

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2004**

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

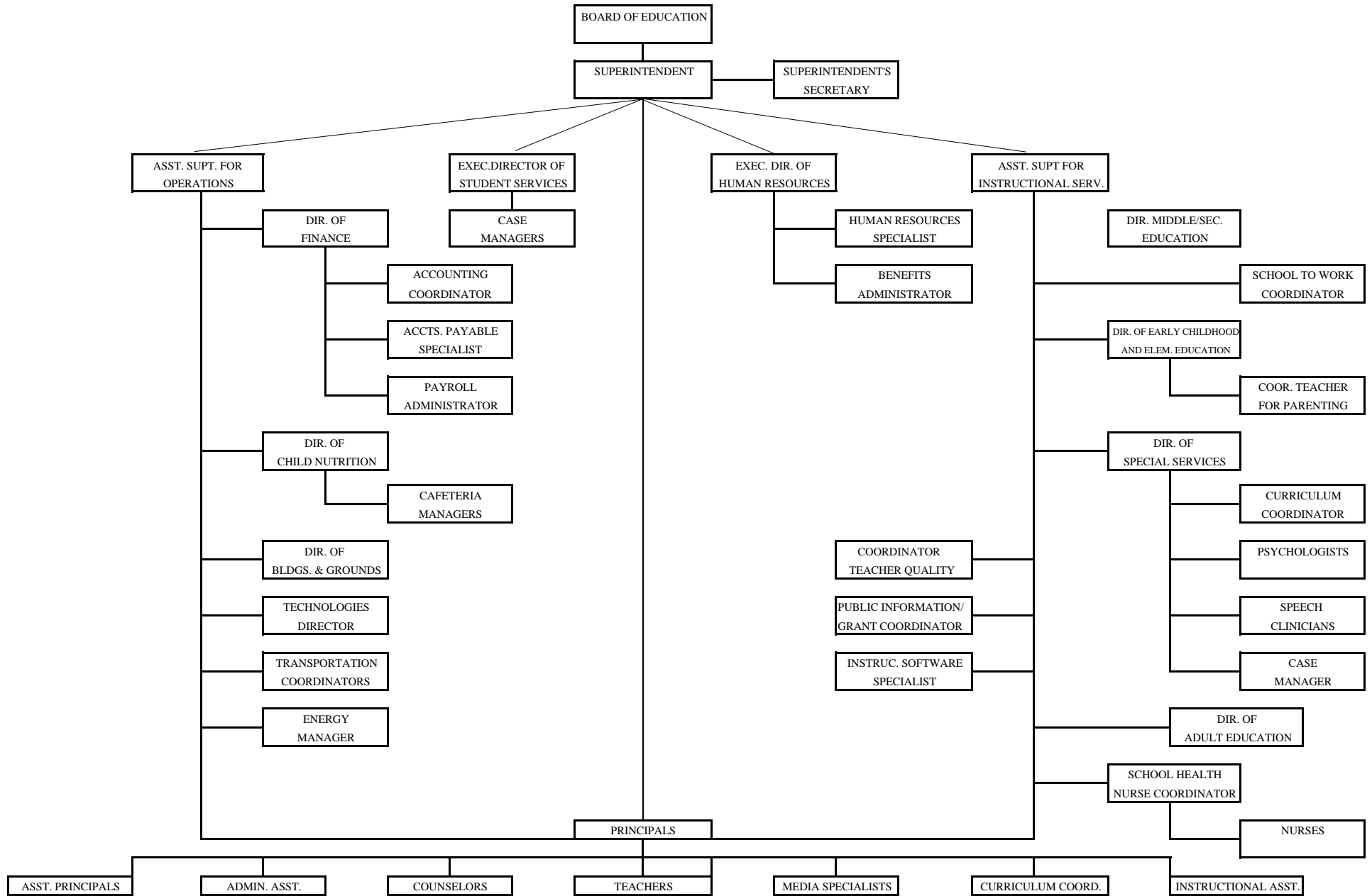
Board of Education

Mr. Lee B. Attaway, Chairperson
Mr. Clyde Hill, Vice-Chairperson
Ms. Jane W. Doolittle, Secretary
Dr. John F. Roche, Member
Mr. Jody Hamm, 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
ORGANIZATIONAL CHART**



DECEMBER 1, 2004

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 (the District) for the fiscal year ended June 30, 2004, 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 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 District. All disclosures necessary for the reader's understanding of the 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 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 2003 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 require that the School District's management provide a narrative introduction, overview, and Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of our independent auditors.

GENERAL INFORMATION ABOUT THE DISTRICT

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

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

A seven member Board of Trustees elected by the voters of the 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 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 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 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 3-8. 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, 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 district grants to teachers/schools. Students are also provided opportunities to attend programs at the Newberry Opera House.

Child development classes provide preschool education experiences for four-year old children who need an intervention program to prepare them for school. The District also has full day programs for four-year olds in four schools. In 2000/2001, the 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 three for the 2004-05 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 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 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 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 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 District. The 2003-2004 enrollment was 856 students. The program graduated 54 students, 22 with State High School diplomas and 32 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 met 10 of 12 academic standards required by the State Department of Education and operated within all state rules and regulations. The program collaborates with other agencies in the county such as the Department of Social Services, Vocational Rehabilitation, Employment Security Commission, First Steps and many others to serve undereducated adults throughout the county. The program offers day and night classes in Newberry and night classes in Prosperity and Whitmire.

The School District of Newberry County has three performance goals and nine learner standards that comprise the new 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 District's goal of meeting the expectations of each performance goal and learner standard.

The 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 latest population estimate is for 2003 as reported by the U. S. Census Bureau is 36,840. 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. In the 2002 Census of Agriculture, Newberry County had 633 farms and 103,570 acres of land dedicated to agricultural 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. In November, 2004, the county voted to continue the 1% sales tax for another 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 District has employed two English-as-a-Second-Language teachers, and several schools are teaching their faculties Spanish.

Unemployment in the county at June 2004 was 6.9%, a decrease of .4% from June 2003. 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 is now occupied and in use.

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 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 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. *Three years into the plan, the District has successfully opened a new wing of classrooms on two of its schools, Little Mountain Elementary and Whitmire Community School, and will have a new Gallman Elementary and a restored Newberry Elementary on line for the fall of 2004. One project, renovations and additions to Boundary Street Elementary School, remains from the first phase of the building program.* The District has added General Obligation bond proceeds to approximately \$7,600,000 in available state funds in order to complete these projects, and to fund other capital improvements in the district. The first bond issue of \$7,000,000 was made in the fall of 2001, the second issue of \$5,000,000 was made in the fall of 2002, and the third issue of \$4,200,000 was made in the fall of 2003. The fourth issue of \$4,500,000 is forthcoming for the fall of 2004. Subsequent bond issues in similar amounts are anticipated in order to fund subsequent phases. The District is in the process of identifying and exploring alternative means of financing remaining building needs, including the possibility of a bond referendum and other means of utilizing its debt limit.

The School District of Newberry County seeks to provide opportunities for successful lifelong learning through the implementation of a comprehensive plan to acquire and integrate technology, access and utilize information effectively, extend the learning environment for all and prepare productive citizens for our community and a global society. To be able to fully accomplish this goal, The District has in place a plan of action that addresses 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 district.
- Training for all users of technology.
- Networking the technology throughout the district.
- The management of all technology within the 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 2003-2004 school year continued progress was made in the technology arena. Through the use of E-rate funds, all district and school file servers are being cyclically upgraded to top-of-the-line equipment. Media retrieval systems have been installed in four schools along with Voice-over-IP telephone systems. Two-way, interactive distance learning is available in all district high schools and one-way distance learning is available at all district schools. Additional video conference equipment has been added to Newberry Middle School for communication with NASA. Newberry Elementary School was named the LG/Zenith showcase school for the southeast. All classrooms are equipped with at least one computer. Approximately 70% of the district classrooms have two or more. In addition, 85% of the district computer labs have been upgraded with newer equipment. The 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 2003-2004 school year. Scholarships offered to District seniors totaled approximately \$1.9 million. Once again, The School District has added another Red Carpet School. Boundary Street Elementary received this award for 2003-2004 to add to our list of honorees in this category. Pomaria/Garmany Elementary School received this award for 2002-2003 and 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. Several schools received Palmetto Gold and Silver Awards from the S.C. State Department of Education for the 2003-2004 school year showing outstanding improvement on the Palmetto Achievement Challenge Test. The 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 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. All schools in the District are working towards these accomplishments.

FINANCIAL INFORMATION

Internal Control

The administration of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the 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 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 District.

As part of the 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 District has complied with applicable laws and regulations. The results of the single audit for the fiscal year ended June 30,

2004, 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 District continues to meet its responsibility of sound financial management.

Cash Management

The 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 District. Funds are claimed from the Treasurer and deposited into the 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 District and Newberry County Treasurer.

Debt Administration

Outstanding general obligation bonds at June 30, 2004 totaled \$6,950,000. This outstanding debt is for the bond series 2001, 2002 and 2003 and decreases our outstanding debt from the prior year by \$200,000. Currently the School District's bond rating is AA+ with Standard and Poor's Corporation and Aal (A3 underlying) with Moody's Investors Service.

Risk Management

The District has a program of risk management, which includes oversight by the Office of Finance. The 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 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 District by independent certified public accountants. Greene, Finney, Horton, LLP conducted the audit for 2003-2004. 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 seventh comprehensive annual financial report for fiscal year ended June 30, 2003. We believe our current report continues to conform to the Certificate of Achievement/Excellence program requirements, and we are submitting it to GFOA and ASBO.

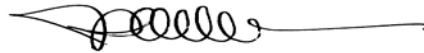
ACKNOWLEDGMENTS

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

Respectfully submitted,



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, 2003

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.



A handwritten signature in black ink, appearing to read "Edward H. Harty".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

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, 2003

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

William F. Fell
President

Ann W. Nelder
Executive Director

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INDEPENDENT AUDITORS' OPINION ON GF&H LETTERHEAD

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

This discussion and analysis of The School District of Newberry County's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2004 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$61.7 million. Of this amount, approximately \$7.4 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net assets increased by approximately \$11.2 million. Most of this increase in total net assets is due to revenues exceeding expenses primarily from proceeds received from the State School Facilities Bond Act and State Barnwell Facility Funds and an increase in local tax revenue.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$16.7 million, a decrease of approximately \$.7 million from the prior year ending fund balance, which is primarily attributable to capital project expenditures related to construction projects. Approximately 38% of the total amount, or approximately \$6.4 million, 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 approximately \$5 million, which was approximately 15% of total General Fund expenditures. Unreserved, designated was approximately \$1.4 million, which was approximately 4% of total General Fund expenditures.
- The School District's total capital assets increased by approximately \$10.9 million (27%) during the current fiscal year. The key factor in this increase was the School District's the completion of construction projects authorized by Phase I of the construction program funded with the District's constitutional debt limit, partially offset by depreciation of approximately \$1.4 million.
- The School District's total debt decreased by \$.2 million (3%) during the current fiscal year. The key factor in this decrease was principal payments of \$4.4 million partially offset by the issuance of \$4.2 million in new general obligation bonds.
- During the 2004 fiscal year, the School District's governmental fund revenues were approximately \$54.5 million compared to approximately \$48.8 million in the prior year. This increase was primarily due to increases in state and special revenue funds and additional local revenue in the debt service fund. The School District's governmental fund expenses were approximately \$59.5 million compared to approximately \$53.2 million in the prior year. The increase was primarily due to expenses related to construction projects funded by the sales of bonds under Phase I of the District's construction program.
- The School District had approximately \$44.2 million and \$2.5 million in expenses related to governmental activities and business-type activities, respectively. Of these expenses, \$32.0 million and \$2.6 million were offset by program specific charges for services, grants or contributions for the governmental activities and business-type activities, respectively. General revenues and transfers (primarily taxes) of approximately \$23.3 million provided the remaining funding for both of these program activities.

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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, intergovernmental and interest and fiscal charges. The business-type activities of the School District include a food service operation.

The governmental-wide financial statements can be found on pages 23-24 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 basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The School District maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Projects Fund, EIA Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. The governmental fund basic financial statements can be found on pages 25 – 30 of this report.

Proprietary Fund. The School District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide basic financial statements. The School District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide basic financial statements, only in more detail; therefore, the proprietary fund basic financial statements provide more detailed information for the food service operation, which is considered a major fund of the School District. The proprietary fund basic financial statements can be found on pages 31 – 33 of this report.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide basic financial statements because the resources of those funds are not available to support the School District’s own programs. The School District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund. The fiduciary fund basic financial statement can be found on page 34 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 basic financial statements. The notes to the basic financial statements can be found on pages 35 – 51 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 55 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 53 of this report.

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

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 approximately \$61.7 million 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, 2004 compared to June 30, 2003.

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003 *	2004	2003	2004	2003 *
Assets						
Current and Other Assets	\$ 23,941,818	22,332,611	762,548	823,520	24,704,366	\$ 23,156,131
Capital Assets	50,195,115	39,307,968	638,045	632,252	50,833,160	39,940,220
Total Assets	74,136,933	61,640,579	1,400,593	1,455,772	75,537,526	63,096,351
Liabilities						
Other Liabilities	6,632,643	4,687,837	13,109	13,109	6,645,752	4,700,946
Long Term Liabilities	7,181,068	7,334,828	-	-	7,181,068	7,334,828
Total Liabilities	13,813,711	12,022,665	13,109	13,109	13,826,820	12,035,774
Net Assets						
Invested in Capital Assets, Net of Related Debt	47,252,597	39,454,057	638,045	632,252	47,890,642	40,086,309
Restricted	6,404,625	5,876,600	-	-	6,404,625	5,876,600
Unrestricted	6,666,000	3,782,183	749,439	810,411	7,415,439	4,592,594
Total Net Assets	\$ 60,323,222	49,112,840	1,387,484	1,442,663	61,710,706	\$ 50,555,503

* Certain components in Net Assets have been reclassified to agree to the current presentation.

The School District's government-wide net assets increased by approximately \$11.2 million or approximately 22.2% (\$50.5 million compared to \$61.7 million) in 2004. Most of this increase in total net assets is due to once again to the completion of construction projects authorized as Phase I of the District's construction program funded with the District's constitutional debt limit. In addition there was an increase in assets in the Food Service program due to cafeteria modifications.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was approximately \$7.4 million at June 30, 2004.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 2 shows the changes in net assets for fiscal year 2004 compared to 2003.

Table II
Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for Services	\$ 161,319	1,483	834,427	817,151	995,746	\$ 818,634
Operating Grants	25,371,941	26,693,789	1,756,404	1,628,218	27,128,345	28,322,007
Capital Grants	6,445,937	-	-	-	6,445,937	-
General Revenue:						
Taxes	22,596,165	20,402,519	-	-	22,596,165	20,402,519
Other	719,376	932,266	16,553	33,828	735,929	966,094
Total Revenues	55,294,738	48,030,057	2,607,384	2,479,197	57,902,122	50,509,254
Program Activities						
Instruction	28,294,288	26,596,128	-	-	28,294,288	26,596,128
Supporting Services	15,772,842	17,091,754	-	-	15,772,842	17,091,754
Community Services	4,594	2,045	-	-	4,594	2,045
Intergovernmental	60,391	73,472	-	-	60,391	73,472
Interest and Fiscal Charges	93,129	131,872	-	-	93,129	131,872
Food Service	-	-	2,521,675	2,402,198	2,521,675	2,402,198
Total Expenses	44,225,244	43,895,271	2,521,675	2,402,198	46,746,919	46,297,469
Excess Before Transfers	11,069,494	4,134,786	85,709	76,999	11,155,203	4,211,785
Transfers In (Out)	140,888	146,871	(140,888)	(146,871)		
Change in Net Assets	11,210,382	4,281,657	(55,179)	(69,872)	11,155,203	4,211,785
Net Assets, Beginning of Year	49,112,840	45,336,257	1,442,663	1,512,535	50,555,503	46,848,792
Prior Period Adjustments	-	(505,074)	-	-	-	(505,074)
Net Assets, Beginning of Year, Restated	49,112,840	44,831,183	1,442,663	1,512,535	50,555,503	46,343,718
Net Assets, End of Year	\$ 60,323,222	49,112,840	1,387,484	1,442,663	61,710,706	\$ 50,555,503

Governmental Activities. Governmental activities increased from 2003 to 2004 by approximately \$11.2 million or 22.8%. Key elements of this increase are as follows:

- Proceeds received from the State School Facilities Bond Act and State Barnwell Facility funds.
- Increase in local tax revenue.

Business-Type Activities. Business-Type activities decreased from 2003 to 2004 by approximately \$.1 million or 3.8%. Key elements of this decrease are as follows:

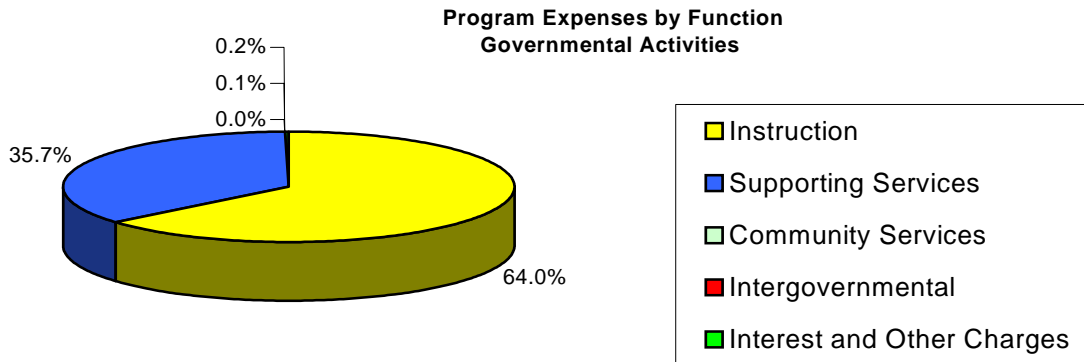
- Increased food and supply expenditures.
- Increased depreciation expense.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



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, 2004, the School District's governmental funds reported a *combined* fund balance of \$16,741,917, as compared to \$17,402,799 for the prior year. The decrease in governmental fund balance is primarily due to capital expenditures related to construction projects completed during the year. In particular, unreserved, undesignated 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, 2004, the School District's unreserved, undesignated fund balance for all governmental funds was \$5,000,601 which solely represents the General Fund, along with unreserved, designated fund balance of \$1,409,703 that is to be used for future capital-related expenditures. The remainder, \$10,331,613 is reserved for items such as Prepaid Items, with \$4,007,482 in Capital Projects (for the School District's building plans), \$6,270,998 in Debt Service (for future debt service payments) and \$43,358 in Special Revenue (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 \$5,000,601 and unreserved, designated fund balance was \$1,409,703, while total fund balance reached \$6,416,723.

The fund balance for the School District's General Fund increased by \$2,275,026, or 55%, during the current fiscal year primarily due to the receipt and subsequent transfer of state building funds at the end of the year that will be used in conjunction with construction bonds to upgrade current school facilities.

The School District's major governmental funds include the General Fund, as described above, Special Revenue – Special Projects Fund, Special Revenue – EIA Fund, Debt Service Fund, and Capital Projects Fund.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

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

The Debt Service Fund is shown in the accompanying basic financial statements of the School District. The fund is used to account for the accumulation of funds for debt retirement. The fund balance for the School District's Debt Service Fund increased by \$352,699 from the prior year primarily due to a reduction in bond principal payments. The fiscal year ended 2004 fund balance is \$6,270,998 which is reserved for the payment of debt service. The School District's debt millage rate is 50.6.

The Capital Projects Fund is utilized to account for the School District's capital project expenditures. The School District's Capital Projects Fund decreased by \$3,288,607 in 2004 to \$4,007,482 at June 30, 2004. The decrease was a result of the completion of current construction projects.

Proprietary Funds

The School District's only Proprietary Fund is the Food Service Fund. This program had a decrease in net assets of \$55,179 for 2004. The net decrease was primarily a result of an increase in depreciation expense and expenditures for food service projects.

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2004, there were no amendments to the School District's General Fund expense or revenue budgets. Actual revenues exceeded budget due to revenue for local delinquent taxes and revenue in lieu of taxes collections were higher than budgeted. Actual expenses were less than budget due to savings in public utilities and energy as a result of a new energy management program as well as certain expenditures for supplies and purchased services that were paid from special revenue funds but budgeted in the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the School District had approximately \$50.8 million invested in capital assets, net of depreciation.

The total increase in the School District's investment in capital assets was approximately \$10.9 million, or approximately 27%. Major capital asset events during the current fiscal year included:

- The continuation of the construction of the new Gallman Elementary School.
- The continued renovation and restoration of Newberry Elementary School.
- Miscellaneous small capital projects and technology upgrades.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The following table shows the capital asset balances for 2004 and 2003.

Table III
Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Capital Assets						
Land	\$ 826,452	727,849	-	-	826,452	\$ 727,849
Building, Improvements and Equipment	50,197,814	48,556,805	1,674,510	1,524,854	51,872,324	50,081,659
Construction in Progress	15,276,773	5,184,073	-	-	15,276,773	5,184,073
Less: Accum. Depreciation	(16,105,924)	(15,160,759)	(1,036,465)	(892,602)	(17,142,389)	(16,053,361)
Capital Assets, Net	<u>\$ 50,195,115</u>	<u>39,307,968</u>	<u>638,045</u>	<u>632,252</u>	<u>50,833,160</u>	<u>\$ 39,940,220</u>

The School District also has total outstanding construction commitments at June 30, 2004, of approximately \$9.3 million.

More detailed information about the School District's capital assets can be found in Note III to the basic financial statements.

Debt Administration

At fiscal year-end, the School District had \$6,950,000 in general obligation bonds ("GOB") outstanding versus \$7,150,000 in the prior year, a decrease of approximately 2.8% as shown in the table below. 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.

The School District issued \$4.2 million in new GOB in 2004 for the continuation of construction projects including the gym at Newberry Elementary School and the renovation of Boundary Street Elementary School. The School District made principal payments of \$4.4 million during fiscal 2004.

Table IV
Outstanding Debt, at Year End

	Governmental Activities 2004	Governmental Activities 2003
Series 2001 GOBs	\$ 250,000	\$ 2,150,000
Series 2002 GOBs	2,500,000	5,000,000
Series 2003 GOBs	4,200,000	-
Total	<u>\$ 6,950,000</u>	<u>\$ 7,150,000</u>

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District's corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the School District approve such additional debt through a district-wide referendum. The School District's outstanding general obligation debt is below this state-imposed limit by approximately \$445,252.

As noted earlier, other obligations include accrued compensated absences. 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

The School District of Newberry County 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's 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 2004 was 6.3% and decreased to 6.1% in October 2004. Statewide the figures went from 6.8% in September to 6.5% in October while the national rate was 5.5%.

FY 05 BUDGETS

Many factors were considered by the School District's administration during the process of developing the fiscal year 2004-2005 budget. The School District's top two goals and objectives consisted of maintenance of pupil to teacher ratios in elementary grades and restoration of position cuts in previous years in vital areas such as the classroom. The budget also included a modest pay increase for all employees.

The School District's Food Service Fund FY05 budget calls for no increase in student or adult meal prices and a modest pay increase for all employees.

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

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2004

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 453,002	934,915	\$ 1,387,917
Cash and Investments Held by County Treasurer	19,234,955	-	19,234,955
Property Taxes Receivable, Net	1,458,515	-	1,458,515
Accounts Receivable, Net	69,982	-	69,982
Other Receivables, Net	34,746	-	34,746
Due from Other Governments	2,414,151	16,794	2,430,945
Internal Balances	266,692	(266,692)	-
Inventory and Prepaid Items	9,775	77,531	87,306
Capital Assets:			
Non-Depreciable Assets	16,103,225	-	16,103,225
Depreciable Assets, Net	34,091,890	638,045	34,729,935
TOTAL ASSETS	74,136,933	1,400,593	75,537,526
LIABILITIES			
Accounts Payable and Accrued Expenses	5,848,071	-	5,848,071
Accrued Interest Payable	37,667	-	37,667
Deferred Revenues	746,905	13,109	760,014
Non-Current Liabilities:			
Due Within One Year	4,528,242	-	4,528,242
Due in More than One Year	2,652,826	-	2,652,826
TOTAL LIABILITIES	13,813,711	13,109	13,826,820
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	47,252,597	638,045	47,890,642
Restricted For:			
Debt Service	6,357,911	-	6,357,911
Special Revenue	46,714	-	46,714
Unrestricted	6,666,000	749,439	7,415,439
TOTAL NET ASSETS	\$ 60,323,222	1,387,484	\$ 61,710,706

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, 2004

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
Instruction	\$ 28,294,288	23,011	19,126,519	-	(9,144,758)		\$ (9,144,758)
Supporting Services	15,772,842	138,308	6,245,422	6,445,937	(2,943,175)		(2,943,175)
Community Services	4,594	-	-	-	(4,594)		(4,594)
Intergovernmental	60,391	-	-	-	(60,391)		(60,391)
Interest and Other Charges	93,129	-	-	-	(93,129)		(93,129)
Total Governmental Activities	44,225,244	161,319	25,371,941	6,445,937	(12,246,047)		(12,246,047)
Business-Type Activities:							
Food Services	2,521,675	834,427	1,756,404	-	-	69,156	69,156
Total Business-Type Activities	2,521,675	834,427	1,756,404	-	-	69,156	69,156
TOTAL PRIMARY GOVERNMENT	\$ 46,746,919	995,746	27,128,345	6,445,937	(12,246,047)	69,156	(12,176,891)
GENERAL REVENUES AND TRANSFERS:							
General Revenues:							
Property Taxes Levied for General Purposes					13,919,486	-	13,919,486
Property Taxes Levied for Debt Service					4,591,336	-	4,591,336
Other Taxes:							
Other Taxes					4,085,343	-	4,085,343
Unrestricted Grants and Contributions					38,702	-	38,702
Unrestricted Investment Earnings					313,940	267	314,207
Intergovernmental Revenues					33,819	-	33,819
Miscellaneous					332,915	16,286	349,201
Transfers					140,888	(140,888)	-
Total General Revenues and Transfers					23,456,429	(124,335)	23,332,094
CHANGE IN NET ASSETS					11,210,382	(55,179)	11,155,203
NET ASSETS, Beginning of Year					49,617,914	1,442,663	51,060,577
Prior Period Adjustments					(505,074)	-	(505,074)
NET ASSETS, Beginning of Year, Restated					49,112,840	1,442,663	50,555,503
NET ASSETS, End of Year					60,323,222	1,387,484	\$ 61,710,706

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, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUE - SPECIAL PROJECTS</u>
ASSETS		
Cash and Cash Equivalents	\$ 453,002	-
Cash and Investments Held by County Treasurer	7,126,758	81,145
Receivables, Net:		
Taxes	1,145,551	-
Accounts	3,871	66,111
Other	9,336	38
Due From:		
State Agencies	115,218	37,705
Federal Agencies	-	1,790,365
Other Funds	5,751,940	480,986
Other Governments	7,268	86,772
Prepaid Items	6,419	3,356
TOTAL ASSETS	<u>14,619,363</u>	<u>2,546,478</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	3,000,078	-
Accrued Salaries, Fringe & Benefits	2,527,919	-
Due To:		
Other Funds	2,194,298	1,870,520
Deferred Revenues	480,345	629,244
TOTAL LIABILITIES	<u>8,202,640</u>	<u>2,499,764</u>
FUND BALANCES:		
Fund Balances		
Reserved for:		
Prepaid Items	6,419	3,356
Debt Service	-	-
Capital Projects	-	-
Special Revenue	-	43,358
Unreserved:		
Designated	1,409,703	-
Undesignated	5,000,601	-
TOTAL FUND BALANCES	<u>6,416,723</u>	<u>46,714</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,619,363</u>	<u>2,546,478</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
-	-	-	\$ 453,002
-	6,073,156	5,953,896	19,234,955
-	312,964	-	1,458,515
-	-	-	69,982
-	7,053	18,319	34,746
376,823	-	-	529,746
-	-	-	1,790,365
94,582	2,405	58,335	6,388,248
-	-	-	94,040
-	-	-	9,775
471,405	6,395,578	6,030,550	30,063,374
-	-	320,074	3,320,152
-	-	-	2,527,919
358,415	-	1,698,323	6,121,556
112,990	124,580	4,671	1,351,830
471,405	124,580	2,023,068	13,321,457
-	-	-	9,775
-	6,270,998	-	6,270,998
-	-	4,007,482	4,007,482
-	-	-	43,358
-	-	-	1,409,703
-	-	-	5,000,601
-	6,270,998	4,007,482	16,741,917
471,405	6,395,578	6,030,550	\$ 30,063,374

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2004

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 16,741,917
Amounts reported for the governmental activities in the Statement of Net Assets are different because:		
Property taxes in the funds include revenues that are not considered revenue in the Statement of Net Assets. In addition, 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.		604,925
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 \$66,301,039 , and the accumulated depreciation is \$16,105,924.		50,195,115
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.		(37,667)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:		
Bonds Payable	(6,950,000)	
Compensated Absences	(231,068)	(7,181,068)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		\$ 60,323,222

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, 2004

	GENERAL	SPECIAL REVENUE - SPECIAL PROJECTS
REVENUES		
Local Sources:		
Taxes	\$ 13,287,796	-
Investment Earnings	50,508	567
Other Local Sources	51,610	219,605
State Sources	18,272,766	2,444,474
Federal Sources	-	4,518,522
Intergovernmental Sources	-	33,819
TOTAL REVENUE ALL SOURCES	31,662,680	7,216,987
EXPENDITURES		
Current:		
Instruction	20,131,038	5,056,785
Supporting Services	12,736,563	1,743,739
Community Services	4,594	-
Intergovernmental	60,195	196
Capital Outlay	151,020	416,798
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	33,083,410	7,217,518
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,420,730)	(531)
OTHER FINANCING SOURCES (USES)		
Premium on Bonds Sold	-	-
Issuance of General Obligation Bonds	-	-
Sale of Fixed Assets	7,745	-
Transfers In	3,783,968	95,957
Transfers Out	(95,957)	(95,426)
TOTAL OTHER FINANCING SOURCES (USES)	3,695,756	531
NET CHANGES IN FUND BALANCES	2,275,026	-
FUND BALANCE, Beginning of Year	4,646,771	46,714
Prior Period Adjustments	(505,074)	-
FUND BALANCE, Beginning of Year, Restated	4,141,697	46,714
FUND BALANCE, End of Year	\$ 6,416,723	46,714

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
-	4,414,984	-	\$ 17,702,780
-	53,657	209,208	313,940
-	-	1,708	272,923
4,283,624	401,828	6,257,844	31,660,536
-	-	-	4,518,522
-	-	-	33,819
4,283,624	4,870,469	6,468,760	54,502,520
1,871,917	-	-	27,059,740
225,957	-	1,148,277	15,854,536
-	-	-	4,594
-	-	-	60,391
47,799	-	11,411,693	12,027,310
-	4,400,000	-	4,400,000
-	117,770	-	117,770
2,145,673	4,517,770	12,559,970	59,524,341
2,137,951	352,699	(6,091,210)	(5,021,821)
-	-	2,306	2,306
-	-	4,200,000	4,200,000
-	-	10,000	17,745
-	-	-	3,879,925
(2,137,951)	-	(1,409,703)	(3,739,037)
(2,137,951)	-	2,802,603	4,360,939
-	352,699	(3,288,607)	(660,882)
-	5,918,299	7,296,089	17,907,873
-	-	-	(505,074)
-	5,918,299	7,296,089	17,402,799
-	6,270,998	4,007,482	\$ 16,741,917

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, 2004

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (660,882)**

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. They are considered revenue in the Statement of Activities. In addition, revenues in the funds that provide current financial resources are reported as revenues in the funds. They are considered revenue in the Statement of Activities.	808,043
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.	4,400,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	(4,200,000)
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 is the net change in accrued interest.	22,333
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.	(46,259)
In the Statement of Activities the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold/disposed of.	(116,624)
Governmental funds report capital outlays as expenditures, \$12,240,574. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation, \$1,236,803. This is the amount by which capital outlay exceeded depreciation in the current period.	11,003,771

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 11,210,382**

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, 2004

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 934,915
Due From:	
County Treasurer	966
Federal Agencies	15,828
Other Funds	8,681,619
Inventories	77,531
Total Current Assets	<u>9,710,859</u>
Non-Current Assets:	
Capital Assets	1,674,510
Less: Accumulated Depreciation	(1,036,465)
Total Non-Current Assets	<u>638,045</u>
TOTAL ASSETS	<u>10,348,904</u>
LIABILITIES	
Current Liabilities:	
Due To:	
Other Funds	8,948,311
Deferred Revenues	13,109
Total Current Liabilities	<u>8,961,420</u>
TOTAL LIABILITIES	<u>8,961,420</u>
NET ASSETS	
Invested in Capital Assets	638,045
Unrestricted	749,439
TOTAL NET ASSETS	<u>\$ 1,387,484</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 FUND NET ASSETS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2004

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 834,427
OPERATING EXPENSES	
Salaries	953,890
Employee Benefits	104,607
Purchased Services	71,834
Food Costs and Supplies	1,117,832
Equipment - Expendable	112,687
Depreciation	143,863
Other	16,962
TOTAL OPERATING EXPENSES	<u>2,521,675</u>
OPERATING LOSS	<u>(1,687,248)</u>
NON-OPERATING REVENUES (EXPENSES)	
Commodities Received from USDA	149,503
USDA Reimbursements	1,603,530
Other State and Federal Aid	16,286
Interest	267
Other Revenues	3,371
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,772,957</u>
INCOME BEFORE TRANSFERS	
TRANSFERS OUT	
Transfer Out	<u>(140,888)</u>
TOTAL TRANSFERS OUT	<u>(140,888)</u>
CHANGE IN NET ASSETS	(55,179)
TOTAL NET ASSETS, Beginning of Year	<u>1,442,663</u>
TOTAL NET ASSETS, End of Year	<u><u>\$ 1,387,484</u></u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2004

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 834,427
Payments to Employees for Services	(1,058,497)
Payments to Suppliers for Goods and Services	(1,160,196)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,384,266)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	1,603,530
Other Revenues	3,371
Revenue from State and Federal Sources	126,146
Transfers to Other Funds	(166,115)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,566,932</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(149,656)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(149,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	267
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>267</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,277
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>901,638</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 934,915</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (1,687,248)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	143,863
Non-Cash USDA Commodities Used	149,503
Change In:	
Inventories	9,616
Accounts Payable	-
Deferred Revenue	-
Net Cash Used by Operating Activities	<u>\$ (1,384,266)</u>
Non-Cash Transactions:	
Commodities Used - USDA	149,503
	<u>\$ 149,503</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, 2004

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 423,852
Investments	32,978
TOTAL ASSETS	<u><u>456,830</u></u>
LIABILITIES	
Accounts Payable	66,111
Due to Student Organizations	390,719
TOTAL LIABILITIES	<u><u>\$ 456,830</u></u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

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 supporting services, food service operations, capital projects, debt service activities, and agency transactions.

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

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

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide basic financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the School District (the "Primary Government") and its component units. Interfund activity has been eliminated from the government-wide basic financial statements except for charges between the governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned.

Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges for support.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Government-Wide Basic Financial Statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Proprietary Fund basic financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund basic financial statements are prepared (see further detail below). Governmental fund basic financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Basic Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, Debt Service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 basic financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. 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 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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the School District's major 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 ("ARB's"), 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 GASB.

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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 the general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations.

C. 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 School 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;

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

- (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, 2004, 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 basic 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 receivables are shown net of an allowance for uncollectibles.

3. Inventories and Other Assets

Inventories

Inventories in the Food Service Fund consist of purchased goods, supplies and United States Department of Agriculture (“USDA”) commodities, which are stated at values assigned by the USDA. Under the system of accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures/expenses when consumed.

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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

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 basic financial statements. Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the government-wide Statement of Net Assets and in the respective fund basic financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000 for furniture and equipment, vehicles, land improvements and buildings and improvements. The School District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized for governmental activities 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 capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
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

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 paid out to employees with over 90 days of accrued sick leave at the rate of \$15 per day over 90 days. The entire compensated absence liability and expense is reported on the government-wide basic financial statements. The General Fund has been used in prior years to liquidate the liability for compensated absences.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

6. *Accrued Liabilities and Long-Term Obligations*

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, 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 basic 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 basic financial statements until due.

7. *Fund Balance*

In the fund basic 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.

9. *Accounting Estimates*

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

10. *Comparative Data*

Comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices – A budget is 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 basic financial statements:

- (1) In the fall of the preceding year, the School District begins its budget process for the next succeeding fiscal year.
- (2) The School District's administrative budget committee reviews all requests and allocation requirements and related revenue. The Superintendent then meets with each principal to discuss budget needs at their individual locations.
- (3) The 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 basic financial statements (if different) are as amended by the administration. All annual appropriations lapse at fiscal year end.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

III. DETAILED NOTES ON ALL FUNDS

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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

At June 30, 2004, the School District's deposit balances were as follows:

Description	Category			Bank Balance	Carrying Amount
	(1)	(2)	(3)		
Non Fiduciary - Deposits	\$ 2,172,304	-	-	2,172,304	\$ 1,387,917
Fiduciary - Deposits	524,761			524,761	456,830
Totals	<u>\$ 2,697,065</u>	<u>-</u>	<u>-</u>	<u>2,697,065</u>	<u>\$ 1,844,747</u>

At June 30, 2004, the School District had amounts that qualified as investments of \$19,234,955 (cash and investments held by County Treasurer). The monies held by the County Treasurer are not subject to credit risk categorization.

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 \$91,815,660 at rates of 179.5 mills and 50.6 mills for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 31. Penalties are added to taxes depending on the date paid as follows:

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

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

Taxes receivable includes an allowance for uncollectibles of \$136,668 at June 30, 2004. 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, 2004

III. DETAILED NOTES ON ALL FUNDS (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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2004, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$ 480,345
Delinquent Property Taxes Receivable - Debt Service Fund	124,580
Carryover from the EIA and Special Projects Funds	742,234
Unearned Revenue Received in Advance - Capital Projects Fund	4,671
Total Deferred Revenue for Governmental Funds	<u><u>\$ 1,351,830</u></u>

C. Interfund Receivables and Payables

Interfund balances at June 30, 2004 (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables for the Primary Government:

Fund	Receivables	Payables
General Fund	\$ 5,751,940	\$ 2,194,298
Special Revenue Funds:		
Special Projects Fund	480,986	1,870,520
Education Improvement Act	94,582	358,415
Debt Service Fund	2,405	-
Capital Projects Fund	58,335	1,698,323
Enterprise Fund	8,681,619	8,948,311
	<u><u>\$ 15,069,867</u></u>	<u><u>\$ 15,069,867</u></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 General Fund payable and receivables in the Special Revenue, Capital Projects and Enterprise Funds are a result of General Fund receiving federal and state claims on behalf of the other funds.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2004, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 727,849	110,000	11,397	\$ 826,452
Construction in Progress	5,184,073	11,275,484	1,182,784	15,276,773
Total Capital Assets, Not Being Depreciated	5,911,922	11,385,484	1,194,181	16,103,225
Capital Assets, Being Depreciated:				
Buildings and Improvements	42,720,412	1,519,738	338,719	43,901,431
Improvements Other Than Buildings	3,215,053	127,558	54,194	3,288,417
Autos and Trucks	808,452	7,800	-	816,252
Machinery and Equipment	1,694,552	394,175	15,349	2,073,378
Furniture and Equipment	118,336	-	-	118,336
Total Capital Assets Being Depreciated	48,556,805	2,049,271	408,262	50,197,814
Less: Accumulated Depreciation for:				
Buildings and Improvements	12,558,559	820,792	240,380	13,138,971
Improvements Other Than Buildings	1,476,316	123,116	47,633	1,551,799
Autos and Trucks	472,853	55,966	-	528,819
Machinery and Equipment	587,413	230,919	3,625	814,707
Furniture and Equipment	65,618	6,010	-	71,628
Total Accumulated Depreciation	15,160,759	1,236,803	291,638	16,105,924
Total Capital Assets, Being Depreciated, Net	33,396,046	812,468	116,624	34,091,890
Governmental Activites Capital Assets, Net	\$ 39,307,968	12,197,952	1,310,805	\$ 50,195,115
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 1,524,854	149,656	-	\$ 1,674,510
Less: Accumulated Depreciation	892,602	143,863	-	1,036,465
Business-Type Activites Capital Assets, Net	\$ 632,252	5,793	-	\$ 638,045

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the Primary Government as follows for 2004:

Governmental Activities:	
Instruction	\$ 754,450
Supporting Services	482,353
Total Depreciation Expense - Governmental Activities	<u>\$ 1,236,803</u>
Business-Type Activities:	
Enterprise Fund	<u>\$ 143,863</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 143,863</u>

Construction Commitments

The School District has several ongoing construction projects as of June 30, 2004. The projects include renovation of existing schools as well as construction of new facilities. The School District estimated that the aggregate amount required to complete projects outstanding at June 30, 2004, was approximately \$9.3 million, which will be funded using current and future bond proceeds.

E. Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses at June 30, 2004, consisted of the following:

Governmental Activities:	
Accounts Payable	\$ 3,000,078
Retainage Payable	320,074
Accrued Salaries	1,885,588
Accrued Fringe and Benefits	642,331
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 5,848,071</u>

F. Long-Term Obligations

The School District had the following general obligation bonds at June 30, 2004:

<u>2001 Series:</u>	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. Proceeds were primarily used for construction, renovations and improvements at Little Mountain, Newberry and Gallman Elementary Schools and the Whitmire Community School.
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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

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. Proceeds were primarily used for construction, renovations, and improvements at the Newberry and Gallman Elementary Schools and the Whitmire Community School.

2003 Series: Original issue of \$4,200,000, principal due in annual installments of \$200,000 to \$2,650,000 at August 1; interest at 1.15% to 1.50% paid semiannually, with a final maturity date on August 2006. Proceeds were primarily used for construction, renovations and improvements at Newberry, Gallman and Boundary Street Elementary Schools.

The following is a summary of changes in long-term obligations for the year ended June 30, 2004:

Long-Term Obligations	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
Governmental Activities:					
Debt:					
Series 2001	\$ 2,150,000	-	1,900,000	250,000	\$ 250,000
Series 2002	5,000,000	-	2,500,000	2,500,000	1,600,000
Series 2003	-	4,200,000	-	4,200,000	2,650,000
Total Debt	7,150,000	4,200,000	4,400,000	6,950,000	4,500,000
Compensated Absences	184,828	71,062	24,822	231,068	28,242
Total Governmental Activities	\$ 7,334,828	4,271,062	4,424,822	7,181,068	\$ 4,528,242

General Fund resources typically have been used in prior years to liquidate the compensated absence obligation. The Debt Service Fund has primarily been used to service all other long-term obligations.

The annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending June 30	General Obligation Bonds		Totals
	Principal	Interest	
2005	\$ 4,500,000	69,338	\$ 4,569,338
2006	2,250,000	18,638	2,268,638
2007	200,000	1,500	201,500
Totals	\$ 6,950,000	89,476	\$ 7,039,476

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, 2004, the School District's assessed property valuation was \$91,815,660, and the legal debt limit was \$7,345,253.

The School District entered into an operating lease 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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2004, consisted of the following:

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 2,137,951	Special Revenue - Special Projects	\$ 95,957
Capital Projects	1,409,703		-
Food Service - Indirect Cost	140,888		-
Special Revenue- Indirect Cost	95,426		-
	<u>3,783,968</u>		<u>95,957</u>
Special Revenue Funds			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
General Fund	<u>95,957</u>	General Fund- Indirect Costs	<u>95,426</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund	<u>2,137,951</u>
Proprietary Fund			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund- Indirect Costs	<u>140,888</u>
Capital Projects Funds			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund	<u>\$ 1,409,703</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, 2004, consisted of the following:

General Fund

Transfers from:

Funds were transferred into the General Fund from other funds to cover EIA raises for teachers, indirect costs for federal programs and food service, required Medicaid match, and future capital related expenditures in the General Fund.

Transfers to:

Funds were 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, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Transfers In and (Out) (Continued)

Special Revenue Funds

Transfers from:

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

Capital Project Fund

Transfers to:

Funds were transferred from Capital Project into General Fund for future capital related expenditures.

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 System; a division of the South Carolina State Budget and Control Board. The system offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, 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 are issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia SC 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 \$3,001,943, \$3,003,270, and \$2,885,826 for the years ended June 30, 2004, 2003, and 2002 respectively.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

IV. OTHER INFORMATION (CONTINUED)

B. Contingencies

Litigation

The School District is a defendant in an action brought by a general contractor (the "Plaintiff") on a School District construction project. The School District sought to invoke a provision of its contract with the Plaintiff allowing for liquidated damages in the event of construction delays. The Plaintiff asserted that the liquidated damages clause of the contract is invalid as a matter of South Carolina law. The trial court, ruling on a motion for summary judgment, held that the School District may not invoke the liquidated damages clause of the contract. The trial court also denied the School District's motion to amend its pleadings in the South Carolina Court of Appeals, and the case has been returned to the trial court. The School District's motion to amend its pleadings is now pending before the trial court. The School District has also filed a motion for partial summary judgment. The parties' claims were unsuccessfully mediated in October, 2003. The case is awaiting trial. The School District's potential liability in this matter is not insured.

The Plaintiff asserts that it is entitled to approximately \$1,194,000 in unpaid fees under the construction contract, approximately \$2,238,000 in consequential damages, approximately \$1,289,000 in other damages, costs, and fees, plus prejudgment interest. The School District asserts that it is entitled to damages for delay in the amount of \$342,000, or, in the alternative, contractual liquidated damages in the amount of approximately \$310,000, and additional damages in the amount of approximately \$734,254. The School District is vigorously defending this action, but its attorneys cannot predict whether the School District will prevail in whole or in part and thus no amounts have been recorded in the governmental or government-wide basic financial statements.

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/WCP") 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, 2004, totaled approximately \$191,045 for workers' compensation and \$294,529 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, 2003, the SCSBIT/WCP had Retained Earnings in excess of \$3,117,000 and the SCSBIT/PCP had Retained Earnings of approximately \$634,000. 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, 2004

IV. OTHER INFORMATION (CONTINUED)

E. Prior Period Adjustment

The School District's beginning government-wide net assets and the beginning fund balance for the General Fund have been restated to reflect a higher liability for various health and dental accruals for approximately \$505,000.

F. Subsequent Events

On July 2004, 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 \$1,200,000 available through this TAN. As of the date of issuance of the basic financial statements, no monies have been drawn down.

The School District issued bonds in the amount of \$4.5 million in October 2004. This money is primarily to be used for the constructing, furnishing and equipping of expansions and improvements to Boundary Street Elementary School.

G. Fund Balance Designation

A portion of the fund balance for the General Fund (\$1,409,703) has been designated for future capital-related expenditures.

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GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund. All property tax, intergovernmental revenues, and miscellaneous revenues are recorded in this fund, except amounts which are specifically collected to service debt or for which the 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.

REQUIRED SUPPLEMENTARY SCHEDULE

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

YEAR ENDED JUNE 30, 2004

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Local Sources:				
Taxes	\$ 12,938,051	12,938,051	13,287,796	\$ 349,745
Investment Earnings	140,000	140,000	50,508	(89,492)
Other Local Sources	115,000	115,000	51,610	(63,390)
State Sources	17,800,175	17,800,176	18,272,766	472,590
TOTAL REVENUES ALL SOURCES	30,993,226	30,993,227	31,662,680	669,453
EXPENDITURES				
Current:				
Instruction	20,354,574	20,371,075	20,131,038	240,037
Support Services	12,776,838	12,804,906	12,736,563	68,343
Community Services	9,000	9,000	4,594	4,406
Intergovernmental	42,000	42,000	60,195	(18,195)
Capital Outlay	202,434	157,866	151,020	6,846
TOTAL EXPENDITURES	33,384,846	33,384,847	33,083,410	301,437
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,391,620)	(2,391,620)	(1,420,730)	970,890
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	-	7,745	7,745
Operating Transfers In	2,391,620	2,391,620	3,783,968	1,392,348
Operating Transfers Out	-	-	(95,957)	(95,957)
TOTAL OTHER FINANCING SOURCES (USES)	2,391,620	2,391,620	3,695,756	1,304,136
NET CHANGE IN FUND BALANCE	-	-	2,275,026	2,275,026
FUND BALANCE, Beginning of Year	4,646,771	4,646,771	4,646,771	-
Prior Period Adjustments	-	-	(505,074)	(505,074)
FUND BALANCE, Beginning of Year, Restated	4,646,771	4,646,771	4,141,697	(505,074)
FUND BALANCES, End of Year	\$ 4,646,771	4,646,771	6,416,723	\$ 1,769,952

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2004

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.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
1000 Revenues from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 12,128,051	11,931,473	\$ (196,578)
1140 Penalties & Interest on Taxes (Independent)	385,000	647,087	262,087
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	425,000	709,236	284,236
1300 Tuition:			
1310 From Patrons for Regular Day School	-	2,439	2,439
1320 From Other LEAs for Regular Day School	-	8,172	8,172
1350 From Patrons for Summer School	15,000	12,400	(2,600)
1500 Earnings on Investments:			
1510 Interest on Investments	140,000	50,508	(89,492)
1900 Other Revenue from Local Sources:			
1910 Rentals	-	868	868
1950 Refund of Prior Year's Expenditures	-	1,325	1,325
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	15,824	15,824
1999 Revenue from Other Local Sources	100,000	10,582	(89,418)
Total Local Sources	<u>13,193,051</u>	<u>13,389,914</u>	<u>196,863</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	3,813	3,813
3132 Home Schooling	-	3,053	3,053
3160 School Bus Driver's Salary	399,283	433,038	33,755
3180 Fringe Benefits Employer Contributions	3,626,644	3,596,816	(29,828)
3181 Retiree Insurance	481,798	477,678	(4,120)
3200 Unrestricted Grants:			
3220 Attendance Supervisor's Salary	11,586	11,586	-
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	539,401	675,164	135,763
3312 Primary	1,691,941	1,670,932	(21,009)
3313 Elementary	2,539,876	2,626,510	86,634
3314 High School	1,140,211	996,001	(144,210)
3315 Trainable Mentally Handicapped	45,287	46,523	1,236
3316 Speech Handicapped (Part-Time Program)	1,043,832	1,119,991	76,159
3317 Homebound	\$ 45,051	41,956	\$ (3,095)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 123,981	122,187	\$ (1,794)
3322 Educable Mentally Handicapped	224,086	198,624	(25,462)
3323 Learning Disabilities	1,069,492	1,155,103	85,611
3324 Hearing Handicapped	11,130	29,022	17,892
3325 Visually Handicapped	6,849	10,631	3,782
3326 Orthopedically Handicapped	6,415	13,466	7,051
3327 Vocational	1,104,400	1,294,015	189,615
3330 Other EFA Programs:			
3331 Autism	39,758	62,650	22,892
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	2,148,612	2,148,612	-
3820 Homestead Exemption	990,543	1,033,045	42,502
3830 Merchant's Inventory Tax	160,000	158,280	(1,720)
3840 Manufacturers Depreciation Reimbursement	180,000	214,200	34,200
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	170,000	129,379	(40,621)
3900 Other State Revenue:			
3999 Revenue from Other State Sources	-	491	491
Total State Sources	<u>17,800,176</u>	<u>18,272,766</u>	<u>472,590</u>
TOTAL REVENUES ALL SOURCES	<u>30,993,227</u>	<u>31,662,680</u>	<u>669,453</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	995,678	1,041,118	(45,440)
200 Employee Benefits	319,765	342,490	(22,725)
300 Purchased Services	13,285	13,285	-
400 Supplies and Materials	14,611	5,855	8,756
500 Capital Outlay	1,130	946	184
112 Primary Programs:			
100 Salaries	3,048,657	2,955,208	93,449
200 Employee Benefits	891,047	845,928	45,119
300 Purchased Services	33,145	31,965	1,180
400 Supplies and Materials	77,375	55,006	22,369
500 Capital Outlay	6,499	6,252	247
600 Other Objects	30,000	10,256	19,744
113 Elementary Programs:			
100 Salaries	4,900,421	4,849,406	51,015
200 Employee Benefits	1,373,749	1,388,148	(14,399)
300 Purchased Services	44,198	41,247	2,951
400 Supplies and Materials	91,967	83,473	8,494
500 Capital Outlay	5,565	5,218	347
600 Other Objects	\$ 12,500	1,495	\$ 11,005

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
114 High School Programs:			
100 Salaries	\$ 2,943,869	2,951,087	\$ (7,218)
200 Employee Benefits	742,120	812,972	(70,852)
300 Purchased Services	33,400	67,818	(34,418)
400 Supplies and Materials	57,155	50,754	6,401
500 Capital Outlay	6,247	7,893	(1,646)
600 Other Objects	1,500	440	1,060
115 Vocational Programs:			
100 Salaries	638,150	640,951	(2,801)
200 Employee Benefits	174,947	169,010	5,937
300 Purchased Services - Other Than Tuition	7,832	8,254	(422)
400 Supplies and Materials	28,067	28,169	(102)
500 Capital Outlay	6,348	6,508	(160)
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	675,732	620,023	55,709
200 Employee Benefits	207,219	189,739	17,480
300 Purchased Services	382	382	-
400 Supplies and Materials	7,990	6,904	1,086
500 Capital Outlay	180	180	-
122 Trainable Mentally Handicapped:			
100 Salaries	243,734	237,338	6,396
200 Employee Benefits	74,841	69,803	5,038
300 Purchased Services	40,000	37,770	2,230
400 Supplies and Materials	2,712	713	1,999
500 Capital Outlay	235	174	61
123 Orthopedically Handicapped:			
100 Salaries	2,326	2,326	-
200 Employee Benefits	647	647	-
124 Visually Handicapped:			
100 Salaries	17,887	17,236	651
200 Employee Benefits	5,765	4,973	792
300 Purchased Services	634	634	-
400 Supplies and Materials	444	444	-
126 Speech Handicapped:			
100 Salaries	152,697	207,830	(55,133)
200 Employee Benefits	43,928	58,674	(14,746)
300 Purchased Services	10,100	3,159	6,941
400 Supplies and Materials	5,565	5,544	21
500 Capital Outlay	360	-	360
127 Learning Disabilities:			
100 Salaries	1,010,689	922,399	88,290
200 Employee Benefits	292,503	273,107	19,396
300 Purchased Services	22,379	17,502	4,877
400 Supplies and Materials	13,107	8,009	5,098
500 Capital Outlay	\$ 403	-	\$ 403

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	REVISED BUDGET	ACTUAL	VARIANCE
128 Emotionally Handicapped:			
100 Salaries	\$ 194,919	181,123	\$ 13,796
200 Employee Benefits	63,617	60,080	3,537
400 Supplies and Materials	1,899	1,899	-
130 Pre-School Programs:			
131 Pre-School Handicapped-Speech (5 year olds):			
100 Salaries	13,600	6,800	6,800
200 Employee Benefits	3,496	1,715	1,781
139 Early Childhood Programs:			
100 Salaries	144,232	161,772	(17,540)
200 Employee Benefits	45,218	49,398	(4,180)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	20,504	17,498	3,006
200 Employee Benefits	3,940	3,329	611
300 Purchased Services	2,700	1,309	1,391
145 Homebound:			
100 Salaries	30,000	22,284	7,716
200 Employee Benefits	6,000	4,146	1,854
300 Purchased Services	14,000	17,966	(3,966)
149 Other Special Programs:			
100 Salaries	1,200	-	1,200
200 Employee Benefits	5,710	-	5,710
300 Purchased Services	379,798	360,933	18,865
400 Supplies and Materials	-	3,326	(3,326)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	26,351	40,764	(14,413)
200 Employee Benefits	9,480	11,901	(2,421)
170 Summer School Programs:			
173 High School Summer School:			
100 Salaries	-	10,850	(10,850)
200 Employee Benefits	-	1,783	(1,783)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	1,620	-	1,620
500 Capital Outlay	-	1,590	(1,590)
185 Vocational Adult Education Programs:			
100 Salaries	47,717	47,177	540
200 Employee Benefits	14,825	14,640	185
188 Parenting/Family Literacy:			
100 Salaries	24,093	19,635	4,458
200 Employee Benefits	6,489	6,387	102
190 Instructional Pupil Activity:			
300 Purchased Services	4,950	4,833	117
Total Instruction	<u>\$ 20,398,044</u>	<u>20,159,800</u>	<u>\$ 238,244</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
200 Supporting Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	\$ 144,842	145,749	\$ (907)
200 Employee Benefits	41,361	40,572	789
300 Purchased Services	3,071	3,079	(8)
400 Supplies and Materials	2,025	1,378	647
500 Capital Outlay	503	-	503
212 Guidance Services:			
100 Salaries	761,858	776,229	(14,371)
200 Employee Benefits	200,747	204,635	(3,888)
213 Health Services:			
100 Salaries	153,374	155,012	(1,638)
200 Employee Benefits	46,199	45,761	438
300 Purchased Services	16,000	8,786	7,214
400 Supplies and Materials	8,050	5,994	2,056
500 Capital Outlay	1,478	2,780	(1,302)
600 Other Objects	252	43	209
214 Psychological Services:			
100 Salaries	112,107	112,107	-
200 Employee Benefits	34,509	33,542	967
300 Purchased Services	2,500	11,200	(8,700)
400 Supplies and Materials	3,240	2,870	370
500 Capital Outlay	450	-	450
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	378,576	397,281	(18,705)
200 Employee Benefits	69,636	114,834	(45,198)
300 Purchased Services	30,699	31,731	(1,032)
400 Supplies and Materials	4,639	4,155	484
600 Other Objects	200	200	-
222 Library and Media Services:			
100 Salaries	580,773	549,188	31,585
200 Employee Benefits	150,115	145,448	4,667
400 Supplies and Materials	61,012	59,712	1,300
500 Capital Outlay	9,980	8,658	1,322
223 Supervision of Special Programs:			
100 Salaries	31,530	24,863	6,667
200 Employee Benefits	9,486	8,389	1,097
300 Purchased Services	476	476	-
400 Supplies and Materials	1,954	1,525	429
500 Capital Outlay	1,353	-	1,353
600 Other Objects	216	150	66
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	-	280	(280)
200 Employee Benefits	-	53	(53)
300 Purchased Services	\$ 29,903	10,795	\$ 19,108

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	\$ 39,150	37,440	\$ 1,710
200 Employee Benefits	25,984	29,217	(3,233)
300 Purchased Services	55,245	57,976	(2,731)
318 Audit Services	25,965	24,965	1,000
400 Supplies and Materials	729	374	355
500 Capital Outlay	206	279	(73)
600 Other Objects	282,642	293,958	(11,316)
232 Office of Superintendent:			
100 Salaries	155,605	159,833	(4,228)
200 Employee Benefits	35,066	34,181	885
300 Purchased Services	23,356	27,375	(4,019)
400 Supplies and Materials	1,928	2,372	(444)
500 Capital Outlay	1,350	444	906
600 Other Objects	7,200	3,655	3,545
233 School Administration:			
100 Salaries	2,257,174	2,166,171	91,003
200 Employee Benefits	690,520	600,988	89,532
300 Purchased Services	27,556	25,248	2,308
400 Supplies and Materials	46,898	41,701	5,197
500 Capital Outlay	19,121	21,547	(2,426)
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	293,729	293,856	(127)
200 Employee Benefits	78,644	78,350	294
300 Purchased Services	7,555	7,478	77
400 Supplies and Materials	5,213	4,424	789
500 Capital Outlay	335	-	335
600 Other Objects	900	378	522
253 Facilities Acquisition and Construction:			
300 Purchased Services	-	685	(685)
500 Capital Outlay:			
520 Construction Services	-	359	(359)
254 Operation and Maintenance of Plant:			
100 Salaries	470,569	522,545	(51,976)
200 Employee Benefits	124,754	131,613	(6,859)
300 Purchased Services	1,271,452	1,189,209	82,243
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	133,200	108,482	24,718
400 Supplies and Materials	383,375	383,368	7
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,077,002	1,020,581	56,421
500 Capital Outlay	7,415	7,208	207
600 Other Objects	\$ 58,000	58,921	\$ (921)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	REVISED BUDGET	ACTUAL	VARIANCE
255 Student Transportation:			
100 Salaries	\$ 624,281	740,391	\$ (116,110)
200 Employee Benefits	211,887	197,473	14,414
300 Purchased Services	67,500	109,900	(42,400)
400 Supplies and Materials	2,700	606	2,094
500 Capital Outlay	1,500	291	1,209
600 Other Objects	-	327	(327)
256 Food Service:			
200 Employee Benefits	279,000	316,507	(37,507)
257 Internal Services:			
100 Salaries	-	32,167	(32,167)
200 Employee Benefits	-	8,952	(8,952)
300 Purchased Services	46,392	122,109	(75,717)
400 Supplies and Materials	25,000	31,756	(6,756)
500 Capital Outlay	-	2,226	(2,226)
600 Other Objects	72,359	6,837	65,522
258 Security:			
300 Purchased Services	97,178	38,154	59,024
400 Supplies and Materials	3,150	-	3,150
500 Capital Outlay	750	-	750
600 Other Objects	500	-	500
260 Central Support Services:			
263 Information Services:			
100 Salaries	20,000	26,765	(6,765)
200 Employee Benefits	7,680	7,123	557
300 Purchased Services	1,250	542	708
400 Supplies and Materials	500	-	500
500 Capital Outlay	500	-	500
264 Staff Services:			
100 Salaries	185,736	192,730	(6,994)
200 Employee Benefits	53,746	53,884	(138)
300 Purchased Services	24,880	6,417	18,463
400 Supplies and Materials	3,240	3,516	(276)
500 Capital Outlay	1,256	-	1,256
600 Other Objects	4,010	2,756	1,254
265 Statistical Services:			
300 Purchased Services	10,000	7,309	2,691
266 Technology and Data Processing Services:			
100 Salaries	148,202	146,631	1,571
200 Employee Benefits	41,043	40,830	213
300 Purchased Services	78,194	92,268	(14,074)
400 Supplies and Materials	4,206	4,419	(213)
500 Capital Outlay	\$ 84,700	78,467	\$ 6,233

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
270 Supporting Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	\$ 240,028	242,709	\$ (2,681)
200 Employee Benefits	43,128	45,774	(2,646)
300 Purchased Services	6,255	12,229	(5,974)
660 Pupil Activity	44,100	44,100	-
Total Supporting Services	<u>12,935,803</u>	<u>12,858,821</u>	<u>76,982</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
390 Other Community Services:			
300 Purchased Services	4,000	3,000	1,000
600 Other Objects	4,000	1,594	2,406
Total Community Services	<u>9,000</u>	<u>4,594</u>	<u>4,406</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the State Department of Education			
720 Transits	-	24,956	(24,956)
412 Payments to Other Governmental Units			
720 Transits	42,000	35,239	6,761
Total Intergovernmental Expenditures	<u>42,000</u>	<u>60,195</u>	<u>(18,195)</u>
TOTAL EXPENDITURES	<u>33,384,847</u>	<u>33,083,410</u>	<u>301,437</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of Fixed Assets	-	7,745	7,745
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	2,191,620	2,137,951	(53,669)
5250 Transfer from Capital Projects Fund	-	1,409,703	1,409,703
5260 Transfer from Food Service Fund (Excludes Indirect Cost)	150,000	-	(150,000)
5280 Transfer from Other Funds Indirect Costs	50,000	236,314	186,314
421-710 Transfer to Special Revenue Fund	-	(95,957)	(95,957)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,391,620</u>	<u>3,695,756</u>	<u>1,304,136</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>2,275,026</u>	<u>2,275,026</u>
FUND BALANCE, Beginning of Year	4,646,771	4,646,771	-
Prior Period Adjustments	-	(505,074)	(505,074)
FUND BALANCE, Beginning of Year, Restated	<u>4,646,771</u>	<u>4,141,697</u>	<u>(505,074)</u>
FUND BALANCE, End of Year	<u>\$ 4,646,771</u>	<u>6,416,723</u>	<u>\$ 1,769,952</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 BALANCES

YEAR ENDED JUNE 30, 2004

	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:		
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Sources	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3120 General Education:		
3121 EAA Summer School/Comprehensive Remediation	-	-
3122 Increase High School Diploma Requirements	-	-
3123 EAA Alternative Schools Program	-	-
3125 Career and Technology Education Equipment	-	-
3126 Refurbishment of K-8 Science Kits	-	-
3129 EAA Reduce Class Size Grades 1-3	-	-
3130 Special Programs:		
3135 Preschool Program for Children with Disabilities	-	-
3150 Adult Education:		
3151 Basic	-	-
3152 Literacy	-	-
3153 Vehicle Title Transfer Fee-Adult Education	-	-
3185 National Board Certification (NBC) Salary Supplement	-	-
3190 Miscellaneous Restricted State Grants:		
3191 Excellence in Middle Schools	-	-
3192 School Safety Officers	-	-
3193 Education License Plates	-	-
3196 EAA Principal/Teacher Specialist on Site (Special Revenue Allocation)	-	-
3198 School Technology Initiative	-	-
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)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	567	\$ 567
-	-	-	-	-	37,480	37,480
-	-	-	-	-	138,308	138,308
-	-	-	-	-	43,817	43,817
-	-	-	-	-	220,172	220,172
-	-	-	-	-	33,819	33,819
-	-	-	-	-	33,819	33,819
-	-	-	-	277,800	-	277,800
-	-	-	-	206,602	-	206,602
-	-	-	-	145,645	-	145,645
-	-	-	-	40,662	-	40,662
-	-	-	-	23,278	-	23,278
-	-	-	-	321,249	-	321,249
-	-	-	-	40,979	-	40,979
-	-	-	-	127,931	-	127,931
-	-	-	-	46,369	-	46,369
-	-	-	-	377	-	377
-	-	-	-	240,266	-	240,266
-	-	-	-	46,638	-	46,638
-	-	-	-	106,250	-	106,250
-	-	-	-	1,978	-	1,978
-	-	-	-	20,545	-	20,545
-	-	-	-	30,644	-	30,644
-	-	-	-	-	11,413	\$ 11,413

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
3600 Education Lottery Act Revenue:		
3601 EAA Teacher Specialist	\$ -	-
3603 EAA Homework Center Awards (Below Average Schools)	-	-
3604 EAA Retraining Funds	-	-
3605 EAA Palmetto Gold and Silver Awards	-	-
3606 K-5 Mathematics and Science Unit Coaching Initiative	-	-
3610 K-5 Enhancement	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching) (Carryover Provision)	-	-
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	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I	1,351,486	-
4312 Rural and Low-Income School Program, Title VI	-	-
4318 SC Reading First - Local Reading Improvement	-	-
4331 Enhancing Education through Technology (E2T2), Title II	-	-
4340 Promoting Informed Parental Choice and Innovative Education Program Strategies, Title V	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-
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)	-	1,227,179
4520 Pre-School Grants (Carryover Provision)	-	-
4900 Other Federal Sources:		
4920 Drug and Violence Prevention, Title IV	-	-
4924 21st Century Community Learning Centers Grants, Title IV	-	-
4992 U.S. Forest Commission	-	-
4999 Revenue from Other Federal Sources	-	-
Total Federal Sources	<u>1,351,486</u>	<u>1,227,179</u>
TOTAL REVENUES ALL SOURCES	<u>\$ 1,351,486</u>	<u>1,227,179</u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	260,499	-	\$ 260,499
-	-	-	-	10,696	-	10,696
-	-	-	-	80,261	-	80,261
-	-	-	-	23,896	-	23,896
-	-	-	-	68,480	-	68,480
-	-	-	-	309,519	-	309,519
-	-	-	-	2,497	-	2,497
-	-	-	-	2,433,061	11,413	2,444,474
-	96,584	-	-	-	-	96,584
-	-	-	-	-	16,470	16,470
-	-	-	-	-	17,694	1,369,180
-	-	-	-	-	157,265	157,265
-	-	-	-	-	480,440	480,440
-	-	-	-	-	33,965	33,965
-	-	-	-	-	33,425	33,425
-	-	-	-	-	32,469	32,469
-	-	-	-	-	298,768	298,768
-	-	-	55,314	-	-	55,314
-	-	-	-	-	35,082	1,262,261
49,272	-	-	-	-	-	49,272
-	-	37,798	-	-	-	37,798
-	-	-	-	-	299,999	299,999
-	-	-	-	-	146,288	146,288
-	-	-	-	-	149,024	149,024
49,272	96,584	37,798	55,314	-	1,700,889	4,518,522
49,272	96,584	37,798	55,314	2,433,061	1,966,293	\$ 7,216,987

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	287,337	-
200 Employee Benefits	88,488	-
300 Purchased Services	1,572	-
400 Supplies and Materials	155,526	-
500 Capital Outlay	81,750	-
113 Elementary Programs:		
100 Salaries	126,646	-
200 Employee Benefits	38,638	-
300 Purchased Services	-	-
400 Supplies and Materials	22,143	-
500 Capital Outlay	7,953	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
115 Vocational Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	167,261
200 Employee Benefits	-	43,886
300 Purchased Services	-	126
400 Supplies and Materials	-	1,412
500 Capital Outlay	\$ -	9,547

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	12,498	-	\$ 12,498
-	-	-	-	2,329	-	2,329
-	-	-	-	55,590	22,685	78,275
-	-	-	-	413,102	242,921	943,360
-	-	-	-	113,954	57,416	259,858
-	-	-	-	832	2,984	5,388
-	-	-	-	180,382	430,312	766,220
-	-	-	-	8,682	29,253	119,685
-	-	-	-	339,383	69,083	535,112
-	-	-	-	80,038	13,284	131,960
-	-	-	-	5,411	169	5,580
-	-	-	-	85,140	12,498	119,781
-	-	-	-	15,197	18,299	41,449
-	-	-	-	212,030	100,453	312,483
-	-	-	-	50,702	19,041	69,743
-	-	-	-	-	441	441
-	-	-	-	3,380	16,231	19,611
-	-	-	-	1,642	145,577	147,219
-	41,248	-	-	-	1,520	42,768
-	10,683	-	-	-	293	10,976
-	-	-	-	2,405	58	2,463
-	-	-	-	-	41,948	41,948
-	-	-	-	40,662	-	40,662
-	-	-	-	-	-	167,261
-	-	-	-	-	-	43,886
-	-	-	-	-	-	126
-	-	-	-	-	13,481	14,893
-	-	-	-	-	-	\$ 9,547

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
122 Trainable Mentally Handicapped:		
100 Salaries	\$ -	32,163
200 Employee Benefits	-	10,845
300 Purchased Services	-	860
400 Supplies and Materials	-	440
124 Visually Handicapped:		
100 Salaries	-	12,584
200 Employee Benefits	-	3,680
300 Purchased Services	-	339
400 Supplies and Materials	-	116
500 Capital Outlay	-	726
126 Speech Handicapped:		
100 Salaries	-	185,300
200 Employee Benefits	-	48,425
300 Purchased Services	-	3,330
400 Supplies and Materials	-	76
500 Capital Outlay	-	576
127 Learning Disabilities:		
100 Salaries	-	220,204
200 Employee Benefits	-	63,180
300 Purchased Services	-	1,239
400 Supplies and Materials	-	870
500 Capital Outlay	-	569
128 Emotionally Handicapped:		
100 Salaries	-	17,763
200 Employee Benefits	-	8,676
130 Pre-School Programs:		
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
139 Early Childhood Programs:		
100 Salaries	73,889	-
200 Employee Benefits	26,233	-
140 Special Programs:		
145 Homebound:		
100 Salaries	-	20,519
200 Employee Benefits	-	3,930
300 Purchased Services	\$ -	8,731

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	3,719	\$ 35,882
-	-	-	-	-	746	11,591
-	-	-	-	-	9,076	9,936
-	-	-	-	-	-	440
-	-	-	-	-	3,535	16,119
-	-	-	-	-	982	4,662
-	-	-	-	-	-	339
-	-	-	-	-	879	995
-	-	-	-	-	-	726
-	-	-	-	-	-	185,300
-	-	-	-	-	-	48,425
-	-	-	-	-	121	3,451
-	-	-	-	-	-	76
-	-	-	-	-	-	576
-	-	-	-	-	677	220,881
-	-	-	-	-	130	63,310
-	-	-	-	-	-	1,239
-	-	-	-	-	14,365	15,235
-	-	-	-	-	-	569
-	-	-	-	-	6,481	24,244
-	-	-	-	-	2,755	11,431
5,885	-	-	-	27,641	15,215	48,741
2,424	-	-	-	13,338	4,258	20,020
657	-	-	-	-	-	657
29,552	-	-	-	-	-	103,441
9,538	-	-	-	-	-	35,771
-	-	-	-	-	-	20,519
-	-	-	-	-	-	3,930
-	-	-	-	-	1,743	\$ 10,474

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
149 Other Special Programs:		
300 Purchased Services	\$ -	-
400 Supplies and Materials	-	-
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	45,130	-
200 Employee Benefits	3,112	-
300 Purchased Services	-	-
400 Supplies and Materials	1,803	-
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	-	-
500 Capital Outlay	-	-
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	25,764	-
200 Employee Benefits	10,661	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Instruction	<u>\$ 996,645</u>	<u>867,373</u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	145,645	-	\$ 145,645
-	-	-	-	-	125	125
-	-	-	-	6,456	2,040	53,626
-	-	-	-	6,688	1,580	11,380
-	-	-	-	1,375	-	1,375
-	-	-	-	-	-	1,803
-	-	-	-	61,668	-	61,668
-	-	-	-	12,196	-	12,196
-	-	-	-	3,125	-	3,125
-	-	-	-	5,035	-	5,035
-	-	-	-	8,806	9,295	18,101
-	-	-	-	1,688	1,998	3,686
-	-	-	-	202	-	202
-	-	-	9,406	19,222	-	28,628
-	-	-	1,830	3,522	-	5,352
-	-	-	8,100	8,370	-	16,470
-	-	-	5,237	647	-	5,884
-	-	-	400	-	-	400
-	-	-	16,452	-	752	17,204
-	-	-	3,169	9	143	3,321
-	-	-	-	377	1,000	1,377
-	-	-	7,062	-	-	7,062
-	-	-	940	6,572	-	7,512
-	-	-	-	7,758	-	7,758
-	-	-	-	7,198	-	7,198
-	-	-	-	1,443	-	1,443
-	-	-	-	-	5,601	31,365
-	-	-	-	-	996	11,657
-	-	-	-	-	8,390	8,390
-	-	-	-	-	11,937	11,937
48,056	51,931	-	52,596	1,972,340	1,346,486	\$ 5,335,427

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
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	-	-
300 Purchased Services	-	3,415
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
214 Psychological Services:		
100 Salaries	-	88,397
200 Employee Benefits	-	26,590
300 Purchased Services	-	14,157
400 Supplies and Materials	-	4,757
500 Capital Outlay	-	5,247
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	141,781	5,194
200 Employee Benefits	27,343	1,632
300 Purchased Services	7,091	-
400 Supplies and Materials	10,750	-
500 Capital Outlay	-	-
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	60,216	116,357
200 Employee Benefits	14,268	31,061
300 Purchased Services	1,703	13,309
400 Supplies and Materials	5,572	5,807
500 Capital Outlay	\$ 1,372	1,310

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	9,691	-	-	27,880	\$ 37,571
-	-	1,850	-	-	7,839	9,689
-	-	7,223	-	-	-	7,223
-	-	4,123	-	-	-	4,123
-	29,635	-	-	-	19,683	49,318
-	8,805	-	-	-	4,653	13,458
-	-	14,911	-	-	-	18,326
-	-	-	-	-	92	92
-	-	-	-	-	249	249
-	-	-	-	36,495	6,702	43,197
-	-	-	-	10,143	2,060	12,203
-	-	-	-	-	1,960	1,960
-	-	-	-	-	1,347	1,347
-	-	-	-	-	1,995	1,995
-	-	-	-	-	-	88,397
-	-	-	-	-	-	26,590
-	-	-	-	-	8,468	22,625
-	-	-	-	-	-	4,757
-	-	-	-	-	-	5,247
-	-	-	-	103,059	84,306	334,340
-	-	-	-	28,118	22,341	79,434
-	-	-	-	307	942	8,340
-	-	-	-	3,279	7,564	21,593
-	-	-	-	9,249	3,979	13,228
-	-	-	-	2,287	-	2,287
-	-	-	2,279	81,383	54,267	314,502
-	-	-	439	24,325	16,427	86,520
-	-	-	-	3,403	27,982	46,397
-	-	-	-	653	11,957	23,989
-	-	-	-	2,603	1,262	\$ 6,547

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	\$ 1,444	-
200 Employee Benefits	274	-
300 Purchased Services	49,509	-
400 Supplies and Materials	-	-
230 General Administration Services:		
233 School Administration:		
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
250 Finance and Operations Services:		
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
500 Capital Outlay:		
530 Improvements Other Than Buildings	-	-
580 Mobile Classrooms	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
500 Capital Outlay	-	-
255 Student Transportation:		
100 Salaries	153	-
200 Employee Benefits	16	-
300 Purchased Services	-	5,648
400 Supplies and Materials	-	-
500 Capital Outlay	-	7,800
257 Internal Services:		
300 Purchased Services	-	-
258 Security:		
300 Purchased Services	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
500 Capital Outlay	-	-
270 Supporting Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
Total Supporting Services	\$ 321,492	330,681

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	7,950	6,600	\$ 15,994
-	-	-	-	1,519	1,055	2,848
-	6,213	-	-	67,331	50,848	173,901
-	-	-	-	18,931	21,978	40,909
-	-	-	-	1,941	1,000	2,941
-	-	-	-	4,032	-	4,032
-	-	-	-	-	61,488	61,488
-	-	-	-	-	3,295	3,295
-	-	-	-	-	81,500	81,500
-	-	-	-	9,600	-	9,600
-	-	-	-	-	5	5
-	-	-	-	12,861	44	13,058
-	-	-	-	2,366	9	2,391
-	-	-	-	2,766	2,329	10,743
-	-	-	-	-	35	35
-	-	-	-	-	-	7,800
-	-	-	-	-	3,615	3,615
-	-	-	-	106,250	-	106,250
-	-	-	-	-	4,164	4,164
-	-	-	-	15,631	-	15,631
-	-	-	-	-	20,336	20,336
-	-	-	-	-	3,400	3,400
-	-	-	-	-	12,415	12,415
-	44,653	37,798	2,718	556,482	588,071	\$ 1,881,895

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
410 Intergovernmental Expenditures:		
411 Payments to State Department of Education		
720 Transits	\$ -	-
Total Intergovernmental Expenditures	-	-
TOTAL EXPENDITURES	1,318,137	1,198,054
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 (Use Only for Transfer of Indirect Costs to General Fund)	(33,349)	(29,125)
TOTAL OTHER FINANCING SOURCES (USES)	(33,349)	(29,125)
NET CHANGES IN FUND BALANCES	-	-
FUND BALANCE, Beginning of Year	-	-
FUND BALANCE, End of Year	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	196	-	\$ 196
-	-	-	-	196	-	196
48,056	96,584	37,798	55,314	2,529,018	1,934,557	7,217,518
-	-	-	-	95,957	-	95,957
(1,216)	-	-	-	-	(31,736)	(95,426)
(1,216)	-	-	-	95,957	(31,736)	531
-	-	-	-	-	-	-
-	-	-	-	-	46,714	46,714
-	-	-	-	-	46,714	\$ 46,714

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2004

ADULT EDUCATION

243	Adult Education - Federal
-----	---------------------------

OTHER RESTRICTED STATE GRANTS

901	Increase High School Diploma Requirements
905	Career and Technology Education Equipment
908	Refurbishment of K-8 Science Kits
911	School Technology Initiative
914	Adult Education - Literacy
916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
917	Preschool Programs for Children with Disabilities
918	Adult Education - Basic
919	Education License Plates
923	Alternative Schools Grant
926	EAA Principal/Teacher Specialist on Site (Special Revenue Allocation)
929	EAA Reduce Class Size Grades 1-3
931/932	EAA Summer School/Comprehensive Remediation
933	School Safety Officers
934	Excellence in Middle Schools
935	National Board Certification (NBC) Salary Supplement
960	K-5 Enhancement
961	EAA Teacher Specialist
963	EAA Homework Center Awards (Below Average Schools)
964	EAA Retraining Funds
965	EAA Palmetto Gold and Silver Awards
966	K-5 Mathematics and Science Unit Coaching Initiative

OTHER SPECIAL REVENUE PROGRAMS

211	Capacity Building - IDEA
213	Professional Development - IDEA
218	SC Reads First
224	21st Century
230	Federal Workforce Initiative
235	Title I - Migrant Education
241	Title V - Part A
246	US Forestry Commission
248	School Health
251	Rural and Low Income, Title VI
253	Ed Tech
255	Medicaid
258	STW - Federal
261	Schools of Excellence
264	Title III - LEP
266	21st Century
267	Improving Teacher Quality
272	JROTC
279	Character Education
280	Emergency Immigration

(Continued)

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2004

OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)

802	Arts In Park
803	Success by Six
805	Wal-Mart - WES - Thompson
806	WES - House - Toy & Garden
808	International Paper Grant
809	NASA Grant
811	Wal-Mart - All Schools
812	NCTM - NMS - Altman
814	NCCC House Account
815	Wal-Mart - WES - Harmon
816	Profoundly Mentally Handicapped
819	Community Incentive Safety
822	Duke Endowment - Medical Services
824	Adult Ed - Louis Rich
826	Copiers
828	SAT Improvement
829	Wal-Mart - PGE - Hill
831	Science Grant - NMS McMorris
832	ING \$ - NMS - Hendrix
833	Nike Foundation - NMS - Altman
834	NHS Field House
835	NHS - Defib.
836	MCHS Weight Room
837	NMS - Needs Assessment
838	MCHS Band Bus
981	First Steps - Parenting
983	First Steps - Staff Development

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS

YEAR ENDED JUNE 30, 2004

Subfund	Revenue	Programs	Revenues	Expenditures	State	Other	State
					Restricted		Financing
					Grants	Sources (Uses)	Grants
					Interfund		Deferred
					Transfers		Revenue
					In (Out)		
901	3122	Increase High School Diploma Requirements	\$ 206,602	206,602	-	-	\$ -
905	3125	Career and Technology Education Equipment	40,662	40,662	-	-	-
908	3126	Refurbishment of K-8 Science Kits	23,278	23,278	-	-	5,957
911	3198	School Technology Initiative	30,644	30,644	-	-	7,948
914	3152	Adult Education - Literacy	46,369	46,369	-	-	4,192
916	3991	ADEPT	2,497	2,497	-	-	49,770
917	3135	Preschool Programs for Children with Disabilities	40,979	40,979	-	-	-
918	3151	Adult Education - Basic	127,931	127,931	-	-	11,783
919	3193	Education License Plates	1,978	1,978	-	-	817
921	3151	Adult Education Basic (Includes Workforce Initiative)	-	-	-	-	-
922	3199	Temporary Assistance to Needy Families	377	377	-	-	201
923	3123	Alternative Schools Program	145,645	145,645	-	-	-
926	3196	EAA Principal/Teacher Specialist on Site	20,545	20,545	-	-	-
929	3129	EAA Reduce Class Size Grades 1-3	321,249	417,206	-	95,957	-
931/932	3121	EAA Summer School/Comprehensive Remediation	277,800	277,800	-	-	93,314
933	3192	School Safety Officers	106,250	106,250	-	-	-
934	3191	Excellence in Middle Schools	46,638	46,638	-	-	-
935	3185	National Board Certification (NBC) Salary Supplement	240,266	240,266	-	-	-
960	3610	K-5 Enhancement	309,519	309,519	-	-	56,882
961	3601	EAA Teacher Specialist	260,499	260,499	-	-	-
962	3602	EAA Principal Specialist	-	-	-	-	-
963	3603	EAA Homework Center Awards	10,696	10,696	-	-	15,709
964	3604	EAA Retraining Funds	80,261	80,261	-	-	37,155
965	3605	EAA Palmetto Gold and Silver Awards	23,896	23,896	-	-	8,397
966	3606	K-5 Mathematics and Science Unit Coaching Initiative	68,480	68,480	-	-	4,044
Totals			\$ 2,433,061	2,529,018	-	95,957	\$ 296,169

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

REVENUES	ACTUAL
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3507 School Innovation Funds	\$ 188,093
3509 Arts in Education	4,173
3513 Parenting/Family Literacy	71,369
3515 Advanced Placement Courses	7,379
3517 Advanced Placement - Singleton (Subfund 315)	7,680
3520 Gifted and Talented - Academic	197,613
3522 Gifted and Talented - Artistic	20,704
3523 Junior Scholars Program	267
3525 Career and Technology Education Equipment	33,579
3527 Critical Teaching Needs	4,371
3529 EAA Retraining Grant	2,055
3530 Trainable & Profoundly Mentally Disabled Student Services	24,879
3533 Teacher of the Year Awards	2,153
3534 Professional Development on Standards	35,936
3535 Governor's Institute of Reading	76,834
3540 Four-Year Old Early Childhood Program	171,881
3546 Academic Assistance K-3	562,889
3548 Academic Assistance 4-12	530,226
3550 Teacher Salary Increase	1,801,897
3553 Adult Education - Remedial	5,624
3555 School Employer Contributions	336,054
3570 Intervention and Assistance Program	26,711
3575 Competitive Teacher Grants	12,385
3577 Teacher Supplies	91,800
3582 Principal Salary/Fringe Increase	27,200
3592 School-to-Work Transition	34,648
3598 Bus Driver Salary Supplement	5,224
Total State Sources	<u>4,283,624</u>
 TOTAL REVENUES ALL SOURCES	 <u>\$ 4,283,624</u>

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

	ACTUAL
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 222,628
200 Employee Benefits	77,439
400 Supplies and Materials	4,400
112 Primary Programs:	
100 Salaries	198,344
200 Employee Benefits	63,340
400 Supplies and Materials	32,184
113 Elementary Programs:	
100 Salaries	384,427
200 Employee Benefits	112,710
300 Purchased Services	750
400 Supplies and Materials	38,220
500 Capital Outlay	7,382
114 High School Programs:	
100 Salaries	192,342
200 Employee Benefits	54,392
400 Supplies and Materials	28,266
600 Other Objects	60
115 Vocation Programs:	
400 Supplies and Materials	3,400
500 Capital Outlay	33,579
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	4,981
122 Trainable Mentally Handicapped:	
100 Salaries	16,586
200 Employee Benefits	8,294
400 Supplies and Materials	800
124 Visually Handicapped:	
400 Supplies and Materials	200
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

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	\$ 119,040
200 Employee Benefits	36,062
400 Supplies and Materials	20,101
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	154,109
200 Employee Benefits	43,504
400 Supplies and Materials	600
143 Advanced Placement:	
100 Salaries	2,958
200 Employee Benefits	569
400 Supplies and Materials	10,499
500 Capital Outlay	1,032
148 Gifted and Talented - Artistic:	
100 Salaries	506
200 Employee Benefits	97
300 Purchased Services	11,095
400 Supplies and Materials	7,613
500 Capital Outlay	1,392
180 Adult/Continuing Educational Programs:	
182 Adult Secondary Education Programs:	
100 Salaries	2,676
200 Employee Benefits	514
185 Vocational Adult Education Programs:	
400 Supplies and Materials	200
187 Adult Education - Remedial:	
100 Salaries	2,042
200 Employee Benefits	392
188 Parenting/Family Literacy:	
300 Purchased Services	3,524
400 Supplies and Materials	3,454
Total Instruction	<u>1,915,303</u>
200 Supporting Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	\$ 3,600

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	\$ 28,920
200 Employee Benefits	6,491
400 Supplies and Materials	10,186
500 Capital Outlay	4,413
222 Library and Media:	
100 Salaries	15,360
200 Employee Benefits	8,509
400 Supplies and Materials	7,166
223 Supervision of Special Programs:	
100 Salaries	49,421
200 Employee Benefits	14,970
400 Supplies and Materials	14
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	4,131
200 Employee Benefits	781
300 Purchased Services	39,567
400 Supplies and Materials	4,418
230 General Administration Services:	
233 School Administration:	
100 Salaries	21,371
200 Employee Benefits	5,828
250 Finance and Operations Services:	
255 Student Transportation:	
100 Salaries	4,313
200 Employee Benefits	911
Total Supporting Services	<u>230,370</u>
TOTAL EXPENDITURES	<u>2,145,673</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(2,137,951)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,137,951)</u>
NET CHANGE IN FUND BALANCE	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2004

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3507 School Innovation Funds	\$ 188,093	188,093	-	-	\$ -
3509 Arts in Education	4,173	4,173	-	-	-
3513 Parenting/Family Literacy	71,369	71,369	-	-	-
3515 Advanced Placement Courses	7,379	7,379	-	-	-
3517 Advanced Placement - Singleton (Subfund 315)	7,680	7,680	-	-	-
3520 Gifted and Talented - Academic	197,613	197,613	-	-	-
3522 Gifted and Talented - Artistic	20,704	20,704	-	-	-
3523 Junior Scholars Program	267	267	-	-	-
3525 Career and Technology Education Equipment	33,579	33,579	-	-	-
3527 Critical Teaching Needs	4,371	4,371	-	-	-
3529 EAA Retraining Grant	2,055	2,055	-	-	56,836
3530 Trainable & Profoundly Mentally Disabled Student Services	24,879	24,879	-	-	-
3532 National Board Certification (Salary Supplement)	-	-	-	-	3,841
3533 Teacher of the Year Awards	2,153	2,153	-	-	-
3534 Professional Development on Standards	35,936	35,936	-	-	13,598
3535 Governor's Institute of Reading	76,834	76,834	-	-	-
3540 Four-Year Old Early Childhood Program	171,881	171,881	-	-	-
3546 Academic Assistance K-3	562,889	562,889	-	-	-
3548 Academic Assistance 4-12	530,226	530,226	-	-	-
3550 Teacher Salary Increase	1,801,897	-	-	(1,801,897)	-
3553 Adult Education - Remedial	5,624	5,624	-	-	4,148
3555 School Employer Contributions	336,054	-	-	(336,054)	-
3570 Intervention and Assistance Program	26,711	26,711	-	-	13,289
3575 Competitive Teacher Grants	12,385	12,385	-	-	371
3577 Teacher Supplies	91,800	91,800	-	-	-
3582 Principal Salary/Fringe Increase	27,200	27,200	-	-	-
3592 School-to-Work Transition	34,648	34,648	-	-	907
3595 EAA Homework Center Awards (Unsatisfactory Schools)	-	-	-	-	20,000
3598 Bus Driver Salary Supplement	5,224	5,224	-	-	-
Totals	\$ 4,283,624	2,145,673	-	(2,137,951)	\$ 112,990

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

YEAR ENDED JUNE 30, 2004

<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue & Subfund Code</u>	<u>Description</u>	<u>Amount Due to State Department of Education or Federal Government</u>	<u>Status of Amount Due to Grantors</u>
NONE					

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, 2004

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 3,943,158
1140 Penalties & Interest on Taxes (Independent)	270,458
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	201,368
1500 Earnings on Investments:	
1510 Interest on Investments	53,657
Total Local Sources	<u>4,468,641</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	291,599
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	60,391
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	39,483
Total State Sources	<u>401,828</u>
TOTAL REVENUES ALL SOURCES	<u>4,870,469</u>
 EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	4,400,000
620 Interest	115,592
690 Other Objects (Includes Fees for Servicing Bonds)	2,178
Total Debt Service	<u>4,517,770</u>
TOTAL EXPENDITURES	<u>4,517,770</u>
 NET CHANGE IN FUND BALANCE	352,699
FUND BALANCE, Beginning of Year	<u>5,918,299</u>
FUND BALANCE, End of Year	<u>\$ 6,270,998</u>

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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, 2004

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 209,208
1900 Other Revenue from Local Sources:	
1920 Contributions & Donations Private Sources	1,222
1999 Revenue from Other Local Sources	486
Total Local Sources	<u>210,916</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3172 Children's Education Endowment (Barnwell Facilities Fund)	1,414,568
3174 State School Facilities Bond Act	4,843,276
Total State Sources	<u>6,257,844</u>
TOTAL REVENUES ALL SOURCES	<u>6,468,760</u>
EXPENDITURES	
200 Supporting Services:	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	1,062,517
400 Supplies and Materials	80,895
500 Capital Outlay:	
520 Construction Services	10,811,095
530 Improvements Other Than Buildings	313,141
540 Equipment	56,436
545 Technology, Equipment and Software	231,021
600 Other Objects:	
690 Other Objects	4,865
Total Supporting Services	<u>12,559,970</u>
TOTAL EXPENDITURES	<u>12,559,970</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	2,306
5120 Proceeds of General Obligation Bonds	4,200,000
5300 Sale of Fixed Assets	10,000
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Cost)	(1,409,703)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,802,603</u>
NET CHANGE IN FUND BALANCE	<u>(3,288,607)</u>
FUND BALANCE, Beginning of Year	<u>7,296,089</u>
FUND BALANCE, End of Year	<u>\$ 4,007,482</u>

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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.

ENTERPRISE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
REVENUES	
1000 Revenues from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 267
1600 Food Service:	
1610 Lunch Sales to Pupils	490,361
1620 Breakfast Sales to Pupils	43,257
1630 Special Sales to Pupils	183,403
1640 Lunch Sales to Adults	88,716
1650 Breakfast Sales to Adults	4,246
1660 Special Sales to Adults	24,444
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	3,371
Total Local Sources	<u>838,065</u>
3000 Revenues from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3141 Supervisor's Salary	11,586
3142 Program Aid	4,700
Total State Sources	<u>16,286</u>
4000 Revenues from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,191,768
4830 School Breakfast Program	411,762
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	149,503
Total Federal Sources	<u>1,753,033</u>
TOTAL REVENUES ALL SOURCES	<u>2,607,384</u>
EXPENSES	
200 Supporting Services:	
256 Food Service:	
100 Salaries	953,890
200 Employee Benefits	104,607
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	71,834
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,117,832
500 Capital Outlay	256,550
600 Other Objects	16,962
Total Supporting Services	<u>2,521,675</u>
TOTAL EXPENSES	<u>\$ 2,521,675</u>

(Continued)

ENTERPRISE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	\$ (140,888)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(140,888)</u>
NET CHANGE IN FUND NET ASSETS	(55,179)
FUND NET ASSETS, Beginning of Year	<u>1,442,663</u>
FUND NET ASSETS, End of Year	<u>\$ 1,387,484</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, 2004

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,373
1700 Pupil Activities:	
1710 Admissions	165,574
1720 Bookstore Sales	33,385
1730 Pupil Organization Membership Dues and Fees	2,611
1740 Student Fees	179,997
1790 Other	163,339
1900 Other Revenue from Local Sources	
1910 Rentals	3,662
1920 Contributions & Donations Private Sources	46,308
1999 Revenue from Other Local Sources	1,381,045
Total Local Sources	<u>1,977,294</u>
TOTAL RECEIPTS ALL SOURCES	<u>1,977,294</u>
DISBURSEMENTS	
100 Instruction:	
190 Instructional Pupil Activity:	
500 Capital Outlay	3,927
600 Other Objects	643,588
Total Instruction	<u>647,515</u>
200 Supporting Services:	
270 Supporting Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay	55,685
660 Supporting Services Pupil Activity	1,311,036
Total Supporting Services	<u>1,366,721</u>
TOTAL DISBURSEMENTS	<u>2,014,236</u>
NET CHANGE IN DUE TO STUDENT ORGANIZATIONS	(36,942)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>427,661</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 390,719</u>

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

Table 1

GOVERNMENT WIDE REVENUE BY SOURCE

FISCAL YEARS ENDED JUNE 30, 2003 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Program Revenues			General Revenues		Totals
	Charges for Services	Operating Grants	Capital Grants	Property Taxes	Other	
2003	\$ 818,634	28,322,007	-	20,402,519	966,094	\$ 50,509,254
2004	\$ 995,746	27,128,345	6,445,937	22,596,165	735,929	\$ 57,902,122

Source: District Compiled Information

GENERAL GOVERNMENTAL REVENUES BY FUND

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	General Fund	Special Revenue Fund	Education Improvement Act	Debt Service Fund	Capital Projects Fund	Totals
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	1,820,909	48,420,102
2004	\$ 31,662,680	7,216,987	4,283,624	4,870,469	6,468,760	\$ 54,502,520

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

GOVERNMENT WIDE EXPENSES BY FUNCTION

FISCAL YEARS ENDED JUNE 30, 2003 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Instruction	Supporting Services	Community Services	Intergovernmental	Interest and Fiscal Charges	Food Service	Totals
2003	\$ 26,596,128	17,091,754	2,045	73,472	131,872	2,402,198	\$ 46,297,469
2004	\$ 28,294,288	15,772,842	4,594	60,391	93,129	2,521,675	\$ 46,746,919

Source: District Compiled Information

SOURCE OF GENERAL FUND REVENUES

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Local	State	Totals
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
2004	\$ 13,389,914	18,272,766	\$ 31,662,680

Source: District Compiled Information

GENERAL FUND EXPENDITURES BY FUNCTION

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Instruction	Supporting Services	Community Services	Intergovernmental	Capital Outlay	Totals
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
2004	\$ 20,131,038	12,736,563	4,594	60,195	151,020	\$ 33,083,410

Source: District Compiled Information

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Tax Year	Taxes Subject to Collection	Current Collections	Current % Collected	Delinquent Collections (1)	Total % Collected
1995	1994	\$ 18,257,635	16,745,838	91.72%	\$ 848,975	96.37%
1996 (2)	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 (3),(4)	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%
2004	2003	\$ 34,271,930	30,811,919	89.90%	\$ 1,641,906	94.70%

- (1) Represents delinquent taxes collected during each respective Fiscal Year but levied during that year or a previous year.
- (2) 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.
- (3) Preliminary figures as of April 30, 1998
- (4) 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, 1995 THROUGH JUNE 30, 2004

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			
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	37,370,920	386,345,241	89,716,530	1,445,910,764	6.20%
2004	2003	\$ 53,561,390	1,081,596,428	38,254,270	401,680,693	91,815,660	\$1,483,277,121	6.19%

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, 1995 THROUGH JUNE 30, 2004

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
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
2004	2003	114.3	*	3.1	1.5	20.0	94.0	4.0	49.0	100.0	230.1

* Included in Newberry County General Operating Levy

Source: Newberry County Auditor

COMPUTATION OF LEGAL DEBT MARGIN

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Total Assessed Value		\$ <u>91,815,660</u>
Legal Debt Limit - 8 Percent of Assessed Value		7,345,253
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	6,950,000	
Less: Issues Existing Prior to December 1, 1982	<u>-</u>	
Total Amount of Debt Applicable to Debt Limit		<u>6,950,000</u>
Legal Debt Limit		<u>\$ 395,253</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, 2004

UNAUDITED

Taxpayer	Assessed Value	Taxes Paid	Percent of Total Assessed Value
Ocsar Mayer Foods Corporation	\$ 3,186,482	\$ 625,993	3.47%
South Carolina Electric & Gas Co.	1,889,970	434,882	2.06%
Newberry Electric Coop, Inc.	1,838,170	422,963	2.00%
BellSouth Telecommunications, Inc.	1,695,710	390,183	1.85%
Duke Energy Corporation	1,671,940	384,713	1.82%
F. G. Wilson	1,085,912	229,106	1.18%
Federal Paper Board Company, Inc.	1,070,960	246,528	1.17%
Georgia Pacific Corp.-Plywood Plant	866,730	199,435	0.94%
Shakespeare Company LLC	802,930	184,754	0.87%
Kiswire	777,440	145,572	0.85%
	\$ 14,886,244	\$ 3,264,129	16.21%

Source: Newberry County Auditor

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

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Tax Year	Population*	Assessed Value	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2004	2003	36,847	\$ 91,815,660	\$ 6,950,000	7.57%	189

* 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, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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	53,231,324	9.45%
2004	\$ 4,400,000	117,770	4,517,770	\$ 59,524,341	7.59%

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, 2004

UNAUDITED

Government	Net General Debt Outstanding	Percent Applicable to District	District's Share of Debt
School District of Newberry County	\$ 6,950,000	100.00%	\$ 6,950,000
Newberry County	3,870,000	100.00%	3,870,000
Capital Project Sales Tax Bond	5,125,000	100.00%	5,125,000
J. F. Hawkins Nursing Home	500,000	100.00%	500,000
	<u>\$ 16,445,000</u>		<u>\$ 16,445,000</u>

Source: Newberry County Treasurer

DEMOGRAPHIC STATISTICS - NEWBERRY COUNTY

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Population	Per Capita Income	School Enrollment	Unemployment Rate
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	36,344	21,397	5,751	7.70%
2003	36,840	* \$ 21,397	5,657	7.50%
2004	unavailable	unavailable	5,664	6.90%

* Population estimate per US Census Bureau

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

AVERAGE DAILY MEMBERSHIP

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

Fiscal Year	Kindergarten	Elementary Grades 1-8	High School Grades 9-12	Totals
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
2004	475	3607	1582	5664

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

Table 16

BANK DEPOSITS, NEW CONSTRUCTION AND PROPERTY VALUES

FISCAL YEARS ENDED JUNE 30, 1995 THROUGH JUNE 30, 2004

UNAUDITED

<u>Fiscal Year</u>	<u>Bank Deposits</u>	<u>New Construction</u>	<u>Property Value</u>
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	272,761,000	32,811,749	1,445,910,764
2004	\$ 275,781,000	Unavailable	\$ 1,483,277,121

Sources: Newberry County Auditor, Newberry County Zoning Office,
Federal Deposit Insurance Corporation

MISCELLANEOUS STATISTICS

YEAR ENDED JUNE 30, 2004

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:	5664	
Number Of Schools:	Elementary Schools	8
	Middle Schools	2
	High Schools	3
	Special Program Centers	1
		<hr/>
		14
Professional Staff:	Administrators	54
	Instructional Professionals	483
	Support	457
		<hr/>
		994

Source: District Compiled Information

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
Pass-through State Department of Education:				
600	Food Distribution	10.550	N/A	\$ 149,503
600	National School Breakfast Program	10.553	N/A	411,762
600	National School Lunch Program	10.555	N/A	1,191,768
Total Passed Through State Department of Education				<u>1,753,033</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	146,288
TOTAL US DEPARTMENT OF AGRICULTURE				<u>1,899,321</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	04-BA064	1,351,486
Individuals with Disabilities Education Act				
203	Special Education--Grants to States	84.027	04-CA064	1,227,179
211	IDEA Capacity Building	84.027A	04-CR064	24,642
213	Personnel Development	84.027A	04-CO064	10,440
Total 84.027				<u>1,262,261</u>
205	Special Education--Preschool Grants	84.173	04-CG064	49,272
207	Occupational Education	84.048	04-VA064	96,584
209	Safe and Drug Free Schools and Communities	84.186	04-FQ064	37,798
218	SC Reading First	84.357A	04-RC064	480,440
224	21st Century Learning	84.287C	04-CL064	299,999
235	Migrant Education - Basic State Grant Program	84.011	04-BG064	17,694
241	Title V - Chapter II	84.298	04-BB064	33,425
243	Adult Education - State - Administered Basic Grant Program	84.002	04-EA064	55,314
251	Title VI	84.358B	04-BS064	157,265
258	Tech Prep Education, Title II	84.243A	04-VA064	16,470
253	Title II - Ed Tech	84.318	04-ET064	33,965
264	ESOL - Title III	84.365A	04-BP064	32,469
267	Improving Teacher Quality	84.367A	04-TQ064	298,768
TOTAL US DEPARTMENT OF EDUCATION				<u>4,223,210</u>
US DEPARTMENT OF DEFENSE				
Direct Programs:				
272	JROTC	12.000	N/A	117,471
TOTAL US DEPARTMENT OF DEFENSE				<u>117,471</u>
US DEPARTMENT OF LABOR				
Direct Program:				
270	Workforce Development Incentive	17.267	04-VW064	31,553
TOTAL US DEPARTMENT OF LABOR				<u>31,553</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 6,271,555</u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

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, 2004. 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
The 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, 2004, and have issued our report thereon dated November 17, 2004. 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 November 17, 2004.

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
November 17, 2004

**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
The 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, 2004. 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, 2004. 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
November 17, 2004

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2004

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, 2004

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>
10.550	Food Distribution
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 (IDEA)
84.357	SC Reads First

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 - 2004 Financial Statements Audit

NONE

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

NONE