

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

Prepared by the Office of Finance

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

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NEWBERRY, SOUTH CAROLINA**

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NEWBERRY, SOUTH CAROLINA**

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

PRINCIPAL OFFICIALS

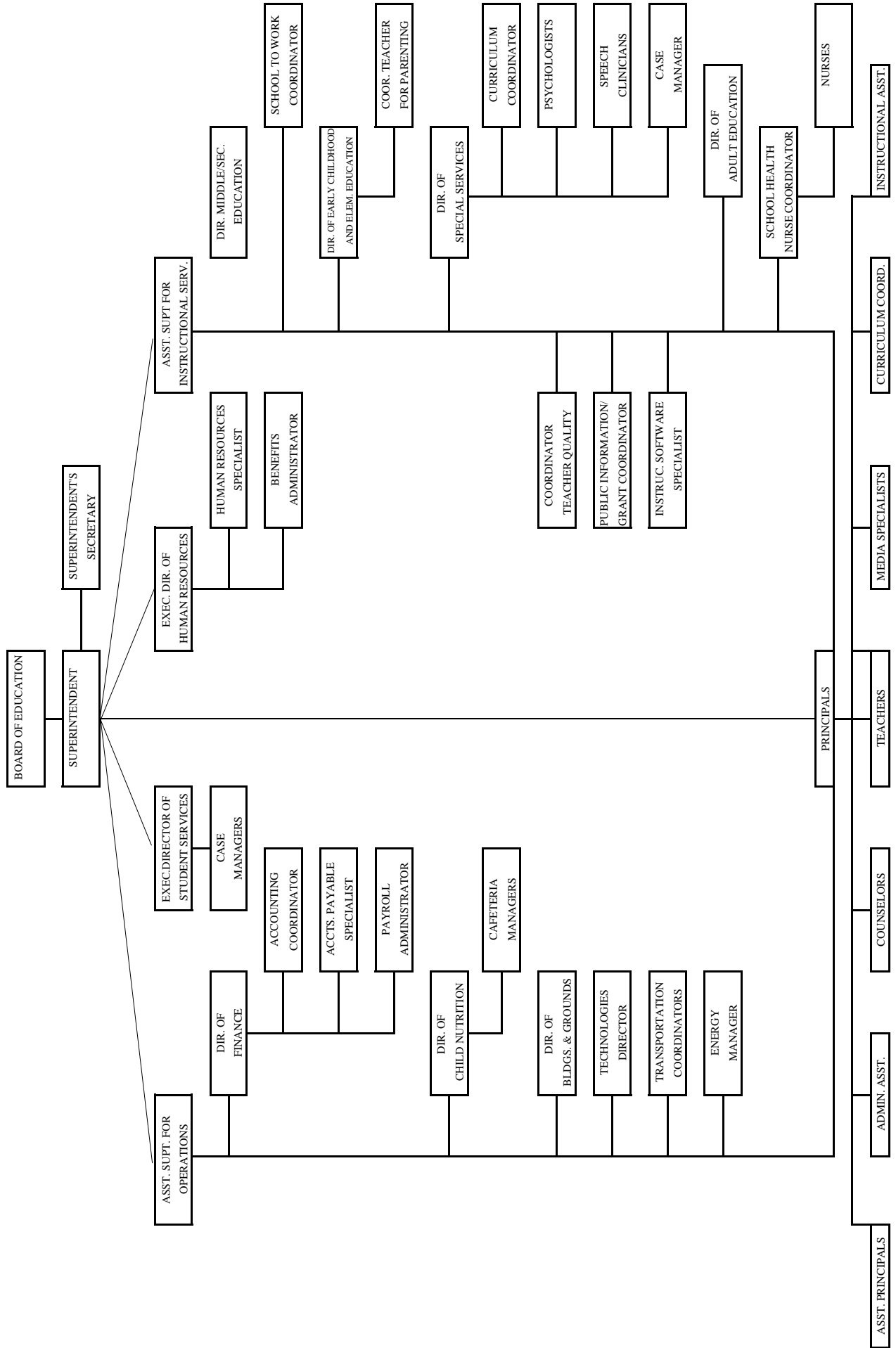
Board of Education

Mr. Lee B. Attaway, Chairperson
Mr. Donald C. Saylor, Vice-Chairperson
Mr. Clyde Hill, Secretary
Dr. John F. Roche, Member
Mr. Jody Hamm, Member
Ms. Lucy Anne Meetze, Member
Mr. Gregg B. Taylor, Member

Administrative Cabinet

Dr. Walter L. Tobin, Interim 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, 2005

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, 2005, 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 2004 CAFR. The financial section includes the management's discussion and analysis (MD&A), the general purpose financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The single audit section contains the schedule of federal financial assistance and the auditors' reports on the internal control structure and compliance with applicable laws and regulations.

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

GENERAL INFORMATION ABOUT THE 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 in single-member Districts 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 compliment 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. The summer of 2005 was devoted to the development of semester examinations for high school gateway courses.

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 3-5 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 1 and English 1 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, European History, and U.S. History. All high schools offer SAT/ACT preparation classes for all students. Dual credit opportunities are available through Piedmont Technical 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 four for the 2005-06 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 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 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 Piedmont Technical College for college preparatory and career and technology education 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/Transition program has been very successful.

The School District of Newberry County Board of Education approved and submitted to the South Carolina State Department of Education a new District Strategic Plan in April 2005. The plan was designed to guide teachers and school administrators 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.

The District has pursued accreditation through the Southern Association of Colleges and Schools for all schools. As of the spring of 2005 all schools and the Career Center have been accredited by this nationally recognized accreditation entity.

An Adult Education Program is also provided in the District. The 2004-2005 enrollment was 873 students. The program graduated 62 students, 28 with State High School diplomas and 34 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) and workplace programs. 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. They have received state awards for academic achievement including the highest passing percentage of those taking the GED in the State for 2003/2004.

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 2005 as reported by the U. S. Census Bureau is 37,538. 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 2002 addition of South Carolina Agriculture Statistics, Newberry County continues to rank 1st in total milk production, 2nd in total egg production, and went from 15th to 12th in total farm income in the state, with agriculture income totaling \$60,040,000 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 33.0% 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. In May of 2002, a Texas based manufacturer and marketer of custom food products opened Pioneer Frozen Foods. An expansion in the summer of 2003 increased the workforce to over 150 employees. The latest industry to come to Newberry County was Lowes Home Center, opening their 111,000 square foot facility in October 2004. 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 nine English-as-a-Second-Language teachers, and several schools are teaching their faculties Spanish.

Unemployment in the county at June 2005 was 6.5%, a decrease of .4% from June 2004. 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. A new 78-room hotel located near the Opera House, The Hampton Inn, opened in March of 2002. The Opera House continues to host community events, festivals, and shows and the Opera House Foundation states that the 2004-2005 season was a success marking four consecutive seasons that the facility has performed at a high level.

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 a 13.9 percent increase in households between 1990 and 2000. 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. In addition, at the NCMH visiting physician's suite, you can receive specialty care from many physicians in the surrounding areas.

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 six School Resource 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 May of 2005, the Board of Trustees approved a list of approximately \$77,500,000 in capital needs, the result of a prioritization process of more than \$122,000,000 in overall capital needs identified in an independent study completed in December of 2004. After careful study of funding alternatives, the Board authorized the formation of Newberry Investing in Children's Education, a non-profit corporation which will assist the District in the formulation of an Installment Purchase plan, whereby the District will lease the applicable buildings to the Corporation for the purpose of capital improvements, and purchase them back utilizing General Obligation debt over a 25- or 26-year period. This will allow the District to leverage its constitutional debt limit to complete the capital needs within a five-year construction cycle vice the more piecemeal approach of "pay as you go." As of June 30, 2005, Newberry Investing in Children's Education has been incorporated under the laws of the State of South Carolina, and legal documents for a Base Lease Agreement and the issuance of Installment Purchase Revenue Bonds are being finalized for a Fall 2005 closing.

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.

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.

During the 2004-2005 school year continued progress was made in the technology arena. Through the use of district and grant funding additional wireless laptop carts were added at Mid-Carolina Middle, Gallman, and Prosperity Rikard. Additional computer labs were also added at Mid-Carolina High and Middle. Smart Boards were added to classrooms at Newberry Middle and all school administrative computers were replaced with new computers. The former administrative computers were distributed out to classrooms and brought most classroom computer counts to two or more computers. The total district computer count as of 06/30/05 was 2400.

There were many educational accomplishments during the 2004-05 school year. Scholarships offered to District seniors totaled approximately \$2.4 million. Once again, The School District has added another Red Carpet School. Gallman Elementary School received this award for 2004-05 to add to our list of honorees in this category. Boundary Street Elementary received this award for 2003-04, Pomaria/Garmany Elementary School 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.

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, 2005, 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, 2005 totaled \$6,950,000. This outstanding debt is for the bond series 2002, 2003 and 2004. 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 2004-2005. 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 eighth comprehensive annual financial report for fiscal year ended June 30, 2004. 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.

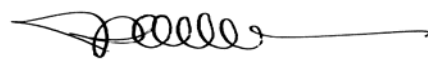
ACKNOWLEDGMENTS

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,



Walter Tobin, 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, 2004

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

The School District of Newberry County

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

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

President

Executive Director



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The School District of Newberry County, South Carolina (the "School District"), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The School District of Newberry County, South Carolina, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on page 3 through page 13 and budgetary comparison schedule for the General Fund on page 47 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual fund schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the School District. The combining and individual fund schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
November 18, 2005

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

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, 2005. 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 2005 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$63.2 million. Of this amount, approximately \$6.5 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 \$2.1 million. Most of this increase in total net assets is due to the completion of construction projects authorized under Phase II of the construction program funded with the School District's constitutional debt limit.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$13.0 million, a decrease of approximately \$3.1 million from the prior year restated fund balance, which is primarily attributable to capital project expenditures related to construction projects. Approximately 32% of the total amount, or approximately \$4.2 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 \$4.2 million, which was approximately 11% 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 \$5.3 million (11%) during the current fiscal year. The key factor in this increase was the School District's completion of construction projects authorized by Phase II of the construction program funded with the District's constitutional debt limit, partially offset by depreciation of approximately \$2.0 million.
- The School District's total debt remained the same during the current fiscal year. The key factor in this was principal payments of \$4.5 million offset by the issuance of \$4.5 million in new general obligation bonds that will be used for construction projects at Boundary Street Elementary School.
- During the 2005 fiscal year, the School District's governmental fund revenues were approximately \$49.8 million compared to approximately \$54.5 million in the prior year. This decrease was primarily due to decreases in state revenue. The School District's governmental fund expenses were approximately \$57.6 million compared to approximately \$59.5 million in the prior year. The decrease was primarily due to fewer construction expenditures during the year.
- The School District had approximately \$48.0 million and \$2.7 million in expenses related to governmental activities and business-type activities, respectively. Of these expenses, \$27.5 million and \$2.7 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 \$22.7 million provided the remaining funding for both of these program activities.
- In June 2005, Newberry Investing in Children's Education ("NICE") was incorporated as a nonprofit corporation and is considered a blended component unit of the School District. NICE was organized primarily to construct and renovate school facilities for the use of the School District and to encourage and promote public education. There was no financial activity during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 *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 government-wide financial statements can be found on pages 16-17 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 Revenue Fund, Special Revenue – Education Improvement Act ("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 18 – 24 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary Fund. The School District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide 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 25 – 27 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide 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 28 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 29 – 46 of this report.

Other information. The combining and individual fund schedule can be found beginning on page 51 of this report.

The School District has a legally adopted budget only for its General Fund. A budgetary comparison schedule for this fund has been provided in the required supplementary information to demonstrate compliance with its budget. This schedule is on page 47 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 Major Features of the School District's Government-wide and Fund Basic Financial Statements				
	Fund Basic Financial Statements			
	Government-wide 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. ▪ Statement of changes in fiduciary assets and liabilities (excluding Agency funds).
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
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by approximately \$63.2 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, 2005 compared to June 30, 2004:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004 *	2005	2004	2005	2004 *
Assets						
Current and Other Assets	\$ 19,199,689	23,331,258	679,598	762,548	19,879,287	\$ 24,093,806
Capital Assets	55,608,995	50,195,115	569,295	638,045	56,178,290	50,833,160
Total Assets	74,808,684	73,526,373	1,248,893	1,400,593	76,057,577	74,926,966
Liabilities						
Other Liabilities	5,650,872	6,632,643	13,109	13,109	5,663,981	6,645,752
Long Term Liabilities	7,199,555	7,181,068	-	-	7,199,555	7,181,068
Total Liabilities	12,850,427	13,813,711	13,109	13,109	12,863,536	13,826,820
Net Assets						
Invested in Capital Assets, Net of Related Debt	50,296,554	47,252,597	569,295	638,045	50,865,849	47,890,642
Restricted	5,865,963	6,270,301	-	-	5,865,963	6,270,301
Unrestricted	5,795,740	6,189,764	666,489	749,439	6,462,229	6,939,203
Total Net Assets	\$ 61,958,257	59,712,662	1,235,784	1,387,484	63,194,041	\$ 61,100,146

* Certain amounts have been reclassified (to agree to the current presentation) and/or restated. See Note IV in the notes to the basic financial statements for additional information.

The School District's government-wide net assets increased by approximately \$2.1 million or approximately 3% (\$61.1 million compared to \$63.2 million) in 2005. Most of this increase in total net assets is due to the completion of construction projects authorized as Phase II of the School District's construction program funded with the District's constitutional debt limit.

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 \$6.5 million at June 30, 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Analysis (Continued)

Table 2 shows the changes in net assets for fiscal year 2005 compared to 2004:

Table II
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$ 271,421	161,319	890,604	834,427	1,162,025	\$ 995,746
Operating Grants	26,899,379	25,371,941	1,809,285	1,756,404	28,708,664	27,128,345
Capital Grants	279,658	6,445,937	-	-	279,658	6,445,937
General Revenue:						
Taxes	21,866,245	22,596,165	-	-	21,866,245	22,596,165
Other	785,852	719,376	11,207	16,553	797,059	735,929
Total Revenues	50,102,555	55,294,738	2,711,096	2,607,384	52,813,651	57,902,122
Program Activities						
Instruction	25,700,879	28,294,288	-	-	25,700,879	28,294,288
Support Services	22,167,884	15,772,842	-	-	22,167,884	15,772,842
Community Services	6,151	4,594	-	-	6,151	4,594
Intergovernmental	23,497	60,391	-	-	23,497	60,391
Interest and Fiscal Charges	106,541	93,129	-	-	106,541	93,129
Food Service	-	-	2,714,804	2,521,675	2,714,804	2,521,675
Total Expenses	48,004,952	44,225,244	2,714,804	2,521,675	50,719,756	46,746,919
Excess Before Transfers	2,097,603	11,069,494	(3,708)	85,709	2,093,895	11,155,203
Transfers In (Out)	147,992	140,888	(147,992)	(140,888)		
Change in Net Assets	2,245,595	11,210,382	(151,700)	(55,179)	2,093,895	11,155,203
Net Assets, Beginning of Year	59,712,662	49,112,840	1,387,484	1,442,663	61,100,146	50,555,503
Prior Period Adjustments	-	(610,560)	-	-	-	(610,560)
Net Assets, Beginning of Year, Restated	59,712,662	48,502,280	1,387,484	1,442,663	61,100,146	49,944,943
Net Assets, End of Year	\$ 61,958,257	59,712,662	1,235,784	1,387,484	63,194,041	\$ 61,100,146

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

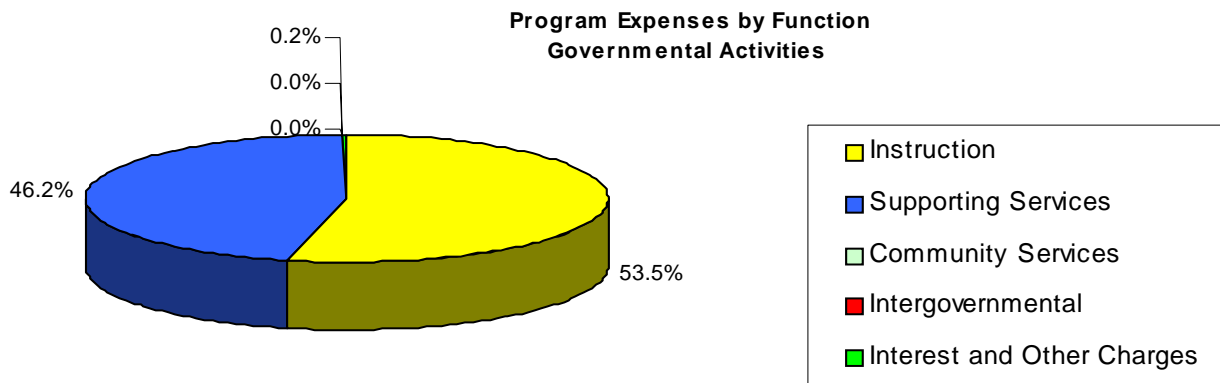
Government-wide Financial Analysis (Continued)

Governmental Activities. Governmental activities increased from 2004 to 2005 by approximately \$2.1 million or 3%. Key elements of this increase are as follows:

- Completion of construction projects.

Business-Type Activities. Business-Type activities decreased from 2004 to 2005 by approximately \$.2 million or 11%. Key elements of this decrease are as follows:

- Increased food and supply expenditures.
- Increased salaries and benefits.



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?

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

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

For the year ended June 30, 2005, the School District's governmental funds reported a *combined* fund balance of approximately \$13.0 million, as compared to approximately \$16.1 million for the restated 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, 2005, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$4.2 million which solely represents the General Fund, along with unreserved, designated fund balance of approximately \$1.4 million that is to be used for future capital-related expenditures. The remainder, approximately \$7.4 million is reserved for items such as Prepaid Items, approximately \$1.6 million in Capital Projects (for the School District's building plans), approximately \$5.7 million in Debt Service (for future debt service payments) and approximately \$0.05 million 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 approximately \$4.2 million, unreserved, designated fund balance was approximately \$1.4 million, and total fund balance reached approximately \$5.6 million.

The fund balance for the School District's General Fund decreased by approximately \$0.4 million, or 6%, during the current fiscal year primarily due to an increase in instruction and support expenditures partially offset by an increase in state and local revenue. The General Fund also did not have any State School Facilities Bond money transferred in from Capital Projects as in the prior year.

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

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 decreased by approximately \$0.4 million from the restated prior year primarily due to a reduction in local taxes. The fiscal year ended 2005 fund balance is approximately \$5.7 million which is reserved for the payment of debt service. The School District's debt millage rate is 41.7.

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 approximately \$2.4 million in 2005 to approximately \$1.6 million at June 30, 2005. 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 approximately \$.2 million for 2005. The net decrease was primarily a result of an increase in salaries and benefits as well as food and supply expenditures.

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 2005, there were no amendments to the School District's General Fund expense or revenue budgets. Actual revenues exceeded budget in the local delinquent taxes, revenue in lieu of taxes and interest income line items. Actual expenses were less than budget due to savings on certain expenditures for supplies and purchased services that were paid from Special Revenue Funds but budgeted in the General Fund.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the School District had approximately \$56.2 million invested in capital assets, net of depreciation.

The total increase in the School District’s investment in capital assets was approximately \$5.3 million, or approximately 11%. Major capital asset events during the current fiscal year included:

- The continuation of the construction of Boundary Street Elementary School.
- Miscellaneous small capital projects and technology upgrades.

The following table shows the capital asset balances for 2005 and 2004:

Table III
Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Capital Assets						
Land	\$ 807,879	826,452	-	-	807,879	\$ 826,452
Building, Improvements and Equipment	68,625,771	50,197,814	1,712,836	1,674,510	70,338,607	51,872,324
Construction in Progress	4,117,640	15,276,773	-	-	4,117,640	15,276,773
Less: Accum. Depreciation	(17,942,295)	(16,105,924)	(1,143,541)	(1,036,465)	(19,085,836)	(17,142,389)
Capital Assets, Net	<u>\$ 55,608,995</u>	<u>50,195,115</u>	<u>569,295</u>	<u>638,045</u>	<u>56,178,290</u>	<u>\$ 50,833,160</u>

The School District also has total outstanding construction commitments at June 30, 2005, of approximately \$3.4 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 the end of the current and prior fiscal year-end, the School District had \$6,950,000 in general obligation bonds (“GOB”) outstanding 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 OF NEWBERRY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The School District issued \$4.5 million in new GOB in 2005 for the continuation of construction projects including the renovation of Boundary Street Elementary School. The School District made principal payments of \$4.5 million during fiscal 2004.

Table IV
Outstanding Debt, at Year End

	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
Series 2001 GOBs	\$ -	\$ 250,000
Series 2002 GOBs	900,000	2,500,000
Series 2003 GOBs	1,550,000	4,200,000
Series 2004 GOBs	4,500,000	-
	<u>2005</u>	<u>2004</u>
Total	<u>\$ 6,950,000</u>	<u>\$ 6,950,000</u>

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 \$396,000.

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

ECONOMIC FACTORS

The School District of Newberry County's tax base has grown approximately 22% since 1996 to 91.8 million in 2005. 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%.

FY 06 BUDGETS

Many factors were considered by the School District's administration during the process of developing the fiscal year 2005-2006 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 FY06 budget calls for a small increase in student meal prices and a modest pay increase for all employees.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

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 School District of Newberry County, 1539 Martin Street, Newberry, South Carolina, 29108

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

STATEMENT OF NET ASSETS

JUNE 30, 2005

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 725,868	743,167	\$ 1,469,035
Cash and Investments Held by County Treasurer	13,495,506	-	13,495,506
Property Taxes Receivable, Net	882,841	-	882,841
Accounts Receivable, Net	50,411	-	50,411
Due from Other Governments	3,752,272	161,195	3,913,467
Internal Balances	289,179	(289,179)	-
Inventory and Prepaid Items	3,612	64,415	68,027
Capital Assets:			
Non-Depreciable Assets	4,925,519	-	4,925,519
Depreciable Assets, Net	50,683,476	569,295	51,252,771
TOTAL ASSETS	74,808,684	1,248,893	76,057,577
LIABILITIES			
Accounts Payable and Accrued Expenses	4,931,532	-	4,931,532
Accrued Interest Payable	46,948	-	46,948
Deferred Revenue	672,392	13,109	685,501
Non-Current Liabilities:			
Due Within One Year	4,379,804	-	4,379,804
Due in More than One Year	2,819,751	-	2,819,751
TOTAL LIABILITIES	12,850,427	13,109	12,863,536
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	50,296,554	569,295	50,865,849
Restricted For:			
Debt Service	5,819,348	-	5,819,348
Special Revenue	46,615	-	46,615
Unrestricted	5,795,740	666,489	6,462,229
TOTAL NET ASSETS	\$ 61,958,257	1,235,784	\$ 63,194,041

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
NEWBERRY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

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	\$25,700,879	28,436	20,052,957	-	(5,619,486)		\$ (5,619,486)
Support Services	22,167,884	242,985	6,846,422	279,658	(14,798,819)		(14,798,819)
Community Services	6,151	-	-	-	(6,151)		(6,151)
Intergovernmental	23,497	-	-	-	(23,497)		(23,497)
Interest and Other Charges	106,541	-	-	-	(106,541)		(106,541)
Total Governmental Activities	<u>48,004,952</u>	<u>271,421</u>	<u>26,899,379</u>	<u>279,658</u>	<u>(20,554,494)</u>		<u>(20,554,494)</u>
Business-Type Activities:							
Food Services	2,714,804	890,604	1,809,285	-	-	(14,915)	(14,915)
Total Business-Type Activities	<u>2,714,804</u>	<u>890,604</u>	<u>1,809,285</u>	<u>-</u>	<u>-</u>	<u>(14,915)</u>	<u>(14,915)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$50,719,756</u>	<u>1,162,025</u>	<u>28,708,664</u>	<u>279,658</u>	<u>(20,554,494)</u>	<u>(14,915)</u>	<u>(20,569,409)</u>
GENERAL REVENUES AND TRANSFERS:							
General Revenues:							
Property Taxes Levied for General Purposes					13,231,364	-	13,231,364
Property Taxes Levied for Debt Service					4,375,517	-	4,375,517
Other Taxes					4,259,364	-	4,259,364
Unrestricted Grants and Contributions					24,687	-	24,687
Unrestricted Investment Earnings					316,366	6,882	323,248
Intergovernmental Revenue					53,336	-	53,336
Miscellaneous					314,445	4,325	318,770
Gain on Disposal of Capital Assets					77,018	-	77,018
Transfers					147,992	(147,992)	-
Total General Revenue and Transfers					<u>22,800,089</u>	<u>(136,785)</u>	<u>22,663,304</u>
CHANGE IN NET ASSETS					<u>2,245,595</u>	<u>(151,700)</u>	<u>2,093,895</u>
NET ASSETS, Beginning of Year					60,323,222	1,387,484	61,710,706
PRIOR PERIOD ADJUSTMENTS					(610,560)	-	(610,560)
NET ASSETS, Beginning of Year, Restated					<u>59,712,662</u>	<u>1,387,484</u>	<u>61,100,146</u>
NET ASSETS, End of Year					<u>61,958,257</u>	<u>1,235,784</u>	<u>\$ 63,194,041</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
NEWBERRY, SOUTH CAROLINA**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2005

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 725,868	-
Cash and Investments Held by County Treasurer	5,158,800	64,475
Receivables, Net:		
Taxes	689,447	-
Accounts	3,871	46,540
Due From:		
State Agencies	1,370,468	196,345
Federal Agencies	-	1,666,173
Other Funds	6,948,114	467,092
Other Governments	-	121,185
Prepaid Items	3,612	-
TOTAL ASSETS	14,900,180	2,561,810
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	1,545,731	-
Accrued Salaries, Fringe & Benefits	3,008,806	-
Due To:		
Other Funds	4,300,348	1,891,969
Deferred Revenue	461,602	623,226
TOTAL LIABILITIES	9,316,487	2,515,195
FUND BALANCES:		
Fund Balances		
Reserved for:		
Prepaid Items	3,612	-
Debt Service	-	-
Capital Projects	-	-
Special Revenue	-	46,615
Unreserved:		
Designated - Capital Projects	1,409,703	-
Undesignated	4,170,378	-
TOTAL FUND BALANCES	5,583,693	46,615
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,900,180	2,561,810

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
-	-	-	\$ 725,868
-	5,670,497	2,601,734	13,495,506
-	193,394	-	882,841
-	-	-	50,411
398,101	-	-	1,964,914
-	-	-	1,666,173
25,735	2,405	941,629	8,384,975
-	-	-	121,185
-	-	-	3,612
423,836	5,866,296	3,543,363	27,295,485
-	-	376,995	1,922,726
-	-	-	3,008,806
379,341	-	1,524,138	8,095,796
44,495	141,252	4,671	1,275,246
423,836	141,252	1,905,804	14,302,574
-	-	-	3,612
-	5,725,044	-	5,725,044
-	-	1,637,559	1,637,559
-	-	-	46,615
-	-	-	1,409,703
-	-	-	4,170,378
-	5,725,044	1,637,559	12,992,911
423,836	5,866,296	3,543,363	\$ 27,295,485

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

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

JUNE 30, 2005

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 12,992,911
Amounts reported for the governmental activities in the Statement of Net Assets are different because:		
Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		602,854
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 \$73,551,290, and the accumulated depreciation is \$17,942,295.		55,608,995
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.		(46,948)
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	(249,555)	(7,199,555)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		<u><u>\$ 61,958,257</u></u>

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

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 13,860,667	-
Investment Earnings	107,326	731
Other Local Sources	137,819	318,510
State Sources	19,127,571	2,369,304
Federal Sources	-	4,559,875
Intergovernmental Revenue	-	53,336
TOTAL REVENUE ALL SOURCES	33,233,383	7,301,756
EXPENDITURES		
Current:		
Instruction	21,838,207	5,023,554
Support Services	14,240,977	2,219,520
Community Services	6,151	-
Intergovernmental	22,808	-
Capital Outlay	170,679	51,968
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	36,278,822	7,295,042
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,045,439)	6,714
OTHER FINANCING SOURCES (USES)		
Issuance of General Obligation Bonds	-	-
Proceeds from Sale of Capital Assets	-	-
Transfers In	2,775,700	87,055
Transfers Out	(87,055)	(93,868)
TOTAL OTHER FINANCING SOURCES (USES)	2,688,645	(6,813)
NET CHANGES IN FUND BALANCES	(356,794)	(99)
FUND BALANCE, Beginning of Year	6,416,723	46,714
PRIOR PERIOD ADJUSTMENTS	(476,236)	-
FUND BALANCE, Beginning of Year, Restated	5,940,487	46,714
FUND BALANCE, End of Year	\$ 5,583,693	46,615

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
-	3,748,285	-	\$ 17,608,952
-	70,510	137,799	316,366
-	-	16,468	472,797
4,909,505	366,835	-	26,773,215
-	-	-	4,559,875
-	-	-	53,336
4,909,505	4,185,630	154,267	49,784,541
1,944,446	-	-	28,806,207
371,854	-	744,647	17,576,998
-	-	-	6,151
689	-	-	23,497
58,676	-	6,338,543	6,619,866
-	4,500,000	-	4,500,000
-	97,260	-	97,260
2,375,665	4,597,260	7,083,190	57,629,979
2,533,840	(411,630)	(6,928,923)	(7,845,438)
-	-	4,500,000	4,500,000
-	-	59,000	59,000
-	-	-	2,862,755
(2,533,840)	-	-	(2,714,763)
(2,533,840)	-	4,559,000	4,706,992
-	(411,630)	(2,369,923)	(3,138,446)
-	6,270,998	4,007,482	16,741,917
-	(134,324)	-	(610,560)
-	6,136,674	4,007,482	16,131,357
-	5,725,044	1,637,559	\$ 12,992,911

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, 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, 2005

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (3,138,446)**

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.	(2,071)
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.	4,500,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	(4,500,000)
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.	(9,281)
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.	(18,487)
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 disposed of.	(18,573)
Donated capital assets (equipment) are not recognized in the governmental funds as no current financial resource has been received, but are recognized in the Statement of Activities as a capital grant.	279,658
Governmental funds report capital asset additions as expenditures. However, in the Statement Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital additions of \$7,036,965 exceeded depreciation of \$1,884,170 in the current period.	5,152,795

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 2,245,595**

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
NEWBERRY, SOUTH CAROLINA**

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2005

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 743,167
Due From:	
County Treasurer	966
Federal Agencies	160,229
Other Funds	9,845,878
Inventories	64,415
Total Current Assets	<u>10,814,655</u>
Non-Current Assets:	
Capital Assets	1,712,836
Less: Accumulated Depreciation	(1,143,541)
Total Non-Current Assets	<u>569,295</u>
TOTAL ASSETS	<u>11,383,950</u>
LIABILITIES	
Current Liabilities:	
Due To:	
Other Funds	10,135,057
Deferred Revenue	13,109
Total Current Liabilities	<u>10,148,166</u>
TOTAL LIABILITIES	<u>10,148,166</u>
NET ASSETS	
Invested in Capital Assets	569,295
Unrestricted	666,489
TOTAL NET ASSETS	<u><u>\$ 1,235,784</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
NEWBERRY, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2005

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 890,604
OPERATING EXPENSES	
Salaries	1,047,940
Employee Benefits	121,742
Purchased Services	106,087
Food Costs and Supplies	1,191,305
Equipment - Expendable	120,518
Depreciation	107,076
Other	20,136
TOTAL OPERATING EXPENSES	<u>2,714,804</u>
OPERATING LOSS	<u>(1,824,200)</u>
NON-OPERATING REVENUES (EXPENSES)	
Commodities Received from USDA	139,785
USDA Reimbursements	1,638,662
Other State and Federal Aid	4,325
Interest	6,882
Other Revenue	30,838
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>1,820,492</u>
INCOME BEFORE TRANSFERS	
TRANSFERS	
Transfer Out	<u>(147,992)</u>
TOTAL TRANSFERS	<u>(147,992)</u>
CHANGE IN NET ASSETS	(151,700)
TOTAL NET ASSETS, Beginning of Year	<u>1,387,484</u>
TOTAL NET ASSETS, End of Year	<u><u>\$ 1,235,784</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
NEWBERRY, SOUTH CAROLINA**

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2005

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 890,604
Receipts from Other Revenues	30,838
Payments to Employees for Services	(1,169,682)
Payments to Suppliers for Goods and Services	(1,285,145)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,533,385)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	1,494,261
Revenue from State and Federal Sources	4,325
Transfers to Other Funds	(125,505)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,373,081</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(38,326)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(38,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	6,882
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>6,882</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(191,748)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>934,915</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 743,167</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (1,824,200)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	107,076
Non-Cash USDA Commodities Used	139,785
Other Revenues	30,838
Change In:	
Inventories	13,116
Accounts Payable	-
Deferred Revenue	-
Net Cash Used in Operating Activities	<u>\$ (1,533,385)</u>
Non-Cash Transactions:	
Depreciation Expense	\$ 107,076
USDA Commodities Used	139,785
	<u>\$ 246,861</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
NEWBERRY, SOUTH CAROLINA**

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2005

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 442,486
Investments	62,911
TOTAL ASSETS	<u><u>505,397</u></u>
 LIABILITIES	
Accounts Payable	46,540
Due to Student Organizations	458,857
TOTAL LIABILITIES	<u><u>\$ 505,397</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
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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 ("GAAP") 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, 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. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize they are legally separate from the School District. Based on the above criteria, the School District has one blended component unit.

Blended Component Unit:

Newberry Investing in Children's Education ("NICE") was incorporated as a nonprofit corporation on June 3, 2005, pursuant to the provisions of the South Carolina Nonprofit Corporation Act of 1994, Chapter 31 of Title 33 of the South Carolina Code. The Articles of Incorporation and Bylaws of the Issuer provide that the Issuer has been organized exclusively for educational and charitable purposes, specifically to (1) acquire, construct, finance, pledge, improve, maintain, operate, manage, lease, and dispose of school buildings and other public education facilities for the use and benefit of the School District and (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), that provide public education in Newberry County, South Carolina. As of June 30, 2005, there has been no financial activity in the component unit. In the future, separate Corporation financial information will be included in individual columns throughout the basic financial statements and no separate financial statements for the Corporation will be issued.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 are the Proprietary Fund and Fiduciary 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. Fiduciary funds are reported by fund type.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

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 governmental funds:

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 Revenue 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 Special Revenue - 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 has elected not to apply the standards issued by those organizations after November 30, 1989 as allowed by GAAP.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary fund types include the following:

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

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

Agency Fund, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for 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

The School District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

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;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

- (d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the School District or a third party as escrow agent or custodian; and
- (f) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), and (e) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The School District's cash investment objectives are preservation of capital, liquidity and yield. The School District reports its cash and investments at fair value which is normally determined by quoted market prices. The School District currently or in the past year has used the following investments:

- Cash and Investments held by the County Treasurer which are property taxes collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis. Currently, the County Treasurer invests governmental funds it receives in the State Local Government Investment Pool ("Pool"). These investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

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”. 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.

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). The capital asset system is 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

4. Capital Assets (Continued)

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
Buildings and Improvements	25-40 years	N/A
Improvements Other Than Building	20 years	N/A
Vehicles	10 years	10 years
Machinery and Equipment	5-20 years	N/A
Furniture and Equipment	5-20 years	5-20 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices – A budget is presented as required supplementary information 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:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- (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 required supplementary information section of the 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

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2005, none of the School District's bank balances of \$1,907,474 (book balance of \$1,469,035) were exposed to custodial credit risk.

Investments

As of June 30, 2005, the School District had the following investments:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity (Years)
Cash and Investments Held by County Treasurer	Unrated	\$ 13,495,506	^
Total		<u>\$ 13,495,506</u>	

^ Investments in 2a-7 like funds are not required to disclose interest rate risk. The County Treasurer invests the monies it holds in trust for governmental entities in a separate account with the South Carolina Local Government Investment Pool. Thus, we have characterized this investment as a 2a-7 like fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Interest Rate Risk: The School District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2005, none of the School District's investments were exposed to custodial credit risk.

Concentration of Credit Risk for Investments: The School District places no limit on the amount the School District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

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 \$91.8 million at rates of 185.5 mills and 41.7 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 \$194,078 at June 30, 2005. Allowances for uncollectibles were not necessary for the other receivable accounts.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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, 2005, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$ 461,602
Delinquent Property Taxes Receivable - Debt Service Fund	141,252
Unearned Revenue from Special Revenue Funds	667,721
Unearned Revenue Received in Advance - Capital Projects Fund	4,671
Total Deferred Revenue for Governmental Funds	<u><u>\$ 1,275,246</u></u>

C. Interfund Receivables and Payables

Interfund balances at June 30, 2005 (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	\$ 6,948,114	\$ 4,300,348
Special Revenue Funds:		
Special Revenue	467,092	1,891,969
Education Improvement Act	25,735	379,341
Debt Service Fund	2,405	-
Capital Projects Fund	941,629	1,524,138
Enterprise Fund	9,845,878	10,135,057
	<u><u>\$ 18,230,853</u></u>	<u><u>\$ 18,230,853</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
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 826,452	-	18,573	\$ 807,879
Construction in Progress	15,276,773	6,282,577	17,441,710	4,117,640
Total Capital Assets, Non-Depreciable	<u>16,103,225</u>	<u>6,282,577</u>	<u>17,460,283</u>	<u>4,925,519</u>
Capital Assets, Depreciable:				
Buildings and Improvements	43,901,431	18,007,771	47,799	61,861,403
Improvements Other Than Buildings	3,288,417	43,851	-	3,332,268
Vehicles	816,252	47,241	-	863,493
Machinery and Equipment	2,073,378	376,893	-	2,450,271
Furniture and Equipment	118,336	-	-	118,336
Total Capital Assets Depreciable	<u>50,197,814</u>	<u>18,475,756</u>	<u>47,799</u>	<u>68,625,771</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	13,138,971	1,439,507	47,799	14,530,679
Improvements Other Than Buildings	1,551,799	128,538	-	1,680,337
Vehicles	528,819	57,746	-	586,565
Machinery and Equipment	814,707	254,857	-	1,069,564
Furniture and Equipment	71,628	3,522	-	75,150
Total Accumulated Depreciation	<u>16,105,924</u>	<u>1,884,170</u>	<u>47,799</u>	<u>17,942,295</u>
Total Capital Assets, Depreciable, Net	<u>34,091,890</u>	<u>16,591,586</u>	<u>-</u>	<u>50,683,476</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,195,115</u>	<u>22,874,163</u>	<u>17,460,283</u>	<u>\$ 55,608,995</u>
Business-Type Activities:				
Capital Assets, Depreciable:				
Furniture and Equipment	\$ 1,674,510	38,326	-	\$ 1,712,836
Less: Accumulated Depreciation	1,036,465	107,076	-	1,143,541
Business-Type Activities Capital Assets, Net	<u>\$ 638,045</u>	<u>(68,750)</u>	<u>-</u>	<u>\$ 569,295</u>

The School District received approximately \$280,000 in donated capital assets, which consisted of mainly technology equipment, during the year through an E-rate discount with participating businesses.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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 2005:

Governmental Activities:	
Instruction	\$ 1,143,691
Support Services	740,479
Total Depreciation Expense - Governmental Activities	<u>\$ 1,884,170</u>
 Business-Type Activities:	
Enterprise Fund	<u>\$ 107,076</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 107,076</u>

Construction Commitments

The School District has one ongoing construction project as of June 30, 2005, which is the renovation of an existing school. The School District estimated that the aggregate amount required to complete the project outstanding at June 30, 2005, was approximately \$3.4 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, 2005, consisted of the following:

Governmental Activities:	
Accounts Payable	\$ 1,545,731
Retainage Payable	376,995
Accrued Salaries	1,994,867
Accrued Fringe and Benefits	1,013,939
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 4,931,532</u>

F. Long-Term Obligations

The School District had the following general obligation bonds outstanding at June 30, 2005 (all of which were subject to the 8% debt limit):

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 SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

2004 Series: Original issue of \$4,500,000, principal due in annual installments of \$800,000 to \$2,100,000 at August 1; interest at 1.60% to 2.00% paid semiannually, with a final maturity date on August 2007. Proceeds were primarily used for construction, renovations and improvements at Boundary Street Elementary School.

The following is a summary of changes in long-term obligations for the year ended June 30, 2005:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Series 2001	\$ 250,000	-	250,000	-	\$ -
Series 2002	2,500,000	-	1,600,000	900,000	900,000
Series 2003	4,200,000	-	2,650,000	1,550,000	1,350,000
Series 2004	-	4,500,000	-	4,500,000	2,100,000
Total Debt	6,950,000	4,500,000	4,500,000	6,950,000	4,350,000
Compensated Absences	231,068	58,914	40,427	249,555	29,804
Total Governmental Activities	<u>\$ 7,181,068</u>	<u>4,558,914</u>	<u>4,540,427</u>	<u>7,199,555</u>	<u>\$ 4,379,804</u>

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	\$ 4,350,000	80,238	\$ 4,430,238
2006	1,800,000	31,900	1,831,900
2007	800,000	8,000	808,000
Totals	<u>\$ 6,950,000</u>	<u>120,138</u>	<u>\$ 7,070,138</u>

Section 15 of Article X of the South Carolina State Constitution allows School Districts to incur a legal debt limit not to exceed 8 percent of the assessed value of all taxable property in the School District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2005, the School District's assessed property valuation was approximately \$91,831,000, and the legal debt limit was approximately \$7,346,000.

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.

During the year, the School District participated in the Tax Anticipation Note (TAN) program through the South Carolina Association of Governmental Organizations ("SCAGO"). The School District did not draw down any of the \$1,200,000 that was available to them during the year to help provide financial resources for operations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2005, consisted of the following:

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 2,533,840	Special Revenue - Special Projects	\$ 87,055
Food Service - Indirect Cost	147,992		-
Special Revenue- Indirect Cost	93,868		-
	<u>2,775,700</u>		<u>87,055</u>
Special Revenue Funds			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
General Fund	<u>87,055</u>	General Fund- Indirect Costs	<u>93,868</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund	<u>2,533,840</u>
Proprietary Fund			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 147,992</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, 2005, consisted of the following:

General Fund

Transfers from:

Funds were transferred into the General Fund from other funds to cover EIA raises for teachers and indirect costs for federal programs and food service.

Transfers to:

Funds were transferred from the General Fund into other funds to cover the required match for State Reduced Class Size Funding.

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.

Transfers to:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Transfers In and (Out) (Continued)

Proprietary Fund

Transfers to:

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

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 3.40% of payroll to provide retiree health and dental insurance and a group life insurance benefit for their active participants. All employers contribute at the actuarially required contribution rates. The School District contributed amounts equal to the required contribution to the SCRS of \$3,222,871, \$3,001,943, and \$3,003,270 for the years ended June 30, 2005, 2004, and 2003 respectively.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

IV. OTHER INFORMATION (CONTINUED)

B. Contingencies

Litigation

On March 1, 2000, Brantley Construction Co., Inc. ("Brantley") sued the School District, Steel Span, Inc., Metal Building Components, L.P., and Travelers Casualty & Surety Co. of America in the Newberry County Court of Common Pleas. In March and April of 1999, Brantley and the School District entered into two contracts for the construction of a middle school. The contracts contained liquidated damage clauses for contractor delays, and the School District withheld liquidated damages from Brantley's pay requests for contractor delays. Brantley alleges that it is not responsible for the construction delays and that the delays resulted from actions of the School District and its co-defendants. The defendants allege that the construction delays resulted from poor management of the job site by Brantley and from incompetent workmanship. Brantley is seeking approximately \$5.6 million from the School District for wrongfully withheld funds payable to Brantley and for lost overhead, profit, use of money, and the expenses of claim reparation. The School District is currently claiming damages against Brantley in the amount of approximately \$2.4 million for liquidated damages, the cost of corrective work, the cost of failed quality control tests, retainage, and 200% of incomplete or defective work. In late 2003, the parties attempted an unsuccessful mediation, in which the School District offered to settle the case for approximately \$1 million and Brantley counter offered to settle the case for approximately \$1.5 million. The School District is vigorously defending the case, but its attorneys cannot predict the outcome of the case. The School District's potential exposure is probably not covered by insurance, but the School District has designated a portion of unreserved fund balance of approximately \$1.5 million to cover any potential exposure in the case.

C. Grants

The School District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits of major program requirements under the Office of Management and Budgets' Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Any disallowed claims, including amounts already collected, could become a liability of the School District. However, 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, 2005, totaled approximately \$195,000 for workers' compensation and \$280,000 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, 2004, the SCSBIT/WCP had Retained Earnings of approximately \$4,017,000 and the SCSBIT/PCP had Retained Earnings of approximately \$1,038,000. 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
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

IV. OTHER INFORMATION (CONTINUED)

E. Prior Period Adjustments

Prior period adjustments in the amount of \$476,236 and \$134,324 have been made in the General and Debt Service Funds, respectively, for a change in vehicle tax revenue recognition. These adjustments also affected governmental activities in the government-wide financial statements for the same corresponding amounts.

F. Subsequent Events

In November 2005, the School District participated in a Tax Anticipation Note ("TAN") program through BB&T. The School District will have up to \$900,000 available through this TAN. As of the date of issuance of the basic financial statements, the School District has drawn down all amounts available through the TAN.

In October 2005, NICE (the "Corporation") issued its \$84,725,000 aggregate principal amount Installment Purchase Revenue Bonds, Series 2005 (the "Installment Purchase Bonds"), for the purposes of (i) funding a project fund (the "2005 Project Fund") to be used to pay a portion of the costs of acquisition, construction, furnishing and equipping of new public school facilities of the School District and the renovation and repair of existing public school facilities of the School District (the "2005 Facilities") described in the School Facilities Purchase and Occupancy Agreement dated September 15, 2005 (the "Facilities Agreement"); (ii) funding a debt service reserve account securing the Installment Purchase Bonds; (iii) funding capitalized interest on a portion of the Installment Purchase Bonds; and (iv) paying costs of issuance of the Installment Purchase Bonds. The Facilities Agreement permits the School District to design, construct, renovate equip, furnish occupy and operate the 2005 Facilities in exchange for the payment by the School District on a semi-annual basis of installments of the purchase price of the 2005 Facilities sufficient to pay the principal of and interest on the Installment Purchase Bonds as such amounts become due. By making each such payment of purchase price, the School District acquires an undivided interest in the 2005 Facilities. Upon the making of the final scheduled payment of purchase price under the Facilities Agreement, the School District will have purchased all interest of the Corporation in the 2005 Facilities and will own the same outright.

The School District issued bonds in the amount of \$2.9 million in October 2005 for the purposes of paying the Corporation a portion of the installments of purchase price owing in fiscal year 2006 under the Facilities Agreement and for paying certain costs of issuance of the bond.

REQUIRED SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2005

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Local Sources:				
Taxes	\$ 13,841,185	13,841,185	13,860,667	\$ 19,482
Investment Earnings	30,000	30,000	107,326	77,326
Other Local Sources	16,500	16,500	137,819	121,319
State Sources	18,960,652	18,960,652	19,127,571	166,919
TOTAL REVENUE ALL SOURCES	32,848,337	32,848,337	33,233,383	385,046
EXPENDITURES				
Current:				
Instruction	22,216,069	22,208,335	21,838,207	370,128
Support Services	14,086,402	14,084,136	14,240,977	(156,841)
Community Services	9,000	9,000	6,151	2,849
Intergovernmental	42,000	42,000	22,808	19,192
Capital Outlay	-	10,000	170,679	(160,679)
TOTAL EXPENDITURES	36,353,471	36,353,471	36,278,822	74,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,505,134)	(3,505,134)	(3,045,439)	459,695
OTHER FINANCING SOURCES (USES)				
Transfers In	2,781,559	2,781,559	2,775,700	(5,859)
Transfers Out	(42,600)	(42,600)	(87,055)	(44,455)
TOTAL OTHER FINANCING SOURCES (USES)	2,738,959	2,738,959	2,688,645	(50,314)
NET CHANGE IN FUND BALANCE	(766,175)	(766,175)	(356,794)	409,381
FUND BALANCE, Beginning of Year	6,416,723	6,416,723	6,416,723	-
PRIOR PERIOD ADJUSTMENTS	(476,236)	(476,236)	(476,236)	-
FUND BALANCE, Beginning of Year, Restated	5,940,487	5,940,487	5,940,487	-
FUND BALANCES, End of Year	\$ 5,174,312	5,174,312	5,583,693	\$ 409,381

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2005

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

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 School District collects other funds in a fiduciary capacity. Operational expenditures for general education, support services and other departments of the School District are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Revised 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.

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GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 12,841,185	12,454,261	\$ (386,924)
1140 Penalties & Interest on Taxes (Independent)	500,000	722,095	222,095
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	500,000	684,311	184,311
1300 Tuition:			
1310 From Patrons for Regular Day School	-	2,864	2,864
1320 From Other LEAs for Regular Day School	-	7,047	7,047
1350 From Patrons for Summer School	1,500	18,525	17,025
1500 Earnings on Investments:			
1510 Interest on Investments	30,000	107,326	77,326
1900 Other Revenue from Local Sources:			
1910 Rentals	-	2,735	2,735
1950 Refund of Prior Year's Expenditures	-	7,729	7,729
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	36,591	36,591
1999 Revenue from Other Local Sources	15,000	62,328	47,328
Total Revenue from Local Sources	<u>13,887,685</u>	<u>14,105,812</u>	<u>218,127</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	849	849
3132 Home Schooling	-	926	926
3160 School Bus Driver's Salary	378,071	426,553	48,482
3180 Fringe Benefits Employer Contributions	3,675,753	3,657,381	(18,372)
3181 Retiree Insurance	477,678	492,850	15,172
3183 Health /Dental Benefits (Part-Time Teachers)	-	1,463	1,463
3199 Other Restricted State Grants	-	42,593	42,593
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	714,721	734,725	20,004
3312 Primary	1,770,079	1,863,737	93,658
3313 Elementary	2,832,306	2,748,493	(83,813)
3314 High School	1,147,375	1,039,392	(107,983)
3315 Trainable Mentally Handicapped	49,249	23,728	(25,521)
3316 Speech Handicapped (Part-Time Program)	1,183,004	1,054,938	(128,066)
3317 Homebound	\$ 44,414	45,214	\$ 800

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 129,346	111,690	\$ (17,656)
3322 Educable Mentally Handicapped	210,287	209,401	(886)
3323 Learning Disabilities	1,221,517	1,264,434	42,917
3324 Hearing Handicapped	30,722	31,426	704
3325 Visually Handicapped	11,253	26,189	14,936
3326 Orthopedically Handicapped	15,573	14,848	(725)
3327 Vocational	1,369,830	1,387,801	17,971
3330 Other EFA Programs:			
3331 Autism	66,320	56,268	(10,052)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	2,148,611	2,148,612	1
3820 Homestead Exemption	990,543	1,085,754	95,211
3830 Merchant's Inventory Tax	158,000	197,850	39,850
3840 Manufacturers Depreciation Reimbursement	180,000	234,933	54,933
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	156,000	225,380	69,380
Total Revenue from State Sources	<u>18,960,652</u>	<u>19,127,571</u>	<u>166,919</u>
TOTAL REVENUE ALL SOURCES	<u>32,848,337</u>	<u>33,233,383</u>	<u>385,046</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,156,694	1,183,329	(26,635)
200 Employee Benefits	372,012	375,619	(3,607)
300 Purchased Services	13,285	13,611	(326)
400 Supplies and Materials	15,796	13,432	2,364
112 Primary Programs:			
100 Salaries	3,053,902	3,254,110	(200,208)
200 Employee Benefits	888,935	951,431	(62,496)
300 Purchased Services	33,145	35,450	(2,305)
400 Supplies and Materials	86,517	69,347	17,170
600 Other Objects	19,724	3,627	16,097
113 Elementary Programs:			
100 Salaries	5,380,270	5,015,891	364,379
200 Employee Benefits	1,503,547	1,427,268	76,279
300 Purchased Services	45,527	51,464	(5,937)
400 Supplies and Materials	98,079	108,833	(10,754)
600 Other Objects	\$ 10,948	10,401	\$ 547

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 3,268,665	3,183,705	\$ 84,960
200 Employee Benefits	920,095	858,122	61,973
300 Purchased Services	32,312	142,439	(110,127)
400 Supplies and Materials	66,954	71,382	(4,428)
600 Other Objects	10,500	10,576	(76)
115 Vocational Programs:			
100 Salaries	647,236	696,403	(49,167)
200 Employee Benefits	183,707	185,819	(2,112)
300 Purchased Services - Other Than Tuition	4,316	6,630	(2,314)
400 Supplies and Materials	60,044	60,203	(159)
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	584,794	501,595	83,199
200 Employee Benefits	189,736	152,878	36,858
300 Purchased Services	187	39,014	(38,827)
400 Supplies and Materials	5,282	5,340	(58)
500 Capital Outlay	-	997	(997)
122 Trainable Mentally Handicapped:			
100 Salaries	240,056	217,069	22,987
200 Employee Benefits	72,249	62,201	10,048
300 Purchased Services	40,027	40,149	(122)
400 Supplies and Materials	6,169	6,283	(114)
123 Orthopedically Handicapped:			
100 Salaries	2,396	2,396	-
200 Employee Benefits	662	581	81
300 Purchased Services	3,300	-	3,300
400 Supplies and Materials	4	-	4
124 Visually Handicapped:			
100 Salaries	18,735	18,735	-
200 Employee Benefits	5,522	4,919	603
300 Purchased Services	14,050	512	13,538
400 Supplies and Materials	695	438	257
126 Speech Handicapped:			
100 Salaries	180,666	185,302	(4,636)
200 Employee Benefits	65,528	53,028	12,500
300 Purchased Services	9,800	7,117	2,683
400 Supplies and Materials	5,465	5,475	(10)
127 Learning Disabilities:			
100 Salaries	1,001,017	891,347	109,670
200 Employee Benefits	304,670	262,972	41,698
300 Purchased Services	750	117,265	(116,515)
400 Supplies and Materials	\$ 10,842	11,664	\$ (822)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
128 Emotionally Handicapped:			
100 Salaries	\$ 212,519	194,927	\$ 17,592
200 Employee Benefits	64,775	63,169	1,606
400 Supplies and Materials	1,855	1,855	-
130 Pre-School Programs:			
131 Pre-School Handicapped-Speech (5-Yr. Olds):			
100 Salaries	7,006	1,168	5,838
200 Employee Benefits	3,536	291	3,245
139 Early Childhood Programs:			
100 Salaries	158,290	172,223	(13,933)
200 Employee Benefits	47,945	48,959	(1,014)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	19,201	19,201	-
200 Employee Benefits	4,187	3,635	552
300 Purchased Services	2,700	2,700	-
145 Homebound:			
100 Salaries	30,000	30,407	(407)
200 Employee Benefits	6,000	5,755	245
300 Purchased Services	14,000	25,751	(11,751)
149 Other Special Programs:			
100 Salaries	1,200	-	1,200
300 Purchased Services	746,345	678,784	67,561
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	94,912	93,542	1,370
200 Employee Benefits	32,526	29,817	2,709
170 Summer School Programs:			
173 High School Summer School:			
100 Salaries	-	11,665	(11,665)
200 Employee Benefits	-	2,239	(2,239)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	1,620	1,603	17
185 Vocational Adult Education Programs:			
100 Salaries	49,128	48,948	180
200 Employee Benefits	15,098	15,161	(63)
188 Parenting/Family Literacy:			
100 Salaries	49,005	50,645	(1,640)
200 Employee Benefits	\$ 6,725	15,397	\$ (8,672)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
190 Instructional Pupil Activity:			
300 Purchased Services	\$ 4,950	4,993	\$ (43)
Total Instruction	<u>22,208,335</u>	<u>21,839,204</u>	<u>369,131</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	153,593	154,509	(916)
200 Employee Benefits	43,060	43,302	(242)
300 Purchased Services	3,071	4,698	(1,627)
400 Supplies and Materials	2,528	498	2,030
212 Guidance Services:			
100 Salaries	867,518	851,011	16,507
200 Employee Benefits	227,094	216,142	10,952
300 Purchased Services	-	147	(147)
400 Supplies and Materials	-	97	(97)
213 Health Services:			
100 Salaries	162,216	163,381	(1,165)
200 Employee Benefits	47,914	47,569	345
300 Purchased Services	17,500	15,054	2,446
400 Supplies and Materials	8,028	7,301	727
600 Other Objects	252	90	162
214 Psychological Services:			
100 Salaries	110,901	110,901	-
200 Employee Benefits	34,275	33,713	562
300 Purchased Services	3,100	11,200	(8,100)
400 Supplies and Materials	11,655	5,379	6,276
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	508,848	507,949	899
200 Employee Benefits	134,762	143,415	(8,653)
300 Purchased Services	20,735	28,472	(7,737)
400 Supplies and Materials	8,629	920	7,709
600 Other Objects	675	193	482
222 Library and Media Services:			
100 Salaries	666,767	666,420	347
200 Employee Benefits	177,490	182,497	(5,007)
400 Supplies and Materials	\$ 70,993	68,839	\$ 2,154

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
223 Supervision of Special Programs:			
100 Salaries	\$ 32,700	29,679	\$ 3,021
200 Employee Benefits	9,713	6,004	3,709
400 Supplies and Materials	3,183	2,944	239
600 Other Objects	216	93	123
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	28,933	15,408	13,525
400 Supplies and Materials	-	36	(36)
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	39,150	39,150	-
200 Employee Benefits	29,784	19,190	10,594
300 Purchased Services	55,245	42,761	12,484
318 Audit Services	26,614	26,614	-
400 Supplies and Materials	935	1,262	(327)
600 Other Objects	292,244	289,958	2,286
232 Office of Superintendent:			
100 Salaries	163,615	161,599	2,016
200 Employee Benefits	36,619	34,116	2,503
300 Purchased Services	23,356	45,997	(22,641)
400 Supplies and Materials	3,278	2,170	1,108
600 Other Objects	7,200	5,008	2,192
233 School Administration:			
100 Salaries	2,338,540	2,408,672	(70,132)
200 Employee Benefits	665,799	663,323	2,476
300 Purchased Services	27,506	26,863	643
400 Supplies and Materials	65,642	65,046	596
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	310,075	315,782	(5,707)
200 Employee Benefits	81,814	88,082	(6,268)
300 Purchased Services	5,945	10,952	(5,007)
400 Supplies and Materials	7,158	4,073	3,085
600 Other Objects	900	181	719
253 Facilities Acquisition and Construction:			
500 Capital Outlay:			
580 Mobile Classrooms	\$ -	125,240	\$ (125,240)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 521,687	572,011	\$ (50,324)
200 Employee Benefits	139,689	140,714	(1,025)
300 Purchased Services	1,497,347	1,449,476	47,871
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	133,200	128,658	4,542
400 Supplies and Materials	353,790	420,754	(66,964)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,108,002	991,893	116,109
500 Capital Outlay	-	3,144	(3,144)
600 Other Objects	58,500	78,756	(20,256)
255 Student Transportation (State Mandated):			
100 Salaries	715,405	747,791	(32,386)
200 Employee Benefits	225,216	205,436	19,780
300 Purchased Services	67,500	98,492	(30,992)
400 Supplies and Materials	4,200	2,094	2,106
600 Other Objects	-	363	(363)
256 Food Service:			
200 Employee Benefits	279,000	343,919	(64,919)
257 Internal Services:			
100 Salaries	41,567	41,567	-
200 Employee Benefits	11,864	11,433	431
300 Purchased Services	51,392	143,133	(91,741)
400 Supplies and Materials	26,000	22,125	3,875
500 Capital Outlay	-	-	-
600 Other Objects	161,913	61,122	100,791
258 Security:			
300 Purchased Services	118,654	111,084	7,570
400 Supplies and Materials	3,900	-	3,900
600 Other Objects	500	-	500
260 Central Support Services:			
263 Information Services:			
100 Salaries	37,930	37,931	(1)
200 Employee Benefits	11,264	9,501	1,763
300 Purchased Services	3,150	3,304	(154)
400 Supplies and Materials	1,800	1,819	(19)
264 Staff Services:			
100 Salaries	190,876	198,914	(8,038)
200 Employee Benefits	54,727	53,158	1,569
300 Purchased Services	19,880	9,300	10,580
400 Supplies and Materials	5,496	8,800	(3,304)
600 Other Objects	8,010	5,877	2,133
265 Statistical Services:			
300 Purchased Services	\$ 10,000	1,650	\$ 8,350

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
266 Technology and Data Processing Services:			
100 Salaries	\$ 159,137	186,255	\$ (27,118)
200 Employee Benefits	43,164	52,010	(8,846)
300 Purchased Services	57,100	51,945	5,155
400 Supplies and Materials	100,000	83,610	16,390
500 Capital Outlay	10,000	41,298	(31,298)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	268,348	281,276	(12,928)
200 Employee Benefits	49,905	52,796	(2,891)
300 Purchased Services	6,255	20,750	(14,495)
660 Pupil Activity	-	42,600	(42,600)
Total Support Services	<u>14,094,136</u>	<u>14,410,659</u>	<u>(316,523)</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
390 Other Community Services:			
300 Purchased Services	4,000	4,000	-
600 Other Objects	4,000	2,151	1,849
Total Community Services	<u>9,000</u>	<u>6,151</u>	<u>2,849</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	2,707	(2,707)
412 Payments to Other Governmental Units			
720 Transits	42,000	20,101	21,899
Total Intergovernmental Expenditures	<u>42,000</u>	<u>22,808</u>	<u>19,192</u>
TOTAL EXPENDITURES	<u>\$ 36,353,471</u>	<u>36,278,822</u>	<u>\$ 74,649</u>

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 2,564,559	2,533,840	\$ (30,719)
5260 Transfer from Food Service Fund (Excludes Indirect Cost)	150,000	-	(150,000)
5280 Transfer from Other Funds Indirect Costs	67,000	241,860	174,860
421-710 Transfer to Special Revenue Fund	-	(87,055)	(87,055)
426-710 Transfer to Pupil Activity Fund	(42,600)	-	42,600
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,738,959</u>	<u>2,688,645</u>	<u>(50,314)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(766,175)</u>	<u>(356,794)</u>	<u>409,381</u>
FUND BALANCE, Beginning of Year	6,416,723	6,416,723	-
PRIOR PERIOD ADJUSTMENTS	(476,236)	(476,236)	-
FUND BALANCE, Beginning of Year, Restated	<u>5,940,487</u>	<u>5,940,487</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 5,174,312</u>	<u>5,583,693</u>	<u>\$ 409,381</u>

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SPECIAL REVENUE FUNDS

Special Revenue Funds generally 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 schedules 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.

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	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 Revenue from Local Sources	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:		
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<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	-	-
3124 Career and Technology Education (CTE) Technology Initiative	-	-
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	-	-
3185 National Board Certification (NBC) Salary Supplement	-	-
3190 Miscellaneous Restricted State Grants:		
3191 Excellence in Middle Schools	-	-
3192 School Safety Officers	-	-
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 Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	731	\$ 731
-	-	-	-	-	24,687	24,687
-	-	-	-	-	242,985	242,985
-	-	-	-	-	50,838	50,838
-	-	-	-	-	319,241	319,241
-	-	-	-	-	53,336	53,336
-	-	-	-	-	53,336	53,336
-	-	-	-	323,844	-	323,844
-	-	-	-	195,811	-	195,811
-	-	-	-	167,358	-	167,358
-	-	-	-	25,000	-	25,000
-	-	-	-	22,403	-	22,403
-	-	-	-	308,648	-	308,648
-	-	-	-	41,927	-	41,927
-	-	-	-	137,520	-	137,520
-	-	-	-	43,719	-	43,719
-	-	-	-	71,160	-	71,160
-	-	-	-	47,863	-	47,863
-	-	-	-	103,149	-	103,149
-	-	-	-	54,333	-	54,333
-	-	-	-	201	4,363	\$ 4,564

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
3600 Education Lottery Act Revenue:		
3601 EAA Teacher Specialist/Curriculum Specialist/District Instruction Facilitator	\$ -	-
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 Coaching Unit	-	-
3607 6-8 Enhancement	-	-
3608 High Schools That Work	-	-
3610 K-5 Enhancement	-	-
3680 First Steps FAMILY LITERACY Program	-	-
3699 Other State Lottery Programs	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	-	-
Total Revenue from State Sources	-	-
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Vocational Aid, Title I	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I	1,384,118	-
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)	-	1,299,655
4520 Pre-School 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 Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	176,771	-	\$ 176,771
-	-	-	-	27,004	-	27,004
-	-	-	-	86,621	-	86,621
-	-	-	-	15,924	-	15,924
-	-	-	-	4,044	-	4,044
-	-	-	-	16,800	-	16,800
-	-	-	-	3,510	-	3,510
-	-	-	-	453,212	-	453,212
-	-	-	-	14,155	-	14,155
-	-	-	-	2,000	-	2,000
-	-	-	-	21,964	-	21,964
-	-	-	-	2,364,941	4,363	2,369,304
-	112,368	-	-	-	-	112,368
-	-	-	-	-	77,736	1,461,854
-	-	-	-	-	497	497
-	-	-	-	-	520,315	520,315
-	-	-	-	-	37,769	37,769
-	-	-	-	-	40,222	40,222
-	-	-	-	-	56,038	56,038
-	-	-	-	-	325,088	325,088
-	-	-	67,373	-	-	67,373
-	-	-	-	-	24,960	1,324,615
52,096	-	-	-	-	-	\$ 52,096

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
4900 Other Federal Sources:		
4920 Drug and Violence Prevention, Title IV	\$ -	-
4924 21st Century Community Learning Centers Grants, Title IV	-	-
4930 Workforce Investment Act Incentive Grant	-	-
4992 U.S. Forest Commission	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,384,118</u>	<u>1,299,655</u>
TOTAL REVENUE ALL SOURCES	<u>1,384,118</u>	<u>1,299,655</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	15,868	-
200 Employee Benefits	8,920	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	311,905	-
200 Employee Benefits	86,549	-
300 Purchased Services	-	-
400 Supplies and Materials	256,948	-
500 Capital Outlay	-	-
113 Elementary Programs:		
100 Salaries	50,025	-
200 Employee Benefits	10,788	-
300 Purchased Services	-	-
400 Supplies and Materials	547	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
115 Vocational Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services - Other Than Tuition	-	-
500 Capital Outlay	\$ -	-

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 Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	69,259	-	-	-	\$ 69,259
-	-	-	-	-	200,000	200,000
-	-	-	-	-	118,177	118,177
-	-	-	-	-	50,594	50,594
-	-	-	-	-	123,610	123,610
52,096	112,368	69,259	67,373	-	1,575,006	4,559,875
52,096	112,368	69,259	67,373	2,364,941	1,951,946	7,301,756

-	-	-	-	-	-	15,868
-	-	-	-	-	-	8,920
-	-	-	-	-	-	-
-	-	-	-	27,824	-	27,824
-	-	-	-	368,399	436,922	1,117,226
-	-	-	-	99,398	119,061	305,008
-	-	-	-	1,925	874	2,799
-	-	-	-	209,644	179,744	646,336
-	-	-	-	15,298	-	15,298
-	-	-	-	297,446	73,584	421,055
-	-	-	-	75,770	16,114	102,672
-	-	-	-	-	5,385	5,385
-	-	-	-	96,962	45,824	143,333
-	-	-	-	165,318	104,400	269,718
-	-	-	-	40,621	20,044	60,665
-	-	-	-	-	2,165	2,165
-	-	-	-	3,455	16,066	19,521
-	42,181	-	-	-	-	42,181
-	10,864	-	-	-	-	10,864
-	-	-	-	1,677	58	1,735
-	1,500	-	-	20,000	-	\$ 21,500

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	\$ -	189,489
200 Employee Benefits	-	60,727
400 Supplies and Materials	-	9,450
500 Capital Outlay	-	561
122 Trainable Mentally Handicapped:		
100 Salaries	-	41,006
200 Employee Benefits	-	12,148
300 Purchased Services	-	8,575
400 Supplies and Materials	-	2,270
500 Capital Outlay	-	5,769
124 Visually Handicapped:		
100 Salaries	-	13,942
200 Employee Benefits	-	3,755
400 Supplies and Materials	-	1,539
126 Speech Handicapped:		
100 Salaries	-	186,084
200 Employee Benefits	-	48,984
300 Purchased Services	-	10,063
400 Supplies and Materials	-	1,931
127 Learning Disabilities:		
100 Salaries	-	148,302
200 Employee Benefits	-	43,288
400 Supplies and Materials	-	3,251
128 Emotionally Handicapped:		
100 Salaries	-	19,451
200 Employee Benefits	-	9,178
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
139 Early Childhood Programs:		
100 Salaries	137,662	-
200 Employee Benefits	40,283	-
140 Special Programs:		
145 Homebound:		
100 Salaries	-	15,390
200 Employee Benefits	-	2,926
300 Purchased Services	\$ -	25,102

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 Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	-	\$ 189,489
-	-	-	-	-	-	60,727
-	-	-	-	-	6	9,456
-	-	-	-	-	-	561
-	-	-	-	-	19,171	60,177
-	-	-	-	-	3,803	15,951
-	-	-	-	-	11,950	20,525
-	-	-	-	-	-	2,270
-	-	-	-	-	-	5,769
-	-	-	-	-	6,971	20,913
-	-	-	-	-	1,878	5,633
-	-	-	-	-	-	1,539
-	-	-	-	-	-	186,084
-	-	-	-	-	-	48,984
-	-	-	-	-	-	10,063
-	-	-	-	-	-	1,931
-	-	-	-	-	-	148,302
-	-	-	-	-	-	43,288
-	-	-	-	-	476	3,727
-	-	-	-	-	10,789	30,240
-	-	-	-	-	4,734	13,912
6,236	-	-	-	29,526	1,551	37,313
2,556	-	-	-	12,401	194	15,151
31,954	-	-	-	-	-	169,616
9,963	-	-	-	-	-	50,246
-	-	-	-	-	-	15,390
-	-	-	-	-	-	2,926
-	-	-	-	-	17	\$ 25,119

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
149 Other Special Programs:		
300 Purchased Services	\$ -	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	15,986
200 Employee Benefits	-	3,069
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
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	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
185 Vocational Adult Education Programs:		
100 Salaries	-	-
200 Employee Benefits	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	167,358	-	\$ 167,358
-	-	-	-	-	14,875	30,861
-	-	-	-	-	2,925	5,994
-	-	-	-	-	29,648	29,648
-	-	-	-	-	4,756	4,756
-	-	-	-	-	2,511	2,511
-	-	-	-	82,749	-	82,749
-	-	-	-	15,873	-	15,873
-	-	-	-	6,254	-	6,254
-	-	-	-	104	-	104
-	-	-	-	6,160	13,539	19,699
-	-	-	-	1,468	2,556	4,024
-	-	-	-	1,370	-	1,370
-	-	-	-	18,006	4,133	22,139
-	-	-	18,756	11,880	-	30,636
-	-	-	3,607	3,099	-	6,706
-	-	-	8,688	-	-	8,688
-	-	-	7,888	16,840	-	24,728
-	-	-	12,862	482	468	13,812
-	-	-	2,478	529	64	3,071
-	-	-	-	325	-	325
-	-	-	1,780	74	-	1,854
-	-	-	7,547	12,668	-	20,215
-	-	-	1,453	8,442	-	9,895
-	-	-	-	1,000	-	1,000
-	-	-	1,000	2,000	-	3,000
-	50	-	-	-	-	50
-	4	-	-	-	-	\$ 4

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
188 Parenting/Family Literacy:		
100 Salaries	\$ 390	-
200 Employee Benefits	74	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Instruction	<u>919,959</u>	<u>882,236</u>
200 Support 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	-	26,561
200 Employee Benefits	-	6,469
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	-	-
214 Psychological Services:		
100 Salaries	-	123,150
200 Employee Benefits	-	24,065
300 Purchased Services	-	2,878
400 Supplies and Materials	-	7,684
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	150,974	-
200 Employee Benefits	41,404	-
300 Purchased Services	181	-
400 Supplies and Materials	48,528	-
222 Library and Media:		
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	4,190	23,237	\$ 27,817
-	-	-	-	805	6,189	7,068
-	-	-	-	2,810	10,195	13,005
-	-	-	-	6,350	13,182	19,532
<u>50,709</u>	<u>54,599</u>	<u>-</u>	<u>66,059</u>	<u>1,843,602</u>	<u>1,249,518</u>	<u>5,066,682</u>
-	-	13,434	-	-	27,346	40,780
-	-	3,424	-	-	7,806	11,230
-	-	20,605	-	-	-	20,605
-	-	16,885	-	-	-	16,885
-	27,552	-	-	-	79,043	133,156
-	8,401	-	-	-	20,831	35,701
-	670	14,911	-	-	701	19,697
-	4,329	-	-	-	3,214	7,543
-	1,000	-	-	-	-	1,000
-	-	-	-	37,283	6,971	44,254
-	-	-	-	10,580	2,104	12,684
-	-	-	-	-	2,210	2,210
-	-	-	-	-	415	415
-	-	-	-	-	-	123,150
-	-	-	-	-	-	24,065
123	-	-	-	-	13,758	16,759
-	-	-	-	-	-	7,684
-	-	-	-	114,840	82,379	348,193
-	-	-	-	31,124	21,289	93,817
-	2,000	-	-	231	7,432	9,844
-	600	-	-	5,000	3,130	57,258
-	-	-	-	1,998	-	\$ 1,998

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
223 Supervision of Special Programs:		
100 Salaries	\$ 63,505	131,122
200 Employee Benefits	15,075	33,475
300 Purchased Services	9,850	11,129
400 Supplies and Materials	-	12,839
500 Capital Outlay	-	-
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	86,184	-
400 Supplies and Materials	15,953	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	990	5,513
400 Supplies and Materials	-	-
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:		
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	92,600	83,405	\$ 370,632
-	-	-	-	25,941	23,808	98,299
-	-	-	-	2,762	71,977	95,718
-	-	-	-	2,000	4,166	19,005
-	-	-	-	-	7,840	7,840
-	-	-	-	27,756	3,600	31,356
-	-	-	-	5,337	687	6,024
-	12,717	-	-	79,552	78,450	256,903
-	500	-	-	10,465	22,697	49,615
-	-	-	-	13,830	4,000	17,830
-	-	-	-	2,007	840	2,847
-	-	-	-	-	22,560	22,560
-	-	-	-	-	49,354	49,354
-	-	-	-	800	-	800
-	-	-	-	-	1,240	1,240
-	-	-	-	11,316	-	11,316
-	-	-	-	2,201	-	2,201
-	-	-	-	177	9	6,689
-	-	-	-	-	328	328
-	-	-	-	-	3,038	3,038
-	-	-	-	103,149	-	103,149
-	-	-	-	-	11,243	11,243
-	-	-	-	360	-	360
-	-	-	-	27,085	-	\$ 27,085

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
Total Support Services	<u>432,644</u>	<u>388,300</u>
TOTAL EXPENDITURES	<u>1,352,603</u>	<u>1,270,536</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
5210 Transfer from General Fund (Exclude Indirect Costs)	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(31,515)	(29,119)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(31,515)</u>	<u>(29,119)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	900	\$ 900
-	-	-	-	-	180	180
-	-	-	-	-	2,920	2,920
<u>123</u>	<u>57,769</u>	<u>69,259</u>	<u>-</u>	<u>608,394</u>	<u>671,871</u>	<u>2,228,360</u>
50,832	112,368	69,259	66,059	2,451,996	1,921,389	7,295,042
-	-	-	-	87,055	-	87,055
(1,264)	-	-	(1,314)	-	(30,656)	(93,868)
<u>(1,264)</u>	<u>-</u>	<u>-</u>	<u>(1,314)</u>	<u>87,055</u>	<u>(30,656)</u>	<u>(6,813)</u>
-	-	-	-	-	(99)	(99)
-	-	-	-	-	46,714	46,714
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,615</u>	<u>\$ 46,615</u>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2005

ADULT EDUCATION

243 Adult Education - Federal

OTHER DESIGNATED RESTRICTED STATE GRANTS

901	Increase High School Deploma Requirements
904	Career Technology Education (CTE) Technology Initiative
908	Refurbishment of K-8 Science Kits
909	School Technology Initiative
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
922	Temporary Assistance to Need Families (TANF) - State
923	Alternative Schools Grant
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 Certified (NBC) Salary Supplement
960	K-5 Enhancement
961	EAA Teacher Specialist/Curriculum Specialist
963	EAA Homework Center Awards (Below Average Schools)
964	EAA Retraining Funds
965	Palmetto Gold & Silver Awards
966	K-5 Mathematics and Science Unit Coaching Initiative
967	6-8 Enhancement
968	High School That Work
969	K5 Field Trip Supplement
980	First Steps FAMILY LITERACY Program

OTHER SPECIAL REVENUE PROGRAMS

211	Capacity Building - IDEA
213	Professional Development - IDEA
218	SC Reads First
224	21st Century
230	Federal Workforce Initiative
231	EAA Summer School
235	Title I - Migrant Education
241	Title V - Part A
246	US Forestry Commission
251	Rural and Low Income, Title VI

(Continued)

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2005

OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)

253	Ed Tech
255	Medicaid
264	Title III - LEP
267	Improving Teacher Quality
272	JROTC
800	Carowinds
801	National Council for Teachers of Math
803	Success by Six
805	Wal-Mart - WES - Thompson
806	WES - House - Toy & Garden
807	Donations - Retirements
809	NASA Grant
811	Wal-Mart - All Schools
812	NCTM - NMS - Altman
814	NCCC House Account
819	Community Incentive Safety
822	Duke Endowment - Medical Services
824	Adult Ed - Louis Rich
826	Copiers
828	SAT Improvement
831	Science Grant - NMS McMorris
832	ING \$ - NMS - Hendrix
833	Nike Foundation - NMS - Altman
834	NHS Field House
836	MCHS Weight Room
838	MCHS Band Bus
839	Extended School Year
840	NCTM - Hendrix - NMS
841	Nike Foundation - Place - NMS
842	SCCTM - Smith - NMS
843	NEA Innvoation - Altman - NMS
844	NES - Donation - Bldg
845	Teacher Specialists Supplies
846	SCCTM - Altman - NMS
847	Bell South Grant
898	Miscellaneous State

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2005

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In (Out)	Other Fund Transfers Sources (Uses)	
901	3122	Increase High School Diploma Requirements	\$ 195,811	195,811	-	-	\$ -
904	3124	Career and Technology Education (CTE) Technology Initiative	25,000	25,000	-	-	-
908	3126	Refurbishment of K-8 Science Kits	22,403	22,403	-	-	5,957
909	3198	School Technology Initiative	-	-	-	-	4,159
911	3198	School Technology Initiative	54,333	54,333	-	-	851
914	3152	Adult Education - Literacy	43,719	43,719	-	-	10,473
916	3991	ADEPT (Assisting, Developing and Evaluating Professional Teaching)	21,964	21,964	-	-	46,189
917	3135	Preschool Programs for Children with Disabilities	41,927	41,927	-	-	-
918	3151	Adult Education - Basic	137,520	137,520	-	-	6,829
919	3193	Education License Plates	-	-	-	-	817
922	3199	Temporary Assistance to Needy Families	201	201	-	-	-
923	3123	EAA Alternative Schools Program	167,358	167,358	-	-	-
929	3129	EAA Reduce Class Size Grades 1-3	308,648	395,703	-	87,055	-
931/932	3121	EAA Summer School/Comprehensive Remediation	323,844	323,844	-	-	-
933	3192	School Safety Officers	103,149	103,149	-	-	-
934	3191	Excellence in Middle Schools	47,863	47,863	-	-	-
935	3185	National Board Certification (NBC) Salary Supplement	71,160	71,160	-	-	-
960	3610	K-5 Enhancement	453,212	453,212	-	-	12,971
961	3601	EAA Teacher Specialist	176,771	176,771	-	-	-
963	3603	EAA Homework Center Awards	27,004	27,004	-	-	60,610
964	3604	EAA Retraining Funds	86,621	86,621	-	-	50,120
965	3605	EAA Palmetto Gold and Silver Awards	15,924	15,924	-	-	6,538
966	3606	K-5 Mathematics and Science Unit Coaching Initiative	4,044	4,044	-	-	-
967	3607	6-8 Enhancement	16,800	16,800	-	-	-
968	3608	High Schools That Work	3,510	3,510	-	-	-
969	3699	Other State Lottery Programs	2,000	2,000	-	-	56,524
980	3680	First Steps FAMILY LITERACY Program	14,155	14,155	-	-	6,980
Totals			\$ 2,364,941	2,451,996	-	87,055	\$ 269,018

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

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3507 School Innovation Funds	\$ 85,865
3513 Parenting/Family Literacy	64,148
3515 Advanced Placement Courses	2,800
3517 Advanced Placement - Singleton (Subfund 315)	6,000
3520 Gifted and Talented - Academic	212,985
3522 Gifted and Talented - Artistic	24,059
3523 Junior Scholars Program	257
3525 Career and Technology Education Equipment	58,676
3527 Critical Teaching Needs	3,816
3529 EAA Retraining Grant	56,835
3530 Trainable & Profoundly Mentally Disabled Student Services	24,892
3532 National Board Certification (NBC) Salary Supplement	226,216
3533 Teacher of the Year Awards	1,765
3534 Professional Development on Standards	68,788
3535 Institute of Reading (South Carolina Reading Initiative - Middle Grades)	50,000
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	180,300
3546 Academic Assistance K-3	538,592
3548 Academic Assistance 4-12	555,861
3549 Academic Assistance Reading Recovery	22,906
3550 Teacher Salary Increase	2,136,459
3553 Adult Education - Remedial	5,653
3555 School Employer Contributions	397,381
3570 Intervention and Assistance	13,289
3575 Competitive Teacher Grants	10,222
3577 Teacher Supplies	95,400
3582 Principal Salary/Fringe Increase	26,571
3592 School-to-Work Transition Act	35,031
3598 Bus Driver Salary Supplement	4,738
Total Revenue from State Sources	<u>4,909,505</u>
TOTAL REVENUE ALL SOURCES	<u>4,909,505</u>

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	211,295
200 Employee Benefits	73,650
400 Supplies and Materials	\$ 4,795

(Continued)

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

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
112 Primary Programs:	
100 Salaries	\$ 260,564
200 Employee Benefits	77,504
400 Supplies and Materials	41,865
113 Elementary Programs:	
100 Salaries	421,751
200 Employee Benefits	105,298
400 Supplies and Materials	42,756
114 High School Programs:	
100 Salaries	158,339
200 Employee Benefits	40,682
400 Supplies and Materials	19,293
115 Vocation Programs:	
400 Supplies and Materials	3,600
500 Capital Outlay	58,676
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	3,219
122 Trainable Mentally Handicapped:	
100 Salaries	16,548
200 Employee Benefits	8,345
400 Supplies and Materials	200
124 Visually Handicapped:	
400 Supplies and Materials	400
126 Speech Handicapped:	
400 Supplies and Materials	1,800
127 Learning Disabilities:	
100 Salaries	7,500
200 Employee Benefits	1,375
400 Supplies and Materials	5,800
128 Emotionally Handicapped:	
400 Supplies and Materials	800
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	130,467
200 Employee Benefits	43,326
400 Supplies and Materials	\$ 20,431

(Continued)

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	\$ 157,738
200 Employee Benefits	43,786
300 Purchased Services	606
400 Supplies and Materials	1,200
143 Advanced Placement:	
100 Salaries	4,724
200 Employee Benefits	906
400 Supplies and Materials	3,169
148 Gifted and Talented - Artistic:	
100 Salaries	850
200 Employee Benefits	162
300 Purchased Services	8,436
400 Supplies and Materials	14,613
180 Adult/Continuing Educational Programs:	
187 Adult Education - Remedial:	
400 Supplies and Materials	5,652
188 Parenting/Family Literacy:	
300 Purchased Services	1,001
Total Instruction	<u>2,003,122</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	4,200
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	86,149
200 Employee Benefits	11,022
300 Purchased Services	1,848
400 Supplies and Materials	4,747
222 Library and Media:	
100 Salaries	16,156
200 Employee Benefits	8,865
400 Supplies and Materials	2,800
223 Supervision of Special Programs:	
100 Salaries	57,675
200 Employee Benefits	16,326
400 Supplies and Materials	\$ 498

(Continued)

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

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	\$ 6,951
200 Employee Benefits	1,335
300 Purchased Services	106,585
400 Supplies and Materials	15,387
230 General Administration Services:	
233 School Administration:	
100 Salaries	20,801
200 Employee Benefits	5,771
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	3,913
200 Employee Benefits	825
Total Support Services	<u>371,854</u>
410 Intergovernmental Expenditures:	
411 Payments to SDE	
720 Transits	689
Total Intergovernmental Expenditures	<u>689</u>
TOTAL EXPENDITURES	<u>2,375,665</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(2,533,840)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,533,840)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u><u>\$ -</u></u>

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2005

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	\$ 85,865	85,865	-	-	\$ -
3513 Parenting/Family Literacy	64,148	64,148	-	-	-
3515 Advanced Placement Courses	2,800	2,800	-	-	-
3517 Advanced Placement - Singleton (Subfund 315)	6,000	6,000	-	-	-
3520 Gifted and Talented - Academic	212,985	212,985	-	-	-
3522 Gifted and Talented - Artistic	24,059	24,059	-	-	-
3523 Junior Scholars Programs	257	257	-	-	-
3525 Career and Technology Education Equipment	58,676	58,676	-	-	-
3527 Critical Teaching Needs	3,816	3,816	-	-	-
3529 EAA Retraining Grant	56,835	56,835	-	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services	24,892	24,892	-	-	-
3532 National Board Certification (NBC) Salary Supplement	226,216	226,216	-	-	-
3533 Teacher of the Year Awards	1,765	1,765	-	-	-
3534 Professional Development on Standards	68,788	68,788	-	-	1,210
3535 Institute of Reading (South Carolina Reading Initiative - Middle Grades)	50,000	50,000	-	-	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	180,300	180,300	-	-	-
3546 Academic Assistance K-3	538,592	538,592	-	-	-
3548 Academic Assistance 4-12	555,861	555,861	-	-	16,264
3549 Academic Assistance Reading Recovery	22,906	22,906	-	-	-
3550 Teacher Salary Increase	2,136,459	-	-	(2,136,459)	-
3553 Adult Education - Remedial	5,653	5,653	-	-	4,873
3555 School Employer Contributions	397,381	-	-	(397,381)	-
3570 Intervention and Assistance	13,289	13,289	-	-	-
3575 Competitive Teacher Grants	10,222	10,222	-	-	2,148
3577 Teacher Supplies	95,400	95,400	-	-	-
3582 Principal Salary/Fringe Increase	26,571	26,571	-	-	-
3592 School-to-Work Transition Act	35,031	35,031	-	-	-
3595 EAA Homework Center Awards	-	-	-	-	20,000
3598 Bus Driver Salary Supplement	4,738	4,738	-	-	-
Totals	\$ 4,909,505	2,375,665	-	(2,533,840)	\$ 44,495

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

YEAR ENDED JUNE 30, 2005

<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 schedule 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.

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

Schedule C-1

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 3,346,607
1140 Penalties & Interest on Taxes (Independent)	244,947
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	156,731
1500 Earnings on Investments:	
1510 Interest on Investments	70,510
Total Revenue from Local Sources	<u>3,818,795</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	245,038
3830 Merchant's Inventory Tax	12,944
3840 Manufacturers Depreciation Reimbursement	52,812
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	56,041
Total Revenue from State Sources	<u>366,835</u>
TOTAL REVENUE ALL SOURCES	<u>4,185,630</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	4,500,000
620 Interest	95,471
690 Other Objects (Includes Fees for Servicing Bonds)	1,789
Total Debt Service	<u>4,597,260</u>
TOTAL EXPENDITURES	<u>4,597,260</u>
OTHER FINANCING SOURCES (USES)	
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(411,630)
FUND BALANCE, Beginning of Year	6,270,998
PRIOR PERIOD ADJUSTMENTS	(134,324)
FUND BALANCE, Beginning of Year, Restated	<u>6,136,674</u>
FUND BALANCE, End of Year	<u>\$ 5,725,044</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 schedule 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.

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CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 137,799
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	16,468
Total Revenue from Local Sources	<u>154,267</u>
 TOTAL REVENUE ALL SOURCES	 <u>154,267</u>
 EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	666,117
400 Supplies and Materials	78,439
500 Capital Outlay:	
520 Construction Services	5,823,633
530 Improvements Other Than Buildings	350,398
540 Equipment	21,209
545 Technology, Equipment and Software	118,740
580 Mobile Classrooms	24,563
600 Other Objects:	
690 Other Objects	91
Total Support Services	<u>7,083,190</u>
 TOTAL EXPENDITURES	 <u>7,083,190</u>
 OTHER FINANCING SOURCES (USES)	
5120 Proceeds of General Obligation Bonds	4,500,000
5300 Proceeds from Sale of Capital Assets	59,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,559,000</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	 (2,369,923)
 FUND BALANCE, Beginning of Year	 <u>4,007,482</u>
 FUND BALANCE, End of Year	 <u>\$ 1,637,559</u>

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PROPRIETARY FUND

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

The following individual fund schedule 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.

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FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2005

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 6,882
1600 Food Service:	
1610 Lunch Sales to Pupils	484,340
1620 Breakfast Sales to Pupils	39,633
1630 Special Sales to Pupils	235,491
1640 Lunch Sales to Adults	101,018
1650 Breakfast Sales to Adults	5,915
1660 Special Sales to Adults	24,207
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	30,838
Total Revenue from Local Sources	928,324
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	4,325
Total Revenue from State Sources	4,325
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,266,163
4830 School Breakfast Program	372,499
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	139,785
Total Revenue from Federal Sources	1,778,447
TOTAL REVENUE ALL SOURCES	\$ 2,711,096

(Continued)

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

Schedule E-1

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2005

	ACTUAL
EXPENSES	
256 Food Service:	
100 Salaries	\$ 1,047,940
200 Employee Benefits	121,742
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	106,087
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,191,305
500 Capital Outlay	227,594
600 Other Objects	20,136
Total Food Services	<u>2,714,804</u>
TOTAL EXPENSES	<u>2,714,804</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(147,992)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(147,992)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(151,700)
FUND NET ASSETS, Beginning of Year	<u>1,387,484</u>
FUND NET ASSETS, End of Year	<u>\$ 1,235,784</u>

FIDUCIARY FUND

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

The following individual fund schedules 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.

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PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,725
1700 Pupil Activities:	
1710 Admissions	221,854
1720 Bookstore Sales	34,818
1730 Pupil Organization Membership Dues and Fees	4,246
1740 Student Fees	188,301
1790 Other	134,958
1900 Other Revenue from Local Sources	
1910 Rentals	3,700
1920 Contributions & Donations Private Sources	27,674
1999 Revenue from Other Local Sources	1,632,213
Total Receipts from Local Sources	<u>2,249,489</u>
TOTAL RECEIPTS ALL SOURCES	<u>2,249,489</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
500 Capital Outlay	1,505
600 Other Objects	789,548
Total Instruction	<u>791,053</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay	14,464
660 Pupil Activity	1,375,834
272 Enterprise Activities:	
Total Pupil Activity Expenditures	<u>1,390,298</u>
TOTAL DISBURSEMENTS	<u>2,181,351</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	68,138
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>390,719</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 458,857</u>

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

Schedule F-2

PUPIL ACTIVITY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES IN STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
ADDITIONS	
Interest on Investments	\$ 1,725
Pupil Activities:	
Admissions	221,854
Bookstore Sales	34,818
Pupil Organization Membership Dues and Fees	4,246
Student Fees	188,301
Other	134,958
Total Pupil Activities	<u>584,177</u>
Contributions Received from the School District	1,632,213
Contributions and Donations Received from Private Sources	31,374
TOTAL ADDITIONS	<u>2,249,489</u>
DEDUCTIONS	
Instructional Pupil Activity	791,053
Support Services Pupil Activity	<u>1,390,298</u>
TOTAL DEDUCTIONS	<u>2,181,351</u>
CHANGE IN DUE TO STUDENT ORGANIZATIONS	68,138
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>390,719</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 458,857</u>

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

Table 1

GOVERNMENT-WIDE REVENUE BY SOURCE

FISCAL YEARS ENDED JUNE 30, 2003 THROUGH JUNE 30, 2005

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
2005	\$ 1,162,025	28,708,664	279,658	21,866,245	797,059	\$ 52,813,651

Note: Only three years of data are shown above because the School District adopted GASB 34 in fiscal year 2002-2003.

Source: School District Compiled Information

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

Table 2

GOVERNMENT-WIDE EXPENSES BY FUNCTION

FISCAL YEARS ENDED JUNE 30, 2003 THROUGH JUNE 30, 2005

UNAUDITED

<u>Fiscal Year</u>	<u>Instruction</u>	<u>Supporting Services</u>	<u>Community Services</u>	<u>Intergovernmental</u>	<u>Interest and Fiscal Charges</u>	<u>Food Service</u>	<u>Totals</u>
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
2005	\$ 25,700,879	22,167,884	6,151	23,497	106,541	2,714,804	\$ 50,719,756

Note: Only three years of data are shown above because the School District adopted GASB 34 in fiscal year 2002-2003.

Source: School District Compiled Information

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

Table 3

GENERAL GOVERNMENTAL REVENUES BY FUND

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

UNAUDITED

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Education Improvement Act</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
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
2005	\$ 33,233,383	7,301,756	4,909,505	4,185,630	154,267	\$ 49,784,541

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

Source: School District Compiled Information

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

Table 4

SOURCE OF GENERAL FUND REVENUES

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

UNAUDITED

Fiscal Year	Local	State	Totals
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
2005	\$ 14,105,812	19,127,571	\$ 33,233,383

Source: School District Compiled Information

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

Table 5

GENERAL FUND EXPENDITURES BY FUNCTION

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

UNAUDITED

<u>Fiscal Year</u>	<u>Instruction</u>	<u>Supporting Services</u>	<u>Community Services</u>	<u>Intergovernmental</u>	<u>Capital Outlay</u>	<u>Totals</u>
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
2005	\$ 21,838,207	14,240,977	6,151	22,808	170,679	\$ 36,278,822

Source: School District Compiled Information

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

Table 6

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

UNAUDITED

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Taxes Subject to Collection</u>	<u>Current Collections</u>	<u>Current % Collected</u>	<u>Delinquent Collections (1)</u>	<u>Total % Collected</u>
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%
2005	2004	\$ 32,841,354	29,819,230	90.80%	\$ 1,545,689	95.50%

- (1) Represents delinquent taxes collected during each respective Fiscal year but levied during that year pr 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

Table 7

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

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			
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%
2005	2004	\$ 54,387,210	1,104,715,012	37,443,980	409,909,330	91,831,190	\$ 1,514,624,342	6.06%

Source: Newberry County Auditor

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

PROPERTY TAX MILLAGE - DIRECT AND OVERLAPPING GOVERNMENTS

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

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
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
2005	2004	114.3	*	3.3	4.2	20.0	94.0	4.0	49.0	100.0	227.2

* Included in Newberry County General Operating Levy

Source: Newberry County Auditor

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

Table 9

COMPUTATION OF LEGAL DEBT MARGIN

FISCAL YEAR ENDED JUNE 30, 2005

UNAUDITED

Total Assessed Value		\$ 91,831,190
		<u>91,831,190</u>
Legal Debt Limit - 8 Percent of Assessed Value		7,346,495
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>\$ 396,495</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

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

Table 10

PRINCIPAL TAXPAYERS

YEAR ENDED JUNE 30, 2005

UNAUDITED

Taxpayer	Assessed Value	Taxes Paid	Percent of Total Assessed Value
Ocsar Mayer Foods Corporation	\$ 2,605,204	\$ 588,511	2.84%
Newberry Electric Cooperation, Inc.	1,907,930	433,482	2.08%
South Carolina Electric and Gas	1,846,230	419,463	2.01%
Duke Energy Corporation	1,767,280	401,526	1.92%
BellSouth	1,644,330	373,592	1.79%
F. G. Wilson	995,679	223,955	1.08%
Federal Paper Board Company, Inc.	909,760	206,697	0.99%
Georgia Pacific Corp.-Plywood Plant	851,160	193,384	0.93%
McKechnie Vehicle Components	638,710	145,115	0.70%
Kiswire	758,625	140,258	0.83%
	<u>\$ 13,924,908</u>	<u>\$ 3,125,983</u>	<u>15.16%</u>

Source: Newberry County Auditor

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

Table 11

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

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH 2005

UNAUDITED

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Population*</u>	<u>Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
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
2005	2004	37,205	\$ 91,831,190	\$ 6,950,000	7.57%	187

* Estimate of Population

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

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

Table 12

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

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH 2005

UNAUDITED

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1996	\$ 3,950,000	311,030	4,261,030	\$ 36,493,312	11.68%
1997	4,200,000	276,546	4,476,546	37,561,979	11.92%
1998	4,925,000	280,282	5,205,282	38,521,691	13.51%
1999	5,450,000	215,468	5,665,468	46,192,406	12.26%
2000	475,000	47,392	522,392	38,258,392	1.30%
2001	150,000	18,069	168,069	40,379,230	0.42%
2002	150,000	75,428	225,428	43,884,244	0.51%
2003	4,850,000	138,351	4,988,351	52,804,252	9.45%
2004	4,400,000	117,768	4,517,768	59,524,341	7.59%
2005	\$ 4,500,000	97,260	4,597,260	\$ 57,629,979	7.98%

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

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

Table 13

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

YEARS ENDED JUNE 30, 2005

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	3,725,000	100.00%	3,725,000
Capital Project Sales Tax Bond	15,150,000	100.00%	15,150,000
J. F. Hawkins Nursing Home	450,000	100.00%	450,000
	<u>\$ 26,275,000</u>		<u>\$ 26,275,000</u>

Source: Newberry County Treasurer

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

Table 14

DEMOGRAPHIC STATISTICS - NEWBERRY COUNTY

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

UNAUDITED

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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	37,076	* \$ 21,611	5,664	6.90%
2005	unavailable	unavailable	5,678	6.50%

* Population estimate per US Census Bureau

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

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

Table 15

AVERAGE DAILY MEMBERSHIP

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

UNAUDITED

Fiscal Year	Kindergarten	Elementary Grades 1-8	High School Grades 9-12	Totals
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
2005	455	3633	1590	5678

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

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

Table 16

BANK DEPOSITS, NEW CONSTRUCTION AND PROPERTY VALUES

FISCAL YEARS ENDED JUNE 30, 1996 THROUGH JUNE 30, 2005

UNAUDITED

Fiscal Year	Bank Deposits	New Construction	Property Value
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	27,617,548	1,483,277,181
2005	\$ 344,027,000	19,695,749	\$ 1,514,624,342

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

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

Table 17

MISCELLANEOUS STATISTICS

YEAR ENDED JUNE 30, 2005

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:	5678	
Number Of Schools:	Elementary Schools	8
	Middle Schools	2
	High Schools	3
	Special Program Centers	1
		<u>14</u>
Professional Staff:	Administrators	53
	Instructional Professionals	497
	Support	465
		<u>1,015</u>

Source: School District Compiled Information

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2005

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	\$ 139,785
600	National School Breakfast Program	10.553	N/A	372,499
600	National School Lunch Program	10.555	N/A	1,266,163
Total Passed Through State Department of Education				<u>1,778,447</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	50,594
TOTAL US DEPARTMENT OF AGRICULTURE				<u>1,829,041</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	05-BA064	1,384,118
Individuals with Disabilities Education Act				
203	Special Education--Grants to States	84.027	05-CA064	1,299,655
211	IDEA Capacity Building	84.027A	05-CR064	14,409
213	Personnel Development	84.027A	05-CO064	10,551
Total 84.027				<u>1,324,615</u>
205	Special Education--Preschool Grants	84.173	05-CG064	52,096
207	Occupational Education	84.048	05-VA064	112,368
209	Safe and Drug Free Schools and Communities	84.186	05-FQ064	69,259
218	SC Reading First	84.357A	05-RC064	520,315
224	21st Century Learning	84.287C	05-CL064	200,000
235	Migrant Education - Basic State Grant Program	84.011	05-BG064	77,736
241	Title V - Chapter II	84.298	05-BB064	40,222
243	Adult Education - State - Administered Basic Grant Program	84.002	05-EA064	67,373
251	Title VI	84.358B	05-BS064	497
253	Title II - Ed Tech	84.318	05-ET064	37,769
264	ESOL - Title III	84.365A	05-BP064	56,038
267	Improving Teacher Quality	84.367A	05-TQ064	325,088
TOTAL US DEPARTMENT OF EDUCATION				<u>4,267,494</u>
US DEPARTMENT OF DEFENSE				
Direct Programs:				
272	JROTC	12.000	N/A	123,610
TOTAL US DEPARTMENT OF DEFENSE				<u>123,610</u>
US DEPARTMENT OF LABOR				
Direct Program:				
270	Workforce Development Incentive	17.267	05-VW064	118,177
TOTAL US DEPARTMENT OF LABOR				<u>118,177</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u><u>\$ 6,338,322</u></u>

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2005

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, 2005. 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 INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The School District of Newberry County, South Carolina (the "School District") as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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 opinions on the basic financial statements and not to provide an opinion 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 level the risk that misstatements caused by error or fraud 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 consider to be material weaknesses.

Compliance and Other Matters

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 agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 or other matters that are required to be reported under *Governmental Auditing Standards*.

We noted certain other matters that we reported to management of the School District in a separate letter dated November 18, 2005.

This report is intended solely for the information and use of the Board of Trustees, 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 18, 2005

**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 *U. S. 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, 2005. The School District's major federal programs are identified in the summary of auditors' 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, 2005.

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 the 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 Board of Trustees, 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 18, 2005

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2005

There were no audit findings in the prior year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2005

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>
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education - Grants to States (IDEA)
84.367	Improving Teacher Quality

Dollar threshold used to distinguish between type A and type B programs:	_____ 300,000 _____
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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Section II - Findings - Current Year Financial Statements Audit

NONE

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

NONE