	(83,435)	(83,435)
Transfer to pupil activity fund	(42,400)	(42,400)	(39,900)	2,500
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	580,724	<u>\$ 580,724</u>
Fund balance, July 1, 2009			<u>1,989,899</u>	
Fund balance, June 30, 2010			<u>\$ 2,570,623</u>	

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**Special Revenue Funds - Special Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Local	\$ 363,227	\$ 363,227	\$ 285,939	\$ (77,288)
State	356,239	356,239	275,656	(80,583)
Federal	2,535,828	2,535,828	1,957,000	(578,828)
Intergovernmental	-	-	-	-
Total revenues	<u>3,255,294</u>	<u>3,255,294</u>	<u>2,518,595</u>	<u>(736,699)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,316,984	1,316,984	1,071,655	245,329
Support services	1,408,578	1,408,578	1,006,892	401,686
Community services	242,216	242,216	169,696	72,520
Intergovernmental	-	-	61,618	(61,618)
Total expenditures	<u>2,967,778</u>	<u>2,967,778</u>	<u>2,309,861</u>	<u>657,917</u>
Excess (deficiency) of revenues over expenditures	<u>287,516</u>	<u>287,516</u>	<u>208,734</u>	<u>(78,782)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	(223,960)	(223,960)	(160,637)	63,323
Spec revenue fund indirect costs	<u>(63,556)</u>	<u>(63,556)</u>	<u>(47,986)</u>	<u>15,570</u>
Total other financing sources (uses)	<u>(287,516)</u>	<u>(287,516)</u>	<u>(208,623)</u>	<u>78,893</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	111	<u>\$ 111</u>
Fund balance, July 1, 2009			<u>44,506</u>	
Fund balance, June 30, 2010			<u>\$ 44,617</u>	

**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, 2010**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Local	\$ -	\$ -	\$ -	\$ -
State	1,286,470	1,310,993	1,159,213	(151,780)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>1,286,470</u>	<u>1,310,993</u>	<u>1,159,213</u>	<u>(151,780)</u>
Total revenues	<u>1,286,470</u>	<u>1,310,993</u>	<u>1,159,213</u>	<u>(151,780)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	689,882	712,006	582,816	129,190
Support services	417,756	420,155	396,611	23,544
Community services	-	-	715	(715)
Intergovernmental	-	-	239	(239)
	<u>1,107,638</u>	<u>1,132,161</u>	<u>980,381</u>	<u>151,780</u>
Total expenditures	<u>1,107,638</u>	<u>1,132,161</u>	<u>980,381</u>	<u>151,780</u>
Excess (deficiency) of revenues over expenditures	178,832	178,832	178,832	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to general fund	(122,162)	(122,162)	(122,162)	-
Transfer to building fund	<u>(56,670)</u>	<u>(56,670)</u>	<u>(56,670)</u>	<u>-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, July 1, 2009			<u>-0-</u>	
Fund balance, June 30, 2010			<u>\$ -0-</u>	



**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	<b>Enterprise Fund</b>
	<b><u>Food Services</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 57
Due from governmental agencies	67,808
Due from other funds	90,789
Inventories - supplies and materials	466
Total current assets	<u>159,120</u>
Noncurrent assets:	
Furniture and equipment	148,361
Less accumulated depreciation	(6,950)
Total noncurrent assets	<u>141,411</u>
Total assets	<u>300,531</u>
<b>NET ASSETS</b>	
Invested in capital assets	141,411
Unrestricted	<u>159,120</u>
Total net assets	<u>\$ 300,531</u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**

	<b>Enterprise Fund Food Services</b>
<b>OPERATING REVENUES</b>	
Proceeds from sale of meals	\$ 53,289
Total operating revenues	<u>53,289</u>
<b>OPERATING EXPENSES</b>	
Food costs	229,082
Salaries and wages	174,379
Supplies and materials	63,662
Depreciation	3,654
Other operating costs	31,983
Total operating expenses	<u>502,760</u>
Operating income (loss)	<u>(449,471)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
USDA reimbursements	523,930
Other state aid	604
Total nonoperating revenues (expenses)	<u>524,534</u>
Income (loss) before operating transfers	75,063
Transfers in (out)	<u>(32,012)</u>
Change in net assets	43,051
Total net assets - July 1, 2009	<u>257,480</u>
Total net assets - June 30, 2010	<u>\$ 300,531</u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**

	<b>Enterprise Fund</b> <b><u>Food Services</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from patrons	\$ 53,289
Payments to employees for services	(174,379)
Payments to suppliers for goods and services	(180,053)
Operating transfers to other funds	<u>(32,012)</u>
Net cash used by operating activities	<u>(333,155)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash received from USDA reimbursements	444,368
Cash received from other state sources	<u>604</u>
Net cash received from noncapital financing activities	<u>444,972</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash received from USDA reimbursements	20,066
Acquisition of capital assets	<u>(131,883)</u>
Net cash used by investing activities	<u>(111,817)</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents - July 1, 2009	<u>57</u>
Cash and cash equivalents - June 30, 2010	<u>\$ 57</u>
<b>Reconciliation of operating income (loss) to net cash received from (used by) operating activities:</b>	
Operating loss - Exhibit K	\$ (449,471)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Operating transfers in (out)	(32,012)
Depreciation	3,654
Change in assets and liabilities:	
(Increase) decrease in inventories	882
(Increase) decrease in due from other funds	<u>143,792</u>
Net cash used by operating activities	<u>\$ (333,155)</u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
**June 30, 2010**

	<u>Agency Fund</u> <u>Pupil Activity</u>
<b>ASSETS</b>	
Due from general fund	\$ <u>169,764</u>
Total assets	<u>169,764</u>
<b>LIABILITIES</b>	
Due to student organizations	<u>169,764</u>
Total liabilities	<u>169,764</u>
<b>NET ASSETS</b>	
Unreserved - undesignated	<u>-0-</u>
Total net assets	\$ <u><u>-0-</u></u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<b><u>Agency Fund</u></b> <b><u>Pupil Activity</u></b>
<b>ADDITIONS</b>	
Receipts	
Interest	\$ 522
Admissions	40,824
Bookstore sales	1,570
Student fees	6,993
Other	204,608
Transfer from other funds	<u>39,900</u>
Total receipts	<u>294,417</u>
 <b>DEDUCTIONS</b>	
Pupil activity programs	239,871
Transfer to other funds	590
Increase in due to student organizations	<u>53,956</u>
Total deductions	<u>294,417</u>
 <b>CHANGE IN NET ASSETS</b>	 -0-
Net assets, beginning of year	<u>-0-</u>
Net assets, end of year	<u>\$ -0-</u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity**

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

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

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

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

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**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, 2010

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, 2010**

**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 \$2,592,803 because of outstanding checks, deposits in transit, and other reconciling items) of \$3,376,410 at June 30, 2010, was insured or fully collateralized. The District's certificates of deposit balance of \$1,473,698 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, 2010 are as follows:

Insured	\$ 383,496
Collateralized	<u>4,466,612</u>
Total bank balance	<u>\$ 4,850,108</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, 2010

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, 2010

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

g) **Capital Assets, continued**

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
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.

i) **Fund Equity**

In the fund financial statements, the District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity available for appropriation in future periods. Fund equity reserves have been established for inventories of supplies and materials and prepaid items. Designations of fund equity represent tentative management plans subject to change.

MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2010

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

**j) Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**k) Vacation and Sick Leave**

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

**l) Total Columns on Combined Financial Statements**

The total columns presented in the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. No consolidating entries or other eliminations were made in the aggregation of the totals; thus, they do not present consolidated information and do not purport to present financial position or results of operations in conformity with generally accepted accounting principles.

**m) 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.

**n) Comparative data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in all statements because inclusion would make certain statements unduly complex and difficult to understand.

Certain 2009 amounts have been reclassified where appropriate, to correspond with the 2010 financial statement presentation. Accordingly, users should consult the District's 2009 financial statements to obtain details with respect to those summarized 2009 amounts presented at June 30, 2010.

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.

MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2010

2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

**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, 2010

3) **DUE FROM/DUE TO OTHER FUNDS**

Interfund balances at June 30, 2010, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 1,138,456	\$ 2,937,442
Special revenue funds:		
Special projects fund	-	976,124
Education Improvement Act	147,976	-
Debt service	-	18,942
School building fund	2,385,523	-
Proprietary fund	90,789	-
Pupil activity fund	169,764	-
	<u>\$ 3,932,508</u>	<u>\$ 3,932,508</u>

The general fund payable is a 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 paying payroll costs for the food service fund.

MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2010

4) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 692,894	\$ -	\$ -	\$ 692,894
Capital assets, being depreciated				
Land improvements	195,186	-	-	195,186
Buildings	17,799,321	-	-	17,799,321
Equipment	305,101	-	-	305,101
Vehicles	139,846	-	-	139,846
Construction in progress	2,247,464	9,948,490	-	12,195,954
	<u>20,686,918</u>	<u>9,948,490</u>	<u>-</u>	<u>30,635,408</u>
Less accumulated depreciation for:				
Land improvements	19,518	9,759	-	29,277
Buildings	4,317,222	524,473	-	4,841,695
Equipment	217,329	12,514	-	229,843
Vehicles	93,443	24,757	-	118,200
	<u>4,647,512</u>	<u>571,503</u>	<u>-</u>	<u>5,219,015</u>
Total capital assets being depreciated, net	<u>16,039,406</u>	<u>9,376,987</u>	<u>-</u>	<u>25,416,393</u>
Governmental activities capital assets, net	<u>\$ 16,732,300</u>	<u>\$ 9,376,987</u>	<u>\$ -</u>	<u>\$ 26,109,287</u>

Depreciation was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 297,182
Support	<u>274,321</u>
Total depreciation expense - governmental activities	<u>\$ 571,503</u>

The Foundation and District have an ongoing capital project for the construction of a new high school educational facility and related athletic facilities. The Foundation has entered into a construction contract for \$11,550,000 in connection with this project. As of June 30, 2010, \$12,195,954 has been expended on this project, which is included in construction in progress. The District will purchase the capital assets from the Foundation pursuant to a Facilities Agreement (see Footnote 5). The District will be responsible for funding certain portions of the project. The total cost of the project is estimated at approximately \$15.0 million.

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

5) **LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the District for the year ended June 30, 2010:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2010</u>
District general obligation bonds	\$ 8,480,000	\$ -	\$ 885,000	\$ 7,595,000
District acquisition agreement debt	1,000,000	-	102,000	898,000
Foundation facilities bonds	10,000,000	-	-	10,000,000
	<u>\$ 19,480,000</u>	<u>\$ -</u>	<u>\$ 987,000</u>	<u>\$ 18,493,000</u>

Long-term debt payable at June 30, 2010 is comprised of the following instruments:

\$12,700,000 2002 District building bonds due in annual installments of \$370,000 to \$1,430,000 through March 1, 2016; interest due semi-annually at 2% to 4.125% .	\$ 7,595,000
\$1,000,000 2009 District acquisition agreement debt due in annual installments of \$83,000 to \$119,000 through December 1, 2018; interest due annually at 4.6% .	898,000
\$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% .	10,000,000
	<u>18,493,000</u>

The annual requirements of principal and interest to service all long-term debt outstanding at June 30, 2010 are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,825,000	\$ 751,016	\$ 2,576,016
2012	2,030,000	683,497	2,713,497
2013	2,165,000	591,546	2,756,546
2014	2,313,000	493,219	2,806,219
2015	2,432,000	394,635	2,826,635
Thereafter	7,728,000	841,983	8,569,983
	<u>\$ 18,493,000</u>	<u>\$ 3,755,896</u>	<u>\$ 22,248,896</u>

\$679,284 is available in the debt service – district fund to service the long-term debt at June 30, 2010. \$1,000,083 is available in the debt service – foundation fund to service its long-term debt at June 30, 2010.



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

The following is a summary of changes in long-term obligations for the year ended June 30, 2010:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Amount available in debt service fund	\$ 1,812,903	\$ -	\$ 133,536	\$ 1,679,367
Amount to be provided for retirement of long-term obligations	<u>17,667,097</u>	<u>143,536</u>	<u>997,000</u>	<u>16,813,633</u>
Total available and to be provided	<u>\$ 19,480,000</u>	<u>\$ -</u>	<u>\$ 997,000</u>	<u>\$ 18,493,000</u>
Total long-term obligations	<u>\$ 19,480,000</u>	<u>\$ -</u>	<u>\$ 997,000</u>	<u>\$ 18,493,000</u>

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

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The District is in compliance with all such significant limitations and restrictions at June 30, 2010.

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, 2010 was \$5,999,734; the District's total payroll was \$6,064,784.

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.

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6) **RETIREMENT PLAN, CONTINUED**

SCRS plan members are required to contribute 6.50% of their annual covered salary while the District is required to contribute an actuarially determined rate. The current rate for the SCRS is 12.74% 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>June 30</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>
2010	\$ 765,826	\$ 379,925	12.740%	6.50%
2009	750,777	375,902	12.740%	6.50%
2008	676,818	352,509	12.480%	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.

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Year Ended June 30, 2010

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, 2010, 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.

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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) **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.

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**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>			
1000 Revenue from local sources			
1200 Revenue from local governmental units other than LEAs			
1210 Ad valorem taxes - including delinquent (dependent)	\$ 2,765,312	\$ 2,786,425	\$ 21,113
1280 Revenue in lieu of taxes (independent and dependent)	135,000	114,812	(20,188)
1300 Tuition			
1320 From other LEA's for regular day school	2,000	-	(2,000)
1500 Earnings on investments			
1510 Interest on investments	25,000	15,023	(9,977)
1900 Other revenue from local sources			
1910 Rentals	5,000	11,250	6,250
1920 Contributions & donations private sources	-	1,000	1,000
1930 Medicaid	-	5	5
1950 Refund of prior year's expenditures	-	1,412	1,412
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	70,940	70,940
	<hr/>	<hr/>	<hr/>
Total local sources	2,932,312	3,000,867	68,555
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3131 Handicapped transportation	-	611	611
3160 School bus driver salary	94,655	94,885	230
(includes hazardous condition transportation)			
3162 Transportation workers' compensation	7,950	7,886	(64)
3180 Fringe benefits employer contributions (no carryover provision)	459,426	458,694	(732)
3181 Retiree insurance (no carryover provision)	122,947	123,310	363
3199 Other restricted state grants	-	2,595	2,595

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
3300 Education Finance Act			
3310 Full-time programs			
3311 Kindergarten	\$ 72,823	\$ 60,646	\$ (12,177)
3312 Primary	225,532	177,900	(47,632)
3313 Elementary	291,032	222,264	(68,768)
3314 High school	67,227	55,967	(11,260)
3315 Trainable mentally handicapped	6,110	6,717	607
3316 Speech handicapped (part-time program)	52,146	29,217	(22,929)
3317 Homebound	6,332	2,956	(3,376)
3320 Part-time programs			
3321 Emotionally handicapped	856	-	(856)
3322 Educable mentally handicapped	22,739	16,100	(6,639)
3323 Learning disabilities	84,703	66,906	(17,797)
3324 Hearing handicapped	2,566	2,116	(450)
3325 Visually handicapped	-	2,116	2,116
3326 Orthopedically handicapped	2,037	1,679	(358)
3327 Vocational	228,664	193,558	(35,106)
3330 Other EFA programs			
3331 Autism	-	2,116	2,116
3800 State revenue in lieu of taxes			
3810 Reimbursement for local residential property tax relief (tier 1)	404,119	404,119	-
3820 Homestead exemption (tier 2)	266,391	269,832	3,441
3825 Reimbursement for property tax relief (tier 3)	2,500,000	2,500,000	-
3830 Merchant's inventory tax	8,103	8,103	-
3840 Manufacturers depreciation reimbursement	35,000	24,709	(10,291)
3890 Other state property tax revenues (includes motor carrier vehicle tax)	100,000	108,559	8,559
	<hr/>	<hr/>	<hr/>
Total state sources	<u>5,061,358</u>	<u>4,843,561</u>	<u>(217,797)</u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
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**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
4000 Revenue from federal sources			
4900 Other federal sources			
4999 Revenue from other federal sources	\$ 48,000	\$ 43,258	\$ (4,742)
	<u>48,000</u>	<u>43,258</u>	<u>(4,742)</u>
Total federal sources			
	<u>8,041,670</u>	<u>7,887,686</u>	<u>(153,984)</u>
 EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	237,860	236,360	1,500
200 Employee benefits	70,889	68,334	2,555
300 Purchased services	12,000	2,256	9,744
400 Supplies and materials	3,400	2,889	511
112 Primary programs			
100 Salaries	448,701	445,964	2,737
200 Employee benefits	117,750	118,748	(998)
400 Supplies and materials	23,838	15,356	8,482
113 Elementary programs			
100 Salaries	818,168	850,588	(32,420)
200 Employee benefits	260,571	233,910	26,661
300 Purchased services	22,000	8,326	13,674
400 Supplies and materials	17,164	12,480	4,684
114 High school programs			
100 Salaries	577,678	505,681	71,997
200 Employee benefits	158,056	147,154	10,902
300 Purchased services	58,000	41,000	17,000
400 Supplies and materials	16,888	-	16,888
115 Career and technology education programs			
100 Salaries	500,780	539,999	(39,219)
200 Employee benefits	139,929	159,014	(19,085)
300 Purchased services - other than tuition	5,000	2,105	2,895
400 Supplies and materials	9,550	26	9,524

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**For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	\$ 174,492	\$ 146,851	\$ 27,641
200 Employee benefits	60,247	49,363	10,884
400 Supplies and materials	-	159	(159)
122 Trainable mentally handicapped			
100 Salaries	15,976	16,224	(248)
200 Employee benefits	9,996	11,321	(1,325)
123 Orthopedically handicapped			
100 Salaries	-	1,628	(1,628)
200 Employee benefits	-	836	(836)
124 Visually handicapped			
100 Salaries	-	3,256	(3,256)
200 Employee benefits	-	683	(683)
125 Hearing handicapped			
100 Salaries	-	420	(420)
200 Employee benefits	-	43	(43)
300 Purchased services	6,019	6,019	-
126 Speech handicapped			
100 Salaries	26,924	-	26,924
200 Employee benefits	7,511	-	7,511
300 Purchased services	255	-	255
400 Supplies and materials	-	2,504	(2,504)
127 Learning disabilities			
100 Salaries	77,582	83,305	(5,723)
200 Employee benefits	26,691	28,077	(1,386)
130 Pre-school programs			
139 Early childhood programs			
100 Salaries	44,298	-	44,298
200 Employee benefits	17,357	-	17,357



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**For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
140 Special programs			
145 Homebound			
100 Salaries	\$ 3,200	\$ 2,963	\$ 237
200 Employee benefits	690	613	77
300 Purchased services	525	-	525
147 CDEPP			
100 Salaries	-	20,374	(20,374)
200 Employee benefits	-	10,600	(10,600)
160 Other exceptional programs			
161 Autism			
100 Salaries	-	14,497	(14,497)
200 Employee benefits	-	3,536	(3,536)
170 Summer school program			
175 Instructional programs beyond regular school day			
100 Salaries	6,240	9,023	(2,783)
200 Employee benefits	1,304	1,780	(476)
Total instruction	<u>3,977,529</u>	<u>3,804,265</u>	<u>173,264</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
100 Salaries	28,476	38,630	(10,154)
200 Employee benefits	8,627	11,414	(2,787)
300 Purchased services	213	196	17
212 Guidance services			
100 Salaries	151,563	128,125	23,438
200 Employee benefits	43,253	36,122	7,131
300 Purchased services	1,241	510	731
400 Supplies and materials	2,364	945	1,419
600 Other objects	100	-	100
213 Health services			
100 Salaries	17,614	-	17,614
200 Employee benefits	4,721	-	4,721
300 Purchased services	638	64	574
400 Supplies and materials	2,200	-	2,200
600 Other objects	100	-	100

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**For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
100 Salaries	\$ 86,195	\$ 77,038	\$ 9,157
200 Employee benefits	26,284	20,040	6,244
300 Purchased services	3,400	3,607	(207)
400 Supplies and materials	6,460	3,543	2,917
600 Other objects	200	-	200
222 Library and media services			
100 Salaries	122,282	124,167	(1,885)
200 Employee benefits	40,827	41,491	(664)
300 Purchased services	1,795	1,274	521
400 Supplies and materials	37,125	9,932	27,193
223 Supervision of special programs			
100 Salaries	28,594	1,512	27,082
200 Employee benefits	9,574	2,351	7,223
400 Supplies and materials	850	832	18
224 Improvement of instruction - inservice and staff training			
100 Salaries	1,500	1,500	-
200 Employee benefits	323	306	17
300 Purchased services	1,775	-	1,775
230 General administration services			
231 Board of Education			
100 Salaries	4,249	4,248	1
200 Employee benefits	15,757	27,959	(12,202)
300 Purchased services	129,585	130,210	(625)
318 Audit services	18,000	18,000	-
400 Supplies and materials	5,800	7,950	(2,150)
600 Other objects	8,340	4,790	3,550
232 Office of the superintendent			
100 Salaries	149,996	146,845	3,151
200 Employee benefits	37,524	35,180	2,344
300 Purchased services	3,070	1,618	1,452
400 Supplies and materials	7,320	6,469	851
600 Other objects	500	300	200

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**For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
233 School administration			
100 Salaries	\$ 371,958	\$ 383,435	\$ (11,477)
200 Employee benefits	110,453	108,594	1,859
300 Purchased services	19,000	10,965	8,035
400 Supplies and materials	9,350	6,709	2,641
600 Other objects	1,000	377	623
250 Finance and operations services			
251 Student transportation (federal/district mandated)			
100 Salaries	6,500	-	6,500
200 Employee benefits	1,506	-	1,506
300 Purchased services	8,000	-	8,000
252 Fiscal services			
100 Salaries	100,998	100,886	112
200 Employee benefits	33,975	30,874	3,101
300 Purchased services	12,220	11,982	238
400 Supplies and materials	3,900	3,277	623
600 Other objects	100	50	50
254 Operation and maintenance of plant			
100 Salaries	249,197	226,087	23,110
200 Employee benefits	89,394	109,649	(20,255)
300 Purchased services	460,225	284,473	175,752
321 Public utilities (excludes gas, oil, elec, other heating fuels)	17,170	22,050	(4,880)
400 Supplies and materials	132,000	122,766	9,234
470 Energy (includes gas, oil, elec, other heating fuels)	364,323	365,107	(784)
600 Other objects	5,000	5,000	-
255 Student transportation (state mandated)			
100 Salaries	183,909	190,888	(6,979)
200 Employee benefits	47,394	46,005	1,389
300 Purchased services	22,600	25,843	(3,243)
400 Supplies and materials	961	856	105
600 Other objects	1,800	-	1,800
256 Food service			
200 Employee benefits	84,317	74,068	10,249

**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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
258 Security			
100 Salaries	\$ 21,000	\$ 4,570	\$ 16,430
200 Employee benefits	3,001	1,185	1,816
300 Purchased services	31,000	30,861	139
260 Central support services			
263 Information services			
100 Salaries	8,497	8,497	-
200 Employee benefits	2,515	2,418	97
300 Purchased services	12,230	8,013	4,217
400 Supplies and materials	1,945	1,775	170
600 Other projects	350	328	22
264 Staff services			
100 Salaries	49,392	49,392	-
200 Employee benefits	15,973	15,348	625
300 Purchased services	6,625	6,369	256
400 Supplies and materials	1,584	972	612
266 Technology and data processing services			
300 Purchased services	9,500	8,753	747
400 Supplies and materials	55,783	232	55,551
500 Capital outlay	5,000	5,000	-
270 Support services pupil activity			
271 Pupil services activities			
100 Salaries	59,600	56,850	2,750
200 Employee benefits	13,875	11,400	2,475
Total support services	<u>3,643,555</u>	<u>3,229,072</u>	<u>414,483</u>
400 Other charges			
410 Intergovernmental expenditures			
412 Payments to other governmental units			
720 Transits	5,000	762	4,238
Total intergovernmental expenditures	<u>5,000</u>	<u>762</u>	<u>4,238</u>
Total expenditures	<u>7,626,084</u>	<u>7,034,099</u>	<u>591,985</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of fixed assets	\$ -	\$ 354	\$ 354
Interfund transfers, from (to) other funds			
5220 Transfer from special revenue fund (excludes indirect costs)	-	164,750	164,750
5230 Transfer from special revenue EIA Fund	133,314	122,162	(11,152)
5280 Transfer from other funds indirect costs	35,000	79,998	44,998
421-710 Transfer to special revenue fund	(6,000)	(3,523)	2,477
423-710 Transfer to debt service fund	(535,500)	(513,269)	22,231
424-710 Transfer to school building fund	-	(83,435)	(83,435)
426-710 Transfer to pupil activity fund	(42,400)	(39,900)	2,500
	<u>(415,586)</u>	<u>(272,863)</u>	<u>142,723</u>
Total other financing sources (uses)	<u>(415,586)</u>	<u>(272,863)</u>	<u>142,723</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ <u>-</u>	\$ 580,724	\$ <u>580,724</u>
FUND BALANCE, July 1, 2009		<u>1,989,899</u>	
FUND BALANCE, June 30, 2010		<u>\$ 2,570,623</u>	

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND**  
**Combining Balance Sheet**  
**June 30, 2010**

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 44,617	\$ -	\$ 44,617
Due from governmental agencies	1,109,672	1,290	1,110,962
Prepaid expenses	-	-	-
Due from other funds	<u>-</u>	<u>147,976</u>	<u>147,976</u>
Total assets	<u>\$ 1,154,289</u>	<u>\$ 149,266</u>	<u>\$ 1,303,555</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Due to governmental units	\$ 12,227	\$ 239	\$ 12,466
Accounts payable	-	-	-
Deferred revenues	121,321	149,027	270,348
Due to other funds	<u>976,124</u>	<u>-</u>	<u>976,124</u>
Total liabilities	<u>1,109,672</u>	<u>149,266</u>	<u>1,258,938</u>
<b>FUND BALANCES</b>			
Unreserved - undesignated	<u>44,617</u>	<u>-0-</u>	<u>44,617</u>
Total liabilities and fund balances	<u>\$ 1,154,289</u>	<u>\$ 149,266</u>	<u>\$ 1,303,555</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, 2010**

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
<b>REVENUES</b>			
Local sources	\$ 285,939	\$ -	\$ 285,939
State sources	275,656	1,159,213	1,434,869
Federal sources	<u>1,957,000</u>	<u>-</u>	<u>1,957,000</u>
Total revenues all sources	<u>2,518,595</u>	<u>1,159,213</u>	<u>3,677,808</u>
<b>EXPENDITURES</b>			
Instruction	1,071,655	582,816	1,654,471
Supporting services	1,006,892	396,611	1,403,503
Community services	169,696	715	170,411
Intergovernmental expenditures	<u>61,618</u>	<u>239</u>	<u>61,857</u>
Total expenditures	<u>2,309,861</u>	<u>980,381</u>	<u>3,290,242</u>
OTHER FINANCING SOURCES (USES)	<u>(208,623)</u>	<u>(178,832)</u>	<u>(387,455)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	111	-0-	111
FUND BALANCE, July 1, 2009	<u>44,506</u>	<u>-0-</u>	<u>44,506</u>
FUND BALANCE, June 30, 2010	<u>\$ 44,617</u>	<u>\$ -0-</u>	<u>\$ 44,617</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, 2010**

	Title I (BA Projects) (CA Projects) (201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects) (CG Projects) (205/206)	CATE (VA Projects) (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
REVENUES									
1000 Revenue from local sources									
1500 Earnings on investments									
1510 Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111	\$ 111
1900 Other revenue from local sources									
1930 Medicaid								50,676	50,676
1999 Revenue from other local sources								235,152	235,152
Total local sources								285,939	285,939
3000 Revenue from state sources									
3100 Restricted state funding									
3110 Occupational education									
3117 EEDA middle and high school career awareness							544		544
3118 EEDA career specialist							40,748		40,748
3120 General education									
3123 Formative assessment							7,287		7,287
3127 Student health and fitness - PE teachers							5,077		5,077
3128 High schools that work/making middle grades work							13,055		13,055
3130 Special programs									
3134 Child development education pilot program (CDEPP)							74,655		74,655
3136 Student health and fitness - nurses							30,371		30,371

\* 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, 2010

	<u>Title I (BA Projects) (CA Projects) (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (CG Projects) (205/206)</u>	<u>CATE (VA Projects) (207/208)</u>	<u>Drug Free (FP/FQ Projects) (209/210)</u>	<u>Adult Education (EA Projects)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
3150 Adult education									
3151 Adult education: basic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,856	\$ -	\$ 5,856
3154 Young adult education	-	-	-	-	-	-	5,109	-	5,109
3190 Miscellaneous restricted state grants									
3193 Education license plates	-	-	-	-	-	-	1,065	-	1,065
3600 Education Lottery Act revenue									
3607 6-8 enhancement	-	-	-	-	-	-	4,362	-	4,362
3610 K-5 enhancement	-	-	-	-	-	-	84,296	-	84,296
3900 Other state revenue									
3991 ADEPT	-	-	-	-	-	-	3,231	-	3,231
Total state sources	-	-	-	-	-	-	275,656	-	275,656
4000 Revenue from federal sources									
4200 Occupational education									
4210 Perkins aid, Title I	-	-	-	22,475	-	-	-	-	22,475
4300 Elementary and Secondary Education Act of 1965 (ESEA)									
4310 Title I, basic state grant programs	429,005	-	-	-	-	-	-	47,353	476,358
4312 Rural and low-income school program, Title VI	-	-	-	-	-	-	-	16,156	16,156
4314 School improvement discretionary	-	-	-	-	-	-	-	47,826	47,826
4315 ARRA, Title I basic state grant prgms	-	-	-	-	-	-	-	206,554	206,554
4331 E2T2, Title II	-	-	-	-	-	-	-	2,332	2,332

\* 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, 2010

	Title I (BA Projects) (CA Projects) (201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
4350 State fiscal stabilization fund (ARRA)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,750	\$ 164,750
4351 Improving teacher quality	-	-	-	-	-	-	-	96,076	96,076
4360 Even start - family literacy	-	-	-	-	-	-	-	128,564	128,564
4400 Adult education	-	-	-	-	-	77,743	-	-	77,743
4500 Programs for children with disabilities	-	296,831	-	-	-	-	-	-	296,831
4510 IDEA	-	-	20,768	-	-	-	-	-	20,768
4520 Preschool grants (IDEA)	-	-	-	-	-	-	-	-	-
4540 IDEA (ARRA 611)	-	-	-	-	-	-	-	112,511	112,511
4550 IDEA preschool (ARRA 619)	-	-	-	-	-	-	-	6,586	6,586
4900 Other federal sources	-	-	-	-	6,016	-	-	-	6,016
4920 Drug and violence prevention program (Title IV, 21st century schools)	-	-	-	-	-	-	-	-	-
4930 Workforce Investment Act	-	-	-	-	-	-	-	17,678	17,678
4996 Learn and serve America	-	-	-	-	-	-	-	20,061	20,061
4999 Revenue from other federal sources	-	-	-	-	-	-	-	237,715	237,715
Total federal sources	429,005	296,831	20,768	22,475	6,016	77,743	-	1,104,162	1,957,000
Total revenue all sources	429,005	296,831	20,768	22,475	6,016	77,743	275,656	1,390,101	2,518,595

\* 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, 2010**

	<b>Title I (BA Projects) (CA Projects) (201/202)</b>	<b>IDEA (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education (EA Projects)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
<b>EXPENDITURES</b>									
100 Instruction									
110 General instruction									
111 Kindergarten programs									
100 Salaries	\$ 16,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	16,252
200 Employee benefits	7,898	-	-	-	-	-	-	-	7,898
300 Purchased services	-	3,023	-	-	-	-	-	19,730	22,753
400 Supplies and materials	-	-	-	-	-	-	-	10,081	10,081
112 Primary programs									
100 Salaries	80,069	-	-	-	-	-	2,482	34,026	116,577
200 Employee benefits	24,560	-	-	-	-	-	530	6,985	32,075
300 Purchased services	-	-	-	-	-	-	511	11,838	12,349
400 Supplies and materials	-	-	-	-	-	-	13,626	31,580	45,206
113 Elementary programs									
100 Salaries	50,701	-	-	-	-	-	-	-	50,701
200 Employee benefits	19,687	-	-	-	-	-	-	-	19,687
300 Purchased services	-	-	-	-	-	-	7,287	16,525	23,812
400 Supplies and materials	-	-	-	-	-	-	530	41,890	42,420
114 High school programs									
400 Supplies and materials	-	-	-	-	-	-	9,144	949	10,093
115 Career and technology education programs									
100 Salaries	-	-	-	-	-	-	-	1,230	1,230
200 Employee benefits	-	-	-	-	-	-	-	258	258
300 Purchased services - other than tuition	-	2,190	-	-	-	-	-	-	2,190

(continued)

MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For Fiscal Year Ended June 30, 2010

	<u>Title I</u>	<u>IDEA</u>	<u>Preschool</u>	<u>CATE</u>	<u>Drug Free</u>	<u>Adult</u>	<u>Other</u>	<u>Other</u>	<u>Total</u>
	<u>(BA Projects) (CA Projects) (201/202)</u>	<u>(203/204)</u>	<u>(CG Projects) (205/206)</u>	<u>(VA Projects) (207/208)</u>	<u>(FP/FQ Projects) (209/210)</u>	<u>Education (EA Projects) (900s)</u>	<u>Designated Restricted State Grants (900s)</u>	<u>Special Revenue Programs (200s/800s)</u>	
120 Exceptional programs									
121 Educable mentally handicapped									
100 Salaries	\$ -	\$ 15,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,119
200 Employee benefits	-	6,961	-	-	-	-	-	-	6,961
400 Supplies and materials	-	1,778	-	-	-	-	-	2,672	4,450
122 Trainable mentally handicapped									
400 Supplies and materials	-	422	-	-	-	-	-	485	907
125 Hearing handicapped									
300 Purchased services	-	49,999	-	-	-	-	-	-	49,999
400 Supplies and materials	-	-	-	-	-	-	-	187	187
126 Speech handicapped									
300 Purchased services	-	53,810	-	-	-	-	-	1,220	55,030
400 Supplies and materials	-	-	-	-	-	-	-	485	485
127 Learning disabilities									
300 Purchased services	-	243	-	-	-	-	-	-	243
400 Supplies and materials	-	565	-	-	-	-	-	97,608	98,173
140 Special programs									
147 CDEPP									
100 Salaries	-	-	-	-	-	-	55,893	-	55,893
200 Employee benefits	-	-	-	-	-	-	16,823	-	16,823
300 Purchased services	-	-	-	-	-	-	1,916	-	1,916
400 Supplies and materials	-	-	-	-	-	-	23	-	23

**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, 2010**

	Title I (BA Projects) (CA Projects) (201/202)	IDEA (203/204)	Preschool		CATE (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other		Total
			Handicapped (205/206)	Restricted State Grants (900s)				Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	
160 Other exceptional programs										
161 Autism										
100 Salaries	\$ -	\$ -	\$ 13,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,826
200 Employee benefits	-	-	6,143	-	-	-	-	-	-	6,143
170 Summer school programs										
172 Elementary summer school										
100 Salaries	-	-	-	-	-	-	-	-	5,420	5,420
200 Employee benefits	-	-	-	-	-	-	-	-	1,068	1,068
173 High school summer school										
100 Salaries	-	-	-	-	-	-	-	-	3,923	3,923
200 Employee benefits	-	-	-	-	-	-	-	-	823	823
400 Supplies and materials	-	-	-	-	-	-	-	-	8,000	8,000
175 Instructional programs beyond regular school day										
100 Salaries	45,720	-	-	-	-	-	-	-	22,465	68,185
200 Employee benefits	9,666	-	-	-	-	-	-	-	4,255	13,921
400 Supplies and materials	-	-	-	-	-	-	-	2,362	993	3,355
180 Adult/continuing educational programs										
181 Adult basic education programs										
100 Salaries	-	-	-	-	-	-	40,000	4,959	20,079	65,038
200 Employee benefits	-	-	-	-	-	-	7,554	897	3,777	12,228
300 Purchased services	-	-	-	-	-	-	877	-	304	1,181
400 Supplies and materials	-	-	-	-	-	-	7,176	-	3,105	10,281

**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, 2010**

	<b>Title I (BA Projects) (CA Projects) (201/202)</b>	<b>IDEA (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education (EA Projects)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
182 Adult secondary education programs									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	5,454	1,905	-	7,359
200 Employee benefits	-	-	-	-	-	1,022	400	-	1,422
300 Purchased services	-	-	-	-	-	2,585	-	-	2,585
188 Parenting/family literacy									
100 Salaries	-	-	-	-	-	-	-	76,410	76,410
200 Employee benefits	-	-	-	-	-	-	-	32,340	32,340
300 Purchased services	-	-	-	-	-	-	2,096	3,992	6,088
400 Supplies and materials	575	-	-	-	-	-	300	11,393	12,268
<b>Total instruction</b>	<b>255,128</b>	<b>134,110</b>	<b>19,969</b>	<b>-</b>	<b>-</b>	<b>64,668</b>	<b>121,684</b>	<b>476,096</b>	<b>1,071,655</b>
200 Support services									
210 Pupil services									
211 Attendance and social work services									
300 Purchased services	-	-	-	-	1,525	-	-	-	1,525
400 Supplies and materials	-	-	-	-	4,226	-	-	-	4,226
212 Guidance services									
100 Salaries	-	-	-	-	-	-	-	23,072	23,072
200 Employee benefits	-	-	-	-	-	-	-	6,460	6,460
300 Purchased services	70,289	-	-	-	-	-	-	1,932	72,221
400 Supplies and materials	-	-	-	-	-	-	544	-	544
213 Health services									
100 Salaries	-	-	-	-	-	-	21,795	28,686	50,481
200 Employee benefits	-	-	-	-	-	-	8,576	8,224	16,800
300 Purchased services	-	18,705	-	-	-	-	-	96,870	115,575
400 Supplies and materials	-	1,023	-	-	-	-	-	1,969	2,992

**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, 2010**

	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 (205/206)	Restricted State Grants (900s)				Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	
214 Psychological services	\$ -	\$ 19,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,000
300 Purchased services										
216 Vocational placement services										
100 Salaries	-	3,200	-	16,800	-	-	-	-	36,325	56,325
200 Employee benefits	-	818	-	4,296	-	-	-	-	13,269	18,383
300 Purchased services	-	36	-	-	-	-	-	-	8,441	8,447
400 Supplies and materials	-	-	-	-	-	-	-	-	1,546	1,546
217 Career specialist services										
100 Salaries	-	-	-	-	-	-	-	31,721	-	31,721
200 Employee benefits	-	-	-	-	-	-	-	6,830	-	6,830
220 Instructional staff services										
221 Improvement of instruction - curriculum development										
100 Salaries	12,100	1,265	-	-	-	-	-	-	9,600	22,965
200 Employee benefits	2,525	285	-	-	-	-	-	-	1,948	4,758
300 Purchased services	500	803	-	-	-	-	-	604	114,105	116,012
400 Supplies and materials	2,839	3,392	-	-	-	-	-	-	188	6,419
223 Supervision of special programs										
100 Salaries	12,500	74,904	-	-	-	-	2,999	2,002	57,918	150,323
200 Employee benefits	6,482	21,130	-	-	-	-	1,052	703	12,481	41,848
300 Purchased services	2,095	1,860	-	-	-	-	-	1,199	10,699	15,853
400 Supplies and materials	3,304	1,659	-	-	-	-	-	2,131	4,626	11,720

**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, 2010**

	Title I (BA Projects) (CA Projects) (201/202)	IDEA (203/204)	Preschool		CATE (207/208)	Drug Free (209/210)	Adult Education (EA Projects)	Other		Total
			Handicapped (205/206)	Other Designated Restricted State Grants (900s)				Other Special Revenue Programs (200s/800s)		
224 Improvement of instruction - inservice and staff training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,751	\$ 16,017	\$ 67,768
100 Salaries	-	-	-	-	-	-	-	15,408	3,243	18,651
200 Employee benefits	9,125	-	-	1,379	-	-	-	5,523	17,317	33,344
300 Purchased services	335	-	-	-	-	-	-	2,040	5,732	8,107
400 Supplies and materials	-	-	-	-	-	-	-	-	-	-
250 Finance and operations services	-	2,250	-	-	-	-	-	-	7,801	10,051
251 Student transportation (federal/district mandated)	-	444	-	-	-	-	-	-	1,762	2,206
100 Salaries	-	-	-	-	-	-	-	-	570	5,228
200 Employee benefits	4,658	-	-	-	-	-	-	-	-	-
300 Purchased services	-	-	-	-	-	-	-	-	-	-
254 Operation and maintenance of plant	-	-	-	-	-	-	1,994	-	1,000	2,994
100 Salaries	-	-	-	-	-	-	405	-	209	614
200 Employee benefits	-	-	-	-	-	-	4,124	-	-	4,124
300 Purchased services	-	-	-	-	-	-	2,501	-	-	2,501
400 Supplies and materials	-	-	-	-	-	-	-	-	-	-
255 Student transportation (state mandated)	-	-	-	-	-	-	-	-	366	366
100 Salaries	-	-	-	-	-	-	-	-	-	-
300 Purchased services	-	421	-	-	-	-	-	-	-	421
260 Central support services	-	-	-	-	-	-	-	-	-	-
262 Planning	-	-	-	-	-	-	-	-	33,413	33,413
300 Purchased services	-	-	-	-	-	-	-	-	-	-



**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, 2010**

	<b>Title I (BA Projects) (CA Projects) (201/202)</b>	<b>IDEA (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education (EA Projects)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
270 Support services - pupil activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 948	\$ 10,110	\$ 11,058
271 Pupil service activities									
300 Purchased services									
<b>Total support services</b>	<b>126,752</b>	<b>151,195</b>	<b>-</b>	<b>22,475</b>	<b>5,751</b>	<b>13,075</b>	<b>151,775</b>	<b>535,869</b>	<b>1,006,892</b>
300 Community services									
330 Civic services									
100 Salaries	23,986	-	-	-	-	-	-	-	23,986
200 Employee benefits	5,058	-	-	-	-	-	-	-	5,058
350 Custody and care of children									
100 Salaries	-	-	-	-	-	-	-	90,267	90,267
200 Employee benefits	-	-	-	-	-	-	-	27,368	27,368
300 Purchased services	-	-	-	-	-	-	-	6,610	6,610
400 Supplies and materials	-	-	-	-	-	-	-	13,241	13,241
390 Other community services									
400 Supplies and materials	-	-	-	-	-	-	-	3,166	3,166
<b>Total community services</b>	<b>29,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,652</b>	<b>169,696</b>

**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, 2010**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education (EA Projects)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
410 Intergovernmental expenditures									
411 Payments to South Carolina Department of Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,197	\$ -	\$ 2,197
720 Transits									
412 Payments to other governmental units									
720 Transits	-	-	-	-	-	-	-	59,421	59,421
Total intergovernmental expenditures	-	-	-	-	-	-	2,197	59,421	61,618
Total expenditures	410,924	285,305	19,969	22,475	5,751	77,743	275,656	1,212,038	2,309,861
<b>OTHER FINANCING SOURCES (USES)</b>									
Interfund transfers, from (to) other funds									
5210 Transfer from general fund (excludes indirect costs)	-	-	-	-	-	-	-	3,523	3,523
5270 Transfer from pupil activity fund	-	-	-	-	-	-	-	590	590
420-710 Transfer to general fund (excludes indirect costs)	-	-	-	-	-	-	-	(164,750)	(164,750)
431-791 Special revenue fund indirect costs	(18,081)	(11,526)	(799)	-	(265)	-	-	(17,315)	(47,986)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(18,081)	(11,526)	(799)	-	(265)	-	-	(177,952)	(208,623)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	111	111
<b>FUND BALANCE, July 1, 2009</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	44,506	44,506
<b>FUND BALANCE, June 30, 2010</b>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 44,617	\$ 44,617

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Schedule of Program Classifications - Special Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**

<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>			
927	EEDA middle and high school career awareness	\$ 544	3117
928	EEDA career specialist	40,748	3118
933	Formative assessment	7,287	3123
937	Student health and fitness - PE teachers	5,077	3127
938	High schools that work/making middle grades work	13,055	3128
924	CDEPP	74,655	3134
936	Student health and fitness - nurses	30,371	3136
918	Adult education: basic	5,856	3151
920	Young adult education	5,109	3154
919	Education license plates	1,065	3193
967	6-8 enhancement	4,362	3607
960	K-5 enhancement	84,296	3610
916	ADEPT	3,231	3991
		<u>\$ 275,656</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
299	Interest on investments	\$ 111	1510
280	Medicaid	50,676	1930
230	WIA adult ed	10,261	1990
288	SDE/ABC childcare	38,224	1999
890	First steps	130,639	1999
830	JAG - CIS	56,028	1999
237	Title I, basic state grant programs	47,353	4310
251	Rural and low-income school program, Title VI	16,156	4312
234	School improvement discretionary	47,826	4314
222	ARRA, Title I basic state grant programs	206,554	4315
253	Enhancing education through technology (E2T2), Title II	2,332	4331
250	State fiscal stabilization fund (ARRA)	164,750	4350
267	Improving teacher quality	96,076	4351
242	Even start - family literacy	128,564	4360
215	IDEA (ARRA 611)	112,511	4540
216	IDEA preschool (ARRA 619)	6,586	4550
230	Workforce Investment Act	17,678	4930
249	Learn and serve America	20,061	4996
283	TEAM	237,715	4999
		<u>\$ 1,390,101</u>	

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Summary Schedule for Designated State Restricted Grants**  
**For the Fiscal Year Ended June 30, 2010**

Subfund	Revenue		Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
	Code	Programs			Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	
927	3117	EEDA middle and high school career awareness	\$ 544	\$ 544	\$ -	\$ -	\$ 543
928	3118	EEDA career specialist	40,748	40,748	-	-	-
933	3123	Formative assessment	7,287	7,287	-	-	-
937	3127	Student health and fitness - PE teachers	5,077	5,077	-	-	8,813
938	3128	High schools that work/making middle grades wor	13,055	13,055	-	-	-
924	3134	CDEPP	74,655	74,655	-	-	8,529
936	3136	Student health and fitness - nurses	30,371	30,371	-	-	-
918	3151	Adult education: basic	5,856	5,856	-	-	-
920	3154	Young adult education	5,109	5,109	-	-	7,284
919	3193	Education license plates	1,065	1,065	-	-	-
967	3607	6-8 enhancement	4,362	4,362	-	-	181
960	3610	K-5 enhancement	84,296	84,296	-	-	53,787
916	3991	ADEPT	3,231	3,231	-	-	2,064
			<u>\$ 275,656</u>	<u>\$ 275,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,201</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, 2010**

REVENUES

3000 Revenue from state sources		
3500 Education Improvement Act		
3501 Increase high school diploma requirements	\$	21,082
3513 Parenting/family literacy		30,498
3525 Career and technology education equipment		37,331
3530 Trainable and profoundly mentally disabled student services		3,249
3532 National board certification (NBC) salary supplement		108,486
3533 Teacher of the year awards		1,077
3534 Professional development on standards (PDSI)		15,904
3538 Students at risk of school failure		254,675
3542 Preschool programs for children with disabilities		1,636
3544 High achieving students		624
3546 Academic assistance K-3		25,086
3550 Teacher salary increase		101,346
3553 Adult education - remedial		3,099
3555 School employer contributions		20,816
3562 Adult education, basic (includes rural and workforce initiatives)		131,942
3565 Adult education, literacy		32,197
3568 EAA technical assistance		269,104
3577 Teacher supplies		18,700
3578 High schools that work/making middle grades work		2,469
3582 Principal salary/fringe increase		2,788
3590 Reallocation of EIA funds (school building)		56,670
3591 Excellence in middle schools		14,660
3592 Work-based learning		<u>5,774</u>
 Total state sources		 <u>1,159,213</u>
 Total revenue all sources		 <u>1,159,213</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, 2010**

EXPENDITURES

100 Instruction		
110 General instruction		
111 Kindergarten programs		
100 Salaries	\$	31,763
200 Employee benefits		9,238
400 Supplies and materials		1,100
112 Primary programs		
100 Salaries		114,091
200 Employee benefits		35,912
400 Supplies and materials		12,840
113 Elementary programs		
100 Salaries		36,705
200 Employee benefits		6,810
400 Supplies and materials		21,960
114 High school programs		
100 Salaries		17,372
200 Employee benefits		3,711
400 Supplies and materials		12,079
115 Career and technology education programs		
100 Salaries		59,589
200 Employee benefits		17,398
400 Supplies and materials		6,082
500 Capital outlay		37,331
120 Exceptional programs		
121 Educable mentally handicapped		
100 Salaries		7,500
200 Employee benefits		1,528
400 Supplies and materials		825
122 Trainable mentally handicapped		
100 Salaries		2,677
200 Employee benefits		572
127 Learning disabilities		
400 Supplies and materials		825

**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, 2010**

130 Preschool programs		
135 Preschool handicapped speech (3 and 4 year olds)		
300 Purchased services	\$	1,636
139 Early childhood programs		
100 Salaries		7,500
200 Employee benefits		1,509
400 Supplies and materials		275
140 Special programs		
143 Advanced placement		
400 Supplies and materials		624
170 Summer school program		
175 Instructional programs beyond regular school day		
100 Salaries		13,230
200 Employee benefits		2,073
180 Adult/continuing educational programs		
181 Adult basic education programs		
100 Salaries		32,304
200 Employee benefits		9,470
300 Purchased services		9,200
400 Supplies and materials		26
187 Adult education - remedial		
400 Supplies and materials		3,099
188 Parenting/family literacy		
100 Salaries		41,757
200 Employee benefits		11,566
400 Supplies and materials		639
190 Instructional pupil activity		
300 Purchased services		10,000
		<hr/>
Total instruction		<hr/> 582,816 <hr/>
200 Support services		
210 Pupil services		
211 Attendance and social work services		
100 Salaries		79,628
200 Employee benefits		25,731

**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, 2010**

212 Guidance services		
100 Salaries	\$	29,750
200 Employee benefits		6,137
400 Supplies and materials		825
213 Health services		
300 Purchased services		28,000
215 Exceptional program services		
200 Employee benefits		211
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
100 Salaries		6,250
200 Employee benefits		1,290
300 Purchased services		5,945
400 Supplies and materials		3,469
222 Library and media		
400 Supplies and materials		550
223 Supervision of special programs		
100 Salaries		115,735
200 Employee benefits		33,040
224 Improvement of instruction - inservice and staff training		
100 Salaries		7,500
200 Employee benefits		1,529
300 Purchased services		25,031
400 Supplies and materials		320
600 Other objects		1,358
230 General administration services		
233 School administration		
100 Salaries		2,297
200 Employee benefits		491



**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, 2010**

250 Finance and operations services	
251 Student transportation (federal/district mandated)	
100 Salaries	\$ 968
300 Purchased services	10,556
270 Support services pupil activity	
271 Pupil services activities	
300 Purchased services	<u>10,000</u>
Total support services	<u>396,611</u>
300 Community services	
390 Other community services	
300 Purchased services	<u>715</u>
Total community services	<u>715</u>
400 Other charges	
410 Intergovernmental expenditures	
411 Payments to the South Carolina Department of Education	
720 Transits	<u>239</u>
Total intergovernmental expenditures	<u>239</u>
Total expenditures	<u>980,381</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund transfers, from (to) other funds	
420-710 Transfer to general fund (excludes indirect costs)	(122,162)
424-710 Transfer to school building fund	<u>(56,670)</u>
Total other financing sources (uses)	<u>(178,832)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-0-
<b>FUND BALANCE, July 1, 2009</b>	<u>-0-</u>
<b>FUND BALANCE, June 30, 2010</b>	<u>\$ -0-</u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Education Improvement Act**  
**Summary Schedule by Program**  
**For the Fiscal Year Ended June 30, 2010**

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	EIA Interfund		<u>Deferred Revenue</u>
			<u>Transfers In(Out)</u>	<u>Transfers In(Out)</u>	
3500 Education Improvement Act					
3501 Increase high school diploma requirements	\$ 21,082	\$ 21,082	\$ -	\$ -	\$ -
3511 Professional development	7,217	-	-	-	7,217
3513 Parenting/family literacy	-	30,498	-	30,498	-
3525 Career and technology education equipment	26,766	37,331	-	20,857	10,292
3530 Trainable and profoundly mentally disabled student services	3,249	3,249	-	-	-
3532 National board certification (NBC) salary supplement	108,486	108,486	-	-	-
3533 Teacher of the year awards	1,077	1,077	-	-	-
3534 Professional development on standards (PDSI)	-	15,904	-	15,904	-
3538 Students at risk of school failure	257,257	254,675	-	-	2,582
3542 Preschool programs for children with disabilities	1,636	1,636	-	-	-
3544 High achieving students	15,000	624	-	-	14,376
3546 Academic assistance K-3	-	25,086	-	25,086	-
3550 Teacher salary increase	101,346	101,346	-	-	-
3553 Adult education - remedial	-	3,099	-	3,099	-
3555 School employer contributions	20,816	20,816	-	-	-
3558 Reading	5,007	-	-	-	5,007
3562 Adult education, basic (includes rural and workforce initiatives)	141,343	131,942	-	15,769	25,170
3565 Adult education, literacy	30,600	32,197	-	9,320	7,723
3568 EAA technical assistance	261,207	269,104	-	82,026	74,129
3577 Teacher supplies	18,700	18,700	-	-	-
3578 High schools that work/making middle grades work	5,000	2,469	-	-	2,531
3582 Principal salary/fringe increase	2,788	2,788	-	-	-
3590 Reallocation of EIA funds (school building)	56,670	56,670	-	-	-
3591 Excellence in middle schools	14,660	14,660	-	-	-
3592 Work-based learning	2,584	5,774	-	3,190	-
<b>TOTALS</b>	<u>\$ 1,102,491</u>	<u>\$ 1,159,213</u>	<u>\$ -0-</u>	<u>\$ 205,749</u>	<u>\$ 149,027</u>

**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, 2010**

## REVENUES

1000 Revenue from local sources	
1200 Revenue from local governmental units other than LEAs	
1210 Ad valorem taxes - including delinquent (fiscally dependent LEA)	\$ 1,015,860
1500 Earnings on investments	
1510 Interest on investments	<u>820</u>
Total local sources	<u>1,016,680</u>
3000 Revenue from state sources	
3800 State revenue in lieu of taxes	
3820 Homestead exemption (tier 2)	70,124
3830 Merchant's inventory tax	767
3840 Manufacturers depreciation reimbursement	5,409
3890 Other state property tax revenues (includes motor carrier vehicle tax)	<u>24,171</u>
Total state sources	<u>100,471</u>
Total revenue all sources	<u>1,117,151</u>

## EXPENDITURES

500 Debt service	
610 Redemption of principal	987,000
620 Interest	<u>384,114</u>
Total debt service	<u>1,371,114</u>
Total expenditures	<u>1,371,114</u>

## OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund	<u>123,850</u>
Total other financing sources (uses)	<u>123,850</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (130,113)

FUND BALANCE, July 1, 2009 809,397

FUND BALANCE, June 30, 2010 \$ 679,284

**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, 2010**

## REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	<u>158</u>
Total local sources	<u>158</u>
Total revenue all sources	<u>158</u>

## EXPENDITURES

500 Debt service	
620 Interest	<u>393,000</u>
Total debt service	<u>393,000</u>
Total expenditures	<u>393,000</u>

## OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund	<u>389,419</u>
Total other financing sources (uses)	<u>389,419</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (3,423)

FUND BALANCE, July 1, 2009 1,003,506

FUND BALANCE, June 30, 2010 \$ 1,000,083

**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, 2010**

## REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ <u>500</u>
Total local sources	<u>500</u>
3000 Revenue from state sources	
3100 Restricted state funding	
3170 State school building fund	4,328
3172 Children's education endowment (Barnwell facilities fund)	37,195
3900 Other state revenue	
3999 Revenue from other state sources	<u>52,600</u>
Total state sources	<u>94,123</u>
Total revenue all sources	<u>94,623</u>

## EXPENDITURES

250 Finance and operations	
253 Facilities acquisition and construction	
500 Capital outlay	
520 Construction services	<u>1,259,932</u>
Total expenditures	<u>1,259,932</u>

## OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund (excludes indirect costs)	83,435
5220 Transfer from special revenue fund (excludes indirect costs)	<u>56,670</u>
Total other financing sources (uses)	<u>140,105</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,025,204)
FUND BALANCE, July 1, 2009	<u>4,723,985</u>
FUND BALANCE, June 30, 2010	<u>\$ <u>3,698,781</u></u>

**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, 2010**

## REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ <u>949</u>
Total local sources	<u>949</u>
Total revenue all sources	<u>949</u>

## EXPENDITURES

250 Finance and operations	
253 Facilities acquisition and construction	
500 Capital outlay	
520 Construction services	8,688,558
600 Other objects	
690 Other objects	<u>1,575</u>
Total expenditures	<u>8,690,133</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (8,689,184)

FUND BALANCE, July 1, 2009 8,689,184

FUND BALANCE, June 30, 2010 \$ -0-

**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, 2010**

REVENUES

1000 Revenue from local sources		
1600 Food service		
1610 Lunch sales to pupils	\$	34,420
1630 Special sales to pupils		1,621
1640 Lunch sales to adults		7,925
1650 Breakfast sales to adults		6
1660 Special sales to adults		284
1900 Other revenue from local sources		
1999 Revenue from other local sources		<u>9,033</u>
Total local sources		<u>53,289</u>
3000 Revenue from state sources		
3100 Restricted state funding		
3140 School lunch		
3142 Program aid		<u>604</u>
Total state sources		<u>604</u>
4000 Revenue from federal sources		
4800 USDA reimbursement		
4810 School lunch and after school snacks program		321,130
4830 School breakfast program		182,734
4870 School food service (equipment)		<u>20,066</u>
Total federal sources		<u>523,930</u>
Total revenue all sources		<u>577,823</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, 2010**

EXPENDITURES

256 Food service	
100 Salaries	\$ 172,934
200 Employee benefits	1,445
300 Purchased services (excludes gas, oil, elec, other heating fuels)	
332 Travel	913
395 Other	26,065
400 Supplies and materials (includes gas, oil, elec, other heating fuels)	
410 Supplies	63,662
460 Purchased food	226,425
462 Commodity distribution charge	2,657
500 Capital outlay	
540 Equipment - expendable	3,590
570 Depreciation	3,654
600 Other objects	
670 Sales tax	574
690 Other	841
	<hr/>
Total expenditures	502,760
	<hr/>
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
432-791 Food service fund indirect costs	(32,012)
	<hr/>
Total other financing sources (uses)	(32,012)
	<hr/>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	43,051
	<hr/>
RETAINED EARNINGS, July 1, 2009	257,480
	<hr/>
RETAINED EARNINGS, June 30, 2010	\$ 300,531
	<hr/> <hr/>



**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Pupil Activity Fund**  
**Balance Sheet**  
**June 30, 2010**

	<b><u>Student Activity Fund</u></b>
<b><u>ASSETS</u></b>	
Due from general fund	\$ <u>169,764</u>
Total assets	\$ <u><u>169,764</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>LIABILITIES</b>	
Due to student organizations	\$ <u>169,764</u>
Total liabilities	<u>169,764</u>
<b>FUND BALANCES</b>	
Total liabilities and fund balances	<u>-0-</u> \$ <u><u>169,764</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, 2010**

## RECEIPTS

1000 Receipts from local sources		
1500 Earnings on investments		
1510 Interest on investments	\$	522
1700 Pupil activities		
1710 Admissions		40,824
1720 Bookstore sales		1,570
1740 Student fees		6,993
1790 Other		154,554
1900 Other revenue from local sources		
1920 Contributions and donations private sources		998
1999 Revenue from other local sources		<u>49,056</u>
Total receipts from local sources		<u>254,517</u>

## DISBURSEMENTS

270 Support services pupil activity		
271 Pupil service activities		
200 Employee benefits		4,802
660 Supporting services pupil activity		<u>235,069</u>
Total disbursements		<u>239,871</u>

## OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds		
5210 Transfer from general fund (excludes indirect costs)		39,900
421-710 Transfer to special revenue fund		<u>(590)</u>
Total other financing sources (uses)		<u>39,310</u>

EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS 53,956

DUE TO STUDENT ORGANIZATIONS, July 1, 2009 115,808

DUE TO STUDENT ORGANIZATIONS, June 30, 2010 \$ 169,764

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Schedule of Due to State Department of Education/Federal Government**  
**June 30, 2010**

<u>Program</u>	<u>Project Number</u>	<u>Revenue &amp; Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
EEDA career specialist	N/A	3118/928	Unexpended funds	\$ 2,196.54
Even start - family literacy	N/A	4360/242	Unexpended funds	10,030.00
NBC salary supplement	EIA	3532/332	Unexpended funds	<u>238.61</u>
				<u>\$ 12,465.15</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, 2010**

<u>Function</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Construction In Progress</u>	<u>Totals</u>
High school	\$ 6,000	\$ 1,461,372	\$ 130,297	\$ 16,669	\$ 12,195,954	\$ 13,810,292
Elementary and middle school	882,080	14,506,391	89,078	-	-	15,477,549
Administration and services	-	1,831,558	85,726	123,177	-	2,040,461
Totals	<u>\$ 888,080</u>	<u>\$ 17,799,321</u>	<u>\$ 305,101</u>	<u>\$ 139,846</u>	<u>\$ 12,195,954</u>	<u>\$ 31,328,302</u>

<u>Function</u>	<u>Capital Assets July 1, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Capital Assets June 30, 2010</u>
High school	\$ 3,861,802	\$ 9,948,490	\$ -	\$ 13,810,292
Elementary and middle school	15,477,549	-	-	15,477,549
Administration and services	2,040,461	-	-	2,040,461
Totals	<u>\$ 21,379,812</u>	<u>\$ 9,948,490</u>	<u>\$ -</u>	<u>\$ 31,328,302</u>

MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2010

Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   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        X   no

Identification of major programs:

**CFDA Numbers**

84.027  
84.215E  
84.389  
84.391  
84.394

**Name of Federal Program or Cluster**

Individuals with disabilities education (IDEA)  
TEAM  
ARRA, Title I basic state grant programs  
IDEA (ARRA 611)  
State fiscal stabilization fund (ARRA)

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

\$300,000  
  X   yes      \_\_\_\_\_ no

**MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2010**

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**Section II - Financial Statement Findings**

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None.

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**Section III - Federal Award Findings and Questioned Costs**

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None.

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Highlights**  
**For the Fiscal Year Ended June 30, 2010**

The table on this page presents pupil cost based on the average daily attendance of 781. This table may be compared with the District's objectives and with other state and national statistics on schools.

	(General Fund) Per Pupil Cost Based on 2009-2010 Average Daily <u>Attendance</u>
Instruction	\$ 4,871.02
Pupil services	276.58
Instructional staff services	368.24
Administration	1,144.24
Finance and operations	2,120.97
Central support	137.13
Pupil activities	87.39
Intergovernmental	<u>0.98</u>
Total	\$ <u><u>9,006.53</u></u>

**MCCORMICK SCHOOL DISTRICT NO. 1**  
**MCCORMICK, SOUTH CAROLINA**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2010**

<u>LEA Subfunc Code</u>	<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Total Expenditures</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Direct Programs:				
283	TEAM**	84.215E	Q215E060222	237,715
Passed through SC Department of Education:				
201	Title I grant to LEAs	84.010	10-BA058	429,005
207	CATE (Subprogram 02)	84.048	10-VA058	12,683
207	CATE (Subprogram 08)	84.048	10-VA058	8,413
207	CATE (Subprogram 17)	84.048	10-VA058	1,379
	Total 84. 048			<u>22,475</u>
203	Individuals with disabilities education (IDEA)**	84.027	10-CA058	296,831
222	ARRA, Title I basic state grant programs**	84.389	10-SA058	206,554
250	State fiscal stabilization fund (ARRA)**	84.394	10-SF058	164,750
215	IDEA (ARRA 611)**	84.391	10-SC058	112,511
216	IDEA preschool (ARRA 619)	84.392	10-CG058	6,586
251	Rural and low-income school program, Title VI	84.358	10-BS058	16,156
205	Preschool grants	84.173	10-CG058	20,768
253	Enhancing education through technology (E2T2), Title II	84.318X	10-ET058	2,332
243	Basic adult education	84.027	10-EA058	77,743
242	Even start - family literacy	84.213	10-EK058	128,564
234	School improvement discretionary	84.377	10-BH058	47,826
237	Title I, basic state grant programs	84.010	10-BJ058	47,353
209	Drug and violence prevention, Title IV	84.186	10-FQ058	6,016
267	Improving teacher quality	84.367A	10-TQ058	<u>96,076</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>1,919,261</u>
<u>U. S. DEPARTMENT OF LABOR</u>				
Passed through SC State Department of Commerce				
230	Workforce Investment Act	17.259	N/A	<u>17,678</u>
<u>CORP FOR NATIONAL AND COMMUNITY SERVICE</u>				
Passed through SC Department of Education:				
249	Learn and serve America	94.004	10-FA058	<u>20,061</u>

\*\*Denotes Major Program



**MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2010**

<b>LEA Subfunc Code</b>	<b>Federal Grantor/ Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantor's Number</b>	<b>Total Expenditures</b>
<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>502,760</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 2,459,760</u>

\*\*Denotes Major Program

The accounting system used by South Carolina LEAs does not allow for the segregation of expenditures by fundsource in the Food Service Fund. Thus the total amount, displayed under "Total USDA," include \$53,893 of state and local revenue. The detailed schedule for the Food Service is on Schedule 10 of this audit report.

**MCCORMICK SCHOOL DISTRICT NO. 1  
MCCORMICK, SOUTH CAROLINA  
Schedule of Expenditures of Federal Awards  
For Fiscal Year Ended June 30, 2010**

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Anderson County School District Number Four for the year ended June 30, 2010. 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, 2010**

<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	\$ 13,034,136
02	McCormick Middle School	Middle school	School	1,572,335
03	McCormick Elementary School	Elementary school	School	2,616,222
05	Vocational School	High school	School	832,196
06	Special Services	Non-school	Central	392,991
07	Transportation	Non-school	Central	42,010
10	District	Non-school	Central	2,487,173
12	Grant - Abbeville	Elementary school	School	49,210
13	Grant - Edgefield	Elementary school	School	97,625
15	Grant	Non-school	Central	117,529
16	Grant	Non-school	Central	277,838
20	Adult Education	Non-school	Central	10,431
99	District	Non-school	Central	<u>1,251,450</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				<u>\$ 22,781,146</u>

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

General Fund	\$ 7,034,098
Special Revenue Fund (includes EIA)	3,290,240
Debt Service Fund	1,764,114
Capital Projects Fund	9,950,064
Proprietary Fund	502,758
Trust and agency Fund	<u>239,872</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	<u>\$ 22,781,146</u>

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

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

We have audited the general purpose financial statements of McCormick School District No. 1 as of and for the year ended June 30, 2010, and have issued our report thereon dated November 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A 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 no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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

Greenville, South Carolina  
November 4, 2010

*Martin Smith & Company CPAs PA*

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

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

We have audited the compliance of McCormick School District No. 1 with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133; "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, McCormick School District No. 1 complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 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 internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Greenville, South Carolina  
November 4, 2010

*Martin Smith & Company CPAs PA*