

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

Prepared by the Office of Finance

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

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

PRINCIPAL OFFICIALS

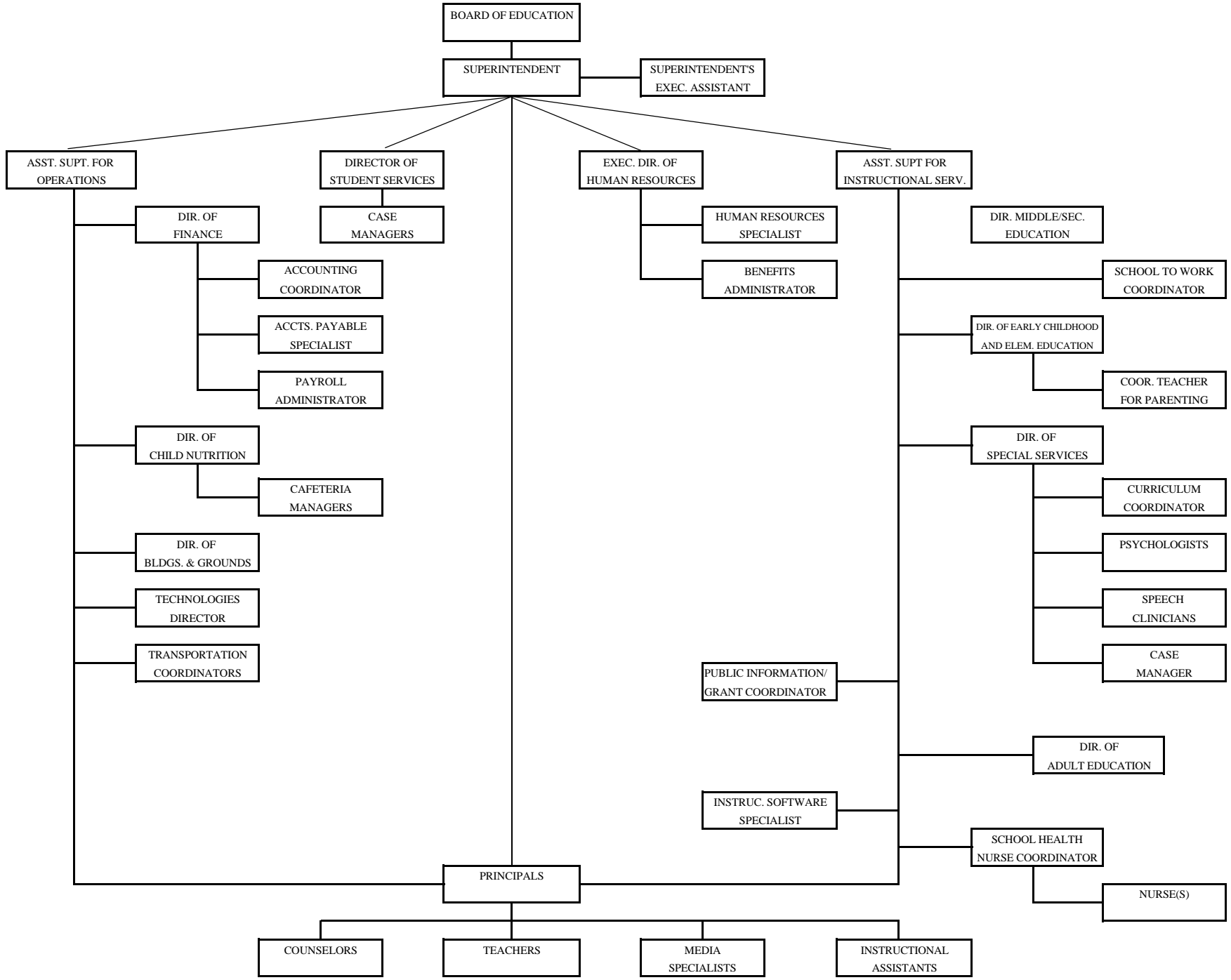
Board of Education

Mr. Lee B. Attaway, Chairperson
Mr. Clyde Hill, Vice-Chairperson
Ms. Jane W. Doolittle, Secretary
Mr. Benjamin B. Nichols, Member
Dr. John F. Roche, Member
Mr. Donald C. Saylor, Member
Mr. Gregg B. Taylor, Member

Administrative Cabinet

Dr. V. Keith Callicutt, Superintendent
Dr. Cynthia A. Downs, Assistant Superintendent for Instructional Services
Mr. J. Greg Mack, Assistant Superintendent for Operations
Mrs. Pamela H. Arrington, Director of Human Resource Services
Mr. James Caldwell, Jr., Director of Student Services

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA
ORGANIZATIONAL CHART



DECEMBER 1, 2003

BOARD OF TRUSTEES AND CITIZENS
THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

The comprehensive annual financial report of The School District of Newberry County, South Carolina (the "School District") for the fiscal year ended June 30, 2003, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District. All disclosures necessary for the reader's understanding of the School District's financial activities have been included.

The comprehensive annual financial report is presented in five sections: introductory, financial, supplemental, statistical, and single audit. The introductory section includes this transmittal letter, the School District's organizational chart, and a list of principal officials and the awards by the Government Finance Officers Association and from the Association of School Business Officials for the 2002 CAFR. The financial section includes the management's discussion and analysis (MD&A), the general purpose financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The single audit section contains the schedule of federal financial assistance and the auditors' reports on the internal control structure and compliance with applicable laws and regulations.

Generally Accepted Accounting Principals (GAAP) of the United States of America requires that the School District's management provide a narrative introduction, overview, and Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of our independent auditors.

GENERAL INFORMATION ABOUT THE SCHOOL DISTRICT

The School District of Newberry County carries on a tradition of education dating back nearly to the county's founding in 1798. Since the 1800's, education has been a priority of the citizens of Newberry County, through public and private schools, the most prominent being Newberry College, founded in 1856. The County's public school district was consolidated on February 27, 1952, from seven existing school districts. Newberry County has 13 public schools today.

The School District is coterminous with Newberry County, which is located in the western portion of the State of South Carolina and has a land area of 630 square miles. Approximately 54,000 acres located in the northeastern portion of the County are within the Sumter National Forest. It is one of the oldest counties in the State, having been created by the division of the old Ninety Six District in 1798. Newberry County is bounded on the north by Union County, on the east by Fairfield and Richland Counties, on the south by Lexington and Saluda Counties and on the west by Greenwood and Laurens counties.

A seven member Board of Trustees elected by the voters of the School District establishes programs and policies of The School District of Newberry County. Board members are elected to four-year terms. Regular Board meetings are held on the fourth Monday of each month and are open to the public. The day-to-day administration of the School District is the responsibility of the Superintendent, who is appointed by the Board of Trustees.

The School District of Newberry County Board of Education (Board) is the basic level of government, which has financial accountability, and control over all activities related to the public school education in the county of Newberry. The Board receives funding from local, state, and federal government sources and must comply with the mandated requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes up to four mills over the prior year's millage plus inflation, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the School District's reporting entity.

The School District of Newberry County provides a broad spectrum of elementary and secondary programs to meet the needs of its diverse student population. These programs complement each other to provide a total program that is both comprehensive and highly cost-effective. The current emphasis is on the alignment of the South Carolina Standards for English/language/arts, mathematics, science, and social studies with the School District's commensurate curricula. In the summer of 2000, a comprehensive curriculum guide for English/language/arts was developed. This was followed in the summer of 2001 with the development of comprehensive curricula guides in mathematics and science. Also, during that summer, guides were developed for physical education and elementary gifted and talented. The core content area curriculum guide for social studies was completed in the summer of 2002. During the summer of 2003, the English language arts curriculum was revisited and the changes implemented this fall.

A balanced, literacy approach to reading instruction is provided to elementary students which is boosting reading scores in grades 1-6. Academic advancement and enrichment are provided for academically gifted and talented students in grades 3-6 through "pullout classes" where thematic units of instruction are presented primarily through the social studies area from a newly developed curriculum specifically designed for these students. Accelerated Reader programs are provided in all elementary, middle and high schools to increase the reading achievement of our students. Algebra I, English I, keyboarding, and geometry courses are offered to accelerated 7th and 8th grade students. High schools offer a variety of high level and honors level courses in addition to Advanced Placement courses in Chemistry, Calculus, English, Biology, and U.S. History. All high schools offer SAT/ACT preparation classes for all students. Dual credit opportunities are available through Piedmont Technical College and Newberry College with some courses being provided via PEN labs in a distance learning environment.

In addition to the regular curriculum offerings in the fine and performing arts (including Newberry County's well known, award-winning band and chorus programs), additional opportunities for artistically talented students in band, chorus, vocal performance, drama, and visual arts are provided via School District grants to teachers/schools. Students are also provided opportunities to attend programs at the Newberry Opera House.

Child development classes provide preschool education experiences for four-year old children who need an intervention program to prepare them for school. The School District also has full day programs for four-year olds in four schools. In 2000/2001, the School District added three Montessori preschool classes for 3, 4, and 5 year olds in two of our schools. This program has now been expanded through grade two for the 2003 school year. In grades 1-12, academic assistance is provided to students who need more instruction or re-teaching of the language arts and mathematics skills. The School District has a "Welcome First Baby" program that offers parents home visits. They learn how to use play to teach their child. The Parenting/Family Literacy program has joint efforts with 11 other local agencies and provides a monthly newsletter with valuable tips and information for parents of young children. The newsletter is translated into Spanish for our Hispanic school community. Through community collaboration on the Governor's First Steps initiative, we have expanded services to the families of preschool children in an effort to ensure school readiness and successful school experiences throughout the county.

Special Education programs are provided for all students who need them, regardless of the disabling condition, with special transportation provided where needed. Resource, inclusion, and self-contained models are utilized across the School District. During the 2001-02 school year an employability diploma program was initiated. This program is designed to ensure that our students with disabilities will leave high school with the skills necessary for successful employment and citizenship. Middle and high schools also offer transition services, which provide an interface between school and work for students needing these services. Homebound instruction is provided for students who are unable to attend school because of injury, illness, or pregnancy.

An alternative program is in place for students in grades 6 through 12 who demonstrate behavioral problems, which significantly interfere with their achievement as well as the achievement of their peers. All schools within the School District can avail themselves of the programs in order to provide comprehensive instructional services for these students experiencing difficulties.

Students at all levels are exposed to technology, as a way to prepare for the future. Important skills being taught are keyboarding and computer literacy, as well as ways to access information in an automated library. More than 650 high school students are enrolled at the Newberry County Career Center. Students may receive credit in exploratory applied technology courses or may specialize in multiple course sequences in Business Education and Marketing Education, as well as courses in Computer-Aided Drafting, Computer Electronics, and Health Occupations. Dual credit courses are available through Newberry College and Piedmont Technical College for college preparatory and occupational students.

The School District has a School-to-Work Transition program. With help from industries who have agreed to support the program with shadowing, mentoring and internships, the School-to-Work program has been very successful.

An Adult Education Program is also provided in the School District. The 2002-2003 enrollment was 890 students. The program graduated 41 students, 27 with State High School diplomas and 14 with GED's. This program offers: 1) courses to obtain a State High School diploma; 2) GED preparation classes; 3) courses in adult basic education for improvement in reading, writing and math skills; 4) courses in basic computer skills 5) classes for non-English speaking persons to learn to read and write the English Language; 6) classes to prepare Hispanics to take the GED in Spanish; 7) classes for teaching assistants to prepare to take the required Praxis test; 8) and workplace programs. The program was audited during the school year by the State Department of Education and met all academic standards and State regulations. The program collaborates with other agencies in the county such as the Department of Social Services, Vocational Rehabilitation, Employment Security Commission and many others to serve undereducated adults throughout the county. The program offers day and night classes in Newberry and night classes in Prosperity and Whitmire.

The School District of Newberry County has three performance goals and nine learner standards that comprise the new School District Strategic and Accountability Plan and which guide teachers in their day-to-day interaction with students. Many of the previously mentioned programs are a direct result of the School District's goal of meeting the expectations of each performance goal and learner standard.

The School District has pursued accreditation through the Southern Association of Colleges and Schools for all schools. As of the spring of 2003 all schools and the Career Center have been accredited by this nationally recognized accreditation entity.

ECONOMIC CONDITION AND OUTLOOK

The City of Newberry is the largest incorporated municipality located within Newberry County. There are eight smaller municipalities for a total population of 36,108, according to the 2000 census data. This is an estimated increase of 8.9% since 1990. The population estimate for 2003 is 36,530. Agriculture is the oldest, largest, and most basic industry in Newberry County. The importance of agriculture to Newberry County is best illustrated by the fact that, according to the 2001 addition of South Carolina Agriculture Statistics, Newberry County continues to rank 1st in total milk production, increased from 2nd to 1st in total egg production, and remained 15th in total farm income in the state, with agriculture income totaling \$56,379,000 annually. As of 1998 approximately 94,597 acres in the County were dedicated to agriculture pursuits.

Industries as well as agriculture are important sources of employment for the residents of Newberry County. According to the South Carolina Department of Commerce, industrial and manufacturing plants employ approximately 39.0% of the County's nonagricultural labor force. As is the instance of many of the other counties in the Piedmont section of the State, Newberry County developed a heavily textile-oriented economy. However, with the construction of numerous manufacturing plants within the last twenty years, the economic base of Newberry County has expanded and has become diversified. Trucast, a British firm making flywheels for turbine engines, was the first occupant of the County-owned industrial park near Interstate-26. Industries that have since located in the industrial park include Kiswire, a Korean firm making steel wire for tires. In 2001, the most recent industry to locate in Newberry near the industrial park was Komatsu, an industry that produces backhoe loaders. The twenty million, 200,000 square feet facility, was fully operational in January of 2002. In April 2003, Komatsu added 18 employees when the company's Chicago-based sales and marketing group expanded to the Newberry facility. It was a move designed to consolidate sales, marketing and manufacturing operations and is expected to produce positive results. Newberry's newest industry is Pioneer Frozen Foods. They manufacture frozen foods and sell their products to distribution centers. They were fully operational by December 2002 and employed approximately 90 employees. An expansion in the summer of 2003 increased the workforce to over 150 employees. Existing industries are strong and continue to expand bringing new jobs to Newberry County.

Newberry County used a 1% sales tax increase passed in 1998 to upgrade its infrastructure for water and sewer services in an effort to attract more industry. As this effort continues, plans are to build a new wastewater treatment plant to serve sewer lines. These projects will place sewer services at key interchanges for industrial development. This 1% tax is for a seven-year period.

A \$20 million expansion by Newberry County's largest employee, Louis Rich, bringing its work force to about 1,200, solidified Kraft Food's commitment to its Newberry location. Jobs at Louis Rich have attracted a substantial Hispanic work force, introducing Newberry County to a bilingual population. To address the diversity of needs of the Hispanic population, the School District has employed several English-as-a-Second-Language teachers, and several schools are teaching their faculties Spanish.

Unemployment in the county at June 2003 was 7.5%, a decrease of .2% from 2002. There is some out-migration of labor, as the county adjoins Richland and Lexington counties. In-migration has been noted also, as residents seeking lower home costs and taxes have taken a look at Newberry County.

Commuting is accomplished along I-26, which runs the length of Newberry County. Major roads are U.S. Highways 76, 34, 219 and 121, with numerous state highways. Industries use rail services by all general carload freight lines. The Newberry Airport is two miles north of the city, and there are two airports with commercial service within 60 miles of Newberry.

An extensive renovation of the Newberry Opera House built in 1882 was completed in 1998. During the 1998-99 inaugural season, the Opera House hosted many different attractions including Broadway shows, dance companies, country music stars, operas and many cultural events. The Opera House continues to host community events, festivals, and shows. A new 78-room hotel located near the Opera House, The Hampton Inn, opened in March of 2002.

Newberry College provides a liberal arts education to about 750 students, in an environment sponsored by the Lutheran church. Some of its courses are provided to college-bound Newberry School District students. Newberry College has a fully accredited Education Department. Piedmont Technical College, based in Greenwood, offers degree courses and community-interest classes in a satellite center at the old National Guard Armory. Piedmont Tech has dual-credit programs with the Newberry County Career Center.

Newberry County is growing, showing an 11.3 percent increase in households between 1990 and 1999. The county also continues to have one of the highest per capita percentages of senior citizens among South Carolina counties. Services for senior citizens are provided through the Newberry County Council on Aging and the Dave C. Waldrop Senior Citizens Center. Two nursing homes serve Newberry. One of the facilities has an Alzheimer's unit and an assisted living center called Springfield Place, which recently expanded to add additional apartment units and homes.

The Newberry County Memorial Hospital, a 102-bed facility with 24-hour emergency room physician coverage, has completed the renovations that began in FY 2000. The \$13.425 million expansion project has a fully operational, larger, more efficient emergency room and a new radiology center with added diagnostic capabilities including a new MRI system. Other improvements include a new administrative office area, engineering upgrades and upgraded and additional medical equipment. A third floor renovation was completed in November 2003 and the New Beginnings birthing Center renovations began in July 2003, and should be completed in nine months.

Many of the counties' retirees are teachers, and they have a local association. Volunteers from the senior citizens and retirees' population assist with mentoring and Lunch Pals programs in many schools. Law enforcement officers regularly visit the schools for lunch, to provide a link between the community and the students. The officers work in conjunction with five School Safety Officers, employed by the Newberry County Sheriff's Office. Business personnel and student athletes from Newberry College also serve as Lunch Pals.

MAJOR INITIATIVES

In March of 2001, the School District Board of Trustees approved the next phase of its building program, addressing some of the needs remaining after its "pay as you go" plan, which ran from 1993 through 1999. The funding approach for this plan again utilizes the School District's constitutional debt limit in an innovative manner, structuring debt service payments such that millage might be leveled across the life of the program. The School District plans to add General Obligation bond proceeds to approximately \$7,600,000 in available state funds in order to complete the most urgently needed projects at the elementary level in all areas of the county, and to fund other capital improvements in the School District. The first bond issue of \$7,000,000 was made in the fall of 2001, and the second issue of \$5,000,000 was made in the fall of 2002, and a third issue of \$4,200,000 is forthcoming for the fall of 2003. A further issue of \$4,500,000 in 2004 will complete the funding of the first phase of building needs. The construction phase of the first group of projects has begun, and is expected to run through 2005. Subsequent bond issues in similar amounts are anticipated in order to fund subsequent phases. The School District is in the process of exploring alternative means of financing remaining building needs, including the possibility of a bond referendum and a sales tax.

The School District of Newberry County seeks to provide opportunities for successful lifelong learning through the implementation of a comprehensive plan to acquire and integrate technology, access and utilize information effectively, extend the learning environment for all and prepare productive citizens for our community and a global society. To be able to fully accomplish this goal, the School District has in place a plan of action that addresses essential issues. This plan is designed to be a guide that can lead The School District of Newberry County into the next millennium and beyond.

This comprehensive technology plan addresses several major objectives:

- Access to technology.
- The integration of technology throughout the School District.
- Training for all users of technology.
- Networking the technology throughout the School District.
- The management of all technology within the School District.
- The personnel needed to maintain, support, and integrate technology.

The infrastructure necessary to accomplish the above objectives is in place and was a major accomplishment during the 1998-99 school year. Through the infrastructure upgrade, networking and remote management of the technology is currently taking place. In addition, new hardware is consistently being purchased and placed in the schools so that the integration of, and access to the technology is available to all users. Training of users is taking place at a much-accelerated rate due to new technology competences now required by the State.

During the 2002-2003 school year continued progress was made in the technology arena. Through the use of E-rate funds, all School District and school file servers are being cyclically upgraded to top-of-the-line equipment. Media retrieval systems are being installed in four schools along with Voice-over-IP telephone systems. Two-way, interactive distance learning is available in all School District high schools and one-way distance learning is available at all School District schools. All classrooms are now equipped with at least one computer. Approximately 50% of the School District classrooms have two or more. In addition, 85% of the School District computer labs have been upgraded with newer equipment. The School District network is continually being upgraded to accommodate the additional speed/bandwidth we need and our network operating system has been upgraded to the latest offering from Novell.

There were many educational accomplishments during the 2002-2003 school year. Scholarships offered to School District seniors totaled approximately \$2.5 million. International Paper's Newberry divisions awarded \$10,000 to eight School District schools for the 2002-2003 school year through the International Paper Company Foundation. The awards are based on grants submitted for new and expanded programs.

The School District is very proud to have another Red Carpet School. Pomaria/Garmany Elementary School received this award for 2002-2003 to add to our list of honorees in this category. Whitmire Elementary received the award for 2001-2002. Awarded by The State Department of Education beginning in 2002, this award honors schools for their family-friendly and inviting atmosphere. Whitmire Elementary had the top scores for elementary schools in the State in 2002 and was hi-lighted on SCETV. The School District is also proud to have a State Blue Ribbon school, Mid-Carolina Middle School, which also was a finalist in Palmetto's Finest Schools award. Also, in the 1999-2000 school year, five of the School Districts schools received Schools of Promise recognition, a program endorsed by the South Carolina Association of School Administrators in which schools establish a school-community collaborative process. During 2002-2003 one School District school received a Palmetto Silver award and one received a Palmetto Gold award from the State Department of Education for outstanding improvement on the Palmetto Achievement Challenge Test. All schools in the School District are working towards these accomplishments.

FINANCIAL INFORMATION

Internal Control

The administration of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and, therefore, requires estimates and judgments by management.

As a recipient of federal, state, and local revenue, the School District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the administration of the School District.

As part of the School District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the School District has complied with applicable laws and regulations. The results of the single audit for the fiscal year ended June 30, 2003, provided no instances of material weaknesses in the internal control structure or violations of applicable laws and regulations.

Budgetary Controls

Activities of the General Fund are included in the appropriated budget. The Special Revenue Fund is comprised of individual budgets based on contractual agreements or grants. The Debt Service Fund, the Enterprise Fund, and the Capital Projects Fund are not formally budgeted. Budgetary controls are used to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Object and activity within each individual fund account through an encumbrance accounting system establish the level of budgetary control at which expenditures should not exceed the appropriated amount. Estimated purchase amounts establish the encumbrance prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun at the object level, are not released until additional appropriations are made available. The Assistant Superintendent for Operations is authorized to administer the budget and may approve the transfer of appropriated funds within and between the departments/programs as necessary to achieve the goals of the budget. All transfers made within the general fund are reported to the Board. Also, when necessary, the board may approve the hiring of additional personnel during the year in order to accommodate student counts in certain areas or may approve capital purchases as deemed necessary with the available general fund balance. When this happens, the budget is not amended to reflect the additional expenditures. For these reasons, there may be instances where budgeted figures will be less than actual expenditures.

As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility of sound financial management.

Cash Management

The School District participates in the South Carolina Local Government Investment Pool (SCLGIP) by the Office of the State Treasurer. The Newberry County Treasurer receives and receipts all cash for The School District of Newberry County and has the authority to invest these funds with SCLGIP for the School District. Funds are claimed from the Treasurer and deposited into the School District's accounts as necessary to meet payroll and accounts payable obligations. Instruments issued or guaranteed by the United States Government or State of South Carolina collateralize the cash accounts maintained by the School District and Newberry County Treasurer.

Debt Administration

Outstanding general obligation bonds at June 30, 2003, totaled \$7,150,000. This outstanding debt is for the bond series 2001 and 2002 and increases our outstanding debt from the prior year by \$150,000. Currently the School District's bond rating is AA+ with Standard and Poor's Corporation and Aa1 (A3 underlying) with Moody's Investors Service.

Risk Management

The School District has a program of risk management, which includes oversight by the Office of Finance. The School District carries insurance for general liability, employee health and accident, and workers' compensation insurance through the South Carolina School Boards Insurance Trust. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. The School District also purchases a school-time accident policy for all students, as well as, policies for all athletes, band members, volunteers, and field trips.

INDEPENDENT AUDIT

The State Department of Education requires an annual audit of the combined financial statements of the School District by independent certified public accountants. Greene, Finney, Horton, LLP conducted the audit for 2002-2003. Their opinion is included in this report.

CERTIFICATE OF ACHIEVEMENT/EXCELLENCE IN FINANCIAL REPORTING

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

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

A Certificate of Achievement/Excellence is valid for a period of one year only. A Certificate of Achievement for Excellence in Financial Reporting was awarded by GFOA and a Certificate of Excellence in Financial Reporting was awarded by ASBO to The School District of Newberry County for its sixth comprehensive annual financial report for fiscal year ended June 30, 2002. We believe our current report continues to conform to the Certificate of Achievement/Excellence program requirements, and we are submitting it to GFOA and ASBO.

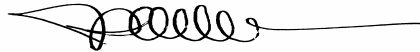
ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Office of Finance. We would like to express our appreciation to all members of the Office of Finance who assisted in the timely closing of the School District's financial records and the preparation of this report. We thank them along with the other School District departments for their assistance in the presentation and preparation of data for this report.

Respectfully submitted,



V. Keith Callicut, Ph.D.
Superintendent



J. Greg Mack
Assistant Superintendent
For Operations

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The School District of
Newberry County,
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

THE SCHOOL DISTRICT OF NEWBERRY COUNTY

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



Vision Authenticity Leadership Universal Experience

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Newberry County, South Carolina (the "School District"), as of and for the year ended June 30, 2003, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School District. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Newberry County School District, South Carolina, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the School District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, and GASB Statement No. 38, *Certain Financial Statements Note Disclosures* as of June 30, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2003, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on page 14 through page 23 and budgetary comparison for the General Fund on page 55, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Newberry County's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the School District. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
October 28, 2003

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

This discussion and analysis of Newberry County School District's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and the basic financial statements to enhance their understanding of the School District's financial performance. Because this is the first year that information has been reported on a government-wide financial statement format, no comparative analysis has been provided. It will be provided in future years.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2003 are as follows:

- The most significant financial event of FY03 was once again the severe State Budget cuts. Although the School District planned for a significant mid-year budget cut, the three actual cuts far exceeded projections. As a result of the nearly one and one half million dollar mid-year budget cuts, some vacant positions were not filled and sharp reductions were required for supplies, substitutes, library books, equipment, technology, travel, maintenance, etc. Despite best efforts to complete the fiscal year with a balanced budget, the School District experienced a decrease in General Fund fund balance of \$271,902.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$17,907,873, an increase of \$720,131 in comparison with the prior year, which is attributable primarily to unspent bond proceeds remaining in the capital projects fund. Of the \$17,907,873 governmental funds combined fund balance, \$4,641,857, approximately 26%, 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 \$4,641,857, which is approximately 14% of total general fund expenditures.
- During the 2003 fiscal year, the School District governmental fund type revenues were \$48,847,174 compared to \$46,652,893 in the prior year. This increase was primarily due to increases in state and federal special revenue funds, and additional local revenue in the debt service fund. The additional local revenue recorded in the general fund directly offset state funding shortfalls in this area.
- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$51,060,577 according to the government wide statements. Of this amount, \$5,097,648 may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's government wide total net assets increased by \$4,211,785. Most of this increase is due to the additions related to completion of construction projects.
- The School District's total governmental and business type activities capital assets (excluding depreciation) increased by approximately \$5.8 million (approximately 11.5%) during the current fiscal year. The key factor in this increase was the completion of construction projects authorized as Phase One of the construction program funded with the District's constitutional debt limit.
- The School District's total debt increased by approximately \$150,000 (approximately 2.1%) during the current fiscal year related to annual principal payments of \$4,850,000 million on outstanding obligations offsetting proceeds of \$5,000,000 from General Obligation Bonds issued in 2002.
- The School District had \$46,297,469 in total expenses with \$43,895,271 related to governmental activities and \$2,402,198 related to business-type activities. Of the governmental activities expenses, \$26,695,272 was offset by program specific charges for services, grants or contributions with general revenues (primarily taxes) of \$21,481,656 provided remaining funding for these programs.

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The governmental-wide financial statements can be found on pages 24-25 of this report.

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

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide 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 School District maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Projects Fund, EIA Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 26 – 31 of this report.

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary Fund. The School District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide 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 School District. The basic proprietary fund financial statements can be found on pages 32 – 34 of this report.

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 statements because the resources of those funds are not available to support the School District's own programs. The School District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund. The basic fiduciary fund financial statement can be found on page 35 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 36 – 53 of this report.

Other information. The combining statements referred to earlier in connection with major and nonmajor governmental funds and individual fund statements and schedules can be found beginning on page 56 of this report.

The School District has a legally adopted budget for its General Fund. A budgetary comparison schedule for this fund has been provided in the required supplementary information to demonstrate compliance with their budgets. This statement is on page 55 of this report.

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 Major Features of the Newberry County School District's Government-wide and Fund Financial Statements				
Government-wide Statements		Fund Financial Statements		
	Governmental Funds	Proprietary Funds	Fiduciary Funds	
Scope	Entire School District government (except fiduciary funds) and the School District's component units	The activities of the School District that are not proprietary or fiduciary	Activities the School District operates similar to private businesses, in the School District's case, the food service operations.	Instances in which the School District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of revenues, expenses, and changes in net assets ▪ Statement of cash flows 	<ul style="list-style-type: none"> ▪ Statement of fiduciary net assets ▪ Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School District's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$51,060,577 at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net assets as of June 30, 2003

	Net Assets as of June 30, 2003		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Current and Other Assets	\$ 22,332,611	823,520	\$ 23,156,131
Capital Assets	39,307,968	632,252	39,940,220
Total Assets	61,640,579	1,455,772	63,096,351
Liabilities			
Long-Term Liabilities	7,334,828	-	7,334,828
Other Liabilities	4,687,837	13,109	4,700,946
Total Liabilities	12,022,665	13,109	12,035,774
Net Assets			
Invested in Capital Assets, Net of Related Debt	32,157,968	632,252	32,790,220
Restricted	13,172,709	-	13,172,709
Unrestricted	4,287,237	810,411	5,097,648
Total Net Assets	\$ 49,617,914	1,442,663	\$ 51,060,577

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Table 2 shows the changes in net assets for fiscal year 2003.

	Changes in Net Assets For the Fiscal Year 2003		
	Governmental Activities	Business-Type Activities	Totals
Revenues			
Program Revenues:			
Charges for Services	\$ 1,483	817,151	\$ 818,634
Operating Grants	26,693,789	1,628,218	28,322,007
General Revenue:			
Property Taxes	20,402,519	-	20,402,519
Other	932,266	33,828	966,094
Total Revenues	48,030,057	2,479,197	50,509,254
Expenses:			
Instruction	26,596,128	-	26,596,128
Support Services	17,091,754	-	17,091,754
Community Services	2,045	-	2,045
Intergovernmental	73,472	-	73,472
Interest and Fiscal Charges	131,872	-	131,872
Food Service	-	2,402,198	2,402,198
Total Expenses	43,895,271	2,402,198	46,297,469
Excess/(Deficiency) Before Transfer	4,134,786	76,999	4,211,785
Transfers In (Out)	146,871	(146,871)	-
Change in Net Assets	4,281,657	(69,872)	4,211,785
Beginning Net Assets	45,336,257	1,512,535	46,848,792
Ending Net Assets	\$ 49,617,914	1,442,663	\$ 51,060,577

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The analysis of governmental funds serve the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2003, the School District's governmental funds reported a *combined* fund balance of \$17,907,873, as compared to \$17,187,742 for the prior year. The significant difference is attributable primarily to unspent bond proceeds remaining in the capital projects. 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, 2003, the School District's unreserved, undesignated fund balance for all governmental funds was \$4,641,857 which solely represents the General Fund. The remainder, \$4,914, is reserved for Prepaid Items, with \$7,296,089 residing in capital projects; \$5,918,299 in debt service which is representative of the School District's building plan and \$46,714 reserved for special projects.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$4,641,857, while total fund balance reached \$4,646,771.

The School District's General Fund balance decreased by approximately 5.5% during the current fiscal year. The primary reasons for this decrease are mid-year state budget cuts which exceeded those which were anticipated during the budget process.

The School District's Major Funds related to governmental activities include General Fund, as described above, Special Revenue-Special Projects, Special Revenue-EIA, Debt Service, and Capital Projects.

The School 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 significant fund balances as the majority of related revenues should be expended, deferred, or returned to the grantor.

The Debt Service fund is shown in the accompanying financial statements of the School District. The fund is used to account for the accumulation of funds for debt retirement. The School District's debt service fund balance has remained stable and increased by only \$54,501 from fiscal year ended 2002 primarily due to increased revenues. The fiscal year ended 2003 fund balance is \$5,918,299, all of which is reserved for the payment of debt service. The School District's debt millage rate is 53 mills.

The Capital Projects fund is utilized as well to account for School District capital project expenditures. The School District's Capital Projects Fund increased by \$942,242 from fiscal year ended 2002 to \$7,296,089 for the fiscal year ended 2003. This increase is due to bond proceeds that were unspent at June 30, 2003.

Proprietary Funds

The School District's only Proprietary Fund is the Food Service Fund. This program had a decreased in net earnings of \$69,872 for the fiscal year ended June 30, 2003. This decrease was primarily due to a reduction in federal reimbursement caused by a drop in enrollment.

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

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

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, representing over \$34.3 million in budgeted expenditures. The General Fund budget for fiscal year 2003 began in anticipation of little more than a 1.6% increase over the fiscal 2002 budget, incorporating a very conservative approach to state funding increases. Key highlights are as follows:

- Two major state funding cuts during the fiscal year contributed significantly to a \$1 million shortfall in revenue.
- In an effort to minimize the impact of these severe mid-year budget cuts on the district's financial position, approximately \$900 thousand was cut from expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the School District had over \$39.9 million invested in capital assets, net of depreciation.

The total increase in the School District's investment in capital assets was approximately \$4.4 million or 12.5% percent. Major capital asset events during the current fiscal year included:

- ✓ Completion of additions at Little Mountain Elementary School.
- ✓ Completion of additions at Whitmire Elementary School.
- ✓ Commencement of the restoration of Newberry Elementary School.
- ✓ Commencement of the construction of the new Gallman Elementary School.

The School District also has total outstanding construction commitments at June 30, 2003 of approximately \$11.4 million.

Table 3 shows fiscal 2003 balances:

Capital Assets	Capital Assets at June 30		
	Government Activities	Business-Type Activities	Totals
Land	\$ 727,849	-	\$ 727,849
Building, Improvements and Equipment	48,556,805	1,524,854	50,081,659
Construction in Progress	5,184,073	-	5,184,073
Less: Accumulated Depreciation	(15,160,759)	(892,602)	(16,053,361)
Totals	<u>\$ 39,307,968</u>	<u>632,252</u>	<u>\$ 39,940,220</u>

Long-Term Debt

At fiscal year-end, the School District had \$7,150,000 in bonds outstanding versus \$7,000,000 in the prior year, an increase of approximately 2% as shown in Table 4. All of the School District's debt is backed by the full faith and credit of the School District as is typical with General Obligation Bonded Indebtedness.

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

The District issued an additional \$5,000,000 in General Obligation Bonds during the 2002-2003 fiscal year and made approximately \$4,850,000 in annual debt payments.

<u>Long-Term Debt</u>	<u>June 30, 2003</u>
2001 General Obligation Bonds	\$ 2,150,000
2002 General Obligation Bonds	5,000,000
	<u>\$ 7,150,000</u>

The State limits the amount of general obligation debt that school districts can issue to 8 percent of the assessed value of all taxable property within the school district's corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the School District approve such additional debt through a School District-wide referendum. The School District's legal debt limit at June 30, 2003 was \$7,177,322.

As noted earlier, other obligations include accrued vacation pay and sick leave. More detailed information about the School District's debt and other long-term liabilities is presented in Note III to the basic financial statements.

ECONOMIC FACTORS

Newberry County School District is the second largest employer in the county with 1,000 employees. The government sector of which the School District is a part is the third largest sector within the county representing 17% of the total workforce. The largest sector continues to be manufacturing at 28% of the workforce. Louis Rich is the largest employer in the manufacturing sector with 1387 employees.

The Newberry County School District tax base has grown slightly over the last four years since reassessment in FY 2000. Growth has been slowed somewhat over the past three years due to vehicle assessment ratio reductions. Total property tax collections remain strong averaging around 96%.

Newberry County ranked 28 among the State's 46 counties in terms of the number of people employed since June 2001. The unemployment rate in the county for September 2003 was 7.6% and increased to 7.9% in October 2003. Statewide the figures went from 6.4% in September to 7.1% in October while the national numbers were unchanged at 6%.

Sources: US Department of Labor Website
S.C. Employment Security Commission Website
Newberry County Economic Development Website
South Carolina Association of Counties Website

NEWBERRY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2003

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at The Newberry County School District, 1539 Martin Street, Newberry, South Carolina, 29108

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2003

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 281,231	901,638	\$ 1,182,869
Property Taxes Receivable, Net	705,261	-	705,261
Other Receivables	3,871	-	3,871
Due from Other Governments	21,045,415	126,654	21,172,069
Internal Balances	291,919	(291,919)	-
Inventory and Prepaid Items	4,914	87,147	92,061
Capital Assets, Net	39,307,968	632,252	39,940,220
TOTAL ASSETS	61,640,579	1,455,772	63,096,351
LIABILITIES			
Accounts Payable and Accrued Expenses	3,893,884	-	3,893,884
Accrued Interest	60,000	-	60,000
Deferred Revenues	733,953	13,109	747,062
Non-Current Liabilities:			
Due Within One Year	4,426,027	-	4,426,027
Due in More Than One Year	2,908,801	-	2,908,801
TOTAL LIABILITIES	12,022,665	13,109	12,035,774
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	32,157,968	632,252	32,790,220
Restricted for:			
Debt Service	5,829,886	-	5,829,886
Capital Projects	7,296,109	-	7,296,109
Special Projects	46,714	-	46,714
Unrestricted	4,287,237	810,411	5,097,648
TOTAL NET ASSETS	\$ 49,617,914	1,442,663	\$ 51,060,577

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2003

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET REVENUE (EXPENSE) AND CHANGE IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
PRIMARY GOVERNMENT:							
Governmental Activities:							
Instruction	\$ 26,596,128	1,483	19,062,103	-	(7,532,542)		\$ (7,532,542)
Supporting Services	17,091,754	-	7,631,686	-	(9,460,068)		(9,460,068)
Community Services	2,045	-	-	-	(2,045)		(2,045)
Intergovernmental	73,472	-	-	-	(73,472)		(73,472)
Interest and Other Charges	131,872	-	-	-	(131,872)		(131,872)
Total Governmental Activities	<u>43,895,271</u>	<u>1,483</u>	<u>26,693,789</u>	<u>-</u>	<u>(17,199,999)</u>		<u>(17,199,999)</u>
Business-Type Activities:							
Food Services	2,402,198	817,151	1,628,218	-	-	43,171	43,171
Total Business-Type Activities	<u>2,402,198</u>	<u>817,151</u>	<u>1,628,218</u>	<u>-</u>	<u>-</u>	<u>43,171</u>	<u>43,171</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 46,297,469</u>	<u>818,634</u>	<u>28,322,007</u>	<u>-</u>	<u>(17,199,999)</u>	<u>43,171</u>	<u>(17,156,828)</u>
GENERAL REVENUES:							
Property Taxes Levied for General Purposes					15,599,422	-	15,599,422
Property Taxes Levied for Debt Service					4,803,097	-	4,803,097
Unrestricted State Grants					94,701	-	94,701
Miscellaneous					181,482	32,340	213,822
Unrestricted Investment Earnings					260,760	-	260,760
Gain on Disposal of Capital Assets					-	1,488	1,488
Intergovernmental Revenues					395,323		395,323
Transfers					146,871	(146,871)	-
Total General Revenues					<u>21,481,656</u>	<u>(113,043)</u>	<u>21,368,613</u>
CHANGE IN NET ASSETS					4,281,657	(69,872)	4,211,785
NET ASSETS - Beginning of Year					<u>45,336,257</u>	<u>1,512,535</u>	<u>46,848,792</u>
NET ASSETS - Ending of Year					<u>49,617,914</u>	<u>1,442,663</u>	<u>\$ 51,060,577</u>

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

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2003

	GENERAL	SPECIAL REVENUE - SPECIAL PROJECTS
ASSETS		
Cash and Cash Equivalents	\$ 281,231	-
Prepaid Items	4,914	-
Property Taxes Receivable	958,879	-
Accounts Receivable	3,871	-
Due from:		
County Treasurer	4,233,674	57,964
Federal Agencies	-	1,060,887
State Department of Education	36,509	158,216
Other State Agencies	-	182,054
Other Private Sources	-	21,248
Other Funds	2,994,687	-
TOTAL ASSETS	8,513,765	1,480,369
LIABILITIES		
Accounts Payable	1,611,246	-
Other Accrued Liabilities	1,984,140	-
Deferred Revenue	271,608	636,639
Due to Other Funds	-	797,016
TOTAL LIABILITIES	3,866,994	1,433,655
FUND BALANCES		
Fund Balance:		
Reserved for:		
Prepaid Items	4,914	-
Debt Service	-	-
Capital Projects	-	-
Special Revenue	-	46,714
Unreserved:		
Undesignated	4,641,857	-
TOTAL FUND BALANCES	4,646,771	46,714
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,513,765	1,480,369

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

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	-	\$ 281,231
-	-	-	4,914
-	302,972	-	1,261,851
-	-	-	3,871
-	5,694,787	7,840,726	17,827,151
-	-	-	1,060,887
385,539	-	1,373,810	1,954,074
-	-	-	182,054
-	-	-	21,248
-	2,405	-	2,997,092
385,539	6,000,164	9,214,536	25,594,373
-	-	298,516	1,909,762
-	-	-	1,984,140
82,095	81,865	15,218	1,087,425
303,444	-	1,604,713	2,705,173
385,539	81,865	1,918,447	7,686,500
-	-	-	4,914
-	5,918,299	-	5,918,299
-	-	7,296,089	7,296,089
-	-	-	46,714
-	-	-	4,641,857
-	5,918,299	7,296,089	17,907,873
385,539	6,000,164	9,214,536	\$ 25,594,373

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2003

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 17,907,873**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$54,468,727, and the accumulated depreciation is \$15,160,759. 39,307,968

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. (203,099)

Accrued interest on the bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the funds. (60,000)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds Payable	7,150,000	
Compensated Absences	184,828	(7,334,828)
	<u>7,150,000</u>	<u>(7,334,828)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 49,617,914**

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

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2003

	<u>GENERAL</u>	<u>SPECIAL REVENUE - SPECIAL PROJECTS</u>
REVENUES		
Local Sources	\$ 12,697,214	249,079
State Sources	18,326,873	1,887,068
Federal Sources	-	3,173,876
Intergovernmental Sources	-	394,855
TOTAL REVENUES ALL SOURCES	<u>31,024,087</u>	<u>5,704,878</u>
EXPENDITURES		
Current:		
Instruction	20,077,766	3,907,051
Supporting Services	13,038,212	1,644,428
Community Services	2,045	-
Intergovernmental	24,472	-
Capital Outlay	302,083	192,186
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	<u>33,444,578</u>	<u>5,743,665</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,420,491)</u>	<u>(38,787)</u>
OTHER FINANCING SOURCES (USES)		
Premium on Sale of Bonds	-	-
Proceeds of General Obligation Bonds	-	-
Transfers In	2,288,661	91,072
Transfers Out	(140,072)	(56,995)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,148,589</u>	<u>34,077</u>
NET CHANGES IN FUND BALANCES	<u>(271,902)</u>	<u>(4,710)</u>
FUND BALANCE, Beginning of Year	<u>4,918,673</u>	<u>51,424</u>
FUND BALANCE, End of Year	<u>\$ 4,646,771</u>	<u>46,714</u>

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

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	4,631,269	723,981	\$ 18,301,543
4,827,875	411,084	1,524,000	26,976,900
-	-	-	3,173,876
-	-	-	394,855
4,827,875	5,042,353	2,247,981	48,847,174
1,971,585	-	-	25,956,402
654,932	-	98,022	15,435,594
-	-	-	2,045
-	-	-	24,472
116,563	-	6,214,127	6,824,959
-	4,850,000	-	4,850,000
-	137,852	-	137,852
2,743,080	4,987,852	6,312,149	53,231,324
2,084,795	54,501	(4,064,168)	(4,384,150)
-	-	6,410	6,410
-	-	5,000,000	5,000,000
-	-	-	2,379,733
(2,084,795)	-	-	(2,281,862)
(2,084,795)	-	5,006,410	5,104,281
-	54,501	942,242	720,131
-	5,863,798	6,353,847	17,187,742
-	5,918,299	7,296,089	\$ 17,907,873

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2003

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 720,131**

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. There are also revenues in the funds not considered revenues in the Statement of Activities. This represents the net change. (823,527)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 4,850,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the change in accrued interest. 5,979

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. (5,000,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (2,678)

Governmental funds report capital outlays as expenditures (\$5,792,514). However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation (\$1,260,762). This is the amount by which capital outlay exceeded depreciation in the current period. 4,531,752

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 4,281,657**

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2003

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 901,638
Due From:	
Other Funds	7,507,554
County Treasurer	966
Federal Government	125,688
Inventories	87,147
Total Current Assets	<u>8,622,993</u>
Non-Current Assets:	
Capital Assets	1,524,854
Less: Accumulated Depreciation	(892,602)
Total Non-Current Assets	<u>632,252</u>
TOTAL ASSETS	<u>9,255,245</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	7,799,473
Deferred Revenues	13,109
Total Current Liabilities	<u>7,812,582</u>
TOTAL LIABILITIES	<u>7,812,582</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	632,252
Unrestricted	810,411
TOTAL NET ASSETS	<u>\$ 1,442,663</u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2003

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 817,151
OPERATING EXPENSES	
Salaries	915,912
Employee Benefits	100,917
Purchased Services	77,484
Food Costs and Supplies	1,119,341
Equipment-Expendable	42,687
Depreciation	113,276
Other	32,581
Total Operating Expenses	<u>2,402,198</u>
OPERATING LOSS	<u>(1,585,047)</u>
NON-OPERATING REVENUES:	
Commodities Received from USDA	119,799
USDA Reimbursements	1,492,106
Other Federal and State Aid	16,313
Interest	1,488
Other	32,340
Total Non-Operating Revenues	<u>1,662,046</u>
INCOME BEFORE TRANSFERS	<u>76,999</u>
TRANSFERS IN (OUT)	
Operating Transfer Out	<u>(146,871)</u>
TOTAL TRANSFERS IN (OUT)	<u>(146,871)</u>
CHANGE IN NET ASSETS	(69,872)
NET ASSETS, Beginning of Year	<u>1,512,535</u>
NET ASSETS, End of Year	<u>\$ 1,442,663</u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2003

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 801,352
Payments to Employees for Services	(1,016,829)
Payments to Suppliers for Goods and Services	(1,177,153)
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,392,630)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	1,492,106
Revenues from State and Federal Sources	16,313
Other Non-Operating Revenue	32,340
Operating Transfers to Other Funds	(155,088)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,385,671</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(11,691)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(11,691)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	1,488
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,488</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,162)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>918,800</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 901,638</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (1,585,047)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	113,276
Non-Cash USDA Commodities Used	119,799
Change In:	
Due from Federal Government	7,128
Inventories	(24,859)
Accounts Payable	(22,927)
Net Cash Used by Operating Activities	<u>\$ (1,392,630)</u>
Non-Cash Transactions:	
Commodities Used - USDA	<u>\$ 119,799</u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2003

	AGENCY FUND
ASSETS	
Cash and Cash Equivalents	\$ 390,061
Investments	37,600
TOTAL ASSETS	<u>427,661</u>
 LIABILITIES	
Due To Student Organizations	427,661
TOTAL LIABILITIES	<u>\$ 427,661</u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The School District of Newberry County, South Carolina (the School District), established in 1952, is the government which, has responsibility for and control over, all activities related to public school education in substantially all of Newberry County. The School District receives funding from local, state, and federal government sources, and must comply with the related requirements of these funding source entities. The School District is governed by a seven member Board of Trustees (the Board).

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

All activities, including component units, for which the Board exercises oversight responsibility, have been incorporated into the basic financial statements to form the reporting entity. The School District's basic financial statements include the accounts of all School District operations, including, but not limited to, general operations and support services, food service operations, capital projects, debt service activities, and agency transactions. The School District does not have any component units.

The primary criterion for determining inclusion or exclusion of a legally separate entity is financial accountability, which is presumed to exist if the School District both appoints a voting majority of the entity's governing body, and either 1) the School District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the School District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the School District. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

- i) Determine its budget without the School District having the authority to approve or modify that budget;
- ii) Levy taxes or set rates or charges without approval by the School District; and
- iii) Issue bonded debt without approval by the School District.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the School District's financial statements to be misleading or incomplete. There were no component units required to be included in the School District's financial statements.

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 non-fiduciary activities of the School District (the primary government) and its component units. 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 SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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 a reconciliation 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 has been received by the government.

Fund Financial Statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

When both restricted and unrestricted resources are available for use, it is the School District's practice to use restricted resources first, then unrestricted resources as they are needed.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following major funds and fund types are used by the School District.

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

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

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

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

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

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

Proprietary fund types are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The School District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the requirements of the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The School District's proprietary fund has elected not to apply the standards issued by those organizations after November 30, 1989. This fund, however, has applied all applicable pronouncements issued by the Governmental Accounting Standards Board ("GASB").

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the Enterprise Fund include the cost of sales, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Proprietary fund types include the following:

The *Enterprise Fund* is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. The Food Service Fund is the School District's only enterprise fund and is used to account for the United States Department of Agriculture's (USDA) approved school breakfast and lunch programs. This is an unbudgeted fund.

Fiduciary Fund Types are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Agency Funds. Fiduciary fund types include the following:

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

D. Implementation of Governmental Accounting Standards Board Pronouncements

In fiscal year 2003, the School District adopted new pronouncements issued by the Governmental Accounting Standards Board.

GASB Statement Nos. 34 and 37

In June 1999 and in June 2001, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, respectively. These statements provide for the most significant change in financial reporting in over twenty years and are scheduled for a phased implementation (based on size of government) starting with fiscal years ending 2002.

GASB Statement No. 34 provides new information and restructures information provided in the past. The Statement of Net Assets replaces the balance sheet of the Enterprise Fund and reports assets, liabilities, and the difference between them as net assets, not equity. The Statement of Revenues, Expenses, and Changes in Fund Net Assets replaces the statement of revenues, expenses and changes in retained earnings. GASB Statement No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories. Governmental funds still present information as in the past, however, they will also present data on the accrual basis in the government-wide Statement of Net Assets. Also, it requires the reporting of management's discussion and analysis as required supplementary information.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Implementation of Governmental Accounting Standards Board Pronouncements (Continued)

In order to implement GASB 34 the following adjustments were made in order to properly state beginning net assets using the full accrual method of accounting.

	<u>Governmental Activities</u>
Net Assets	
Fund Balance at June 30, 2002 as Previously Reported for Governmental Fund Types:	
General	\$ 4,918,673
Special Revenue	51,424
Debt Service	5,863,798
Capital Projects	6,353,847
	<u>17,187,742</u>
 GASB Statement No. 34 adjustments:	
Net Capital Assets	34,776,216
Other	372,299
Long-Term Liabilities	(7,000,000)
Net Assets, Governmental Activities, July 1, 2002	<u>\$ 45,336,257</u>

GASB Statement No. 37 amends GASB Statement No. 34 to either a) clarify certain provisions or b) modify other provisions that GASB believes may have unintended consequences in some circumstances. It establishes guidance in the following areas: reporting of escheat property, topics for discussion in management’s discussion and analysis, program revenue classifications, the minimum level of detail required for business-type activities in the Statement of Activities, etc.

GASB Statement No. 38

In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, adds and deletes various note disclosure requirements. Those requirements address revenue recognition policies, actions taken in response to legal violations, debt service requirements, variable-rate debt, receivable and payable balances, interfund transfers and balances, and short-term debt. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 38.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with original maturities of three months or less.

Investments

The School District's investment policy is designed to operate within existing statutes (which are identical for all funds and fund types within the State of South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and agencies thereof;
- (b) General obligations of the State of South Carolina or any of its political units;
- (c) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
- (d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the School District or a third party as escrow agent or custodian; and
- (f) South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

At June 30, 2003, the School District had no investments.

2. Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Continued)

3. Inventories and Other Assets

Inventories

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at average cost, determined using the first-in, first-out method, and are subsequently charged to expenditures/expenses when consumed rather than when purchased. The Enterprise Fund inventory includes an amount for commodities received from the USDA, recorded at fair market value at the time of receipt, that have not been consumed as of June 30, 2003, as well as, remaining purchased food and related supplies.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

4. 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 School District maintains a capitalization threshold of \$5,000 for furniture and equipment, vehicles, land improvements and buildings and improvements. The School District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized for governmental activities as allowed by GAAP.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Buildings and Improvements	25-40 years	N/A
Furniture and Equipment	5-20 years	5-20 years
Vehicles	10 years	10 years

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Continued)

5. *Compensated Absences*

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. School District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days. Unused sick leave is not reimbursed and therefore not reported in the financial statements. The entire compensated absence liability and expense is reported on the government-wide financial statements.

6. *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. However, claims and judgments, the non-current portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

7. *Fund Equity*

In the fund financial statements, the School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is 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 that are subject to change.

8. *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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Continued)

9. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the School District's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices - Budgets are presented in the basic financial statements section for the General Fund.

The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

The budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in a supplementary action. The legal level of control is at the fund level. During the year, the Board did not significantly revise the budget.

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

- (1) In the fall of the preceding year, the School District begins its budget process for the next succeeding fiscal year.
- (2) The School District's administrative budget committee reviews all requests and allocation requirements and related revenue. The Superintendent then meets with each principal to discuss budget needs at their individual locations.
- (3) The Assistant Superintendent of Operations 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.

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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits held by the School District are categorized into three categories of credit risk:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity’s name.

Category 2: Collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name.

Category 3: Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity’s name.

At June 30, 2003, the School District’s deposit balances were as follows:

Description	Category			Bank Balance	Carrying Amount
	(1)	(2)	(3)		
Primary Government	\$ 1,465,124	-	-	\$ 1,465,124	\$ 1,182,869
Totals	<u>\$ 1,465,124</u>	<u>-</u>	<u>-</u>	<u>1,465,124</u>	<u>\$ 1,182,869</u>

B. Property Taxes and Other Receivables

Newberry County, South Carolina (the “County”) is responsible for levying and collecting sufficient property taxes to meet funding obligations for the School District. This obligation is established each year by the School Board and does not necessarily represent actual taxes levied or collected. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value of approximately \$89,716,530 at rates of 173.1 mills and 53 mills for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 31. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection costs

Current year real and personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of August 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Taxes receivable include an allowance for uncollectibles of \$523,241 at June 30, 2003. Allowances for uncollectibles were not necessary for the other receivable accounts.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

B. Property Taxes and Other Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2003, the various components of deferred revenue related to property taxes reported in the governmental funds, were as follows:

Delinquent Property Taxes Receivable - General Fund	\$	271,608
Delinquent Property Taxes Receivable - Debt Service Fund		81,865
Total Deferred Revenue for Governmental Funds	<u>\$</u>	<u>353,473</u>

C. Interfund Receivables and Payables

Interfund balances at June 30, 2003, consisted of the following individual fund receivables and payables for the primary government:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,994,687	\$ -
Special Revenue Funds:		
Special Projects Fund	-	797,016
Education Improvement Act	-	303,444
Debt Service Fund	2,405	-
Capital Projects Fund	-	1,604,713
Enterprise Fund	-	291,919
	<u>\$ 2,997,092</u>	<u>\$ 2,997,092</u>

The General Fund receivable and Special Revenue and Capital Projects Fund payables are a result of the general fund financing programs in other funds, until claims are filed and reimbursements collected. The Enterprise Fund payable is a result of the General Fund preparing and paying payroll for the employees of the Enterprise Fund and collecting the amount due for payroll expense. Debt Service represents a receivable from the General Fund for delinquent taxes receivable.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

D. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2003, was as follows:

Capital Assets, Not Being Depreciated:				
Land	\$ 727,849	-	-	\$ 727,849
Construction in Progress	2,154,919	3,488,811	459,657	5,184,073
Total Capital Assets, Not Being Depreciated	<u>2,882,768</u>	<u>3,488,811</u>	<u>459,657</u>	<u>5,911,922</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	40,556,155	2,164,257	-	42,720,412
Improvements Other Than Buildings	3,161,802	53,251	-	3,215,053
Autos and Trucks	839,113	-	30,661	808,452
Machinery and Equipment	1,148,700	545,852	-	1,694,552
Furniture and Equipment	118,336	-	-	118,336
Total Capital Assets Being Depreciated	<u>45,824,106</u>	<u>2,763,360</u>	<u>30,661</u>	<u>48,556,805</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	11,659,415	899,144	-	12,558,559
Improvements Other Than Buildings	1,353,675	122,641	-	1,476,316
Autos and Trucks	449,447	54,067	30,661	472,853
Machinery and Equipment	411,222	176,191	-	587,413
Furniture and Equipment	56,899	8,719	-	65,618
Total Accumulated Depreciation	<u>13,930,658</u>	<u>1,260,762</u>	<u>30,661</u>	<u>15,160,759</u>
Total Capital Assets, Being Depreciated, Net	<u>31,893,448</u>	<u>1,502,598</u>	<u>-</u>	<u>33,396,046</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,776,216</u>	<u>4,991,409</u>	<u>459,657</u>	<u>\$ 39,307,968</u>
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Furniture and Equipment	<u>\$ 1,513,163</u>	<u>11,691</u>	<u>-</u>	<u>\$ 1,524,854</u>
Less: Accumulated Depreciation	<u>779,326</u>	<u>113,276</u>	<u>-</u>	<u>892,602</u>
Business-Type Activities Capital Assets, Net	<u>\$ 733,837</u>	<u>(101,585)</u>	<u>-</u>	<u>\$ 632,252</u>

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	\$ 881,880
Supporting Services	378,882
Total Depreciation Expense - Governmental Activities	<u>\$ 1,260,762</u>

Business-Type Activities:

Enterprise Fund	<u>\$ 113,276</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 113,276</u>

Construction Commitments

The School District has several ongoing construction projects as of June 30, 2003. The projects include renovation of existing schools as well as construction of new facilities.

The School District estimates that the aggregate amount required to complete projects that are outstanding at June 30, 2003, is approximately \$11.4 million, which is to be funded using current and future bond proceeds.

E. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2003:

<u>General Long-Term Obligations</u>	<u>Balance June 30, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>	<u>Due Within One Year</u>
Series 2001 General Obligation Bonds	\$ 7,000,000	-	(4,850,000)	\$ 2,150,000	\$ 1,900,000
Series 2002 General Obligation Bonds	-	5,000,000	-	5,000,000	2,500,000
Accrued Compensated Absences	177,441	7,387	-	184,828	26,027
	<u>\$ 7,177,441</u>	<u>5,007,387</u>	<u>(4,850,000)</u>	<u>\$ 7,334,828</u>	<u>\$ 4,426,027</u>

The general obligation bonds at June 30, 2003 were comprised of the following:

2001 Series: Original issue of \$7,000,000, principal due in annual installments of \$250,000 to \$4,850,000 at August 1; interest at 2.1% to 3.6% paid semiannually, with a final maturity date on August 2004.

2002 Series: Original issue of \$5,000,000, principal due in annual installments of \$900,000 to \$2,500,000 at August 1; interest at 1.75% paid semiannually, with a final maturity date on August 2005.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

E. Long-Term Obligations (Continued)

School District long-term debt at June 30, 2003, consisted of general obligation bonds and the School District's accrued liability for compensated absences. The annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending June 30	General Obligation Bonds		Totals
	Principal	Interest	
2004	\$ 4,400,000	98,375	\$ 4,498,375
2005	1,850,000	34,250	1,884,250
2006	900,000	7,875	907,875
Totals	<u>\$ 7,150,000</u>	<u>140,500</u>	<u>\$ 7,290,500</u>

Section 15 of Article X of the South Carolina State Constitution allows School Districts to incur a legal debt limit not to exceed 8 percent of the assessed value of all taxable property in the School District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2003, the School District's assessed property valuation was \$89,716,530, and the legal debt limit was \$7,177,322.

The School District entered into an agreement in November 2000, for copier equipment which runs for a period of 60 months. The payments are on a cost per copy basis. The estimated future minimum payments are \$133,000 per year.

F. Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses at June 30, 2003, consisted of the following:

Governmental Activities:

Accounts Payable	\$ 1,610,228
Retainage Payable	298,516
Accrued Payroll	1,847,237
Accrued Fringe and Benefits	137,903
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 3,893,884</u>

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

G. Operating Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2003, consisted of the following:

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 2,084,795	Special Revenue - Special Projects	\$ 91,072
Proprietary Fund	146,871	Agency Fund - Pupil Activity	49,000
Special Revenue- Indirect	56,995		
	<u>2,288,661</u>		<u>140,072</u>
Special Revenue Funds			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
General Fund	<u>91,072</u>	General Fund- Indirect Costs	<u>56,995</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
		General Fund	<u>2,084,795</u>
Proprietary Fund			
Transfers from	Amount	Transfers to	Amount
		General Fund- Indirect Costs	<u>\$ 146,871</u>
Agency Fund			
Transfers from	Amount	Transfers to	Amount
General Fund	<u>\$ 49,000</u>		

Interfund transfers include funding allowed for indirect costs, required matches, supplemental funding, state cuts, and accounting practice. The transfers for the year ended June 30, 2003, consisted of the following:

General Fund

Transfers from:

Funds are transferred into the General Fund from other funds to cover EIA raise for teachers, indirect costs for federal programs and food service, and the required Medicaid match.

Transfers to:

Funds are transferred from General Fund into other funds to cover the required match for State Reduce Class Size Funding, supplemental funding for the preschool handicapped and child development programs, extracurricular funding for schools, and funding to cover state cuts in the EIA Budget.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

G. Operating Transfers In and (Out) (Continued)

Special Revenue Funds

Transfers from:

Funds are transferred into the Special Revenue/EIA funds from other funds to cover the School District's Match for Reduce Class Size, supplemental funding for Preschool Handicapped and Child Development, and state budget cuts in the EIA strategies.

Transfers to:

Funds are transferred from Special Revenue/EIA funds into other funds to cover Medicaid match, indirect cost on federal programs and the EIA raise for teachers.

Proprietary Fund

Transfers to:

Funds are transferred from the Food Service Fund into the General Fund for indirect costs.

Agency Fund

The majority of the funds transferred into the Agency Fund were for extracurricular funding for schools.

IV. OTHER INFORMATION

A. Retirement Plan

Plan Description – Substantially all School District employees are members of the South Carolina Retirement System (SCRS). The South Carolina Retirement System is a cost-sharing multi-employer defined benefit pension plan administered by the South Carolina Retirement Systems; a division of the South Carolina State Budget and Control Board. The system offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Comprehensive Annual Financial Reports containing financial statements and required supplementary information for the System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia S C 29211-1960.

Funding Policy – Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employee contributions to the Plan are 6% of salary. Employers are required to contribute at the following actuarially determined rates: SCRS State Agencies & Public Schools – 7.55%. In addition to the above rates participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants. All employers contribute at the actuarially required contribution rates. The School District contributed amounts equal to the required contribution to the SCRS of \$3,003,270, \$2,885,826, and \$2,542,706 for the years ended June 30, 2003, 2002, and 2001 respectively.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

IV. OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities

Litigation

There is a lawsuit pending against the School District related to a school construction contract. In March and April of 1999, the Plaintiff and the School District entered into two contracts for the construction of Newberry Middle School. Both contracts were executed on the National Construction Law Center, Inc. ("NCLC") Document 10, *Fixed Price Construction Contract Between Owner and Contractor*, 1994 edition. The NCLC contracts provide for liquidated damages should the contractor fall behind a rather stringent construction schedule. Apparently, after the first couple of months on the job, Plaintiff fell behind schedule, and the School District accordingly began withholding liquidated damages from the related pay requests. The complaint alleges that the School District has breached the contract for construction; however, they are silent as to the amount of damages. The Plaintiff's interrogatory answers list damages of \$1,041,205 for the Metal Building Contract, damages of \$2,273,026 for the General Building Contract, and \$41,302 for the Miscellaneous Furnishings Contract. The School District shows a contract balance of approximately \$1,167,000, but has identified approximately \$648,000 in defective or incomplete work, and \$310,000 in liquidating damages, all of which is withheld from the contract amount. No additional amounts have been accrued by the School District to cover potential liabilities arising from this litigation, since the School District currently has a balance of \$7,296,109 reserved in the Capital Projects Fund, which will cover the costs for all uncompleted construction projects.

C. Grants

The School District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

D. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. Because of the high cost of insurance purchased from commercial insurers, the School District has chosen to participate with other school districts in the State in the South Carolina School Boards Insurance Trust/Workers' Compensation Pool (SCSBIT/WP) and in its Property and Casualty Pool (SCSBIT/PCP). This public entity risk pool operates as a common risk management and insurance program for member school districts. The School District pays annual premiums to the public entity risk pools for its workers' compensation and property liability insurance coverage based upon the total payroll of the School District for each plan year. The annual premiums paid for the fiscal year ended June 30, 2003, totaled approximately \$157,510 for workers' compensation and \$234,941 for property coverage. The agreement for formation of the public entity risk pools provides that SCSBIT/WCTF 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. As of the latest available audited financial statements, June 30, 2002, the SCSBIT/WCP had Retained Earnings in excess of \$2,673,359 and the SCSBIT/PCP had Retained Earnings of approximately \$1,633,608. There were no reductions in insurance coverage as compared to the previous year. There were no insurance settlements that exceeded insurance coverage in any of the past three years.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003

IV. OTHER INFORMATION (CONTINUED)

E. Subsequent Events

On July 2003, the School District participated in the Tax Anticipation Note (“TAN”) program through the SC Association of Governmental Organization (“SCAGO”). The School District will have up to \$4,000,000 available through this TAN. As of the date of issuance of the financial statements, no monies have been drawn down.

The School District issued bonds in the amount of \$4.2 million in October 2003. This money is to be used for the construction projects at several existing facilities.

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund. All property tax, intergovernmental revenues, and miscellaneous revenues are recorded in this fund, except amounts which are specifically collected to service debt or for which the District collects other funds in a fiduciary capacity. Operational expenditures for general education, support services and other departments of the District are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget for the General Fund has been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes	\$ 12,617,354	12,617,354	12,597,945	\$ (19,409)
Investment Income	360,000	360,000	69,477	(290,523)
Other Local Sources	36,236	36,236	29,792	(6,444)
Total Local Sources	13,013,590	13,013,590	12,697,214	(316,376)
State Sources	19,067,208	19,067,208	18,326,873	(740,335)
TOTAL REVENUES ALL SOURCES	32,080,798	32,080,798	31,024,087	(1,056,711)
EXPENDITURES				
Current:				
Instruction	20,596,033	20,603,046	20,077,766	525,280
Supporting Services	13,405,701	13,426,518	13,038,212	388,306
Community Services	9,000	9,000	2,045	6,955
Intergovernmental	33,075	33,075	24,472	8,603
Capital Outlay	297,839	270,009	302,083	(32,074)
TOTAL EXPENDITURES	34,341,648	34,341,648	33,444,578	897,070
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(2,260,850)	(2,260,850)	(2,420,491)	(159,641)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,309,850	2,309,850	2,288,661	(21,189)
Transfers Out	(49,000)	(49,000)	(140,072)	(91,072)
TOTAL OTHER FINANCING SOURCES (USES)	2,260,850	2,260,850	2,148,589	(112,261)
NET CHANGE IN FUND BALANCE	-	-	(271,902)	(271,902)
FUND BALANCE, Beginning of Year	4,918,673	4,918,673	4,918,673	-
FUND BALANCE, End of Year	\$ 4,918,673	4,918,673	4,646,771	\$ (271,902)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenues from Local Sources			
1100 Taxes:			
1110 Ad Valorem Taxes - Including Delinquent (Independent)	\$ 11,954,313	11,430,216	\$ (524,097)
1140 Penalties & Interest on Taxes (Independent)	360,000	618,443	258,443
1200 Revenue From Local Governmental Units Other Than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	303,041	549,286	246,245
1300 Tuition:			
1320 From Other LEAs for Regular Day School	-	1,483	1,483
1350 From Patrons for Summer School	20,000	-	(20,000)
1500 Earnings on Investments:			
1510 Interest on Investments	360,000	69,477	(290,523)
1900 Other Revenue from Local Sources:			
1910 Rentals	-	3,475	3,475
1920 Contributions & Donations Private Sources	-	275	275
1950 Refund of Prior Year's Expenditures	-	13,333	13,333
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	338	338
1999 Revenue from Other Local Sources	16,236	10,888	(5,348)
Total Local Sources	<u>13,013,590</u>	<u>12,697,214</u>	<u>(316,376)</u>
3000 Revenue from State Sources			
3130 Special Programs:			
3131 Handicapped Transportation	-	7,454	7,454
3132 Home Schooling	-	3,540	3,540
3160 School Bus Driver's Salary	443,442	432,141	(11,301)
3180 Fringe Benefits Employer Contributions	3,664,708	3,670,227	5,519
3181 Retiree Insurance	468,728	481,798	13,070
3183 Health/Dental Benefits (Part-Time Teachers)	-	584	584
3199 Other Restricted State Grants	-	1,305	1,305
3200 Unrestricted Grants:			
3220 Attendance Supervisor's Salary	11,586	11,586	-
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	714,955	562,900	(152,055)
3312 Primary	1,823,788	1,765,652	(58,136)
3313 Elementary	2,888,352	2,679,751	(208,601)
3314 High School	1,488,090	1,189,885	(298,205)
3315 Trainable Mentally Handicapped	67,178	47,259	(19,919)
3316 Speech Handicapped (Part-Time Teachers)	1,052,815	1,089,307	36,492
3317 Homebound	43,886	47,014	3,128
3320 Part-Time Programs:			
3321 Emotionally Handicapped	137,106	129,382	(7,724)
3322 Educable Mentally Handicapped	\$ 312,886	233,848	\$ (79,038)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
3323 Learning Disabilities	\$ 1,295,989	1,116,085	\$ (179,904)
3324 Hearing Handicapped	3,766	11,614	7,848
3325 Visually Handicapped	29,398	7,147	(22,251)
3326 Orthopedically Handicapped	5,979	6,695	716
3327 Vocational	1,028,689	1,152,514	123,825
3330 Other EFA Programs:			
3331 Autism	15,723	41,455	25,732
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	2,148,612	2,148,612	-
3820 Homestead Exemption	918,412	990,543	72,131
3830 Merchant's Inventory Tax	158,280	158,280	-
3840 Manufacturers Depreciation Reimbursement	182,730	179,527	(3,203)
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	158,110	156,543	(1,567)
3900 Other State Revenue:			
3999 Revenue from Other State Sources	4,000	4,225	225
Total State Sources	<u>19,067,208</u>	<u>18,326,873</u>	<u>(740,335)</u>
TOTAL REVENUES ALL SOURCES	<u>32,080,798</u>	<u>31,024,087</u>	<u>(1,056,711)</u>
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,061,366	989,435	71,931
200 Employee Benefits	346,201	317,225	28,976
300 Purchased Services	13,285	13,230	55
400 Supplies and Materials	16,923	15,146	1,777
500 Capital Outlay	1,226	1,008	218
112 Primary Programs:			
100 Salaries	3,062,934	2,975,066	87,868
200 Employee Benefits	869,587	870,033	(446)
300 Purchased Services	35,645	33,061	2,584
400 Supplies and Materials	82,190	74,784	7,406
500 Capital Outlay	3,980	3,198	782
600 Other Objects	12,446	2,403	10,043
113 Elementary Programs:			
100 Salaries	4,786,313	4,629,403	156,910
200 Employee Benefits	1,335,352	1,345,067	(9,715)
300 Purchased Services	50,637	45,131	5,506
400 Supplies and Materials	102,107	95,007	7,100
500 Capital Outlay	9,406	10,293	(887)
600 Other Objects	\$ 4,800	29,475	\$ (24,675)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 3,089,835	3,136,813	\$ (46,978)
200 Employee Benefits	875,194	863,247	11,947
300 Purchased Services	39,605	32,021	7,584
400 Supplies and Materials	63,710	61,535	2,175
500 Capital Outlay	13,976	14,159	(183)
600 Other Objects	4,000	349	3,651
115 Vocational Programs:			
100 Salaries	658,597	678,633	(20,036)
200 Employee Benefits	187,194	190,663	(3,469)
300 Purchased Services	6,436	3,459	2,977
400 Supplies and Materials	30,000	26,911	3,089
500 Capital Outlay	26,000	23,021	2,979
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	711,596	671,796	39,800
200 Employee Benefits	216,249	198,857	17,392
300 Purchased Services	1,485	2,016	(531)
400 Supplies and Materials	8,732	8,593	139
500 Capital Outlay	1,561	1,757	(196)
122 Trainable Mentally Handicapped:			
100 Salaries	253,939	213,280	40,659
200 Employee Benefits	64,375	61,924	2,451
300 Purchased Services	83,880	80,232	3,648
400 Supplies and Materials	2,930	2,904	26
500 Capital Outlay	2,020	1,823	197
123 Orthopedically Handicapped:			
100 Salaries	2,311	2,153	158
200 Employee Benefits	639	555	84
300 Purchased Services	4,226	3,669	557
400 Supplies and Materials	243	243	-
124 Visually Handicapped:			
100 Salaries	4,622	4,305	317
200 Employee Benefits	1,278	1,110	168
300 Purchased Services	14,250	11,353	2,897
400 Supplies and Materials	360	324	36
126 Speech Handicapped:			
100 Salaries	141,077	137,777	3,300
200 Employee Benefits	41,180	40,937	243
300 Purchased Services	10,780	11,144	(364)
400 Supplies and Materials	5,849	5,849	-
500 Capital Outlay	\$ 720	720	\$ -

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
127 Learning Disabilities:			
100 Salaries	\$ 1,070,755	1,038,865	\$ 31,890
200 Employee Benefits	310,839	308,983	1,856
300 Purchased Services	750	582	168
400 Supplies and Materials	17,634	16,932	702
500 Capital Outlay	306	267	39
128 Emotionally Handicapped:			
100 Salaries	181,242	180,669	573
200 Employee Benefits	63,418	61,344	2,074
400 Supplies and Materials	2,519	2,519	-
500 Capital Outlay	2,314	2,314	-
130 Pre-School Programs:			
131 Pre-School Handicapped-Speech (5 year olds):			
100 Salaries	13,511	13,511	-
200 Employee Benefits	3,440	3,388	52
139 Early Childhood Programs:			
100 Salaries	148,681	155,149	(6,468)
200 Employee Benefits	48,480	56,269	(7,789)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	18,895	15,388	3,507
200 Employee Benefits	3,582	2,892	690
300 Purchased Services	2,700	1,703	997
145 Homebound:			
100 Salaries	30,000	35,339	(5,339)
200 Employee Benefits	6,000	6,578	(578)
300 Purchased Services	14,000	19,900	(5,900)
148 Gifted & Talented - Artistic:			
300 Purchased Services	1,800	-	1,800
149 Other Special Programs:			
100 Salaries	159,920	112,322	47,598
200 Employee Benefits	37,609	29,998	7,611
300 Purchased Services	-	1,582	(1,582)
400 Supplies and Materials	3,600	3,132	468
500 Capital Outlay	3,600	-	3,600
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	25,725	23,076	2,649
200 Employee Benefits	8,168	6,996	1,172
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	8,000	-	8,000
173 High School Summer School:			
100 Salaries	\$ 19,000	-	\$ 19,000

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	\$ 1,800	1,733	\$ 67
185 Vocational Adult Education Programs:			
100 Salaries	49,847	46,705	3,142
200 Employee Benefits	11,977	14,945	(2,968)
188 Parenting/Family Literacy:			
100 Salaries	23,523	19,065	4,458
200 Employee Benefits	6,323	6,249	74
190 Instructional Pupil Activity:			
300 Purchased Services	4,950	4,833	117
Total Instruction	<u>20,668,155</u>	<u>20,136,325</u>	<u>531,830</u>
200 Supporting Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	142,492	143,793	(1,301)
200 Employee Benefits	40,492	40,135	357
300 Purchased Services	5,782	4,726	1,056
400 Supplies and Materials	2,250	931	1,319
500 Capital Outlay	1,005	296	709
212 Guidance Services:			
100 Salaries	843,664	843,146	518
200 Employee Benefits	219,290	219,928	(638)
213 Health Services:			
100 Salaries	140,065	147,795	(7,730)
200 Employee Benefits	43,096	44,165	(1,069)
300 Purchased Services	21,315	13,770	7,545
400 Supplies and Materials	7,050	7,050	-
500 Capital Outlay	456	453	3
600 Other Objects	37	37	-
214 Psychological Services:			
100 Salaries	110,498	110,498	-
200 Employee Benefits	33,877	33,035	842
300 Purchased Services	2,685	11,385	(8,700)
400 Supplies and Materials	4,275	4,275	-
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	324,968	321,489	3,479
200 Employee Benefits	87,844	84,412	3,432
300 Purchased Services	27,178	19,977	7,201
400 Supplies and Materials	10,600	8,963	1,637
500 Capital Outlay	2,177	1,243	934
600 Other Objects	\$ 675	797	\$ (122)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
222 Library and Media Services:			
100 Salaries	\$ 634,804	601,750	\$ 33,054
200 Employee Benefits	168,753	156,196	12,557
400 Supplies and Materials	76,557	74,968	1,589
500 Capital Outlay	16,642	15,997	645
223 Supervision of Special Programs:			
100 Salaries	36,169	28,595	7,574
200 Employee Benefits	10,869	10,536	333
400 Supplies and Materials	2,700	2,603	97
500 Capital Outlay	2,706	2,642	64
600 Other Objects	216	72	144
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	-	100	(100)
200 Employee Benefits	-	19	(19)
300 Purchased Services	38,863	19,319	19,544
400 Supplies and Materials	-	2,724	(2,724)
600 Other Objects	-	181	(181)
230 General Administration Services:			
231 Board of Education:			
100 Salaries	39,150	37,350	1,800
200 Employee Benefits	172,482	32,291	140,191
300 Purchased Services	71,240	40,060	31,180
318 Audit Services	20,120	30,160	(10,040)
400 Supplies and Materials	810	537	273
500 Capital Outlay	412	-	412
600 Other Objects	81,846	78,470	3,376
232 Office of Superintendent:			
100 Salaries	149,885	151,685	(1,800)
200 Employee Benefits	33,528	32,396	1,132
300 Purchased Services	39,947	38,318	1,629
400 Supplies and Materials	3,227	3,180	47
500 Capital Outlay	2,700	180	2,520
600 Other Objects	7,664	7,664	-
233 School Administration:			
100 Salaries	2,506,647	2,514,362	(7,715)
200 Employee Benefits	721,558	705,745	15,813
300 Purchased Services	30,631	25,160	5,471
400 Supplies and Materials	52,057	31,173	20,884
500 Capital Outlay	37,154	27,541	9,613
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	291,169	292,022	(853)
200 Employee Benefits	77,664	76,958	706
300 Purchased Services	9,602	9,907	(305)
400 Supplies and Materials	6,680	6,495	185
500 Capital Outlay	1,890	575	1,315
600 Other Objects	\$ 900	357	\$ 543

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
253 Facilities Acquisition & Construction:			
500 Capital Outlay:			
510 Land	\$ -	110,000	\$ (110,000)
254 Operation and Maintenance of Plant:			
100 Salaries	493,732	495,767	(2,035)
200 Employee Benefits	122,324	123,724	(1,400)
300 Purchased Services	1,482,975	1,349,717	133,258
321 Public Utilities (Exclude Gas, Oil, Elec. & Heating Fuels)	133,200	138,136	(4,936)
400 Supplies and Materials	292,625	284,535	8,090
470 Energy (Include Gas, Oil, Elec. & Heating Fuels)	1,077,002	1,109,182	(32,180)
500 Capital Outlay	12,829	13,623	(794)
600 Other Objects	104,259	92,271	11,988
255 Student Transportation:			
100 Salaries	667,182	706,908	(39,726)
200 Employee Benefits	177,534	183,511	(5,977)
300 Purchased Services	64,500	82,613	(18,113)
400 Supplies and Materials	3,000	2,352	648
500 Capital Outlay	3,000	1,321	1,679
256 Food Service:			
200 Employee Benefits	220,000	311,096	(91,096)
257 Internal Services:			
300 Purchased Services	46,392	27,967	18,425
400 Supplies and Materials	19,000	23,532	(4,532)
600 Other Objects	138,999	43	138,956
258 Security:			
300 Purchased Services	90,037	89,275	762
400 Supplies and Materials	3,500	-	3,500
500 Capital Outlay	1,500	-	1,500
600 Other Objects	500	-	500
260 Central Support Services:			
262 Planning, Research, Development & Evaluation:			
300 Purchased Services	-	(4,524)	4,524
400 Supplies and Materials	-	496	(496)
263 Information Services:			
100 Salaries	40,000	27,834	12,166
200 Employee Benefits	11,595	6,563	5,032
300 Purchased Services	3,000	1,183	1,817
400 Supplies and Materials	1,000	578	422
500 Capital Outlay	1,000	-	1,000
264 Staff Services:			
100 Salaries	193,788	191,371	2,417
200 Employee Benefits	51,831	52,805	(974)
300 Purchased Services	13,485	7,755	5,730
400 Supplies and Materials	4,800	4,662	138
500 Capital Outlay	2,511	604	1,907
600 Other Objects	\$ 8,010	5,022	\$ 2,988

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2003

	REVISED BUDGET	ACTUAL	VARIANCE
265 Statistical Services:			
300 Purchased Services	\$ 10,000	7,130	\$ 2,870
266 Technology and Data Processing Services:			
100 Salaries	143,987	138,987	5,000
200 Employee Benefits	41,672	40,052	1,620
300 Purchased Services	84,100	95,241	(11,141)
400 Supplies and Materials	10,000	53,028	(43,028)
500 Capital Outlay	118,918	69,048	49,870
270 Supporting Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	264,190	255,396	8,794
200 Employee Benefits	47,478	47,839	(361)
300 Purchased Services	6,950	14,506	(7,556)
Total Supporting Services	<u>13,631,418</u>	<u>13,281,736</u>	<u>349,682</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
390 Other Community Services:			
300 Purchased Services	4,000	-	4,000
600 Other Objects	4,000	2,045	1,955
Total Community Services	<u>9,000</u>	<u>2,045</u>	<u>6,955</u>
400 Other Charges:			
411 Payments to the State Department of Education			
720 Transits	-	2,572	(2,572)
412 Payments to Other Governmental Units			
720 Transits	33,075	21,900	11,175
Total Intergovernmental Expenditures	<u>33,075</u>	<u>24,472</u>	<u>8,603</u>
TOTAL EXPENDITURES	<u>34,341,648</u>	<u>33,444,578</u>	<u>897,070</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	2,139,850	2,084,797	(55,053)
5280 Transfer from Other Funds Indirect Costs	170,000	203,864	33,864
421-710 Transfer to Special Revenue Fund	-	(91,072)	(91,072)
426-710 Transfer to Pupil Activity Fund	(49,000)	(49,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,260,850</u>	<u>2,148,589</u>	<u>(112,261)</u>
NET CHANGE IN FUND BALANCE	-	(271,902)	(271,902)
FUND BALANCE, Beginning of Year	4,918,673	4,918,673	-
FUND BALANCE, End of Year	<u>\$ 4,918,673</u>	<u>4,646,771</u>	<u>\$ (271,902)</u>

SPECIAL REVENUE FUNDS

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

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

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
REVENUES		
1000 Revenue from Local Sources		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
1990 Miscellaneous Local Revenue:		
1999 Revenue from Other Local Sources	-	-
Total Local Sources	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue		
2100 Payments from Other Governmental Units	-	-
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>
3000 Revenue from State Sources		
3100 Restricted State Grants:		
3110 Occupational Education:		
3112 Nursing Program	-	-
3120 General Education:		
3121 EAA Summer School/Comprehensive Remediation	-	-
3122 Increase High School Diploma Requirements	-	-
3123 EAA Alternative Schools Program	-	-
3126 Refurbishment of K-8 Science Kits	-	-
3129 EAA Reduce Class Size Grades 1-3	-	-
3130 Special Programs:		
3135 Preschool Programs for Children with Disabilities	-	-
3150 Adult Education:		
3151 Basic	-	-
3152 Literacy	-	-
3153 Vehicle Title Transfer Fee-Adult Education	-	-
3185 National Board Certification (BC) Salary Supplement	-	-
3190 Miscellaneous Restricted State Grants:		
3191 Excellence in Middle Schools	-	-
3192 School Safety Officers	-	-
3193 Education License Plate	-	-
3196 EAA Principal/Teacher Specialist Site (Special Revenue Allocation)	-	-
3198 Technology Professional Development	-	-
3199 Other Restricted State Grants	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (243)*	Other Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	867	\$ 867
-	-	-	-	-	15,326	15,326
-	-	-	-	-	192,626	192,626
-	-	-	-	-	40,260	40,260
-	-	-	-	-	249,079	249,079
-	-	-	-	-	96,873	96,873
-	-	-	-	-	297,982	297,982
-	-	-	-	-	394,855	394,855
-	-	-	-	22,724	-	22,724
-	-	-	-	131,128	-	131,128
-	-	-	-	-	207,051	207,051
-	-	-	-	145,562	-	145,562
-	-	-	-	-	23,440	23,440
-	-	-	-	322,891	-	322,891
-	-	-	-	58,147	-	58,147
-	-	-	-	136,722	-	136,722
-	-	-	-	45,384	-	45,384
-	-	-	-	-	10,120	10,120
-	-	-	-	-	79,988	79,988
-	-	-	-	46,426	-	46,426
-	-	-	-	103,500	-	103,500
-	-	-	-	1,369	-	1,369
-	-	-	-	146,479	-	146,479
-	-	-	-	-	17,633	17,633
-	-	-	-	-	15,482	\$ 15,482

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
3600 Education Lottery Act Revenue:		
3603 EAA Homework Center Grants	\$ -	-
3604 EAA Retraining Grants	-	-
3605 EAA Palmetto Gold and Silver Awards	-	-
3610 K-5 Enhancement	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching) (Carryover Provision)	-	-
3999 Revenue from Other State Sources	-	-
Total State Sources	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources		
4200 Occupational Education:		
4210 Vocational Aid, Title I	-	-
4220 Tech Prep Education, Title II	-	-
4240 School-to-Work Implementation Grant (Carryover Provision)	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I	1,086,728	-
4312 Rural and Low-Income School Program, Title VI	-	-
4330 Technology Literacy Challenge Fund, Title III	-	-
4331 Enhancing Education through Technology (Ed Tech), Title II	-	-
4340 Promoting Informed Parental Choice and Innovative Education Program Strategies, Title V (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-
4342 Class Size Reduction Program (Carryover from 2001-02 Only)	-	-
4351 Improving Teacher Quality	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,040,995
4520 Pre-School Grants (Carryover Provision)	-	-
4900 Other Federal Sources:		
4920 Drug and Violence Prevention, Title IV	-	-
4992 U. S. Forest Commission	-	-
4995 CDC State and Local Coordinated School Health Programs	-	-
4999 Revenue from Other Federal Sources	-	-
Total Federal Sources	<u>1,086,728</u>	<u>1,040,995</u>
TOTAL REVENUES ALL SOURCES	<u>\$ 1,086,728</u>	<u>1,040,995</u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (243)*	Other Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	46,489	\$ 46,489
-	-	-	-	-	70,588	70,588
-	-	-	-	-	4,996	4,996
-	-	-	-	-	231,199	231,199
-	-	-	-	9,087	-	9,087
-	-	-	-	-	10,663	10,663
-	-	-	-	1,169,419	717,649	1,887,068
-	99,990	-	-	-	-	99,990
-	-	-	-	-	6,004	6,004
-	-	-	-	-	11,495	11,495
-	-	-	-	-	37,603	1,124,331
-	-	-	-	-	99,506	99,506
-	-	-	-	-	20,165	20,165
-	-	-	-	-	27,121	27,121
-	-	-	-	-	27,767	27,767
-	-	-	-	-	24,447	24,447
-	-	-	-	-	5,462	5,462
-	-	-	-	-	290,948	290,948
-	-	-	62,311	-	-	62,311
-	-	-	-	-	6,176	1,047,171
83,102	-	-	-	-	-	83,102
-	-	50,725	-	-	-	50,725
-	-	-	-	-	83,115	83,115
-	-	-	-	-	50	50
-	-	-	-	-	110,166	110,166
83,102	99,990	50,725	62,311	-	750,025	3,173,876
83,102	99,990	50,725	62,311	1,169,419	2,111,608	\$ 5,704,878

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	231	-
500 Capital Outlay	-	-
112 Primary Programs:		
100 Salaries	230,330	-
200 Employee Benefits	61,569	-
300 Purchased Services	-	-
400 Supplies and Materials	102,071	-
500 Capital Outlay	68,059	-
113 Elementary Programs:		
100 Salaries	273,480	-
200 Employee Benefits	66,909	-
300 Purchased Services	-	-
400 Supplies and Materials	24,647	-
500 Capital Outlay	13,503	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
115 Vocational Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	103,946
200 Employee Benefits	-	36,044
400 Supplies and Materials	-	17,209
500 Capital Outlay	-	3,248
122 Trainable Mentally Handicapped:		
100 Salaries	-	12,398
200 Employee Benefits	-	4,885
300 Purchased Services	-	6,215
400 Supplies and Materials	\$ -	3,546

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (243)*	Other Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	7,501	\$ 7,501
-	-	-	-	-	1,398	1,398
-	-	-	-	-	1,512	1,743
-	-	-	-	-	1,195	1,195
-	-	-	-	315,713	207,002	753,045
-	-	-	-	98,250	55,066	214,885
-	-	-	-	-	492	492
-	-	-	-	-	81,451	183,522
-	-	-	-	1,369	24,783	94,211
-	-	-	-	-	63,607	337,087
-	-	-	-	-	12,090	78,999
-	-	-	-	625	960	1,585
-	-	-	-	19,664	26,552	70,863
-	-	-	-	-	425	13,928
-	-	-	-	123,110	258,492	381,602
-	-	-	-	23,369	61,473	84,842
-	-	-	-	-	1,686	1,686
-	-	-	-	-	5,929	5,929
-	41,381	-	-	22,724	1,815	65,920
-	10,434	-	-	-	326	10,760
-	-	-	-	-	6,186	6,186
-	4,590	-	-	-	36,212	40,802
-	-	-	-	-	6,070	6,070
-	-	-	-	23,000	-	126,946
-	-	-	-	5,415	-	41,459
-	-	-	-	-	-	17,209
-	-	-	-	-	-	3,248
-	-	-	-	-	212	12,610
-	-	-	-	-	40	4,925
-	-	-	-	-	58,002	64,217
-	-	-	-	-	-	\$ 3,546

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
124 Visually Handicapped:		
400 Supplies and Materials	\$ -	533
500 Capital Outlay	-	2,392
126 Speech Handicapped:		
100 Salaries	-	204,767
200 Employee Benefits	-	57,919
300 Purchased Services	-	3,250
400 Supplies and Materials	-	2,711
500 Capital Outlay	-	795
127 Learning Disabilities:		
100 Salaries	-	173,091
200 Employee Benefits	-	57,021
300 Purchased Services	-	2,347
400 Supplies and Materials	-	15,729
128 Emotionally Handicapped:		
100 Salaries	-	21,216
200 Employee Benefits	-	8,029
400 Supplies and Materials	-	338
130 Pre-School Programs:		
135 Pre-School Handicapped Speech (3 & 4 year olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
136 Pre-School Handicapped Itinerant (3 & 4 year olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
137 Pre-School Handicapped Self-Contained (3 & 4 year olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
149 Other Special Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
170 Summer School Programs:		
171 Primary Summer School:		
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (243)*	Other Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	-	\$ 533
-	-	-	-	-	-	2,392
-	-	-	-	-	100	204,867
-	-	-	-	-	19	57,938
-	-	-	-	-	-	3,250
-	-	-	-	-	-	2,711
-	-	-	-	-	-	795.00
-	-	-	-	-	-	173,091.00
-	-	-	-	-	-	57,021
-	-	-	-	-	21,109	23,456
-	-	-	-	-	967	16,696
-	-	-	-	-	-	21,216
-	-	-	-	-	-	8,029
-	-	-	-	-	-	338
-	-	-	-	7,304	-	7,304
-	-	-	-	1,387	-	1,387
17,803	-	-	-	-	-	17,803
5,003	-	-	-	-	-	5,003
43,475	-	-	-	38,888	12,657	95,020
14,707	-	-	-	10,568	6,226	31,501
-	-	-	-	-	148,766	148,766
-	-	-	-	-	40,913	40,913
-	-	-	-	-	4,305	4,305
-	-	-	-	93,809	-	93,809
-	-	-	-	23,338	-	23,338
-	-	-	-	-	152	152
-	-	-	-	467	-	467
-	-	-	-	3,405	-	\$ 3,405

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
172 Elementary Summer School:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Instruction	<u>840,799</u>	<u>737,629</u>
200 Supporting Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (243)*	Other Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	68,723	-	\$ 68,723
-	-	-	-	16,996	-	16,996
-	-	-	-	1,108	-	1,108
-	-	-	-	10,798	-	10,798
-	-	-	-	-	17,537	17,537
-	-	-	-	-	3,082	3,082
-	-	-	-	-	25,870	25,870
-	-	-	18,242	15,043	-	33,285
-	-	-	3,463	2,855	-	6,318
-	-	-	3,000	8,325	-	11,325
-	-	-	16,607	2,725	-	19,332
-	-	-	6,502	7,682	1,242	15,426
-	-	-	2,032	869	230	3,131
-	-	-	-	3,845	5,080	8,925
-	-	-	5,000	-	606	5,606
-	-	-	-	-	5,514	5,514
-	-	-	4,203	5,409	-	9,612
-	-	-	798	6,761	-	7,559
-	-	-	-	4,266	-	4,266
-	-	-	-	-	35,353	35,353
-	-	-	-	-	12,490	12,490
-	-	-	-	-	10,533	10,533
-	-	-	-	-	23,627	23,627
80,988	56,405	-	59,847	967,810	1,296,855	4,040,333

-	-	26,457	-	-	24,422	50,879
-	-	6,483	-	-	7,204	13,687
-	-	14,464	-	-	-	14,464
-	-	3,321	-	-	-	3,321
-	28,889	-	-	-	-	28,889
-	7,156	-	-	-	-	\$ 7,156

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
213 Health Services:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
214 Psychological Services:		
100 Salaries	-	86,941
200 Employee Benefits	-	25,904
300 Purchased Services	-	1,738
400 Supplies and Materials	-	4,049
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	15,336	-
200 Employee Benefits	4,498	-
300 Purchased Services	-	-
400 Supplies and Materials	471	-
500 Capital Outlay	-	-
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	61,319	89,502
200 Employee Benefits	14,292	23,786
300 Purchased Services	11,710	16,720
400 Supplies and Materials	69,575	13,244
500 Capital Outlay	28,066	-
224 Improvement of Instruction-Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	13,020	974
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
500 Capital Outlay:		
540 Equipment	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
255 Student Transportation:		
100 Salaries	-	-
200 Employee Services:	-	-
300 Purchased Services	\$ -	14,279

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (243)*	Other Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	36,591	6,634	\$ 43,225
-	-	-	-	9,835	2,032	11,867
-	-	-	-	-	2,058	2,058
-	-	-	-	-	860	860
-	-	-	-	-	34	34
-	-	-	-	-	-	86,941
-	-	-	-	-	-	25,904
-	-	-	-	-	-	1,738
-	-	-	-	-	-	4,049
-	-	-	-	-	87,844	103,180
-	-	-	-	-	19,362	23,860
-	-	-	-	-	8,045	8,045
-	1,000	-	-	-	211,945	213,416
-	-	-	-	-	14,033	14,033
-	-	-	-	-	2,953	2,953
-	-	-	-	85,296	90,990	327,107
-	-	-	-	24,616	25,366	88,060
-	-	-	-	3,722	37,587	69,739
-	-	-	-	2,292	10,184	95,295
-	-	-	2,464	-	10,034	40,564
-	-	-	-	7,450	1,950	9,400
-	-	-	-	1,414	367	1,781
-	6,540	-	-	223	119,179	139,936
-	-	-	-	-	13,663	13,663
-	-	-	-	-	59,224	59,224
-	-	-	-	-	1,308	1,308
-	-	-	-	8,400	11,368	19,768
-	-	-	-	-	10,447	10,447
-	-	-	-	-	2,965	2,965
-	-	-	-	7,990	4,409	12,399
-	-	-	-	1,352	338	1,690
-	-	-	-	-	16,238	\$ 30,517

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
257 Internal Service:		
300 Purchased Services	\$ -	-
258 Security:		
300 Purchased Services	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
Total Supporting Services	<u>218,287</u>	<u>277,137</u>
TOTAL EXPENDITURES	<u>1,059,086</u>	<u>1,014,766</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
5210 Transfer from General Fund (Exclude Indirect Costs)	-	-
431-791 Special Revenue Fund Indirect Costs	(27,642)	(26,229)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,642)</u>	<u>(26,229)</u>
NET CHANGES IN FUND BALANCES	-	-
FUND BALANCES, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (243)*	Other Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	3,035	\$ 3,035
-	-	-	-	103,500	-	103,500
-	-	-	-	-	668	668
-	-	-	-	-	11,707	11,707
-	43,585	50,725	2,464	292,681	818,453	1,703,332
80,988	99,990	50,725	62,311	1,260,491	2,115,308	5,743,665
-	-	-	-	91,072	-	91,072
(2,114)	-	-	-	-	(1,010)	(56,995)
(2,114)	-	-	-	91,072	(1,010)	34,077
-	-	-	-	-	(4,710)	(4,710)
-	-	-	-	-	51,424	51,424
-	-	-	-	-	46,714	\$ 46,714

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2003

ADULT EDUCATION

243 Adult Education

OTHER RESTRICTED STATE GRANTS

214	Adult Education - Literacy
215	Nursing Program
216	ADEPT (Assisting, Developing, & Evaluating Professional Teaching)
217	Preschool Programs for Children with Disabilities
218	Adult Education - Basic
219	Education License Plates
221	Adult Education - Basic (Includes Workforce Initiative)
223	EAA Alternative Schools Grant
226	Teacher Specialist
229	EAA Reduce Class Size Grades 1-3
231/232	EAA Summer School/Comprehensive Remediation
233	School Safety Officers
234	Excellence in Middle Schools

OTHER SPECIAL REVENUE PROGRAMS

213	Personnel Development
235	Migrant Education
241	Innovations Education
246	US Forestry Commission
248	CDC ST/Loc Sch Health Ed
251	Rural & Low Income, Title VI
253	Ed Tech
254	Technology Literacy Challenge
255	SC Medicaid
258	Vocational Ed Tech Prep
261	Schools of Excellence
262	Class Size Reduction Program
264	Title III-LEP
267	Improving Teacher Quality
272	JROTC
803	Success by Six
804	Calculators for Districts
806	WES - House - Toy & Garden
807	Donations - Retirement
808	Private Donation - International Paper Grant
809	Extended School Year
813	Wal-Mart Grant
814	NCCC House Account
816	Communities in Schools
817	Wal-Mart Grant
820	SAFE Futures
821	Private Contribution - BMW
822	Duke Endowment - Medical Services
824	Adult Education Services - Louis Rich
826	Copiers
827	Dollar General Grant
828	SAT Improvement
901	Increase High School Diploma
905	Career and Technology Equipment
908	Refurbish Science Kits
909	School Technology Initiative
911	School Technology Initiative
922	Vehicle Title Transfer Fee

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2003

OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)

935	National Board Certification
960	K-5 Competitive Grants
963	Homework Assistance
964	Retraining Grants
965	Palmetto Gold & Silver
980	First Steps (K-4)
981	First Steps Parenting
982	First Steps Administration

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS

YEAR ENDED JUNE 30, 2003

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Other Financing Sources</u>	<u>Expenditures</u>
214	3152	Adult Education-Literacy	\$ 45,384	-	\$ 45,384
215	3112	Nursing Program	22,724	-	22,724
216	3991	ADEPT (Assisting, Developing, and Evaluating Professional Teaching) (Carryover Provision)	9,087	-	9,087
217	3135	Preschool Programs for Children with Disabilities	58,147	-	58,147
218	3151	Adult Education - Basic	132,877	-	132,877
221	3151	Adult Education-Basic	3,845	-	3,845
223	3123	EAA Alternative School	145,562	-	145,562
229	3129	EAA Reduce Class Size Grades 1-3	322,891	91,072	413,963
231/232	3121	EAA Summer School/Comprehensive Remediation	131,128	-	131,128
234	3191	Excellence in Middle School	46,426	-	46,426
233	3192	School Safety Officers	103,500	-	103,500
219	3193	Education License Plates	1,369	-	1,369
226	3196	Teacher Specialist	146,479	-	146,479
		Totals	<u>\$ 1,169,419</u>	<u>91,072</u>	<u>\$ 1,260,491</u>

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2003

	ACTUAL
REVENUES	
3000 Revenue from State Sources	
3500 Education Improvement Act:	
3507 School Innovation Funds	\$ 181,888
3509 Arts in Education	20,327
3513 Parenting/Family Literacy (Carryover Provision)	84,242
3515 Advanced Placement Courses	4,134
3520 Gifted and Talented - Academic	188,264
3522 Gifted and Talented - Artistic	24,018
3523 Junior Scholars Program	307
3525 Career and Technology Education Equipment	91,854
3526 EAA Principal/Teacher Specialist on Site	357,736
3527 Critical Teaching Needs	3,228
3529 EAA Retraining Grant (Carryover Provision)	60,987
3530 Trainable & Profoundly Mentally Disabled Student Services	31,967
3532 National Board Certification (Salary Supplement)	93,921
3534 Professional Development on Standards (Carryover Provision)	39,518
3535 Governor's Institute of Reading	26,988
3540 Four-Year Old Early Childhood Program	165,469
3546 Academic Assistance K-3 (Carryover Provision)	618,136
3548 Academic Assistance 4-12 (Carryover Provision)	568,880
3550 Teacher Salary Increase	1,763,786
3553 Adult Education - Remedial	2,346
3555 School Employer Contributions	321,009
3575 Competitive Teacher Grants	13,219
3577 Teacher Supplies	96,600
3582 Principal Salary/Fringe Increase	27,108
3592 School-to-Work Transition (Carryover Provision)	36,759
3598 Bus Driver Salary Supplement	5,184
Total State Sources	4,827,875
 TOTAL REVENUES ALL SOURCES	 4,827,875

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	219,522
200 Employee Benefits	81,383
400 Supplies and Materials	\$ 5,407

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
112 Primary Programs:	
100 Salaries	\$ 172,209
200 Employee Benefits	56,117
300 Purchased Services	1,757
400 Supplies and Materials	19,000
600 Other Objects	1,041
113 Elementary Programs:	
100 Salaries	384,695
200 Employee Benefits	118,247
300 Purchased Services	7,554
400 Supplies and Materials	35,523
114 High School Programs:	
100 Salaries	276,290
200 Employee Benefits	75,074
300 Purchased Services	19,500
400 Supplies and Materials	20,206
500 Capital Outlay	24,620
115 Vocational Programs:	
400 Supplies and Materials	3,200
500 Capital Outlay	91,854
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	2,800
122 Trainable Mentally Handicapped:	
100 Salaries	20,492
200 Employee Benefits	11,475
400 Supplies and Materials	400
126 Speech Handicapped:	
400 Supplies and Materials	2,200
127 Learning Disabilities:	
400 Supplies and Materials	5,800
128 Emotionally Handicapped:	
400 Supplies and Materials	600
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	131,067
200 Employee Benefits	39,681
400 Supplies and Materials	7,746
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	150,075
200 Employee Benefits	42,004
400 Supplies and Materials	\$ 800

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
143 Advanced Placement:	
100 Salaries	\$ 9,051
200 Employee Benefits	1,691
400 Supplies and Materials	4,134
148 Gifted and Talented - Artistic:	
100 Salaries	617
200 Employee Benefits	108
300 Purchased Services	9,830
400 Supplies and Materials	8,517
500 Capital Outlay	89
149 Other Special Programs:	
400 Supplies and Materials	1,000
180 Adult/Continuing Educational Programs:	
185 Vocational Adult Education Programs:	
400 Supplies and Materials	400
187 Adult Education - Remedial:	
100 Salaries	1,974
200 Employee Benefits	372
188 Parenting/Family Literacy:	
300 Purchased Services	3,783
400 Supplies and Materials	18,243
Total Instruction	<u>2,088,148</u>
200 Supporting Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	4,200
220 Instructional Staff Services:	
221 Improvement of Instruction - Curriculum Development:	
100 Salaries	314,201
200 Employee Benefits	77,906
300 Purchased Services	12,881
400 Supplies and Materials	19,125
222 Library and Media:	
100 Salaries	15,306
200 Employee Benefits	8,477
400 Supplies and Materials	2,800
223 Supervision of Special Programs:	
100 Salaries	54,793
200 Employee Benefits	15,451
400 Supplies and Materials	\$ 9,847

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	\$ 6,000
200 Employee Services	1,130
300 Purchased Services	65,637
400 Supplies and Materials	13,849
230 General Administration Services:	
233 School Administration:	
100 Salaries	21,099
200 Employee Benefits	6,009
250 Finance and Operations Services:	
255 Student Transportation:	
100 Salaries	4,313
200 Employee Services	871
300 Purchased Services	1,037
Total Supporting Services	<u>654,932</u>
TOTAL EXPENDITURES	<u>2,743,080</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(2,084,795)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,084,795)</u>
NET CHANGES IN FUND BALANCES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2003

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3507 School Innovation Funds	\$ 181,888	181,888	-	-	\$ -
3509 Arts in Education	20,327	20,327	-	-	4,174
3513 Parenting/Family Literacy (Carryover Provision)	84,242	84,242	-	-	4,356
3515 Advanced Placement Courses	4,134	4,134	-	-	-
3520 Gifted and Talented - Academic	188,264	188,264	-	-	-
3522 Gifted and Talented - Artistic	24,018	24,018	-	-	8,533
3523 Junior Scholars Program	307	307	-	-	-
3525 Career and Technology Education Equipment	91,854	91,854	-	-	-
3526 EAA Principal/Teacher Specialist on Site	357,736	357,736	-	-	-
3527 Critical Teaching Needs	3,228	3,228	-	-	570
3529 EAA Retraining Grant (Carryover Provision)	60,987	60,987	-	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services	31,967	31,967	-	-	398
3532 National Board Certification (Salary Supplement)	93,921	93,921	-	-	3,841
3533 Teacher of the Year Awards	-	-	-	-	1,075
3534 Professional Development on Standards (Carryover Provision)	39,518	39,518	-	-	1,935
3535 Governor's Institute of Reading	26,988	26,988	-	-	26,834
3540 Four-Year Old Early Childhood Program	165,469	165,469	-	-	-
3546 Academic Assistance K-3 (Carryover Provision)	618,136	618,136	-	-	26,162
3548 Academic Assistance 4-12 (Carryover Provision)	568,880	568,880	-	-	-
3550 Teacher Salary Increase	1,763,786	-	-	(1,763,786)	-
3553 Adult Education - Remedial	2,346	2,346	-	-	2,984
3555 School Employer Contributions	321,009	-	-	(321,009)	-
3575 Competitive Teacher Grants	13,219	13,219	-	-	756
3577 Teacher Supplies	96,600	96,600	-	-	-
3582 Principal Salary/Fringe Increase	27,108	27,108	-	-	-
3592 School-to-Work Transition (Carryover Provision)	36,759	36,759	-	-	477
3598 Bus Driver Salary Supplement	5,184	5,184	-	-	-
Totals	\$ 4,827,875	2,743,080	-	(2,084,795)	\$ 82,095

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

JUNE 30, 2003

There were no amounts due to the State Department of Education/Federal Government at June 30, 2003.

DEBT SERVICE FUND

The Debt Service Fund accounts for resources that will be used to service General Long Term Debt.

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

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent Taxes (Fiscally Independent LEA)	\$ 4,067,811
1140 Penalties and Interest on Taxes (Independent)	348,400
1200 Revenue from Local Government Units other than LEA's:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	167,302
1500 Earnings on Investments:	
1510 Interest on Investments	47,756
Total Local Sources	<u>4,631,269</u>
3000 Revenue from State Sources	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	303,638
3830 Merchant's Inventory Tax	9,371
3840 Manufacturers Depreciation Reimbursement	54,967
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	43,108
Total State Sources	<u>411,084</u>
TOTAL REVENUES ALL SOURCES	<u>5,042,353</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	4,850,000
620 Interest	136,592
690 Other Objects (Includes Fees for Servicing Bonds)	1,260
TOTAL EXPENDITURES	<u>4,987,852</u>
NET CHANGE IN FUND BALANCE	54,501
FUND BALANCE, Beginning of Year	<u>5,863,798</u>
FUND BALANCE, End of Year	<u>\$ 5,918,299</u>

CAPITAL PROJECTS FUND

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

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

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 142,661
1900 Other Revenue from Local Sources:	
1920 Contributions & Donations Private Sources	154,248
1999 Revenue from Other Local Sources	427,072
Total Local Sources	<u>723,981</u>
3000 Revenue from State Sources	
3170 State School Building Fund	5,151
3172 Children's Endowment (Barnwell Facilities Fund)	12,843
3174 State School Facilities Bond Act	1,506,006
Total State Sources	<u>1,524,000</u>
TOTAL REVENUES ALL SOURCES	<u>2,247,981</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition and Construction:	
300 Purchased Services	57,932
400 Supplies and Materials	40,011
500 Capital Outlay:	
520 Buildings	3,340,101
530 Improvements Other Than Buildings	2,216,604
540 Equipment	657,422
600 Other Objects:	
690 Other Objects	79
TOTAL EXPENDITURES	<u>6,312,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,064,168)</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Sale of Bonds	6,410
5120 Proceeds of General Obligation Bonds	5,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,006,410</u>
NET CHANGE IN FUND BALANCE	942,242
FUND BALANCE, Beginning of Year	<u>6,353,847</u>
FUND BALANCE, End of Year	<u>\$ 7,296,089</u>

PROPRIETARY FUND

The School Food Service Fund accounts for the provision of food services to students of the District. All activities necessary to provide such services are accounted for in this fund.

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

PROPRIETARY FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,488
1600 Food Service:	
1610 Lunch Sales to Pupils	471,496
1620 Breakfast Sales to Pupils	38,250
1630 Special Sales to Pupils	182,410
1640 Lunch Sales to Adults	102,159
1650 Breakfast Sales to Adults	3,954
1660 Special Sales to Adults	18,882
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	32,340
Total Local Sources	<u>850,979</u>
3000 Revenue from Federal Sources	
3140 School Lunch:	
3141 Supervisor's Salary	11,586
3142 Program Aid	4,727
Total State Sources	<u>16,313</u>
4000 Revenues from Federal Sources	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,154,314
4830 School Breakfast Program	337,792
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	119,799
Total Federal Sources	<u>1,611,905</u>
TOTAL REVENUES ALL SOURCES	<u>2,479,197</u>
OPERATING EXPENSES	
256 Food Service:	
100 Salaries	915,912
200 Employee Benefits	100,917
300 Purchased Services (Excludes Gas, Oil, Elec. & Other Heating Fuels.)	77,484
400 Supplies and Materials (Includes Gas, Oil, Elec. & Other Heating Fuels.)	1,119,341
500 Capital Outlay (Inclusive of Depreciation of \$113,276)	155,963
600 Other Objects	32,581
TOTAL OPERATING EXPENSES	<u>2,402,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 76,999</u>

(Continued)

PROPRIETARY FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Cost	\$ (146,871)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(146,871)</u>
CHANGE IN FUND NET ASSETS	(69,872)
FUND NET ASSETS, Beginning of Year	<u>1,512,535</u>
FUND NET ASSETS, End of Year	<u>\$ 1,442,663</u>

FIDUCIARY FUND

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

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

FIDUCIARY FUND - AGENCY FUND STUDENT ACTIVITY

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

YEAR ENDED JUNE 30, 2003

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,155
1700 Pupil Activities:	
1710 Admissions	184,676
1720 Bookstore Sales	34,092
1730 Pupil Organization Membership Dues and Fees	1,965
1740 Student Fees	102,256
1790 Other	131,256
1900 Other Revenue from Local Sources:	
1910 Rentals	3,428
1920 Contribution & Donations Private Sources	34,198
1999 Revenue from Other Local Sources	1,206,485
TOTAL RECEIPTS ALL SOURCES	<u>1,699,511</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
500 Capital Outlay	1,071
660 Pupil Activity	592,165
270 Supporting Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay	1,055
660 Pupil Activity	1,163,039
TOTAL DISBURSEMENTS	<u>1,757,330</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	49,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>49,000</u>
NET CHANGE IN DUE TO STUDENT ORGANIZATIONS	(8,819)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>436,480</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 427,661</u>

GENERAL GOVERNMENTAL REVENUES BY SOURCE

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Totals	State	Local	Federal	Intergovernmental
1994	\$ 28,428,903	14,671,514	12,091,147	1,666,242	\$ -
1995	30,821,725	15,218,966	13,797,345	1,805,414	-
1996	33,067,607	18,159,094	13,184,943	1,723,570	-
1997	34,045,154	18,956,007	13,415,791	1,673,356	-
1998	36,357,742	20,552,032	14,158,513	1,647,197	-
1999	41,501,300	22,385,064	17,165,439	1,950,797	-
2000	36,271,615	22,406,649	11,557,890	2,296,536	10,540
2001	39,922,014	25,572,043	11,744,534	2,569,941	35,496
2002	46,652,893	26,812,237	16,516,330	2,864,483	459,843
2003	\$ 48,847,174	26,976,900	18,301,543	3,173,876	\$ 394,855

Note: Includes General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

Source: District Compiled Information

GENERAL GOVERNMENTAL REVENUES BY FUND

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	General Fund	Special Revenue Fund	Education Improvement Act	Debt Service Fund	Capital Projects Fund	Totals
1994	\$ 20,219,851	1,848,344	2,804,207	3,375,504	180,997	\$ 28,428,903
1995	21,146,987	2,161,862	3,199,281	4,045,747	267,848	30,821,725
1996	22,809,193	2,084,091	3,255,845	4,690,766	227,712	33,067,607
1997	23,942,169	2,192,964	3,300,313	4,303,092	306,616	34,045,154
1998	24,922,958	2,392,440	3,595,068	4,756,900	690,376	36,357,742
1999	27,408,592	2,505,741	3,846,449	6,247,386	1,493,132	41,501,300
2000	28,078,967	3,136,469	4,114,463	769,544	172,172	36,271,615
2001	30,680,196	4,135,752	4,630,597	171,132	304,337	39,922,014
2002	30,897,487	4,925,131	4,489,383	4,675,746	1,665,146	46,652,893
2003	\$ 31,024,087	5,704,878	4,827,875	5,042,353	2,247,981	\$ 48,847,174

Note: The Special Revenue Fund includes all special revenues received by the District with the exception of EIA funds which are shown in a separate column above.

Source: District Compiled Information

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Instruction	Supporting Services	Community Services	Intergovernmental	Debt Service	Capital Outlay	Totals
1994	\$ 15,583,875	8,708,325	175,604	-	3,462,003	1,376,839	\$ 29,306,646
1995	16,079,955	9,181,087	288,447	-	3,765,360	2,934,264	32,249,113
1996	16,989,907	9,864,628	287,768	45,789	4,261,030	5,044,190	36,493,312
1997	18,211,202	10,300,535	129,480	70,424	4,476,546	4,373,792	37,561,979
1998	19,350,322	11,357,424	74,436	100,839	5,205,282	2,433,388	38,521,691
1999	19,995,776	11,281,318	53,763	65,721	5,665,468	9,130,360	46,192,406
2000	21,936,399	13,479,521	15,935	63,322	519,079	2,244,136	38,258,392
2001	23,720,147	14,257,345	10,231	91,216	168,069	2,132,222	40,379,230
2002	25,936,091	15,341,352	8,877	57,974	225,428	2,314,522	43,884,244
2003	\$ 25,956,402	15,435,515	2,045	24,472	4,987,852	6,825,038	\$ 53,231,324

Note: Includes General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

Source: District Compiled Information

SOURCE OF GENERAL FUND REVENUES

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Local	State	Totals
1994	\$ 8,629,892	11,589,959	\$ 20,219,851
1995	9,370,079	11,776,908	21,146,987
1996	8,254,838	14,554,355	22,809,193
1997	8,787,574	15,154,595	23,942,169
1998	8,996,852	15,926,106	24,922,958
1999	10,491,605	16,916,987	27,408,592
2000	10,620,968	17,457,999	28,078,967
2001	11,496,358	19,183,838	30,680,196
2002	12,022,000	18,875,487	30,897,487
2003	\$ 12,697,214	18,326,873	\$ 31,024,087

Source: District Compiled Information

GENERAL FUND EXPENDITURES BY FUNCTION

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Instruction	Supporting Services	Community Services	Intergovernmental	Capital Outlay	Totals
1994	\$ 12,987,278	7,792,063	23,457	-	-	\$ 20,802,798
1995	13,257,124	8,203,522	15,227	-	-	21,475,873
1996	14,334,016	8,996,448	20,633	45,789	-	23,396,886
1997	15,146,501	9,474,924	32,035	70,424	313,310	25,037,194
1998	15,723,495	10,053,869	46,842	100,839	453,123	26,378,168
1990	16,437,657	10,137,354	6,202	65,721	343,305	26,990,239
2000	17,588,042	11,866,532	6,567	63,322	-	29,524,463
2001	18,768,797	12,710,302	8,718	91,216	712,091	32,291,124
2002	20,226,609	12,972,539	8,877	57,974	332,907	33,598,906
2003	\$ 20,077,766	13,038,212	2,045	24,472	302,083	\$ 33,444,578

Source: District Compiled Information

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Tax Year	Taxes Subject to Collection	Current Collections	Current % Collected	Delinquent Collections (1)	Total % Collected
1994 (2)	1993	\$ 19,356,849	17,527,355	90.55%	\$ 731,495	94.33%
1995	1994	18,257,635	16,745,838	91.72%	848,975	96.37%
1996 (3)	1995	19,900,467	18,896,284	94.95%	597,054	97.95%
1997	1996	20,891,289	19,949,615	95.49%	723,137	98.95%
1998 (4),(5)	1997	23,796,954	21,161,756	88.93%	409,650	90.65%
1999	1998	26,189,304	25,685,005	98.07%	1,655,059	104.39%
2000	1999	24,690,602	22,862,037	92.59%	912,582	96.29%
2001	2000	24,443,407	21,989,816	89.96%	751,380	93.04%
2002	2001	28,685,407	26,492,299	92.35%	1,351,862	97.07%
2003	2002	\$ 31,154,169	29,443,371	94.51%	\$ 1,661,891	99.84%

- (1) Represents delinquent taxes collected during each respective Fiscal Year but levied during that year or a previous year.
- (2) 1994 Taxes Subject to Collection include delinquent taxes for prior years.
- (3) Reduction in delinquent collections due to the residential exemption and refunds paid to Duke Power, SCE&G and SC Pipeline for appeals previously under protest.
- (4) Preliminary figures as of April 30, 1998
- (5) Reduction in delinquent collections due to large refund (\$256,281)

Source: Newberry County Treasurer

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

Table 7

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Tax Year	Real Property		Personal Property		Total Assessed Value	Total Estimated Value	Ratio of Total Assessed Value to Total Estimated Value
		Assessed Value	Estimated Value	Assessed Value	Estimated Value			
1994	1993	\$ 35,169,010	695,847,072	29,449,050	299,560,154	64,618,060	\$ 995,407,226	6.49%
1995	1994	35,861,670	919,086,080	31,642,750	316,894,691	67,504,420	1,235,980,771	5.46%
1996	1995	36,558,550	887,207,875	35,177,160	346,510,247	71,735,710	1,233,718,122	5.81%
1997	1996	37,383,160	944,744,634	38,328,910	376,392,538	75,712,070	1,321,137,172	5.73%
1998	1997	38,803,570	983,472,971	39,890,150	392,051,153	78,693,720	1,375,524,124	5.72%
1999	1998	39,869,524	1,000,639,817	39,090,349	383,326,672	78,959,873	1,383,966,489	5.71%
2000	1999	49,127,840	989,179,761	38,536,790	379,664,339	87,664,630	1,368,844,100	6.40%
2001	2000	49,881,900	1,006,970,045	39,839,460	390,809,024	89,721,360	1,397,779,069	6.42%
2002	2001	51,069,180	1,032,646,036	38,779,390	387,239,198	89,848,570	1,419,885,234	6.33%
2003	2002	\$ 52,345,610	1,059,565,523	37,340,920	386,345,241	89,716,530	\$ 1,445,910,764	6.20%

Source: Newberry County Auditor

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

Table 8

PROPERTY TAX MILLAGE - DIRECT AND OVERLAPPING GOVERNMENTS

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Tax Year	Newberry County	Hospital, Ambulance, E. R. & Indigent Care	Piedmont Technical College	Newberry County Bonds	Town of Little Mountain	Town of Newberry	Town of Pomaria	Town of Prosperity	Town of Whitmire	School District
1994	1993	51.8	12.6	1.0	5.6	21.0	103.0	6.0	51.0	107.0	187.0
1995	1994	51.8	12.3	2.0	10.9	21.0	101.0	6.0	51.0	107.0	194.0
1996	1995	56.8	12.4	2.0	8.8	21.0	101.0	6.0	51.0	107.0	208.0
1997	1996	56.8	11.7	2.0	11.5	21.0	98.0	6.0	51.0	107.0	202.0
1998	1997	56.8	10.7	2.0	16.5	21.0	87.0	6.0	51.0	107.0	214.0
1999	1998	68.5	10.3	2.0	9.2	21.0	83.0	6.0	51.0	107.0	230.0
2000	1999	65.2	9.1	1.8	15.2	19.0	73.8	4.0	49.0	100.0	144.7
2001	2000	65.6	10.0	2.7	22.0	20.0	73.8	4.0	49.0	100.0	156.7
2002	2001	81.9	*	2.7	8.9	20.0	94.0	4.0	49.0	100.0	219.5
2003	2002	108.7	*	3.1	7.1	20.0	94.0	4.0	49.0	100.0	226.1

* Included in Newberry County General Operating Levy

Source: Newberry County Auditor

COMPUTATION OF LEGAL DEBT MARGIN

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Total Assessed Value		\$ 89,716,530
Legal Debt Limit - 8 Percent of Assessed Value		7,177,322
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	7,150,000	
Less: Issues Existing Prior to December 1, 1982	<u>-</u>	
Total Amount of Debt Applicable to Debt Limit		<u>7,150,000</u>
Legal Debt Limit		<u>\$ 27,322</u>

Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended (the "Constitution"), empowers each school district of the State to incur general obligation debt in such terms and conditions as the General Assembly shall prescribe by law. After November 30, 1982, each school district may incur general obligation debt, without an election and upon such terms and conditions as the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of the school district. Bonded indebtedness existing on November 30, 1982, and the bonded indebtedness authorized by a majority vote of the qualified electors of the school district voting in a referendum will not be considered in the computation of the 8% limitation.

Source: Newberry County Auditor & Newberry County Treasurer

PRINCIPAL TAXPAYERS

YEAR ENDED JUNE 30, 2003

UNAUDITED

Taxpayer	Assessed Value	Taxes Paid	Percent of Total Assessed Value
Oscar Mayer Foods Corp.	\$ 2,941,269	\$ 568,646	3.28%
South Carolina Electric & Gas Co.	1,814,660	410,294	2.02%
BellSouth Telecommunications	1,739,050	393,199	1.94%
Duke Energy Corporation	1,711,700	387,015	1.91%
Newberry Electric Cooperative, Inc.	1,640,960	371,021	1.83%
Federal Paper Board Co., Inc.	1,162,750	262,897	1.30%
T. G. Wilson	1,085,910	225,455	1.21%
Georgia Pacific Corp.-Plywood Plant	911,780	206,153	1.02%
Shakespeare Company	890,970	201,448	0.99%
Renfro Corporation	884,400	199,962	0.99%
	\$ 14,783,449	\$ 3,226,090	16.48%

Source: Newberry County Auditor

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Tax Year	Population*	Assessed Value	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	1993	33,692	\$ 61,618,060	\$ 6,915,000	11.22%	205
1995	1994	34,044	67,504,420	3,500,000	5.18%	103
1996	1995	34,268	71,735,710	6,000,000	8.36%	175
1997	1996	34,600	75,712,070	6,150,000	8.12%	178
1998	1997	34,700	78,693,720	1,225,000	1.56%	35
1999	1998	34,800	78,959,873	775,000	0.98%	22
2000	1999	35,100	87,664,630	300,000	0.34%	9
2001	2000	36,108	89,721,360	150,000	0.17%	4
2002	2001	36,344	89,848,570	7,000,000	7.79%	193
2003	2002	36,810	\$ 89,716,530	\$ 7,150,000	7.97%	194

* Estimate of Population

Source: Newberry County Auditor , Newberry County Treasurer and SC Budget and Control Board

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1994	\$ 3,100,000	362,003	3,462,003	\$ 29,306,646	11.81%
1995	3,415,000	350,360	3,765,360	32,249,113	11.68%
1996	3,950,000	311,030	4,261,030	36,493,312	11.68%
1997	4,200,000	276,546	4,476,546	37,561,979	11.92%
1998	4,925,000	280,282	5,205,282	38,521,691	13.51%
1999	5,450,000	215,468	5,665,468	46,192,406	12.26%
2000	475,000	47,392	522,392	38,258,392	1.30%
2001	150,000	18,069	168,069	40,379,230	0.42%
2002	150,000	75,428	225,428	43,884,244	0.51%
2003	\$ 4,850,000	138,351	4,988,351	\$ 52,804,252	9.45%

Note: General governmental expenditures include General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

Sources: Newberry County Treasurer and District Compiled Information

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

YEARS ENDED JUNE 30, 2003

UNAUDITED

Government	Net General Debt Outstanding	Percent Applicable to District	District's Share of Debt
School District of Newberry County	\$ 7,150,000	100.00%	\$ 7,150,000
Newberry County	4,000,000	100.00%	4,000,000
Capital Project Sales Tax Bond	6,700,000	100.00%	6,700,000
J. F. Hawkins Nursing Home	550,000	100.00%	550,000
	<u>\$ 18,400,000</u>		<u>\$ 18,400,000</u>

Source: Newberry County Treasurer

DEMOGRAPHIC STATISTICS - NEWBERRY COUNTY

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Population	Per Capita Income	School Enrollment	Unemployment Rate
1994	33,692	\$ 15,899	5,858	6.00%
1995	34,044	16,660	5,798	5.60%
1996	34,268	17,590	5,718	6.20%
1997	34,600	20,508	5,768	4.60%
1998	34,700	21,309	5,815	5.80%
1999	34,800	20,958	5,841	4.70%
2000	35,100	20,639	5,719	5.80%
2001	36,108	\$ 21,189	5,694	6.80%
2002	36,340	Unavailable	5,751	7.70%
2003	35,496	Unavailable	5,657	7.50%

Source: SC Division of Research and Statistical Services
 SC Employment Security Commission

AVERAGE DAILY MEMBERSHIP

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Kindergarten	Elementary Grades 1-8	High School Grades 9-12	Totals
1994	431	3730	1697	5858
1995	430	3699	1669	5798
1996	372	3657	1689	5718
1997	486	3609	1674	5768
1998	474	3643	1698	5815
1999	445	3696	1700	5841
2000	401	3706	1611	5719
2001	439	3673	1582	5694
2002	487	3648	1616	5751
2003	400	3675	1582	5657

Source: District compiled information from 135 Day Average Daily Membership Reports.

BANK DEPOSITS, NEW CONSTRUCTION AND PROPERTY VALUES

FISCAL YEARS ENDED JUNE 30, 1994 THROUGH JUNE 30, 2003

UNAUDITED

Fiscal Year	Bank Deposits	New Construction	Property Value
1994	\$ 228,606,000	11,829,108	\$ 995,407,226
1995	232,018,000	9,774,996	1,235,980,771
1996	238,468,000	13,189,151	1,233,718,122
1997	243,111,000	12,265,190	1,321,137,172
1998	258,458,000	15,522,595	1,375,524,124
1999	269,570,000	13,566,916	1,383,966,489
2000	269,830,000	24,644,743	1,368,844,100
2001	274,816,000	26,184,810	1,397,779,069
2002	\$ 275,925,000	27,958,638	1,419,885,234
2003	Unavailable	32,811,749	\$ 1,445,910,764

Sources: Newberry County Auditor, Newberry County Assessor,
Federal Deposit Insurance Corporation

MISCELLANEOUS STATISTICS

YEAR ENDED JUNE 30, 2003

UNAUDITED

Date Of Establishment:	February 27, 1952	
Form Of Government:	Seven Member - Board of Trustees Elected by the Public	
Area:	630.8 Square miles	
Enrollment:	5657	
Number Of Schools:	Elementary Schools	8
	Middle Schools	2
	High Schools	3
	Special Program Centers	1
		<hr/> 14
Professional Staff:	Administrators	50
	Instructional Professionals	503
	Support	422
		<hr/> 975

Source: District Compiled Information

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF EDUCATION				
Passed Through State Department of Education:				
600	Food Distribution/Commodities	10.550	N/A	\$ 119,799
600	National School Breakfast Program	10.553	N/A	337,792
600	National School Lunch Program	10.555	N/A	1,154,314
Total Passed Through State Department of Education				<u>1,611,905</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	83,115
TOTAL US DEPARTMENT OF EDUCATION				<u>1,695,020</u>
US DEPARTMENT OF EDUCATION				
Passed Through State Department of Education:				
201	Title I Grants to Local Educational Agencies	84.010	03BA064	1,086,728
203/211	Special Education - Grants to States	84.027	03CA064	1,040,995
205	Special Education - Preschool Grants	84.173	03CG064	83,102
207	Occupational Education	84.048	03VA064	99,990
209	Safe and Drug-Free Schools and Communities State Grants	84.186	03FQ064	50,725
213	Personnel Development	84.027A	03C0064	6,176
235	Migrant Education - Basic State Grant Program	84.011	03BG064	37,603
241	Innovative Education Program Strategies	84.298	03BB064	27,767
243	Adult Education State Grant Program	84.002	03EA064	62,311
248	School Health Programs	93.938	N/A	50
251	Title VI	84.358B	03BS064	99,506
253	ED Tech	84.318X	03ET064	27,121
254	Technology Literacy Challenge	84.318X	03FJ064	20,165
Total 84.318X				<u>47,286</u>
261	Schools of Excellence	17.249	03VA064	11,495
262	Reduce Class Size	84.340	03BK064	5,462
264	Title III	84.365A	03BP064	24,447
267	Improving Teacher Quality	84.367A	03TQ064	290,948
TOTAL US DEPARTMENT OF EDUCATION				<u>2,974,591</u>
US DEPARTMENT OF DEFENSE				
Direct Program:				
272	JROTC	12.000	N/A	110,166
TOTAL US DEPARTMENT OF DEFENSE				<u>110,166</u>
NATIONAL SCIENCE FOUNDATION				
Direct Program:				
278	Tech-Prep Education	84.243	N/A	6,004
TOTAL NATIONAL SCIENCE FOUNDATION				<u>6,004</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u><u>\$ 4,785,781</u></u>

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of the School District of Newberry County, South Carolina (the “School District”) for the year ended June 30, 2003. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

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

C – Relationship to Basic Financial Statements

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

D – Relationship to Federal Financial Reports

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

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

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

We have audited the basic financial statements of the School District of Newberry County, South Carolina (the "School District") as of and for the year ended June 30, 2003, and have issued our report thereon dated October 28, 2003. 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 School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 object 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 School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the 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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

However, we noted other matters involving the design and operation of the internal control over financial reporting, which we have reported to management of the School District in a separate letter dated October 28, 2003.

This report is intended solely for the information and use of the audit committee, management, the South Carolina Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greene, Finney & Horton, LLP
October 28, 2003

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

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

Compliance

We have audited the compliance of the School District of Newberry County, South Carolina (the "School District") with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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


In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the School 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 School 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, South Carolina Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Greene, Finney & Horton, LLP
October 28, 2003

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2003

There were no audit findings in the prior year.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2003

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	School Lunch Program
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education - Grants to States

Dollar threshold used to distinguish between type A and type B programs:	_____ 300,000 _____
--	---------------------

Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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Section II - Findings - 2003 Financial Statements Audit

NONE

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

NONE