

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

SOUTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

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GREENE FINNEY & HORTON
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Abbeville County School District
Abbeville, 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 Abbeville County School District, Abbeville, 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. 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 Abbeville County School District, Abbeville, 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 December 7, 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 considered in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on page 3 through page 11 and budgetary comparison for the General Fund on page 42 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 Abbeville County School District's basic financial statements. The combining and individual fund schedules 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 schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
December 7, 2005

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

This discussion and analysis of Abbeville County School District (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 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 \$16.6 million. Of this amount, approximately \$3.6 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 \$1.6 million, which is due to current year revenues of \$30.4 million exceeding expenditures of \$28.8 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$3.56 million, an increase of approximately \$670,000 from the prior year ending fund balances, which is primarily attributable to current year revenues exceeding expenditures, including debt service and capital project outlays. Approximately 89% of the total amount, or approximately \$3.15 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 \$3.15 million, which was approximately 16% of total General Fund expenditures.
- The School District's total capital assets decreased by approximately \$.6 million (2%) during the current fiscal year, due primarily to depreciation expense of approximately \$1.1 million, partially offset by additions of approximately \$.5 million
- The School District's total debt decreased by approximately \$1.2 million (8%) during the current fiscal year, due to current year principal payments.
- During the 2005 fiscal year, the School District's governmental fund revenues were approximately \$28.7 million compared to approximately \$26.6 million in the prior year, due to an increase in state revenues. The School District's governmental fund expenditures were approximately \$28.1 million compared to approximately \$26.8 million in the prior year, due to increases in instruction and support services.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

The *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).

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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 the food service operation.

The governmental-wide financial statements can be found on pages 12-13 of this report.

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

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The School District maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Projects Fund, EIA Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. The governmental fund basic financial statements can be found on pages 14-20 of this report.

Proprietary Fund. The School District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide basic financial statements. The School District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide basic financial statements, only in more detail; therefore, the proprietary fund basic financial statements provide more detailed information for the food service operation, which is considered a major fund of the School District. The proprietary fund basic financial statements can be found on pages 21-23 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 24 of this report.

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
 ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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 25-41 of this report.

Other information. The combining statements referred to earlier in connection with major and nonmajor governmental funds and individual fund statements and schedules can be found beginning on page 43 of this report.

The School District has a legally adopted budget for its General Fund. A budgetary comparison schedule for this fund has been provided in the required supplementary information to demonstrate compliance with their budgets. This statement is on page 42 of this report.

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

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

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 \$16.6 million at the close of the most recent fiscal year.

This table 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	\$ 6,746,239	\$ 6,001,241	258,907	79,140	7,005,146	\$ 6,080,381
Capital Assets	26,949,291	27,500,769	102,154	114,896	27,051,445	27,615,665
Total Assets	33,695,530	33,502,010	361,061	194,036	34,056,591	33,696,046
Liabilities						
Other Liabilities	2,807,655	2,844,653	-	-	2,807,655	2,844,653
Long Term Liabilities	14,604,986	15,848,128	-	-	14,604,986	15,848,128
Total Liabilities	17,412,641	18,692,781	-	-	17,412,641	18,692,781
Net Assets						
Invested in Capital Assets, Net of Related Debt	12,575,958	11,893,686	102,154	114,896	12,678,112	12,008,582
Restricted	316,965	432,546	-	-	316,965	432,546
Unrestricted	3,389,966	2,482,997	258,907	79,140	3,648,873	2,562,137
Total Net Assets	\$ 16,282,889	14,809,229	361,061	194,036	16,643,950	\$ 15,003,265

* Certain amounts have been restated. See Note IV of the basic financial statements for more information.

The School District's government-wide net assets increased by approximately \$1.6 million, or approximately 10.9% (\$16.6 million compared to \$15.0 million) in 2005. This increase in total net assets is due primarily to the reduction in long term liabilities, as the School District paid approximately \$1.3 million in principal on its outstanding bonded indebtedness. In addition there was an increase in assets in Food Service due to revenues exceeding expenses.

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 \$3.65 million at June 30, 2005.

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

This table shows the changes in net assets for fiscal year 2005 compared to 2004.

	Statement of Activities					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	410,247	413,858	410,247	\$ 413,858
Operating Grants	17,333,680	15,154,587	1,248,586	1,160,651	18,582,266	16,315,238
Capital Grants	108,146	123,581	-	-	108,146	123,581
General Revenue:						
Taxes	9,720,227	9,442,251	-	-	9,720,227	9,442,251
Other	1,617,589	2,057,875	60	50	1,617,649	2,057,925
Total Revenues	28,779,642	26,778,294	1,658,893	1,574,559	30,438,535	28,352,853
Program Activities						
Instruction	18,011,573	16,979,951	-	-	18,011,573	16,979,951
Support Services	8,724,105	8,481,348	-	-	8,724,105	8,481,348
Community Services	24,919	150,493	-	-	24,919	150,493
Interest and Other Charges	619,385	796,965	-	-	619,385	796,965
Food Service	-	-	1,417,868	1,412,680	1,417,868	1,412,680
Total Expenses	27,379,982	26,408,757	1,417,868	1,412,680	28,797,850	27,821,437
Excess Before Transfers	1,399,660	369,537	241,025	161,879	1,640,685	531,416
Transfers In (Out)	74,000	-	(74,000)	-		
Change in Net Assets	1,473,660	369,537	167,025	161,879	1,640,685	531,416
Net Assets, Beginning of Year	14,809,229	14,439,692	194,036	32,157	15,003,265	14,471,849
Net Assets, End of Year	\$ 16,282,889	14,809,229	361,061	194,036	16,643,950	\$ 15,003,265

Governmental Activities. The increase in the change in net assets for governmental activities is due to an increase in revenues, primarily operating grants from the State Department of Education, offset by increases in instruction and support services. Instruction and support services increased due to additional teachers and staff, combined with scheduled salary increases. Net asset components reflect the following changes from the prior year: (1) Investment in capital assets increased by approximately \$670,000 as a result of principal payments to reduce the outstanding indebtedness, offset by capital additions at several of the schools; (2) Restricted net assets decreased by approximately \$116,000 due to debt service payments exceeding debt service revenues; (3) Unrestricted net assets increased by approximately \$1,087,000 as a result of increases in state and other revenues exceeding current year expenses.

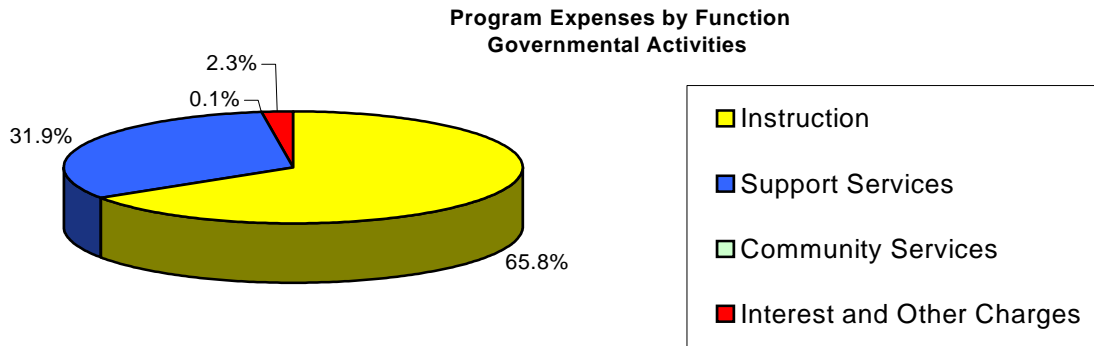
Business-Type Activities. The increase in the change in net assets for business type activities is due to an increase in USDA program revenues, partially offset by a slight increase in operating expenses.

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

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

For the year ended June 30, 2005, the School District's governmental funds reported a *combined* fund balance of \$3,556,506, as compared to \$2,886,584 for the prior year. The increase in governmental fund balance is primarily due to an increase in the General Fund as revenues and net transfers in exceeded expenditures, offset by a decrease in the Debt Service Fund as debt service payments exceeded tax revenues. 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 \$3,153,545 which solely represents the General Fund. The remainder of the fund balance is \$402,961 is for Debt Service (for future debt service payments).

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

The General Fund is the chief operating fund of the School District. The fund balance for the General Fund increased by approximately \$790,000, or 33%, during the current fiscal year to approximately \$3,154,000. Revenues increased by approximately \$415,000 to approximately \$19,108,000. This increase was offset by higher operating expenditures of approximately \$375,000, primarily in the areas of instruction and support services, to approximately \$19,551,000. Net transfers in of approximately \$1,233,000 were approximately \$88,000 more than the prior year.

The Debt Service Fund is used to account for the accumulation and payment of funds for debt retirement. The fund balance for the School District's Debt Service Fund decreased by approximately \$120,000 from the prior year to approximately \$403,000, primarily due to principal and interest payments of approximately \$1,865,000 exceeding taxes and other revenues collected of approximately \$1,713,000 and transfers received from the General Fund of \$32,000. The School District's debt millage rate was 30.3 at June 30, 2005.

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

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

The Capital Projects Fund is utilized to account for the School District's capital project expenditures. The School District's Capital Projects Fund did not change materially during 2005 as it had virtually no fund balance at the beginning of the year. Expenditures of approximately \$394,000 were funded by transfers from the General Fund.

Proprietary Funds

The School District's only Proprietary Fund is the Food Service Fund. This program had an increase in net assets of approximately \$167,000 for 2005. The net increase was the result of revenues of approximately \$1,659,000 exceeding expenses and indirect costs of \$1,492,000.

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 only 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 due to revenue from state sources that were higher than budgeted. Actual expenses were less than budget due to lower instruction and support services resulting from management's cost containment efforts. Some level of positive budget variances were realized in all areas of instruction except for vocational programs and homebound programs. Supporting services likewise experienced modest positive budget variances in most areas, except for transportation, fiscal services and food service benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the School District had approximately \$27.1 million invested in capital assets, net of depreciation.

- The School District's investment in capital assets decreased by approximately \$565,000, or approximately 2%, during 2005 as depreciation expense of approximately \$1,115,000 exceeded current year additions of approximately \$550,000.

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

	Governmental Activities		Business-Type Activities		Government	
	2005	2004	2005	2004	2005	2004
Capital Assets						
Land	\$ 664,750	\$ 664,750	-	-	664,750	\$ 664,750
Building, Improvements and Equipment	36,493,421	35,732,108	256,732	250,597	36,750,153	35,982,705
Construction in Progress	-	216,739	-	-	-	216,739
Less: Accum. Depreciation	(10,208,880)	(9,112,828)	(154,578)	(135,701)	(10,363,458)	(9,248,529)
Capital Assets, Net	<u>\$ 26,949,291</u>	<u>27,500,769</u>	<u>102,154</u>	<u>114,896</u>	<u>27,051,445</u>	<u>\$ 27,615,665</u>

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

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At fiscal year-end, the School District had \$14,405,000 in general obligation bonds ("GOB") outstanding versus \$15,685,000 in the prior year, a decrease of approximately 8% as shown in the table below. This decrease is due to scheduled principal payments made during the year. 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.

Outstanding Debt, at Year End

	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
Series 1997 GOBs	\$ 1,380,000	\$ 1,450,000
Series 2001 GOBs	6,825,000	7,000,000
Series 2003 GOBs	3,250,000	3,400,000
Series 2004 GOBs	2,950,000	3,835,000
	<u>2005</u>	<u>2004</u>
Total	<u>\$ 14,405,000</u>	<u>\$ 15,685,000</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 legal debt limit for the School District was approximately \$4,579,000 at June 30, 2005. The total outstanding indebtedness subject to the legal debt limit was \$3,196,000 at June 30, 2005.

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

ECONOMIC FACTORS

The full-time and part-time work force of Abbeville County totals approximately 12,100 with 45% employed in the manufacturing and 14% employed by local government entities; the remaining 41% are employed in other areas. The Abbeville County School District employs approximately 589, ranking it as the largest employer in the County. The three largest manufacturing organizations consist of Flexible Technologies, Milliken, and Mohawk Industries, with each employing approximately 500. Average earnings per job stands at \$25,889, while the median household income averages \$32,635. The unemployment rate in the County for November 2005 stood at 8.2%; the statewide rates was 7.1% and the national rate was 4.9% as of December 2005.

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

ECONOMIC FACTORS (CONTINUED)

The following table lists the School District's taxpaying ability:

<u>Type of Property</u>	<u>Assessed Value</u>
Owner occupied residential	\$ 21,103,964
All other real property	10,250,594
Agricultural property	1,348,680
Personal property	26,331,770
Fee-in-lieu and joint industrial parks	<u>2,819,752</u>
Total assessed property value	<u>\$ 61,854,760</u>

FY 06 BUDGET

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.

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 Abbeville County School District at the following address: 400 Greenville Street, Abbeville, South Carolina, 29628

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

STATEMENT OF NET ASSETS

JUNE 30, 2005

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 103,252	34,381	\$ 137,633
Cash Held by County Treasurer	5,211,718	-	5,211,718
Property Taxes Receivable, Net	611,629	-	611,629
Due from Other Governments	965,621	-	965,621
Internal Balances	(177,648)	177,648	-
Inventory	-	46,878	46,878
Bond Issuance Costs, Net	31,667	-	31,667
Non-depreciable Capital Assets	664,750	-	664,750
Depreciable Capital Assets, Net	26,284,541	102,154	26,386,695
TOTAL ASSETS	33,695,530	361,061	34,056,591
LIABILITIES			
Accounts Payable and Accrued Expenses	2,161,651	-	2,161,651
Accrued Interest Payable	171,449	-	171,449
Due to Other Governments	21,762	-	21,762
Deferred Revenue	452,793	-	452,793
Non-Current Liabilities:			
Due Within One Year	1,391,116	-	1,391,116
Due in More than One Year	13,213,870	-	13,213,870
TOTAL LIABILITIES	17,412,641	-	17,412,641
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	12,575,958	102,154	12,678,112
Restricted For:			
Debt Service	316,965	-	316,965
Unrestricted	3,389,966	258,907	3,648,873
TOTAL NET ASSETS	\$ 16,282,889	361,061	\$ 16,643,950

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

ABBEVILLE COUNTY SCHOOL DISTRICT
 ABBEVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET REVENUE (EXPENSE) AND CHANGE IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
Instruction	\$ 18,011,573	-	12,781,378	-	(5,230,195)		\$ (5,230,195)
Support Services	8,724,105	-	4,552,302	108,146	(4,063,657)		(4,063,657)
Community Services	24,919	-	-	-	(24,919)		(24,919)
Interest and Other Charges	619,385	-	-	-	(619,385)		(619,385)
Total Governmental Activities	<u>27,379,982</u>	<u>-</u>	<u>17,333,680</u>	<u>108,146</u>	<u>(9,938,156)</u>		<u>(9,938,156)</u>
Business-Type Activities:							
Food Services	1,417,868	410,247	1,248,586	-	-	240,965	240,965
Total Business-Type Activities	<u>1,417,868</u>	<u>410,247</u>	<u>1,248,586</u>	<u>-</u>	<u>-</u>	<u>240,965</u>	<u>240,965</u>
TOTAL PRIMARY GOVERNMENT	<u>28,797,850</u>	<u>410,247</u>	<u>18,582,266</u>	<u>108,146</u>	<u>(9,938,156)</u>	<u>240,965</u>	<u>(9,697,191)</u>
GENERAL REVENUES:							
Property Taxes Levied for General Purposes					8,015,515	-	8,015,515
Property Taxes Levied for Debt Service					1,704,712	-	1,704,712
State Revenue in Lieu of Taxes					1,321,955	-	1,321,955
Investment Earnings					47,460	60	47,520
Intergovernmental Revenue					150,960	-	150,960
Miscellaneous					97,214	-	97,214
Total General Revenue					<u>11,337,816</u>	<u>60</u>	<u>11,337,876</u>
TRANSFERS:							
Transfers In (Out)					74,000	(74,000)	-
Total General Revenue and Transfers					<u>11,411,816</u>	<u>(73,940)</u>	<u>11,337,876</u>
CHANGE IN NET ASSETS					<u>1,473,660</u>	<u>167,025</u>	<u>1,640,685</u>
NET ASSETS - Beginning of Year					15,109,978	194,036	15,304,014
Prior Period Adjustment					(300,749)	-	(300,749)
NET ASSETS - Beginning of Year, Restated					<u>14,809,229</u>	<u>194,036</u>	<u>15,003,265</u>
NET ASSETS - Ending of Year					<u>\$ 16,282,889</u>	<u>361,061</u>	<u>\$ 16,643,950</u>

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2005

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 103,252	-
Cash Held by County Treasurer	4,841,525	-
Receivables, Net:		
Taxes	493,408	-
Due From:		
State Agencies	306,989	24,531
Federal Agencies	-	630,850
Other Funds	184,077	-
TOTAL ASSETS	5,929,251	655,381
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	533,329	-
Accrued Salaries, Fringe & Benefits	1,628,322	-
Due To:		
State Department of Education	-	-
Federal Agencies	-	13,647
Other Funds	177,648	419,076
Deferred Revenue	436,407	222,658
TOTAL LIABILITIES	2,775,706	655,381
FUND BALANCES:		
Fund Balances		
Reserved for:		
Debt Service	-	-
Unreserved:		
Undesignated	3,153,545	-
TOTAL FUND BALANCES	3,153,545	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,929,251	655,381

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
-	-	-	\$ 103,252
-	370,193	-	5,211,718
-	118,221	-	611,629
3,251	-	-	334,771
-	-	-	630,850
234,999	-	-	419,076
238,250	488,414	-	7,311,296
-	-	-	533,329
-	-	-	1,628,322
8,115	-	-	8,115
-	-	-	13,647
-	-	-	596,724
230,135	85,453	-	974,653
238,250	85,453	-	3,754,790
-	402,961	-	402,961
-	-	-	3,153,545
-	402,961	-	3,556,506
238,250	488,414	-	\$ 7,311,296

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

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

JUNE 30, 2005

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,556,506
Amounts reported for the governmental activities in the Statement of Net Assets are different because:	
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	521,860
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 \$37,158,171 and accumulated depreciation is \$10,208,880.	26,949,291
Bond issuance costs are amortized over the lives of the bonds; however, in governmental accounting, bond issuance costs are expenditures in the year they are incurred. The original bond issuance costs of \$47,500 is shown net of accumulated amortization of \$15,833.	31,667
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.	(171,449)
Long-term liabilities, net of unamortized advance refunding costs, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following:	
Long-Term Debt	(14,405,000)
Compensated Absences	(199,986)
	(14,604,986)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ 16,282,889

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

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**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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	\$ 7,011,629	-
Investment Earnings	45,828	-
Other Local Sources	7,886	133,941
State Sources	11,964,993	1,634,074
Federal Sources	77,287	2,231,971
Intergovernmental Revenue	-	150,960
TOTAL REVENUE ALL SOURCES	19,107,623	4,150,946
EXPENDITURES		
Current:		
Instruction	13,199,284	2,561,648
Support Services	6,308,187	1,377,271
Community Services	-	24,919
Capital Outlay	43,015	140,669
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	19,550,486	4,104,507
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(442,863)	46,439
OTHER FINANCING SOURCES (USES)		
Transfers In	1,727,751	68,728
Transfers Out	(494,406)	(115,167)
TOTAL OTHER FINANCING SOURCES (USES)	1,233,345	(46,439)
NET CHANGES IN FUND BALANCES	790,482	-
FUND BALANCE, Beginning of Year	2,663,812	-
Prior Period Adjustment	(300,749)	-
FUND BALANCE, Beginning of Year, Restated	2,363,063	-
FUND BALANCE, End of Year	\$ 3,153,545	-

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
-	1,510,664	-	\$ 8,522,293
-	1,677	-	47,505
-	24,164	-	165,991
3,742,873	176,337	-	17,518,277
-	-	-	2,309,258
-	-	-	150,960
3,742,873	1,712,842	-	28,714,284
1,531,093	-	-	17,292,025
533,256	-	14,529	8,233,243
-	-	-	24,919
139,940	-	379,939	703,563
-	1,280,000	-	1,280,000
-	584,612	-	584,612
2,204,289	1,864,612	394,468	28,118,362
1,538,584	(151,770)	(394,468)	595,922
100,000	32,000	393,678	2,322,157
(1,638,584)	-	-	(2,248,157)
(1,538,584)	32,000	393,678	74,000
-	(119,770)	(790)	669,922
-	522,731	790	3,187,333
-	-	-	(300,749)
-	522,731	790	2,886,584
-	402,961	-	\$ 3,556,506

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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 **\$ 669,922**

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. 65,358

Payment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets. 1,280,000

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. 11,477

Bond issuance costs are expenditures the year they are incurred in governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount is the current period amortization expense. (11,875)

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 in that period. This is the net change between the current period and the prior period for these types of transactions. 10,256

Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$1,096,052 exceeded capital asset additions of \$544,574 in the current period. (551,478)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 1,473,660**

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2005

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 34,381
Due from the General Fund	177,648
Inventories	46,878
Total Current Assets	<u>258,907</u>
Non-Current Assets:	
Capital Assets	256,732
Less: Accumulated Depreciation	(154,578)
Total Non-Current Assets	<u>102,154</u>
TOTAL ASSETS	<u>361,061</u>
LIABILITIES	-
TOTAL LIABILITIES	<u>-</u>
NET ASSETS	
Invested in Capital Assets	102,154
Unrestricted	258,907
TOTAL NET ASSETS	<u>\$ 361,061</u>

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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	\$ 410,247
OPERATING EXPENSES	
Salaries	545,627
Employee Benefits	55,673
Purchased Services	9,702
Food Costs and Supplies	720,432
Equipment - Expendable	34,583
Depreciation	18,877
Other	32,974
TOTAL OPERATING EXPENSES	<u>1,417,868</u>
OPERATING LOSS	<u>(1,007,621)</u>
NON-OPERATING REVENUES	
Commodities Received from USDA	119,432
USDA Reimbursements	1,113,988
Interest	60
Other Revenue	15,166
TOTAL NON-OPERATING REVENUE	<u>1,248,646</u>
INCOME BEFORE OPERATING TRANSFERS	241,025
TRANSFERS	
Transfer Out	<u>(74,000)</u>
CHANGE IN NET ASSETS	167,025
TOTAL NET ASSETS, Beginning of Year	<u>194,036</u>
TOTAL NET ASSETS, End of Year	<u><u>\$ 361,061</u></u>

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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	\$ 410,247
Receipts from Other Revenues	15,166
Payments to Employees for Services	(545,627)
Payments to Suppliers for Goods and Services	(906,059)
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,026,273)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	1,113,988
Transfers to Other Funds	(74,000)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,039,988</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(6,135)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings	60
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>60</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,640
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>26,741</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>34,381</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	(1,007,621)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	18,877
Non-Cash USDA Commodities Used	119,432
Other Non-Operating Revenues	15,166
Change In:	
Inventories	(28)
Due to General Fund	(172,099)
Net Cash Used by Operating Activities	<u>(1,026,273)</u>
Non-Cash Transactions:	
Commodities Received From the USDA	119,432
	<u>\$ 119,432</u>

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2005

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 170,531
TOTAL ASSETS	<u><u>170,531</u></u>
LIABILITIES	
Due to Student Organizations	170,531
TOTAL LIABILITIES	<u><u>\$ 170,531</u></u>

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Abbeville County School District, South Carolina (the “School District”) is a school district created by the South Carolina Legislature to provide public education services to students of Abbeville County, South Carolina. The School District receives funding from local, state and federal sources and must comply with any requirements of the funding source entities. A nine member Board of Trustees (the “Board”) has unlimited fiscal autonomy in governing the School District.

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 Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these basic financial statements present the School District and its component units, entities for which the School District is considered to be financially accountable or for which exclusion of a component unit would render the basic financial statements incomplete or misleading. 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. The School District has no blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the School District. The School District has no discretely presented component units.

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 nonfiduciary activities of the School District (the primary government). For the most part, the effect of interfund activity has been removed or eliminated from these statements.

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

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

The **government-wide basic financial statements** (which exclude fiduciary activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recognized and 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.

ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)

The government-wide basic financial 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 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 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.

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 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 following major funds and fund types are used by the School District.

Governmental fund types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary and Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the School District's major and nonmajor governmental fund types:

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

ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)

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 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 the payment of general long-term debt principal and interest.

The *Capital Projects Fund, a major fund* and an unbudgeted fund, is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed in the Proprietary 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 Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs"), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The School District has elected not to follow the aforementioned guidance issued after November 30, 1989 as allowed by GAAP.

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

- The *Enterprise Fund, a major fund* and an unbudgeted 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.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)

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 Trust Funds and Agency Funds. Fiduciary Fund Types include the following:

The Agency Fund, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for general operation of the 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 to be cash equivalents. Securities with an initial maturity of more than three months are reported as investments.

Investments

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

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)

- (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.

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 receivable are shown net of an allowance for uncollectibles and are expected to be collected within one year.

3. Inventories

In the Enterprise Fund, expendable supplies and food items for sale to students are carried in inventory accounts at average cost, determined using the first-in, first-out method, and are subsequently charged to expenses when consumed rather than when purchased. For all other funds, other materials and supplies are charged to expenditures when purchased. The Enterprise Fund inventory includes an amount for commodities received from the USDA, recorded at fair market value at the time of receipt, which have not been consumed as of June 30, 2005.

4. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business type activities column of the government-wide statement of net assets and in the respective fund financial statements.

**ABBEVILLE COUNTY SCHOOL DISTRICT
 ABBEVILLE, 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 capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000 for equipment and vehicles. 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 is not capitalized during the construction of capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate fixed asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20	N/A
Buildings and Improvements	15 to 40	N/A
Vehicles	10	10
Machinery and Equipment	5 to 12	5 to 12

5. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” School District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days. Unused sick leave is not reimbursed and therefore not reported in the basic financial statements. The entire compensated absence liability and expense is reported on the governmental-wide basic financial statements. The portion applicable to the Proprietary Fund (if material) is also recorded in the Proprietary Fund basic financial statements.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)

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 financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond issuance costs are reported as other assets and are amortized over the term of the related debt. Amortization of bond issuance costs is included in interest expense.

7. *Fund Balance*

In the fund financial statements, the School District reserves those portions of fund balance 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 balance which is available for appropriation in future periods. Designations of fund balance 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 the 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.

**ABBEVILLE COUNTY SCHOOL DISTRICT
 ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices – A budget is presented in the required supplementary information section for the General Fund. No legally adopted budget is prepared for the other funds.

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.

In May of each year, the School District’s management submits a proposed budget to the Board for the General Fund. The School District prepares its budget on a basis to conform with accounting principles generally accepted in the United States of America. The budget includes proposed expenditures and the means of financing the expenditures. After modifications are made, resulting from discussions between the Board and the School District’s management, the Board recommends the General Fund budget to the County Board of Education. The School District’s policies allow funds to be transferred between functions, but the total budget may not be increased without approval of the Board. The legal level of budgetary control is at the fund level. During the year, the Board did not revise the budget.

The School District’s management has the authority to overspend the budget within percentages established by the South Carolina State Department of Education for most state and federally funded projects. The School District may overspend in certain funds as long as funds are available from other areas.

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 \$543,957 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	\$ 5,211,718	^
Total		<u>\$ 5,211,718</u>	

^ The County Treasurer invests the monies it holds in trust for the School District in separate demand depository accounts with banks.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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 it 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

Abbeville County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet its funding obligation for the School District as determined by the School District's Board of Trustees. 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 (excluding vehicles) on October 1, 2004 based on an assessed value of approximately \$57.2 million at rates of 160.0 mills and 30.3 mills for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 15. 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 June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Taxes receivable include an allowance for uncollectibles of \$27,888 at June 30, 2005. Allowances for uncollectibles were not necessary for the other receivable accounts.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Deferred Revenue

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)	\$ 436,407
Delinquent Property Taxes Receivable (Debt Service Fund)	85,453
Carryover from the EIA and Special Projects Funds	452,793
Total Deferred Revenue for Governmental Funds	<u>\$ 974,653</u>

D. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 664,750	-	-	\$ 664,750
Construction in Progress	216,739	-	(216,739)	-
Total Capital Assets, Not Being Depreciated	<u>881,489</u>	<u>-</u>	<u>(216,739)</u>	<u>664,750</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	34,854,369	585,787	-	35,440,156
Vehicles	589,720	12,479	-	602,199
Equipment	288,019	163,047	-	451,066
Total Capital Assets Being Depreciated	<u>35,732,108</u>	<u>761,313</u>	<u>-</u>	<u>36,493,421</u>
Less: Accumulated Depreciation	<u>(9,112,828)</u>	<u>(1,096,052)</u>	<u>-</u>	<u>(10,208,880)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,619,280</u>	<u>(334,739)</u>	<u>-</u>	<u>26,284,541</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 27,500,769</u>	<u>(334,739)</u>	<u>(216,739)</u>	<u>\$ 26,949,291</u>
Business-Type Activities:				
Furniture and Equipment	\$ 250,597	6,135	-	\$ 256,732
Less: Accumulated Depreciation	(135,701)	(18,877)	-	(154,578)
Total Business-Type Activities Capital Assets, Net	<u>\$ 114,896</u>	<u>\$ (12,742)</u>	<u>\$ -</u>	<u>\$ 102,154</u>

Depreciation expense was charged to functions/programs for 2005 as follows:

Governmental Activities:	
Instruction	\$ 740,274
Support	355,778
Total Depreciation Expense - Governmental Activities	<u>\$1,096,052</u>

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables and Payables

Interfund balances at June 30, 2005 (which are expected to be received or paid within one year) consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Primary Government:		
General Fund	\$ 184,077	\$ 177,648
Special Revenue:		
Special Revenue	-	419,076
EIA	234,999	-
Enterprise Fund	177,648	-
Total Primary Government	<u>\$ 596,724</u>	<u>\$ 596,724</u>

The General Fund receivable is a result of the General Fund financing salaries and other expenditures for Special Revenue Funds. The General Fund payable to the Enterprise Fund is primarily the result of the excess of current year revenues over expenditures in Food Services, for which the majority of the cash is maintained in the General Fund.

Special Revenue and EIA balances are a result of payments made by and to the General Fund for salaries and other expenditures. Reimbursement from and to the General Fund will be made as revenue is received from claims that have been submitted.

F. Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses for governmental activities at June 30, 2005, consisted of the following:

Governmental Activities:

Accounts Payable	\$ 533,329
Accrued Payroll	1,026,406
Other Accrued Expenses	601,916
Total Accounts Payable and Accrued Expenditures - Governmental Activities	<u>\$ 2,161,651</u>

G. Short-Term Obligations

The School District had up to \$513,000 available in the Tax Anticipation Note (“TAN”) program through the South Carolina Association of Governmental Organization (“SCAGO”) in the year ended June 30, 2005. During fiscal 2005, they did not borrow any funds under this program.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Transfers In and (Out)

Transfer from and to other funds for the year ended June 30, 2005, consisted of the following:

General Fund			
Transfers in	Amount	Transfers out	Amount
Special Revenue - EIA	\$ 1,638,584	Special Revenue	\$ 68,728
Special Revenue	15,167	Debt Service	32,000
Food Service	74,000	Capital Projects	393,678
	<u>1,727,751</u>		<u>494,406</u>
			<u>494,406</u>
Special Revenue Fund			
Transfers in	Amount	Transfers out	Amount
General Fund	<u>68,728</u>	EIA	100,000
		General Fund	15,167
			<u>115,167</u>
			<u>115,167</u>
EIA			
Transfers in	Amount	Transfers out	Amount
Special Revenue	<u>100,000</u>	General Fund	<u>1,638,584</u>
			<u>1,638,584</u>
			<u>1,638,584</u>
Debt Service Fund			
Transfers in	Amount	Transfers out	Amount
General Fund	<u>32,000</u>		<u>-</u>
			<u>-</u>
			<u>-</u>
Capital Projects Fund			
Transfers in	Amount	Transfers out	Amount
General Fund	<u>393,678</u>		<u>-</u>
			<u>-</u>
			<u>-</u>
Food Service Fund			
Transfers in	Amount	Transfers out	Amount
	<u>\$ -</u>	General Fund	<u>\$ 74,000</u>
			<u>74,000</u>
			<u>74,000</u>

Interfund transfers include funding allowed for indirect costs, required matches, supplemental funding, state cuts, and accounting practice. The transfers for the year ended June 30, 2005, consisted of the following:

General Fund

Transfers from:

Funds are transferred into the General Fund from other funds to cover EIA raise for teachers and indirect costs for federal programs.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Transfers In and (Out) (Continued)

General Fund (Continued)

Transfers to:

Funds are transferred from the General Fund into other funds for supplemental funding for child development programs, debt service and capital project expenditures, as well as required local match.

Special Revenue Fund

Transfers from:

Funds are transferred into the Special Revenue funds from the General Fund for supplemental funding for child development programs, as well as required local match. Funds were also transferred between special revenue funds (programs) due to funding flexibility.

Transfers to:

Funds are transferred from Special Revenue/EIA funds into the General Fund to cover indirect cost on federal programs and the EIA raise for teachers. Funds are also transferred between special revenue funds (programs) due to funding flexibility.

Debt Service Fund

Transfers from:

Funds were transferred from the General Fund into the Debt Service Fund for bond issuance costs associated with the 2004 General Obligation Bond.

Capital Projects Fund

Transfers from:

Funds were transferred from the General Fund into the Capital Projects Fund for supplemental funding of current year expenditures.

Food Services Fund

Transfers from:

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

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Long-Term Obligations

The School District primarily uses general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued primarily for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Ad valorem taxes are pledged to secure the outstanding balance of each bond issue and are to be levied in amounts sufficient to pay the principal and interest each year.

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 \$57.2 million, and the legal debt limit was approximately \$4,579,000. The total outstanding indebtedness subject to the legal debt limit was \$3,196,000 at June 30, 2005.

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

Long-Term Obligations	June 30, 2004	Additions	Reductions	June 30, 2005	Due Within One Year
Governmental Activities:					
Debt:					
1992 Series GOB	\$ -	-	-	-	\$ -
1993 Series GOB	-	-	-	-	-
1997 Series GOB	1,450,000	-	70,000	1,380,000	55,000
2001 Series GOB	7,000,000	-	175,000	6,825,000	200,000
2003 Series GOB	3,400,000	-	150,000	3,250,000	125,000
2004 Series GOB	3,835,000	-	885,000	2,950,000	935,000
Outstanding Principal	15,685,000	-	1,280,000	14,405,000	1,315,000
Less Deferred Refunding Costs	(34,375)	-	(34,375)	-	-
Total Debt	15,650,625	-	1,245,625	14,405,000	1,315,000
Accrued Compensated Absences	197,503	86,428	83,945	199,986	76,116
Total Governmental Activities	<u>\$ 15,848,128</u>	<u>86,428</u>	<u>1,329,570</u>	<u>14,604,986</u>	<u>\$ 1,391,116</u>

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

The general obligation bonds ("GOB") at June 30, 2005, were comprised of the following:

- 1997 series – original issue of \$1,750,000 for renovations and additions to certain School District facilities; principal due in annual installments of \$55,000 to \$335,000 through March, 2013; interest is paid semiannually at rates from 4.75% to 5.5%. This debt is subject to the 8% limitation.
- 2001 series – original issue of \$7,000,000 for renovations and additions to certain School District facilities; principal due in annual installments of \$175,000 to \$650,000 through March, 2021; interest is paid semiannually at rates from 4.5% to 4.8%. This issue is excluded from the 8% debt limit.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Long-Term Obligations (Continued)

- 2003 series – original issue of \$3,400,000 for renovations and additions to certain School District facilities; principal due in annual installments of \$175,000 to \$650,000 through April, 2014; interest is paid semiannually at rates from 2.25% to 4%. \$1,816,000 of the outstanding balance is subject to the 8% debt limit and \$1,434,000 of the outstanding balance is excluded from the 8% debt limit.
- 2004 series – original issue of \$3,835,000 to refund the outstanding balance on the 1993 series; principal due in annual installments of \$885,000 to \$1,030,000 through March, 2008; interest is paid semiannually at rates from 1.5% to 1.875%. This issue is excluded from the 8% debt limit.

Annual debt service requirements to maturity for the indebtedness of governmental activities are as follows:

Years Ending June 30	General Obligation Bonds		Totals
	Principal	Interest	
2005	\$ 1,315,000	541,175	\$ 1,856,175
2006	1,340,000	508,613	1,848,613
2007	1,385,000	471,800	1,856,800
2008	1,000,000	443,483	1,443,483
2009	1,050,000	401,498	1,451,498
2010-2014	4,890,000	1,335,473	6,225,473
2015-2019	2,775,000	561,713	3,336,713
2020-2021	650,000	31,200	681,200
Totals	<u>\$ 14,405,000</u>	<u>4,294,955</u>	<u>\$ 18,699,955</u>

IV. OTHER INFORMATION

A. Retirement Plan

Plan Description. Substantially all School District employees are members of the South Carolina Retirement System (SCRS). The South Carolina Retirement System is a cost-sharing multi-employer defined benefit pension plan administered by the South Carolina Retirement Systems; a division of the South Carolina State Budget and Control Board. The system offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan’s provisions are established under Title 9 of the SC Code of Laws. Comprehensive Annual Financial Reports containing basic financial statements and required supplementary information for the System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, 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 3.4% of payroll to provide a retiree health and dental insurance and a group life insurance benefit for their participants. All employers contribute at the actuarially required contribution rates. The School District contributed amounts equal to the required contribution to the SCRS of \$1,823,573, \$1,756,401 and \$1,714,931 for the years ended June 30, 2005, 2004 and 2003, respectively.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Other Retirement Plan. The State of South Carolina also provides an optional retirement plan ("State ORP"). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits as an alternative to the SCRS. Employees may choose between the State ORP plan and the SCRS plan.

B. Contingent Liabilities - Litigation

The School District is subject to claims, lawsuits and other contingent liabilities. As of the date of the issuance of the financial statements, the School District is not aware of any matters that would have a material adverse effect on the financial condition of the School District.

C. Grants

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

D. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District, along with other government agencies in the state, is insured under the South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance fund. The School District pays annual premiums to the Insurance Reserve Fund for its general insurance coverage, including torts, School Board liability, theft, damage or destruction of assets, real property, including contents and other equipment, motor vehicles and natural disasters. The annual premiums for the fiscal year ended June 30, 2005 totaled approximately \$123,000 for its general insurance coverage. The Insurance Reserve Fund is self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. The State accumulates assets to cover risks that its members incur in their normal operations. Specifically, the State assumes substantially all of the risk of the above.

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). 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 pool for its workers' compensation based upon the total payroll of the School District for each plan year. The annual premiums for the fiscal year ended June 30, 2005 totaled approximately \$140,000 for workers' compensation. 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 to the member school districts in the event that a fund deficit arises. The Insurance Reserve Fund had a net surplus of approximately \$9.2 million as of June 30, 2005; the SCSBIT/WCP had unrestricted net assets of approximately \$4.0 million as of June 30, 2004. 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.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

IV. OTHER INFORMATION (CONTINUED)

E. Post Employment Benefits

In addition to providing retirement plan benefits, the state currently provides its retired employees with health care benefits. All postretirement benefits paid to the School District's retired members are made from the SCRS and from South Carolina's General Fund (Health Care). The School District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The SCRS provides death benefits to retirees through the group life insurance program for members of the SCRS.

F. Prior Period Adjustment

A prior period adjustment in the amount of \$300,749 has been made in the General Fund for a change in vehicle tax revenue recognition. This adjustment also affected governmental activities in the government-wide financial statements for the same amount.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Local Sources:				
Taxes	\$ 6,897,381	6,897,381	7,011,629	\$ 114,248
Investment Earnings	16,750	16,750	45,828	29,078
Other Local Sources	15,000	15,000	7,886	(7,114)
State Sources	11,645,946	11,645,946	11,964,993	319,047
Federal Sources:	-	-	77,287	77,287
TOTAL REVENUE ALL SOURCES	18,575,077	18,575,077	19,107,623	532,546
EXPENDITURES				
Current:				
Instruction	15,206,151	15,206,151	13,199,284	2,006,867
Support Services	6,542,255	6,542,255	6,308,187	234,068
Capital Outlay	259,586	259,586	43,015	216,571
TOTAL EXPENDITURES	22,007,992	22,007,992	19,550,486	2,457,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,432,915)	(3,432,915)	(442,863)	2,990,052
OTHER FINANCING SOURCES (USES)				
Transfers In	3,432,915	3,432,915	1,727,751	(1,705,164)
Transfers Out	-	-	(494,406)	(494,406)
TOTAL OTHER FINANCING SOURCES (USES)	3,432,915	3,432,915	1,233,345	(2,199,570)
NET CHANGE IN FUND BALANCE	-	-	790,482	790,482
FUND BALANCE, Beginning of Year	2,663,812	2,663,812	2,663,812	-
Prior Period Adjustment	(300,749)	(300,749)	(300,749)	-
FUND BALANCE, Beginning of Year, Restated	2,363,063	2,363,063	2,363,063	-
FUND BALANCE, End of Year	\$ 2,363,063	2,363,063	3,153,545	\$ 790,482

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	\$ 6,352,381	6,156,238	\$ (196,143)
1240 Penalties & Interest on Taxes (Dependent)	375,000	404,231	29,231
1280 Revenue in Lieu of Taxes (Independent and Dependent)	170,000	451,160	281,160
1500 Earnings on Investments:			
1510 Interest on Investments	16,750	45,828	29,078
1900 Other Revenue from Local Sources:			
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	15,000	7,886	(7,114)
Total Revenue from Local Sources	<u>6,929,131</u>	<u>7,065,343</u>	<u>136,212</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3110 Occupational Education:			
3113 12-Month Agriculture Program	31,632	37,783	6,151
3130 Special Programs:			
3132 Home Schooling	-	5,556	5,556
3160 School Bus Driver's Salary	190,800	237,819	47,019
3180 Fringe Benefits Employer Contributions	2,344,420	2,384,336	39,916
3181 Retiree Insurance	279,202	290,583	11,381
3199 Other Restricted State Grants	-	26,888	26,888
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	429,717	425,173	(4,544)
3312 Primary	1,095,260	1,157,383	62,123
3313 Elementary	1,768,713	1,742,286	(26,427)
3314 High School	434,493	492,882	58,389
3315 Trainable Mentally Handicapped	47,050	49,506	2,456
3316 Speech Handicapped (Part-Time Program)	669,561	716,065	46,504
3317 Homebound	13,684	30,196	16,512
3320 Part-Time Programs:			
3321 Emotionally Handicapped	37,876	43,931	6,055
3322 Educable Mentally Handicapped	114,134	93,112	(21,022)
3323 Learning Disabilities	561,960	634,974	73,014
3324 Hearing Handicapped	7,221	7,592	371
3325 Visually Handicapped	7,221	18,714	11,493
3326 Orthopedically Handicapped	17,070	15,367	(1,703)
3327 Vocational	1,327,504	1,285,639	(41,865)
3330 Other EFA Programs:			
3331 Autism	\$ 14,442	15,184	\$ 742

(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
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	\$ 1,321,956	1,321,955	\$ (1)
3820 Homestead Exemption	636,643	636,643	-
3840 Manufacturers Depreciation Reimbursement	295,387	295,387	-
3900 Other State Revenue:			
3999 Revenue from Other State Sources	-	39	39
Total Revenue from State Sources	<u>11,645,946</u>	<u>11,964,993</u>	<u>319,047</u>
4000 Revenue from Federal Sources:			
4900 Other Federal Sources:			
4992 U.S. Forest Commission Revenues	-	77,287	77,287
Total Revenue from Federal Sources	<u>-</u>	<u>77,287</u>	<u>77,287</u>
TOTAL REVENUE ALL SOURCES	<u>18,575,077</u>	<u>19,107,623</u>	<u>532,546</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	786,992	808,708	(21,716)
200 Employee Benefits	257,064	260,034	(2,970)
300 Purchased Services	625	73	552
400 Supplies and Materials	11,275	11,708	(433)
500 Capital Outlay	39,341	-	39,341
112 Primary Programs:			
100 Salaries	2,075,834	1,560,489	515,345
200 Employee Benefits	569,154	427,738	141,416
300 Purchased Services	700	-	700
400 Supplies and Materials	20,061	21,783	(1,722)
600 Other Objects	-	538	(538)
113 Elementary Programs:			
100 Salaries	3,397,956	2,921,673	476,283
200 Employee Benefits	908,878	812,092	96,786
300 Purchased Services	72,165	85,215	(13,050)
400 Supplies and Materials	43,884	39,064	4,820
500 Capital Outlay	11,895	2,020	9,875
600 Other Objects	\$ 6,400	6,557	\$ (157)

(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	\$ 2,920,136	2,620,693	\$ 299,443
200 Employee Benefits	774,822	712,236	62,586
300 Purchased Services	54,464	43,679	10,785
400 Supplies and Materials	63,607	64,455	(848)
500 Capital Outlay	21,250	18,205	3,045
600 Other Objects	31,700	41,137	(9,437)
115 Vocational Programs:			
100 Salaries	820,418	841,409	(20,991)
200 Employee Benefits	208,859	217,098	(8,239)
300 Purchased Services - Other Than Tuition	14,082	12,146	1,936
370 Purchased Services - Tuition	-	-	-
400 Supplies and Materials	24,850	23,993	857
500 Capital Outlay	6,000	3,834	2,166
600 Other Objects	6,700	2,558	4,142
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	374,816	187,717	187,099
200 Employee Benefits	96,796	63,304	33,492
300 Purchased Services	280	101	179
400 Supplies and Materials	2,900	1,433	1,467
600 Other Objects	100	-	100
122 Trainable Mentally Handicapped:			
100 Salaries	172,432	122,725	49,707
200 Employee Benefits	37,218	35,107	2,111
400 Supplies and Materials	900	293	607
123 Orthopedically Handicapped:			
200 Employee Benefits	-	1,816	(1,816)
300 Purchased Services	140	-	140
400 Supplies and Materials	400	-	400
125 Hearing Handicapped:			
100 Salaries	300	-	300
200 Employee Benefits	-	2,711	(2,711)
400 Supplies and Materials	400	-	400
126 Speech Handicapped:			
100 Salaries	202,105	192,248	9,857
200 Employee Benefits	49,981	45,173	4,808
300 Purchased Services	3,750	2,599	1,151
400 Supplies and Materials	1,000	-	1,000
500 Capital Outlay	100	-	100
127 Learning Disabilities:			
100 Salaries	951,212	751,039	200,173
200 Employee Benefits	225,236	205,643	19,593
400 Supplies and Materials	\$ 3,900	2,037	\$ 1,863

(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:			
200 Employee Benefits	\$ -	2,276	\$ (2,276)
130 Pre-School Programs:			
139 Early Childhood Programs:			
400 Supplies and Materials	10,659	8,890	1,769
140 Special Programs:			
145 Homebound:			
100 Salaries	-	33,479	(33,479)
200 Employee Benefits	-	5,166	(5,166)
300 Purchased Services	1,000	-	1,000
149 Other Special Programs:			
100 Salaries	-	380	(380)
200 Employee Benefits	-	71	(71)
Total Instruction	<u>15,284,737</u>	<u>13,223,343</u>	<u>2,061,394</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	16,147	16,147	-
200 Employee Benefits	3,690	6,330	(2,640)
300 Purchased Services	1,000	995	5
400 Supplies and Materials	400	15	385
212 Guidance Services:			
100 Salaries	489,653	450,938	38,715
200 Employee Benefits	120,463	120,487	(24)
300 Purchased Services	1,500	561	939
400 Supplies and Materials	1,400	1,249	151
213 Health Services:			
100 Salaries	60,148	43,192	16,956
200 Employee Benefits	16,115	10,632	5,483
300 Purchased Services	3,500	-	3,500
400 Supplies and Materials	5,000	559	4,441
214 Psychological Services:			
300 Purchased Services	3,200	-	3,200
400 Supplies and Materials	4,000	-	4,000
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	10,367	11,162	(795)
200 Employee Benefits	4,577	3,724	853
300 Purchased Services	1,400	124	1,276
400 Supplies and Materials	1,000	739	261
600 Other Objects	\$ 3,000	-	\$ 3,000

(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
222 Library and Media Services:			
100 Salaries	\$ 456,138	417,371	\$ 38,767
200 Employee Benefits	115,550	107,830	7,720
300 Purchased Services	37,100	20,837	16,263
400 Supplies and Materials	35,839	32,219	3,620
600 Other Objects	8,574	9,594	(1,020)
223 Supervision of Special Programs:			
200 Employee Benefits	-	6,194	(6,194)
230 General Administrative Services:			
231 Board of Education:			
200 Employee Benefits	174,300	100,899	73,401
300 Purchased Services	43,000	29,146	13,854
318 Audit Services	27,000	50,149	(23,149)
600 Other Objects	35,000	25,980	9,020
232 Office of Superintendent:			
100 Salaries	258,432	191,438	66,994
200 Employee Benefits	60,890	45,020	15,870
300 Purchased Services	5,000	10,931	(5,931)
400 Supplies and Materials	5,500	3,699	1,801
500 Capital Outlay	5,500	884	4,616
600 Other Objects	7,800	10,224	(2,424)
233 School Administration:			
100 Salaries	974,850	962,040	12,810
200 Employee Benefits	265,545	261,746	3,799
300 Purchased Services	4,000	3,560	440
400 Supplies and Materials	5,850	5,278	572
500 Capital Outlay	5,000	5,147	(147)
600 Other Objects	6,100	5,104	996
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	100,676	94,856	5,820
200 Employee Benefits	32,622	26,768	5,854
300 Purchased Services	12,500	40,585	(28,085)
400 Supplies and Materials	4,500	7,225	(2,725)
500 Capital Outlay	4,500	-	4,500
600 Other Objects	7,500	-	7,500
254 Operation and Maintenance of Plant:			
100 Salaries	650,320	690,058	(39,738)
200 Employee Benefits	250,598	243,397	7,201
300 Purchased Services	469,167	413,499	55,668
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	750,000	652,110	97,890
400 Supplies and Materials	494,919	295,337	199,582
500 Capital Outlay	9,000	-	9,000
600 Other Objects	\$ 7,500	-	\$ 7,500

(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
255 Student Transportation (State Mandated):			
100 Salaries	\$ 16,077	284,575	\$ (268,498)
200 Employee Benefits	8,107	73,554	(65,447)
300 Purchased Services	1,500	448	1,052
400 Supplies and Materials	-	36	(36)
500 Capital Outlay	2,000	12,479	(10,479)
600 Other Objects	62,000	61,852	148
256 Food Service:			
200 Employee Benefits	81,200	165,278	(84,078)
257 Internal Services:			
100 Salaries	26,157	31,614	(5,457)
200 Employee Benefits	6,979	8,328	(1,349)
300 Purchased Services	2,500	743	1,757
400 Supplies and Materials	2,500	428	2,072
500 Capital Outlay	20,000	-	20,000
600 Other Objects	3,500	3,583	(83)
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	-	1,500	(1,500)
200 Employee Benefits	-	115	(115)
300 Purchased Services	500	34	466
400 Supplies and Materials	5,000	640	4,360
500 Capital Outlay	30,000	-	30,000
263 Information Services:			
300 Purchased Services	13,000	1,926	11,074
264 Staff Services:			
100 Salaries	37,779	37,779	-
200 Employee Benefits	9,724	9,027	697
300 Purchased Services	2,000	-	2,000
400 Supplies and Materials	2,000	-	2,000
600 Other Objects	5,000	-	5,000
266 Technology and Data Processing Services:			
100 Salaries	109,803	111,229	(1,426)
200 Employee Benefits	32,599	32,532	67
300 Purchased Services	2,500	6,231	(3,731)
400 Supplies and Materials	55,000	985	54,015
500 Capital Outlay	105,000	446	104,554
600 Other Objects	3,500	45,802	(42,302)
Total Support Services	<u>6,723,255</u>	<u>6,327,143</u>	<u>396,112</u>
TOTAL EXPENDITURES	<u>\$ 22,007,992</u>	<u>19,550,486</u>	<u>\$ 2,457,506</u>

(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
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5220 Transfer from Special Revenue Fund (Excludes Indirect Cost)	\$ 78,500	-	\$ (78,500)
5230 Transfer from Special Revenue EIA Fund	3,354,415	1,638,584	(1,715,831)
5280 Transfer from Other Funds Indirect Costs	-	89,167	89,167
421-710 Transfer to Special Revenue Fund	-	(68,728)	(68,728)
423-710 Transfer to Debt Service Fund	-	(32,000)	(32,000)
425-710 Transfer to Food Service Fund	-	(393,678)	(393,678)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,432,915</u>	<u>1,233,345</u>	<u>(2,199,570)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	790,482	790,482
FUND BALANCE, Beginning of Year	2,663,812	2,663,812	-
Prior Period Adjustment	(300,749)	(300,749)	-
FUND BALANCE, Beginning of Year, Restated	<u>2,363,063</u>	<u>2,363,063</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 2,363,063</u>	<u>3,153,545</u>	<u>\$ 790,482</u>

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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		
1900 Other Revenue from Local Sources:		
1930 Medicaid	\$ -	-
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:		
3110 Occupational Education:		
3120 General Education:		
3121 EAA Summer School/Comprehensive Remediation	-	-
3122 Increase High School Diploma Requirements	-	-
3123 EAA Alternative Schools Program	-	-
3125 Career and Technology Education Equipment	-	-
3126 Refurbishment of K-8 Science Kits	-	-
3129 EAA Reduce Class Size Grades 1-3	-	-
3130 Special Programs:		
3135 Preschool Program for Children with Disabilities	-	-
3150 Adult Education:		
3151 Basic	-	-
3152 Literacy	-	-
3190 Miscellaneous Restricted State Grants:		
3191 Excellence in Middle Schools	-	-
3192 School Safety Officers	-	-
3193 Education License Plates	-	-
3198 School Technology Initiative	-	-
3199 Other Restricted State Grants	-	-
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	-	-
3607 6-8 Enhancement	-	-
3610 K-5 Enhancement	-	-
3699 Other State Lottery Programs	\$ -	-

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
-	-	-	-	-	133,941	\$ 133,941
-	-	-	-	-	133,941	133,941
-	-	-	-	-	150,960	150,960
-	-	-	-	-	150,960	150,960
-	-	-	-	194,131	-	194,131
-	-	-	-	125,408	-	125,408
-	-	-	-	109,355	-	109,355
-	-	-	-	56,890	-	56,890
-	-	-	-	14,140	-	14,140
-	-	-	-	209,954	-	209,954
-	-	-	-	55,229	-	55,229
-	-	-	-	129,155	-	129,155
-	-	-	-	48,539	-	48,539
-	-	-	-	36,632	-	36,632
-	-	-	-	101,800	-	101,800
-	-	-	-	1,567	-	1,567
-	-	-	-	43,269	-	43,269
-	-	-	-	-	776	776
-	-	-	-	72,422	-	72,422
-	-	-	-	68,988	-	68,988
-	-	-	-	37,166	-	37,166
-	-	-	-	9,312	-	9,312
-	-	-	-	9,405	-	9,405
-	-	-	-	285,724	-	285,724
-	-	-	-	3,296	-	\$ 3,296

(Continued)

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	\$ -	-
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>
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	762,541	-
4331 Enhancing Education through Technology (E2T2), Title II	-	-
4340 Promoting Informed Parental Choice and Innovative Education		
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-
4351 Improving Teacher Quality	-	-
4390 Other ESEA Revenue	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA)	-	857,798
4520 Pre-School Grants	-	-
4900 Other Federal Sources:		
4920 Drug and Violence Prevention, Title IV	-	-
4924 21st Century Community Learning Centers Grants, Title IV	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>762,541</u>	<u>857,798</u>
TOTAL REVENUE ALL SOURCES	<u>762,541</u>	<u>857,798</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	57,994	-
200 Employee Benefits	23,695	-
300 Purchased Services	\$ 4,800	-

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
-	-	-	-	8,914	-	\$ 8,914
-	-	-	-	-	12,002	12,002
-	-	-	-	1,621,296	12,778	1,634,074
-	69,577	-	-	-	-	69,577
-	-	-	-	-	-	762,541
-	-	-	-	-	20,957	20,957
-	-	-	-	-	10,473	10,473
-	-	-	-	-	169,476	169,476
-	-	-	-	-	19,183	19,183
-	-	-	49,778	-	-	49,778
-	-	-	-	-	8,058	865,856
58,841	-	-	-	-	-	58,841
-	-	22,335	-	-	-	22,335
-	-	-	-	-	75,000	75,000
-	-	-	-	-	107,954	107,954
58,841	69,577	22,335	49,778	-	411,101	2,231,971
58,841	69,577	22,335	49,778	1,621,296	708,780	4,150,946
-	-	-	-	-	-	57,994
-	-	-	-	-	-	23,695
-	-	-	-	-	-	\$ 4,800

(Continued)

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)
112 Primary Programs:		
100 Salaries	\$ 327,011	-
200 Employee Benefits	94,533	-
300 Purchased Services	3,521	-
400 Supplies and Materials	89,329	-
500 Capital Outlay	2,284	-
113 Elementary Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
114 High School Programs:		
100 Salaries	45,617	-
200 Employee Benefits	13,549	-
400 Supplies and Materials	8,738	-
115 Vocational Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	65,406
200 Employee Benefits	-	16,506
300 Purchased Services	-	907
400 Supplies and Materials	-	14,686
122 Trainable Mentally Handicapped:		
100 Salaries	-	50,606
200 Employee Benefits	-	15,062
300 Purchased Services	-	4,306
400 Supplies and Materials	-	6,668
123 Orthopedically Handicapped:		
100 Salaries	-	6,673
200 Employee Benefits	-	3,341
300 Purchased Services	-	4,943
400 Supplies and Materials	\$ -	1,089

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
-	-	-	-	236,394	107,470	\$ 670,875
-	-	-	-	71,001	30,856	196,390
-	-	-	-	-	30,480	34,001
-	-	-	-	18,451	18,126	125,906
-	-	-	-	1,567	-	3,851
-	-	-	-	51,610	-	51,610
-	-	-	-	9,712	-	9,712
-	-	-	-	19,398	-	19,398
-	-	-	-	1,929	1,248	3,177
-	-	-	-	8,183	-	8,183
-	-	-	-	160,639	-	206,256
-	-	-	-	37,992	-	51,541
-	-	-	-	5,671	4,028	18,437
-	6,000	-	-	21,065	-	27,065
-	-	-	-	6,941	-	6,941
-	31,093	-	-	1,501	-	32,594
-	5,000	-	-	56,890	-	61,890
-	-	-	-	-	-	65,406
-	-	-	-	-	-	16,506
-	-	-	-	-	-	907
-	-	-	-	-	1,033	15,719
-	-	-	-	-	-	50,606
-	-	-	-	-	-	15,062
-	-	-	-	-	-	4,306
-	-	-	-	-	-	6,668
-	-	-	-	-	-	6,673
-	-	-	-	-	-	3,341
-	-	-	-	-	-	4,943
-	-	-	-	-	-	\$ 1,089

(Continued)

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)
124 Visually Handicapped:		
400 Supplies and Materials	\$ -	2,950
125 Hearing Handicapped:		
100 Salaries	-	4,894
200 Employee Benefits	-	2,606
400 Supplies and Materials	-	1,253
126 Speech Handicapped:		
300 Purchased Services	-	2,999
400 Supplies and Materials	-	15,762
127 Learning Disabilities:		
100 Salaries	-	51,476
200 Employee Benefits	-	15,226
300 Purchased Services	-	29,795
400 Supplies and Materials	-	47,394
128 Emotionally Handicapped:		
100 Salaries	-	43,704
200 Employee Benefits	-	9,973
300 Purchased Services	-	21,979
400 Supplies and Materials	-	442
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	6,021
200 Employee Benefits	-	7,401
300 Purchased Services	-	-
400 Supplies and Materials	-	488
140 Special Programs:		
149 Other Special Programs:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
160 Other Exceptional Programs:		
161 Autism:		
400 Supplies and Materials	-	1,366
170 Summer School Programs:		
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
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
-	-	-	-	-	-	\$ 2,950
-	-	-	-	-	-	4,894
-	-	-	-	-	-	2,606
-	-	-	-	-	-	1,253
-	-	-	-	-	-	2,999
-	-	-	-	-	-	15,762
-	-	-	-	-	-	51,476
-	-	-	-	-	-	15,226
-	-	-	-	-	-	29,795
-	-	-	-	-	515	47,909
-	-	-	-	-	-	43,704
-	-	-	-	-	-	9,973
-	-	-	-	-	-	21,979
-	-	-	-	-	-	442
11,439	-	-	-	29,365	106,512	153,337
3,432	-	-	-	7,054	16,027	33,914
2,664	-	-	-	3,100	-	5,764
30,119	-	-	-	14,771	-	45,378
-	-	-	-	-	3,501	3,501
-	-	-	-	-	6,972	6,972
-	-	-	-	-	-	1,366
-	-	-	-	101,524	39,204	140,728
-	-	-	-	19,122	7,361	26,483
-	-	-	-	4,987	1,327	6,314
-	-	-	-	22,624	4,806	27,430
-	-	-	-	7,763	-	\$ 7,763

(Continued)

**ABBEVILLE COUNTY SCHOOL DISTRICT
 ABBEVILLE, 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)
	<u> </u>	<u> </u>
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
Total Instruction	<u>671,071</u>	<u>455,922</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	3,800
400 Supplies and Materials	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	3,250
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	2,922
400 Supplies and Materials	-	5,041
214 Psychological Services:		
100 Salaries	-	90,635
200 Employee Benefits	-	23,754
300 Purchased Services	-	16,294
400 Supplies and Materials	\$ -	10,053

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
-	-	-	26,921	34,717	-	\$ 61,638
-	-	-	2,557	9,120	-	11,677
-	-	-	-	1,651	-	1,651
-	-	-	3,106	4,246	-	7,352
-	-	-	4,000	-	-	4,000
-	-	-	5,640	11,834	-	17,474
-	-	-	1,002	754	-	1,756
-	-	-	-	18,636	-	18,636
-	-	-	4,000	3,691	-	7,691
-	-	-	-	1,253	-	1,253
<u>47,654</u>	<u>42,093</u>	<u>-</u>	<u>47,226</u>	<u>1,005,156</u>	<u>379,466</u>	<u>2,648,588</u>
-	-	2,700	-	-	22,277	24,977
-	-	-	-	-	6,144	6,144
6,694	-	-	-	-	-	10,494
-	-	19,635	-	-	-	19,635
-	24,000	-	-	-	-	24,000
-	-	-	-	-	-	-
-	-	-	-	-	-	3,250
-	-	-	-	26,759	-	26,759
-	-	-	-	9,873	-	9,873
-	-	-	-	-	133,941	136,863
-	-	-	-	-	-	5,041
-	-	-	-	-	-	90,635
-	-	-	-	-	-	23,754
-	-	-	-	-	-	16,294
-	-	-	-	-	-	\$ 10,053

(Continued)

**ABBEVILLE COUNTY SCHOOL DISTRICT
 ABBEVILLE, 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)
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	17,798	23,904
400 Supplies and Materials	14,930	3,305
500 Capital Outlay	-	-
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	32,602	150,865
200 Employee Benefits	8,926	38,585
300 Purchased Services	2,960	5,176
400 Supplies and Materials	965	15,106
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	8,552
300 Purchased Services	-	-
400 Supplies and Materials	-	-
230 General Administration Services:		
232 Office of the Superintendent:		
300 Purchased Services	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
254 Operation and Maintenance of Plant:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	634
258 Security:		
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
-	-	-	-	76,633	-	\$ 76,633
-	-	-	-	17,874	447	18,321
-	-	-	-	17,132	783	59,617
-	-	-	-	141,951	82,695	242,881
-	-	-	-	53,729	-	53,729
-	-	-	-	-	8,054	8,054
-	-	-	-	70,292	8,526	262,285
-	-	-	-	15,028	1,562	64,101
-	-	-	-	11,922	157	20,215
-	-	-	2,552	2,024	13,464	34,111
-	-	-	-	-	-	8,552
-	-	-	-	7,703	8,268	15,971
-	-	-	-	8,628	18,412	27,040
-	3,484	-	-	-	-	3,484
-	-	-	-	-	1,790	1,790
-	-	-	-	-	327	327
-	-	-	-	1,053	-	1,053
-	-	-	-	81	-	81
-	-	-	-	306	-	306
-	-	-	-	5,998	(1)	5,997
-	-	-	-	1,101	-	1,101
-	-	-	-	-	163	797
-	-	-	-	101,618	-	101,618
-	-	-	-	182	-	\$ 182

(Continued)

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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:		
300 Purchased Services	\$ -	-
600 Other Objects	-	-
Total Support Services	<u>78,181</u>	<u>401,876</u>
300 Community Services:		
350 Custody and Care of Children:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
Total Community Services	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>749,252</u>	<u>857,798</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
5210 Transfer from General Fund (Exclude Indirect Costs)	-	-
420-710 Transfer to General Fund (Exclude Indirect Costs)	-	-
422-710 Transfer to Special Revenue EIA Fund	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(13,289)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,289)</u>	<u>-</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
3,554	-	-	-	-	-	\$ 3,554
-	-	-	-	1,125	10,303	11,428
<u>10,248</u>	<u>27,484</u>	<u>22,335</u>	<u>2,552</u>	<u>571,012</u>	<u>317,312</u>	<u>1,431,000</u>
-	-	-	-	-	21,663	21,663
-	-	-	-	-	3,080	3,080
-	-	-	-	-	176	176
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,919</u>	<u>24,919</u>
<u>57,902</u>	<u>69,577</u>	<u>22,335</u>	<u>49,778</u>	<u>1,576,168</u>	<u>721,697</u>	<u>4,104,507</u>
-	-	-	-	55,811	12,917	68,728
(939)	-	-	-	(939)	-	(1,878)
-	-	-	-	(100,000)	-	(100,000)
-	-	-	-	-	-	(13,289)
<u>(939)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,128)</u>	<u>12,917</u>	<u>(46,439)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</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	High School Diploma Credit
905	Career Technology Education Equipment
908	Refurbishment of K-8 Science Kits
911	School Technology Initiative
912	K5 Field Experience
914	Adult Education- Literacy
916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
917	Preschool Programs for Children with Disabilities
919	Education License Plates
921	Adult Education Basic Includes Workforce Initiative)
923	EAA Alternative Schools Program
929	EAA Reduce Class Size Grades 1-3
931/932	EAA Summer School/Comprehensive Remediation
933	School Safety Officers
934	Excellence in Middle Schools
960	K-5 Enhancement
961	EAA Teacher Specialist/Curriculum Specialist(District Instruction Facilitator
963	EAA Homework Center Awards
964	EAA Retraining Funds
965	Palmetto Gold & Silver Awards
967	6-8 Enhancement
969	Teacher Specialist Supplies

OTHER SPECIAL REVENUE PROGRAMS

212	Personnel Development - IDEA
214	Capacity Building - IDEA
224	Alternative School
244	State Program Improvement
253	Title II - Ed Tech
256	Medicaid
259	Title V
263	First Steps
264	Title III - English Language Acquisition
267	Improving Teacher Quality
289	21st Century Learning Grant
850	SAT Improvement

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	\$ 125,408	125,408	-	-	\$ 16,795
905	3125	Career and Technology Education Equipment	56,890	56,890	-	-	-
908	3126	Refurbishment of K-8 Science Kits	14,140	14,140	-	-	-
911	3198	School Technology Initiative	43,269	43,269	-	-	-
912	3699	K5 Field Experience	3,296	3,296	-	-	404
914	3152	Adult Education - Literacy	48,539	48,539	-	-	5,782
916	3991	ADEPT (Assisting, Developing and Evaluating	8,914	8,914	-	-	7,467
917	3135	Preschool Programs for Children with Disabilities	55,229	54,290	-	(939)	2,643
919	3193	Education License Plates	1,567	1,567	-	-	-
921	3151	Adult Education - Basic	129,155	129,155	-	-	15,784
923	3123	EAA Alternative Schools Program	109,355	109,355	-	-	10,709
929	3129	EAA Reduce Class Size Grades 1-3	209,954	265,765	-	55,811	-
931/932	3121	EAA Summer School/Comprehensive Remediation	194,131	94,131	-	(100,000)	-
933	3192	School Safety Officer	101,800	101,800	-	-	7,922
934	3191	Excellence in Middle Schools	36,632	36,632	-	-	-
960	3610	K-5 Enhancement	285,724	285,724	-	-	18,829
961	3601	EAA Teacher Specialist/Curriculum Specialist (District Instruction Facilitator	72,422	72,422	-	-	-
963	3603	EAA Homework Center Awards	68,988	68,988	-	-	2,529
964	3604	EAA Retraining Awards	37,166	37,166	-	-	3,187
965	3605	EAA Palmetto Gold and Silver Awards	9,312	9,312	-	-	3,924
967	3607	6-8 Enhancement	9,405	9,405	-	-	1,295
969	3699	Teacher Specialist Supplies	-	-	-	-	20,800
Totals			\$ 1,621,296	1,576,168	-	(45,128)	\$ 118,070

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	ACTUAL
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3507 School Innovation Funds	\$ 108,146
3513 Parenting/Family Literacy	64,956
3515 Advanced Placement Courses	1,764
3520 Gifted and Talented - Academic	124,193
3522 Gifted and Talented - Artistic	30,242
3523 Junior Scholars Program	322
3527 Critical Teaching Needs	3,258
3529 EAA Retraining Grant	10,822
3530 Trainable & Profoundly Mentally Disabled Student Services	46,906
3532 National Board Certification (NBC) Salary Supplement	369,125
3533 Teacher of the Year Awards	1,000
3534 Professional Development on Standards	58,832
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	150,341
3546 Academic Assistance K-3	505,130
3548 Academic Assistance 4-12	425,866
3550 Teacher Salary Increase	1,381,605
3553 Adult Education - Remedial	5,142
3555 School Employer Contributions	256,979
3570 Intervention and Assistance	15,126
3575 Competitive Teacher Grants	51,319
3577 Teacher Supplies	57,600
3582 Principal Salary/Fringe Increase	17,381
3588 Palmetto Gold & Silver	937
3590 Reallocation of EIA Funds (School Building)	10,297
3592 School-to-Work Transition Act	22,212
3595 EAA Homework Center Awards (Unsatisfactory Schools)	20,789
3598 Bus Driver Salary Supplement	2,583
Total Revenue from State Sources	3,742,873
 TOTAL REVENUE ALL SOURCES	 3,742,873

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	18,750
200 Employee Benefits	3,488
300 Purchased Services	2,250
400 Supplies and Materials	\$ 66,261

(Continued)

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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	\$ 271,805
200 Employee Benefits	96,157
400 Supplies and Materials	73,487
113 Elementary Programs:	
100 Salaries	161,064
200 Employee Benefits	41,844
300 Purchased Services	1,500
400 Supplies and Materials	43,105
500 Capital Outlay	1,495
600 Other Objects	322
114 High School Programs:	
100 Salaries	188,444
200 Employee Benefits	45,389
400 Supplies and Materials	28,102
500 Capital Outlay	1,024
115 Vocation Programs:	
100 Salaries	37,500
200 Employee Benefits	6,975
400 Supplies and Materials	4,737
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	800
122 Trainable Mentally Handicapped:	
100 Salaries	20,244
200 Employee Benefits	12,679
300 Purchased Services	339
400 Supplies and Materials	14,244
126 Speech Handicapped:	
400 Supplies and Materials	800
127 Learning Disabilities:	
100 Salaries	15,000
200 Employee Benefits	2,790
400 Supplies and Materials	3,800
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	100,431
200 Employee Benefits	33,909
400 Supplies and Materials	\$ 16,801

(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	\$ 82,923
200 Employee Benefits	19,335
300 Purchased Services	2,745
500 Capital Outlay	18,956
600 Other Objects	234
143 Advanced Placement:	
400 Supplies and Materials	1,764
148 Gifted and Talented - Artistic:	
100 Salaries	24,564
200 Employee Benefits	5,678
170 Summer School Programs:	
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	13,142
200 Employee Benefits	1,952
300 Purchased Services	1,023
400 Supplies and Materials	5,269
500 Capital Outlay	14,702
180 Adult/Continuing Educational Programs:	
187 Adult Education - Remedial:	
500 Capital Outlay	5,142
188 Parenting/Family Literacy:	
100 Salaries	41,235
200 Employee Benefits	13,150
300 Purchased Services	3,999
400 Supplies and Materials	1,063
Total Instruction	<u>1,572,412</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	2,400
213 Health Services:	
100 Salaries	26,781
200 Employee Benefits	8,910
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	148,306
200 Employee Benefits	31,873
300 Purchased Services	88,892
400 Supplies and Materials	13,240
500 Capital Outlay	\$ 88,324

(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>
222 Library and Media:	
100 Salaries	\$ 22,500
200 Employee Benefits	4,159
400 Supplies and Materials	2,000
223 Supervision of Special Programs:	
100 Salaries	22,212
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	2,753
200 Employee Benefits	505
300 Purchased Services	4,451
400 Supplies and Materials	133,957
233 School Administration:	
100 Salaries	14,655
200 Employee Benefits	2,726
250 Finance and Operations Services:	
254 Operation and Maintenance of Plant:	
500 Capital Outlay	10,297
255 Student Transportation (State Mandated):	
100 Salaries	2,178
200 Employee Benefits	405
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
600 Other Objects	353
Total Support Services	<u>631,877</u>
TOTAL EXPENDITURES	<u>2,204,289</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5220 Transfer from Special Revenue Fund	100,000
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,638,584)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,538,584)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<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	\$ 108,146	108,146	-	-	\$ 27,244
3513 Parenting/Family Literacy	64,956	64,956	-	-	18,247
3515 Advanced Placement Courses	1,764	1,764	-	-	6,054
3517 Advanced Placement - Singleton (Subfund 315)	-	-	-	-	960
3520 Gifted and Talented - Academic	124,193	124,193	-	-	911
3522 Gifted and Talented - Artistic	30,242	30,242	-	-	-
3523 Junior Scholars Programs	322	322	-	-	-
3527 Critical Teaching Needs	3,258	3,258	-	-	-
3529 EAA Retraining Grant	10,822	10,822	-	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services	46,906	46,906	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carry Over)	369,125	369,125	-	-	-
3533 Teacher of the Year Awards	1,000	1,000	-	-	-
3534 Professional Development on Standards	58,832	58,832	-	-	8,900
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	150,341	150,341	-	-	-
3546 Academic Assistance K-3	505,130	555,130	-	50,000	52,383
3548 Academic Assistance 4-12	425,866	475,866	-	50,000	50,484
3550 Teacher Salary Increase	1,381,605	-	-	(1,381,605)	-
3553 Adult Education - Remedial	5,142	5,142	-	-	1,134
3555 School Employer Contributions	256,979	-	-	(256,979)	-
3570 Intervention and Assistance	15,126	15,126	-	-	-
3575 Competitive Teacher Grants	51,319	51,319	-	-	-
3577 Teacher Supplies	57,600	57,600	-	-	-
3582 Principal Salary/Fringe Increase	17,381	17,381	-	-	-
3588 EAA Palmetto Gold and Silver Awards	937	937	-	-	-
3590 Reallocation of EIA Funds (School Building)	10,297	10,297	-	-	59,964
3592 School-to-Work Transition Act	22,212	22,212	-	-	-
3595 EAA Homework Center Awards	20,789	20,789	-	-	3,854
3598 Bus Driver Salary Supplement	2,583	2,583	-	-	-
Totals	\$ 3,742,873	2,204,289	-	(1,538,584)	\$ 230,135

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION

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>
Critical Teaching Needs	EIA	3527/327	Unexpended Funds	\$ 7	Paid After Year-End
National Board Salary Supplement	EIA	3532/332	Unexpended Funds	17	Paid After Year-End
Teacher of the Year	EIA	3533/333	Unexpended Funds	77	Paid After Year-End
Competitive Teacher Grants	EIA	3575/375	Unexpended Funds	8,014	Paid After Year-End
Total				\$ 8,115	

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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)	\$ 1,330,537
1140 Penalties & Interest on Taxes (Independent)	94,689
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	85,438
1500 Earnings on Investments:	
1510 Interest on Investments	1,677
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	24,164
Total Revenue from Local Sources	<u>1,536,505</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	120,398
3840 Manufacturers Depreciation Reimbursement	55,939
Total Revenue from State Sources	<u>176,337</u>
TOTAL REVENUE ALL SOURCES	<u>1,712,842</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	1,280,000
620 Interest	568,474
690 Other Objects (Includes Fees for Servicing Bonds)	16,138
Total Debt Service	<u>1,864,612</u>
TOTAL EXPENDITURES	<u>1,864,612</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund	32,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>32,000</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(119,770)
FUND BALANCE, Beginning of Year	<u>522,731</u>
FUND BALANCE, End of Year	<u>\$ 402,961</u>

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
REVENUES	
TOTAL REVENUE ALL SOURCES	<u>\$ -</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	13,152
500 Capital Outlay:	
520 Construction Services	379,939
540 Equipment	1,377
Total Support Services	<u>394,468</u>
TOTAL EXPENDITURES	<u>394,468</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	393,678
TOTAL OTHER FINANCING SOURCES (USES)	<u>393,678</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(790)
FUND BALANCE, Beginning of Year	<u>790</u>
FUND BALANCE, End of Year	<u><u>\$ -</u></u>

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 60
1600 Food Service:	
1610 Lunch Sales to Pupils	246,372
1620 Breakfast Sales to Pupils	22,256
1630 Special Sales to Pupils	75,071
1640 Lunch Sales to Adults	57,190
1650 Breakfast Sales to Adults	2,653
1660 Special Sales to Adults	6,705
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	11,628
Total Revenue from Local Sources	<u>421,935</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	3,538
Total Revenue from State Sources	<u>3,538</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	823,896
4830 School Breakfast Program	290,092
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	119,432
Total Revenue from Federal Sources	<u>1,233,420</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 1,658,893</u>

(Continued)

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2005

EXPENSES

256 Food Service:	
100 Salaries	\$ 545,627
200 Employee Benefits	55,673
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	9,702
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	720,432
500 Capital Outlay	53,460
600 Other Objects	32,974
Total Food Services	<u>1,417,868</u>
 TOTAL EXPENSES	 <u>1,417,868</u>

OTHER FINANCING SOURCES (USES)

Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(74,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(74,000)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	167,025
FUND NET ASSETS, Beginning of Year	<u>194,036</u>
FUND NET ASSETS, End of Year	<u>\$ 361,061</u>

PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 360,309
1720 Bookstore Sales	74,118
1730 Pupil Organization Membership Dues and Fees	175,859
1790 Other	272,845
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	10,917
1999 Revenue from Other Local Sources	95,619
Total Receipts from Local Sources	<u>989,667</u>
TOTAL RECEIPTS ALL SOURCES	<u>989,667</u>
 DISBURSEMENTS	
190 Instructional Pupil Activity:	
660 Pupil Activity	126,188
Total Instruction	<u>126,188</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
660 Pupil Activity	664,953
272 Enterprise Activities:	
660 Pupil Activity	226,613
Total Support	<u>891,566</u>
TOTAL DISBURSEMENTS	<u>1,017,754</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(28,087)
 DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>198,618</u>
 DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 170,531</u>

ABBEVILLE COUNTY SCHOOL DISTRICT
 ABBEVILLE, 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	\$ 119,432
600	National School Breakfast Program	10.553	N/A	290,092
600	National School Lunch Program	10.555	N/A	823,896
Total Passed Through State Department of Education				<u>1,233,420</u>
Direct Program:				
100	Schools and Roads - Grants to Counties	10.666	N/A	<u>77,287</u>
Total US Department of Agriculture				<u>1,310,707</u>
US Department of Education				
Pass-through State Department of Education:				
202	Title I	84.010	05-BA064	762,541
Individuals with Disabilities Education Act				
204	Special Education--Grants to States	84.027	05-CA064	857,798
214	IDEA Capacity Building	84.027A	05-CR064	2,335
212	Personnel Development	84.027A	05-CO064	5,723
Total 84.027				<u>865,856</u>
205	Special Education--Preschool Grants	84.173	05-CG064	58,841
207	Occupational Education	84.048	05-VA064	69,577
209	Safe and Drug Free Schools and Communities	84.186	05-FQ064	22,335
243	Adult Education - State - Administered Basic Grant Program	84.002	05-EA064	49,778
244	State Program Improvement	84.323A	N/A	10,825
253	Title II - Ed Tech	84.318	05-ET064	20,957
259	ESEA Title V - Part A	84.299	05-BB064	19,183
264	Title III - English Language Acquisition	84.365A	05-BP001	10,473
267	Improving Teacher Quality	84.367A	05-TQ064	169,476
Total Passed Through State Department of Education				<u>2,059,842</u>
Direct Program:				
224	21st Century Learning	84.287C	05-CL058	75,000
289	21st Century Chalkboards	84.287	R287A980806	97,129
Total Direct Programs				<u>172,129</u>
Total US Department of Education				<u>2,231,971</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u><u>\$ 3,542,678</u></u>

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

**ABBEVILLE COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
ABBEVILLE, 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 Abbeville County School District , 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 General Fund and 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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Abbeville County School District
Abbeville, 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 Abbeville County School District, South Carolina (the "School District") as of and for the year ended June 30, 2005, which collectively comprise Abbeville County School District's basic financial statements and have issued our report thereon dated December 7, 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 financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as Finding 2005-1.

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, 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 December 7, 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
December 7, 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
Abbeville County School District
Abbeville, South Carolina

Compliance

We have audited the compliance of the Abbeville County School District, Abbeville, South Carolina (the "School District") with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 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.

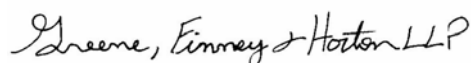
In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

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 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Greene, Finney & Horton, LLP
December 7, 2005

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2005

FINDINGS – 2004 FINANCIAL STATEMENTS AUDIT

2004-1: LACK OF SEGREGATION OF DUTIES

- Condition:** The School District does not have adequate segregation of duties over its financial procedures and processes. We noted the following specific areas:
1. There are no clearly-defined job descriptions for the Finance Director or other accounting personnel.
 2. The Accounts Payable clerk is responsible for adding new vendors, processing vendor invoices for payment, printing the checks, signing the checks using the signature stamp, posting transactions to the general ledger and reconciling the bank statement. In addition, she has inquiry access to payroll data.
 3. The Payroll clerk has the ability to add employees and update the employee data on the system. She is also responsible for processing the monthly payroll, printing the payroll checks, signing the checks, posting transactions to the general ledger and reconciling the bank statement.
 4. The Finance Director is responsible for inputting employment data on new employees.
 5. The Finance Director has the Administrator function for CSI, the software package that the School District is using. She is responsible for maintaining passwords and controlling access to the various CSI modules
- Criteria:** Adequate segregation of duties is necessary to assist in preventing and detecting fraud, errors and irregularities.
- Status:** The School District has taken appropriate corrective actions on most of the above conditions.. However, the Finance Director is still responsible for inputting employment data on new employees and the payroll clerk has the ability to update employee data on the system. These conditions are mitigated by the fact that Personnel reviews and monitors the employee data and payroll information on a regular basis.

2004-2: LACK OF MANAGEMENT REVIEW OR MONITORING

- Condition:** The School district does not have adequate review or monitoring processes in place over its accounting and financial reporting functions. We noted the following specific areas:
1. No one, including Finance Department personnel, reviews or monitors the general ledger.
 2. Inadequate information is provided to the Superintendent and / or the Board of Trustees.
 3. No bank reconciliations have been completed on any of the School District's bank accounts since June 30, 2003, when the predecessor auditor prepared them during his audit.
 4. No reconciliations have been prepared on the other balance sheet accounts for the School District, including Cash Held by the County Treasurer, Property Taxes Receivable, Fund Balances, Due to – Due From balances and other accounts, since June 30, 2003.
 5. There is no evidence of review and approval of accounts payable batches or payroll batches before they are processed. In addition, we noted a number of cash transactions (both deposits and disbursements) that had not been recorded.
 6. The County Treasurer holds the majority of the School District's cash. The School District obtains funds as needed by presenting a "County Claim" form to the County. The book of uncompleted County Claim forms are signed by the Board of Trustees and the Superintendent around the beginning of the school year and are maintained in the finance offices. These forms are completed by the Accounts Payable or Payroll clerks when funds are needed for the payment of vendor invoices or payroll. There is no evidence of review or approval of the completed form by the Superintendent or Finance Director prior to being submitted to the County Treasurer.
 7. Audit adjusting entries for the prior two years had not been recorded in the general ledger.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2005

FINDINGS – 2004 FINANCIAL STATEMENTS AUDIT (CONTINUED)

2004-2: LACK OF MANAGEMENT REVIEW OR MONITORING (CONTINUED)

Status: The School District has taken appropriate corrective actions on most of the above conditions. However, the bank reconciliation for Food Services was not performed as of June 30, 2005 when we began our audit. The School District has improved its procedures and controls in this area subsequent to year end.

2004-3: DEBT SERVICE FUND AND PUPIL ACTIVITY FUND

Condition: The School District had not set up a Debt Service Fund or a Pupil Activity Fund in the general ledger. Consequently, the School District's debt service transactions on its bonded indebtedness and related tax revenues and expenditures have not been reflected in the School District's ledgers and interim internal financial reports. In addition, the School District acts in the capacity as a fiduciary agent for the various pupil activity accounts at the schools. The transactions for these accounts have not been reflected in the School District's ledgers and interim internal financial reports.

Criteria: An up to date chart of accounts and listing of funds should be established in order to ensure that all School District transactions are being recorded timely and accurately.

Status: The School District has taken appropriate corrective actions on the above conditions.

2004-4: GRANT ADMINISTRATION, MONITORING AND REVIEW

Condition: The School District's process for monitoring its grants needs to be improved. We noted that there currently is not a process in place to ensure that claims are being submitted on a timely basis, that revenues are being recorded properly and that expenditures are being reviewed on a timely basis.

Criteria: The School District has a large number of state and federal grants with their own set of requirements. The specific requirements need to be reviewed and monitored to ensure compliance.

Status: The School District has taken appropriate corrective actions on the above conditions.

FINDINGS AND QUESTIONED COSTS – 2004 MAJOR FEDERAL AWARDS PROGRAMS AUDIT

Major Program

Questioned Costs

**Federal Agency: US Department of Agriculture
Pass-Through Agency: South Carolina Department of Education
Food Distribution - CFDA # 10.550, National School Breakfast Program - CFDA # 10.553; and
National School Lunch Program - CFDA # 10.555**

2004-5: THE DISCUSSION FOR FINDINGS 2004-1 AND 2004-2 ALSO APPLY TO THIS MAJOR PROGRAM

\$ _____ -

Status: The School District has taken appropriate corrective actions on the above conditions.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2005

**FINDINGS AND QUESTIONED COSTS – 2004 MAJOR FEDERAL AWARDS PROGRAMS AUDIT
(CONTINUED)**

Major Program

Questioned Costs

**Federal Agency: US Department of Agriculture
Pass-Through Agency: South Carolina Department of Education
Food Distribution - CFDA # 10.550, National School Breakfast Program - CFDA # 10.553; and
National School Lunch Program - CFDA # 10.555**

2004-6: LACK OF SEGREGATION OF DUTIES IN FOOD SERVICES

Condition: In reviewing internal controls for Food Services, we noted that the School District does not have adequate segregation of duties as the Food Services Director is responsible for setting up new vendors and entering vendor invoices in the accounts payable system. \$ _____ -

Criteria: Adequate segregation of duties is necessary to assist in preventing and detecting fraud, errors and irregularities.

Status: The School District has taken appropriate corrective actions on the above conditions.

2004-7: NONCOMPLIANCE WITH USDA AND STATE DEPARTMENT OF EDUCATION (SDE) REGULATIONS

Condition: The School District has not complied with USDA and SDE regulations regarding grants and reimbursements related to food services. \$ _____ -

Criteria: The School District is to comply with the following regulations a required by the Office of Management and Budgets:
1. Food with minimal nutrition value (FMNV) should not be sold or consumed in food service areas.
2. Capital asset activity should be recorded and monitored on a timely basis.
3. USDA commodities should be accounted for when used.

Status: The School District has taken appropriate corrective actions on the above conditions.

Major Program

**Federal Agency: US Department of Education
Pass-Through Agency: South Carolina Department of Education
IDEA - CFDA # 84.027**

2004-8: THE DISCUSSION FOR FINDINGS 2004-1, 2004-2 AND 2004-4 ALSO APPLY TO THIS MAJOR PROGRAM

\$ _____ -

Status: The School District has taken appropriate corrective actions on the above conditions.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2005

**FINDINGS AND QUESTIONED COSTS – 2004 MAJOR FEDERAL AWARDS PROGRAMS AUDIT
(CONTINUED)**

Major Program

Questioned Costs

**Federal Agency: US Department of Education
Pass-Through Agency: South Carolina Department of Education
IDEA - CFDA # 84.027**

2004-9: NONCOMPLIANCE WITH USDE AND SDE REGULATIONS

Condition: The School District has not complied with USDE and SDE regulations regarding grants and reimbursements related to IDEA. \$ _____ -

Criteria: The School District is to comply with the following regulations as required by the Office of Management and Budgets:
1. Reimbursement claims are to be timely filed.
2. Testing for eligibility is to be performed in accordance with the grant and appropriate documentation is to be maintained.

Status: The School District has taken appropriate corrective actions on the above conditions.

Major Program

**Federal Agency: US Department of Education
Pass-Through Agency: South Carolina Department of Education
TITLE I - CFDA # 84.010**

2004-10: THE DISCUSSION FOR FINDINGS 2004-1, 2004-2 AND 2004-4 ALSO APPLY TO THIS MAJOR PROGRAM

\$ _____ -

Status: The School District has taken appropriate corrective actions on the above conditions.

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, 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 X No

Reportable condition(s) identified that are not considered to be material weaknesses? X Yes _____

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X 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 X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.550	Commodities
10.553	School Breakfast Program
10.555	School Lunch Program
84.027	IDEA
84.010	Title I

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

Auditee qualified as low-risk auditee? _____ Yes X No

**ABBEVILLE COUNTY SCHOOL DISTRICT
ABBEVILLE, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2005

Section II - Findings - 2005 Financial Statements Audit

2005-1: Lack of Preparation of Bank Reconciliation for a Food Service Account

- Condition:** The School District did not reconcile a bank account for its Food Services fund as of June 30, 2005. In addition, certain transactions involving sales of meals had not been recorded on the general ledger during the year ended June 30, 2005. These transactions did not involve USDA reimbursements.
- Criteria:** In order to ensure that transactions are recorded timely and accurately, the School District should reconcile all bank accounts on a regular basis.
- Effect:** Transactions were not being recorded properly or timely.
- Recommendation:** We recommend that the School District reconcile all bank accounts on a timely and regular basis (monthly).
- Response:** Subsequent to year end, the School District has improved controls in this area and this account is now being reconciled on a timely and regular basis.

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

NONE