

**BERKELEY COUNTY SCHOOL DISTRICT,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

**BERKELEY COUNTY SCHOOL DISTRICT,
SOUTH CAROLINA**

PRINCIPLE OFFICIALS

YEAR ENDED JUNE 30, 2004

Established in 1948

Board of Trustees

Harriett Dangerfield, Chairperson

Frank Wright, Vice-Chairperson

Kathleen Bounds, Secretary

Carolyn Lewis

Jerry J. Prosser

James Royce

Frances I. Brewer

Wilhelmina Moore

Superintendent

Dr. J. Chester Floyd

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2004

INTRODUCTORY SECTION

	<u>Reference</u>	<u>Page</u>
Title Page		
Principle Officials		
Table of Contents		i

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT		1
Management's Discussion and Analysis		2
Basic Financial Statements		
<i>Government-wide Financial Statements:</i>		
Statement of Net Assets		12
Statement of Activities		13
<i>Fund Financial Statements:</i>		
Balance Sheet - Governmental Funds		14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets		16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities		19
Statement of Assets and Liabilities - Fiduciary Fund		20
Notes to the Basic Financial Statements		21

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - General Fund	Schedule A-1	45
--	--------------	----

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2004

FINANCIAL SECTION (CONTINUED)

	<u>Reference</u>	<u>Page</u>
Combining and Individual Fund Schedules		
<u>General Fund</u>		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	Schedule A-2	46
<u>Special Revenue Funds</u>		
<i>Special Projects Fund</i>		
Schedule of Revenues, Expenditures and Changes in Fund Balances	Schedule B-1	55
Supplemental Listing of LEA Subfund Codes and Titles	Schedule B-2	69
Summary Schedule for Designated State Restricted Grants	Schedule B-3	71
<i>Education Improvement Act</i>		
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	Schedule B-4	72
Summary Schedule By Program	Schedule B-5	76
Schedule of Due to State Department of Education/Federal Government	Schedule B-6	77
<i>Food Service</i>		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Food Service	Schedule B-7	78
<u>Debt Service Funds</u>		
Schedule of Revenues, Expenditures and Changes in Fund Balances- District, Berkeley Facilities Group and Securing Assets for Education	Schedule C-1	80
<u>Capital Projects Fund</u>		
Schedule of Revenues, Expenditures and Changes in Fund Balance- District and Securing Assets for Education	Schedule D-1	81
<u>Fiduciary Fund</u>		
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations - Student Activity Agency Fund	Schedule E-1	83

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2004

COMPLIANCE SECTION

	<u>Reference</u>	<u>Page</u>
Schedule of Expenditures of Federal Awards		84
Notes to the Schedule of Expenditures of Federal Awards		87
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		88
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		89
Summary Schedule of Prior Year Audit Findings		90
Schedule of Findings and Questioned Costs		91



Vision Authenticity Leadership Universal Experience

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Berkeley County School District
Moncks Corner, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Berkeley County School District, South Carolina ("School District") as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Berkeley County School District as of June 30, 2004, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2004, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 11 and 45, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section and combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney, and Horton, LLP
November 24, 2004

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

INTRODUCTION

This narrative overview gives an analysis of the financial activities of the District for the fiscal year ended June 30, 2004. Our purpose is to inform our citizens of the effect of our District's operations and to present our financial position. The readers should also review the detail statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

For the second year in a row there were some major budget cuts imposed on school districts in fiscal year 2003. As noted last year, these cuts imposed the greatest impact on the financial operations of the school district. In November 2002, the South Carolina Board of Economic Advisors determined that revenues to support the State budget were down by 5%. As a result, the South Carolina Budget and Control Board ordered a 5% reduction in revenues allocations to State agencies and school districts. The reduction in allocated revenues to the School District was \$3.3 million. To address this revenue reduction, the School District transferred \$1.2 million in salary and fringe benefit expenditures to special revenue projects. Non-salary budgets were also reduced by \$2 million. Due to the offsetting nature of these transactions, the School District kept the expenditure cuts neutral. For fiscal year 2004, the state funded education at \$1,777 per pupil. However, Berkeley County Schools based on past history budgeted \$1,701. This, as you will see in the financial statements, helped our financial situation for the 2004 fiscal year. The other budget strategies were to maintain the supply cuts that have been in effect for several years and to keep the pupil teacher ratios the same.

As a reminder of past history, the next few paragraphs are offered as explanations. In February 2003, the South Carolina Board of Economic Advisors reduced its estimated State tax collections for the remainder of fiscal year 2003 by \$120 million. As a result, the South Carolina Budget and Control Board ordered another reduction in revenue allocations to State agencies and school districts. The impact of these State reductions on the School District was \$2.5 million. To address this reduction, the School District used a combination of revenue transfers, expenditure reductions, and designating General Fund reserves.

Another major factor impacting the financial operations of the school district was the Fiscal Year 2003 budget. The budget was approved with a \$3.1 million deficit. This was done to increase the teacher salary schedule to attract and retain teachers, mainly as a result of our competitive districts increasing their schedules and pulling instructional staff away from our classrooms. The school board along with the administration also had a commitment not to raise taxes, so this effort was paid for from reserves.

With these two events described above, we had a major challenge on our hands. However with additional measures such as a hiring freeze on all School District level non-school based vacancies and a 50% reduction of the remaining balances for non-school based administrative accounts and for school based instructional supplies, this left a General Fund balance of \$6,931,063(6.8% of the General Fund Operating Budget) well within the 5-10% range suggested by the major financial rating firms.

With the strategies of budgeting for FY 2004, we were able to increase our general fund balance by \$3,649,909 to a total fund balance of \$10,580,972 or approximately 7.56 % of our general fund budget.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

FINANCIAL HIGHLIGHTS (CONTINUED)

Other key financial aspects were as follows:

- The District's Total Net Assets as of June 30, 2004, was \$82,223,061 according to the government wide statements. Of this amount, \$8,710,721 may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total capital assets increased by \$22,178,418 (8%) during the current fiscal year. The key factor for the increase was the School District's major building program approved by the 1999 Bond Referendum.
- The District retired \$49,431,741 in principal and borrowed \$211,117,055 in new bond issues. The Debt Service Fund Balance, however, was increased from \$16,999,140 to \$46,449,553 as a result of the timing of the principal payments and the issue of the SAFE bonds.
- Revenues and Other Financing Sources totaled \$463,334,632 and Expenditures and Other Financing Uses totaled \$326,774,586 for all Governmental Funds at the fund level. Accordingly, revenues exceeded expenditures and other financing sources by \$136,560,046. This is largely attributable to the fact that proceeds from the sale of \$206 million in installment revenue purchase bonds were recognized in the current year while the associated expenditures will occur in the following fiscal years.
- Our principal operating fund, the General Fund, had \$132,215,607 in fiscal year 2004 revenues and other financing sources, which primarily consisted of state aid and property taxes, and \$129,565,698 million in expenditures and other financing uses leaving revenues over expenditures for the year of \$3,649,909. This resulted in the General Fund's fund balance increasing from \$6,931,063 as of June 30, 2003 to \$10,580,972 as of June 30, 2004. This is the District's first increase in General Fund in five-years which is directly attributable the budgeting strategy described above.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements (General, Special Revenue, Debt Service, Capital, and Fiduciary (Pupil Activity) and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, community services, and intergovernmental expenditures. The government-wide financial statements can be found on pages 12-13 of this report.

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

Statement of Activities: The statement of activities presents information showing how the District'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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental, and fiduciary.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District'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 this comparison between governmental funds and governmental activities. The reconciliations are on pages 16 and 19.

The District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, EIA, Debt Service and Capital Projects Funds, all of which are considered to be major funds. The basic governmental funds financial statements can be found on pages 14-19 of this report.

Fiduciary Funds: Fiduciary (Pupil Activity) funds are used to account for resources held for the benefit of students and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-44 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general fund. A budgetary comparison statement has been provided for the General Fund as required supplementary information. The required supplementary information can be found on page 45 of this report.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 Major Features of the Berkeley County School District Government-wide and Fund Financial Statements				
Government-wide Statements			Fund Financial Statements	
			Governmental Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds) and the District's component units		The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of activities 		<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of fiduciary net assets ▪ Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus		Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
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 short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid		Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$82,223,061 as of June 30, 2004.

By far the largest portion of the District's net assets (37 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2004 compared to 2003:

	Net Assets	
	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u> (Restated)
Assets		
Current and Other Assts	\$ 218,557,318	\$ 82,224,433
Capital Assets	284,191,436	262,013,018
Total Assets	<u>502,748,754</u>	<u>344,237,451</u>
Liabilities		
Long-Term Liabilities	396,331,816	234,370,606
Other Liabilities	24,193,877	27,733,184
Total Liabilities	<u>420,525,693</u>	<u>262,103,790</u>
Net Assets		
Invested in Capital Assets, Net of Debt	30,434,972	23,794,351
Restricted	43,077,368	52,476,607
Unrestricted	8,710,721	5,862,703
Total Net Assets	<u>\$ 82,223,061</u>	<u>\$ 82,133,661</u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets:

- The addition of \$158,511,303 in total assets, of which \$22,178,418 is attributed to the construction of a new school, and other school improvements, and purchases of furniture, equipment and vehicles. The balance of the increase, \$136,332,885 is mainly attributable to the addition of the SAFE bond funds.
- An increase in long-term debt is related to the School District issuing \$211,117,055 in debt, of which \$203,744,446 is for SAFE (including bond discount) and the balance, \$7,372,609 was used to advance refund previous outstanding long-term debt. The School District made principal reductions totaling \$49,431,741, including amortization of bond premiums, discounts and issuance costs. Of the principal reductions, \$31,855,000 can be attributable to the School District's advance refunding the 1995 Certificates of Participation.
- The \$3,539,307 decrease in other liabilities primarily relates to a decrease in accounts payable and accrued expenses due to the School District not having significant construction related expenditures due to the projects outstanding approaching completion.

The School District's total revenues for the fiscal year ended June 30, 2004, were \$205,917,597. The total cost of all programs and services was \$205,828,197. The following table presents a summary of the activity that resulted changes in net assets for the fiscal year ended June 30, 2004.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
		(Restated)
Revenues		
Program Revenues:		
Charges for Services	\$ 3,467,720	\$ 3,088,625
Operating Grants	116,147,348	113,553,994
Capital Grants	3,939,673	1,009,533
General Revenue:		
Property Taxes	78,998,213	71,790,614
Grants and Entitlements	2,993	7,006,012
Other	3,361,650	1,289,971
Total Revenues	<u>205,917,597</u>	<u>197,738,749</u>
Program Expenses		
Instruction	108,138,717	111,138,395
Support Services	70,514,598	75,097,452
Community Services	-	5,804
Food Services	9,823,107	8,629,393
Intergovernmental	107,461	36,881
Interest and Fiscal Charges	17,244,314	12,235,013
Total Expenses	<u>205,828,197</u>	<u>207,142,938</u>
Excess (Deficiency Before Transfers)	89,400	(9,404,189)
Transfers In (Out)	<u>-</u>	<u>1,122</u>
Increase (Decrease) in Net Assets	89,400	(9,403,067)
Net Assets, Beginning of Year	<u>82,133,661</u>	<u>91,536,728</u>
Net Assets, End of Year	<u>\$ 82,223,061</u>	<u>\$ 82,133,661</u>

The above table presents the cost of the six major functional activities: instruction, support services, community services, food service, intergovernmental and debt service. The table also shows net cost of all functions (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

The School District's net assets increased in the current year by \$89,400, less than one percent in totality. Key elements of the increase are as follows:

- The increase in Capital Grant revenue from 2003 to 2004 is primarily due to the District receiving land from a developer that was valued at \$3,022,346.
- Tax revenues increased approximately 10% or \$7,207,599. The increase was related to an increase in the general fund millage rate from 120.5 mills in 2003 to 134 mills in 2004. This represented an increase of approximately 11%.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- The decrease in grants and entitlements is due to the School District changing how revenue sources are reported to be in accordance more with the State Department of Education's guidelines.
- Other revenues increased in the current year by approximately \$2,071,679 or 161%. Of the \$2,071,679, approximately \$850,000 can be attributed to the School District having a gain on fixed assets in the current year and a loss in the prior year. The balance is related to an increase in miscellaneous revenues.
- Instructional and Supporting Services decreased 3% and 6%, respectfully, due to the budget strategies mentioned earlier.
- Food service expenditures increased due to higher food costs and the School District charging food service the maximum amount of indirect costs in the current year, which the School District did not do in the previous year.
- Interest and fiscal charges increased in the current year by approximately 41% due to the School District issuing the SAFE bonds.
- The cost of all governmental activities this year was \$205,521,904.
- Net cost of governmental activities (\$81,967,163) was financed by general revenues, which are made up of primarily property taxes (\$67,575,753) and unrestricted state grants (\$11,422,460). Investment earnings accounted for \$1,543,125 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$196,253,338 an increase of \$136,962,102 due primarily to capital projects. Approximately \$10,189,745 or 5.2% percent of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance is reserved or designated to indicate that it is not available for spending because it has already been committed as follows:

- \$243,613 for Prepaid Items
- \$388,387 for Inventories
- \$1,091,539 for Special Revenue (Food Service)
- \$46,449,533 for Debt Service
- \$137,890,501 for Capital Projects, including SAFE projects

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$3,649,909 was the result of budgeting strategies described in the introduction. The Debt Service Fund balance shows an increase of \$29,450,413 from the prior year due to the Berkeley County Treasurer making sure there was reserve to pay the debt required in the 2004 fiscal year that is due prior to taxes being received and the issue of the SAFE bonds which included debt service reserve funds. The Capital Projects Funds showed a fund balance increase of \$ 103,719,091. The increase was primarily a result of bond proceeds received in the current year to fund future year projects.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Fiduciary Fund: Fiduciary Funds are used to account for operations that are financial and operated in as a trust. The pupil activity fund is the only Fiduciary Fund at the School District. This Fund had net earnings of \$573,219 with unrestricted net assets totaling \$1,494,240 as of June 30, 2004

BUDGETARY HIGHLIGHTS

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. Over the course of the year, the District budgeted 2004 based on a reduced base student cost of \$1,701 versus \$1,777 as proposed by the state legislature. Other strategies included the maintenance of prior year cuts in supplies and staff allocations to achieve a positive fund balance for the fiscal year ending June 30, 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2004, the District had invested \$284,101,436 in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. Total depreciation expense for the year was \$10,142,790.

The following schedule presents capital asset balances net of depreciation for the years ended June 30.

Capital Assets at June 30

	Governmental Activities	
	2004	2003 (Restated)
Land	\$ 9,373,850	\$ 6,351,504
Building, Improvements and Equipment	251,019,248	188,053,209
Construction in Progress	23,798,338	67,608,305
Totals	<u>\$ 284,191,436</u>	<u>\$ 262,013,018</u>

Additional information on the District's capital assets can be found in III - C of this report.

Debt Administration

At year-end, the District had \$395,130,615 in general obligation bonds and other long-term debt outstanding, of which \$10,194,000 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2004.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

Outstanding Debt, at Year End

	Governmental Acitivites 2004	Governmental Acitivites 2003
General Obligation Bonds:		
1993 Series		\$ 395,000.00
1996 Series	\$ -	7,800,000.00
1997 Series	1,750,000	2,050,000
1998 Series	2,500,000	2,750,000
2000 Series	68,000,000	70,500,000
2002 Series	78,215,000	81,960,000
Premium 2003	191,791	404,432
2002 Series A	2,140,000	2,795,000
2002 Series B	6,890,000	-
Premium Serioes 2002	382,620	-
Certificates of Participation:		
1994 Series	1,410,000	2,705,000
1995 Series	-	31,855,000
1998 Series	27,010,000	27,255,000
Qualified Zone Academy Bond	2,817,647	2,817,647
2003 Safe Bonds	206,721,000	-
Safe Discount	(2,897,443)	-
Total	<u>\$ 395,130,615</u>	<u>\$ 233,287,079</u>

The School District maintains a "Aa1" rating from Moody's and a AA+ from Standard & Poor's for general obligation debt.

State statutes currently limit the amount of general obligation debt a District may issue to 8 percent of its total assessed valuation. The current debt limitation for the District is \$21,202,534. \$13,280,000 of the above debt is applicable to the 8% limitation. The remainder was issued by referendum or no-for-profit organizations. Additional information on the District's long-term debt can be found in Note III-G of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Berkeley County, located in the southeastern part of South Carolina, is one of the largest counties of the state containing 1,214 square miles and 440,723 acres. A substantial portion of the County was acquired by the federal government for the Frances Marion Forest. Berkeley County shares pro rata, with neighboring Charleston County, in the gross proceeds obtained from the sale of timber from the National Forest.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

During the last few years, significant industrial growth has taken place in Berkeley County. Indicative of this is the fact that the assessed value of the School District, which is coterminous with the County, has grown from approximately \$40 million in 1974 to the most recent assessment of \$431.0 million.

Many factors were considered by the District's administration during the process of developing the fiscal year 2004-2005 budget. The District's top two goals are to improve academic achievement and improve upon its recruitment efforts to be able to hire and retain the most highly qualified instructional staff.

Budgeted expenditures in the General Fund were increased to \$141,969,522 in fiscal year 2004-2005. Increased payroll and employee benefit costs would cause the budget to be about \$10 million out of balance. When developing its General Fund budget for fiscal year 2005, the School District considered the fiscal year 2003 reductions in State revenue and assumed that these reductions would continue in fiscal year 2004. Due to the expected additional reductions in State revenue, combined with required budget increases to fund utilities, increases in personnel due to projected student growth, State mandated teacher raises, and increases in State health insurance costs, the School District initially planned for a gross increase of only \$4 million in current expenditures. During the budget process, the School District identified the cuts necessary to limit the increase to \$4 million.

In June 2003, due to an influx of one time Federal dollars related to the Federal tax cut plan, the State increased the EFA allocations to the School District by approximately 8.8% for fiscal year 2005. In addition, revenues from local sources increased due to increases in assessed value of property in Berkeley County. These events, together with reductions in teacher ranks through attrition, higher per pupil teacher ratios, and the elimination of certain strings and chorus programs, allowed for a balanced budget. Higher per pupil teacher ratios provided a reduction of approximately 143 teaching positions, which was accomplished primarily through attrition. The School District also reduced its non-salary budget by \$2 million on a permanent basis and transferred certain State-allocated funding to other purposes pursuant to flexibility provisions.

If the State implements additional reductions in education funding for the remainder of fiscal year 2004 and for fiscal year 2005, the School District expects that it will be required to make additional, significant reductions in spending levels for the remainder of fiscal year 2004 and in its fiscal year 2005 budget. In order to offset any such reduction in State funding, the School District will likely need to (1) delay certain non-essential budgeted expenditures, (2) further reduce its current level of program offerings, and (3) freeze all hiring for vacancies in non-essential positions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Office, Berkeley County School District Two, P.O. Box 128, 229 East Main Street, Moncks Corner, South Carolina 29461 (Telephone # 843-899-8658). You may also visit the School District's website at www.berkeley.k12.sc.us.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2004

	PRIMARY GOVERNMENT	
	Governmental Activities	Totals
ASSETS		
Cash and Cash Equivalents	\$ 143,625,574	\$ 143,625,574
Investments	21,737,999	21,737,999
Investments, Restricted	29,464,788	29,464,788
Cash and Investments Held by County Treasurer	10,758,184	10,758,184
Property Taxes Receivable, Net	2,360,177	2,360,177
Accounts Receivable, Net	1,080,907	1,080,907
Due from Other Governments	5,414,039	5,414,039
Inventory and Prepaid Items	632,000	632,000
Bond Issuance Costs, Net	3,483,650	3,483,650
Capital Assets, Net	284,191,436	284,191,436
TOTAL ASSETS	502,748,754	502,748,754
LIABILITIES		
Accounts Payable and Accrued Expenses	19,217,264	19,217,264
Accrued Interest Payable	4,348,486	4,348,486
Due to Other Governments	1,752	1,752
Deferred Revenues	626,375	626,375
Non-Current Liabilities:		
Due Within One Year	10,194,000	10,194,000
Due in More than One Year	386,137,816	386,137,816
TOTAL LIABILITIES	420,525,693	420,525,693
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	30,434,972	30,434,972
Restricted For:		
Debt Service	41,985,829	41,985,829
Special Revenue - Food Service	1,091,539	1,091,539
Unrestricted	8,710,721	8,710,721
TOTAL NET ASSETS	\$ 82,223,061	\$ 82,223,061

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2004

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Total
PRIMARY GOVERNMENT:						
Governmental Activities:						
Instruction	\$ 108,138,717	-	82,886,923	-	(25,251,794)	\$ (25,251,794)
Supporting Services	70,514,598	634,102	26,544,348	3,939,673	(39,396,475)	(39,396,475)
Community Services	-	-	-	-	-	-
Food Service	9,823,107	2,833,618	6,716,077	-	(273,412)	(273,412)
Intergovernmental	107,461	-	-	-	(107,461)	(107,461)
Interest and Other Charges	17,244,314	-	-	-	(17,244,314)	(17,244,314)
Total Governmental Activities	<u>205,828,197</u>	<u>3,467,720</u>	<u>116,147,348</u>	<u>3,939,673</u>	<u>(82,273,456)</u>	<u>(82,273,456)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 205,828,197</u>	<u>3,467,720</u>	<u>116,147,348</u>	<u>3,939,673</u>	<u>(82,273,456)</u>	<u>(82,273,456)</u>
GENERAL REVENUES:						
Property Taxes Levied for General Purposes					48,841,091	48,841,091
Property Taxes Levied for Debt Service					18,734,662	18,734,662
Other Taxes					11,422,460	11,422,460
Grants & Contributions Not Restricted to Specific Programs					2,993	2,993
Investment Earnings					1,543,125	1,543,125
Intergovernmental Revenues					120,323	120,323
Miscellaneous					1,683,857	1,683,857
Gain on Disposal of Fixed Assets					14,345	14,345
Total General Revenues					<u>82,362,856</u>	<u>82,362,856</u>
CHANGE IN NET ASSETS					<u>89,400</u>	<u>89,400</u>
NET ASSETS - Beginning of Year					87,355,496	87,355,496
Prior Period Adjustment					(5,221,835)	(5,221,835)
NET ASSETS - Beginning of Year- Restated					<u>82,133,661</u>	<u>82,133,661</u>
NET ASSETS - End of Year					<u>82,223,061</u>	<u>\$ 82,223,061</u>

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

(This page intentionally left blank.)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUE - SPECIAL PROJECTS</u>	<u>SPECIAL REVENUE - EIA</u>	<u>SPECIAL REVENUE - FOOD SERVICE</u>
ASSETS				
Cash and Cash Equivalents	\$ 8,349,981	-	-	15,386
Investments	7,882,640	-	-	-
Investments, Restricted	-	-	-	-
Cash and Investments Held by County Treasurer	1,744,532	-	-	-
Receivables, Net:				
Taxes	3,893,285	-	-	-
Accounts	664,533	416,614	(300)	60
Due From:				
State Agencies	256,018	397	1,447,006	-
Federal Agencies	-	4,450,473	-	167,730
Other Funds	20,048,876	345,823	140,643	894,765
Prepaid Items	243,613	-	-	-
Inventories	147,614	-	-	240,773
TOTAL ASSETS	<u>43,231,092</u>	<u>5,213,307</u>	<u>1,587,349</u>	<u>1,318,714</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	2,761,598	(1,811)	-	-
Accrued Salaries & Benefits	16,457,477	-	-	-
Due To:				
State Agencies	-	-	1,752	-
Other Funds	12,034,448	4,740,156	1,420,586	-
Deferred Revenues	1,396,597	474,962	165,011	(13,598)
TOTAL LIABILITIES	<u>32,650,120</u>	<u>5,213,307</u>	<u>1,587,349</u>	<u>(13,598)</u>
FUND BALANCES:				
Fund Balances				
Reserved for:				
Prepaid Items	243,613	-	-	-
Inventories	147,614	-	-	240,773
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Special Revenue- Food Service	-	-	-	1,091,539
Unreserved:				
Undesignated	10,189,745	-	-	-
TOTAL FUND BALANCES	<u>10,580,972</u>	<u>-</u>	<u>-</u>	<u>1,332,312</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 43,231,092</u>	<u>5,213,307</u>	<u>1,587,349</u>	<u>1,318,714</u>

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

DEBT SERVICE-DISTRICT	DEBT SERVICE-BERKELEY FACILITIES GROUP	DEBT SERVICE-SAFE	CAPITAL PROJECTS-DISTRICT	CAPITAL PROJECTS-SAFE	TOTAL GOVERNMENTAL FUNDS
-	1,080	-	3,980	135,255,147	\$ 143,625,574
1,367,849	3,476,811	-	9,010,699	-	21,737,999
-	-	29,464,788	-	-	29,464,788
8,866,590	147,062	-	-	-	10,758,184
1,169,233	356,027	-	-	-	5,418,545
-	-	-	-	-	1,080,907
-	-	-	-	-	1,703,421
-	-	-	-	-	4,618,203
28,647	3,506,493	-	5,288,071	-	30,253,318
-	-	-	-	-	243,613
-	-	-	-	-	388,387
11,432,319	7,487,473	29,464,788	14,302,750	135,255,147	249,292,939
-	-	-	-	-	2,759,787
-	-	-	-	-	16,457,477
-	-	-	-	-	1,752
1,269,669	-	28,648	9,736,980	1,930,416	31,160,903
487,178	149,532	-	-	-	2,659,682
1,756,847	149,532	28,648	9,736,980	1,930,416	53,039,601
-	-	-	-	-	243,613
-	-	-	-	-	388,387
9,675,472	7,337,941	29,436,140	-	-	46,449,553
-	-	-	4,565,770	133,324,731	137,890,501
-	-	-	-	-	1,091,539
-	-	-	-	-	10,189,745
9,675,472	7,337,941	29,436,140	4,565,770	133,324,731	196,253,338
11,432,319	7,487,473	29,464,788	14,302,750	135,255,147	\$ 249,292,939

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

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

JUNE 30, 2004

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 196,253,338**

Amounts reported for the governmental activities in the Statement of Net Assets are different because:

Property taxes in the funds include revenues that are not considered revenue in the Statement of Net Assets. In addition, property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. (1,025,061)

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 \$391,077,548, and the accumulated depreciation is \$106,886,112 284,191,436

Bond issuance costs are amortized over the life of the debt; however, in governmental fund accounting, bond issuance costs are expenditures the year they are incurred. The bond issuance costs of \$3,671,721 are shown net of accumulated amortization expense of \$188,071. 3,483,650

Accrued interest on the bonds in governmental fund accounting is not due and payable in the current period and therefore is not reported as a liability in the funds. (4,348,486)

Long-term liabilities, including compensated absences and bond premiums and discounts, are not due and payable in the period and therefore are not reported as liabilities in the funds. These liabilities are reported in the government-wide statement of net assets and consist of the following:

Long-Term Debt (including Capital Leases)	(397,453,647)	
Long-Term Debt Discount, Net	2,323,032	
Compensated Absences	(1,201,201)	(396,331,816)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 82,223,061**

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

(This page intentionally left blank.)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

	GENERAL	SPECIAL REVENUE - SPECIAL PROJECTS	SPECIAL REVENUE - EIA	SPECIAL REVENUE - FOOD SERVICE
REVENUES				
Local Sources:				
Taxes	\$ 45,389,854	-	-	-
Investment Earnings	894,528	-	-	-
Other Local Sources	339,348	953,603	-	3,065,212
State Sources	75,974,794	7,646,955	17,710,503	24,120
Federal Sources	1,187,807	18,955,018	-	6,691,958
Intergovernmental Sources	-	189,764	-	-
TOTAL REVENUE ALL SOURCES	123,786,331	27,745,340	17,710,503	9,781,290
EXPENDITURES				
Current:				
Instruction	77,270,789	17,274,341	7,463,145	-
Supporting Services	51,335,664	9,883,634	1,880,540	9,806,933
Intergovernmental	31,631	75,831	-	-
Capital Outlay	319,920	117,254	17,786	5,023
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	150,425	-	-	-
TOTAL EXPENDITURES	129,108,429	27,351,060	9,361,471	9,811,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,322,098)	394,280	8,349,032	(30,666)
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt Issuance	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-
Transfers In	9,429,276	-	-	457,269
Transfers Out	(457,269)	(394,310)	(8,349,032)	(685,934)
TOTAL OTHER FINANCING SOURCES (USES)	8,972,007	(394,310)	(8,349,032)	(228,665)
NET CHANGES IN FUND BALANCES	3,649,909	(30)	-	(259,331)
FUND BALANCE, Beginning of Year	6,931,063	30	-	1,591,643
Prior Period Adjustment	-	-	-	-
FUND BALANCE, Beginning of Year- Restated	6,931,063	30	-	1,591,643
FUND BALANCE, End of Year	\$ 10,580,972	-	-	1,332,312

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

DEBT SERVICE-DISTRICT	DEBT SERVICE-BERKELEY FACILITIES GROUP	DEBT SERVICE-SAFE	CAPITAL PROJECTS-DISTRICT	CAPITAL PROJECTS-SAFE	TOTAL GOVERNMENTAL FUNDS
16,219,146	3,521,047	2,116,784	-	-	\$ 67,246,831
43,953	-	76	599,888	4,680	1,543,125
795,259	242,036	-	-	3,022,346	8,417,804
-	-	-	-	-	101,356,372
-	-	-	-	-	26,834,783
-	-	-	-	-	189,764
17,058,358	3,763,083	2,116,860	599,888	3,027,026	205,588,679
-	-	-	-	-	102,008,275
-	-	-	3,569,045	2,306,006	78,781,822
-	-	-	-	-	107,462
-	-	-	26,253,270	3,033,816	29,747,069
8,620,000	1,540,000	-	-	-	10,160,000
8,622,454	2,105,698	5,714,944	-	4,615,235	21,208,756
17,242,454	3,645,698	5,714,944	29,822,315	9,955,057	242,013,384
(184,096)	117,385	(3,598,084)	(29,222,427)	(6,928,031)	(36,424,705)
7,372,608	-	34,548,809	-	172,903,767	214,825,184
(7,291,624)	-	(34,548,809)	-	-	(41,840,433)
-	-	33,034,224	-	-	42,920,769
-	-	-	-	(33,034,224)	(42,920,769)
80,984	-	33,034,224	-	139,869,543	172,984,751
(103,112)	117,385	29,436,140	(29,222,427)	132,941,512	136,560,046
9,376,528	7,220,556	-	33,788,197	383,219	59,291,236
402,056	-	-	-	-	402,056
9,778,584	7,220,556	-	33,788,197	383,219	59,693,292
9,675,472	7,337,941	29,436,140	4,565,770	133,324,731	\$ 196,253,338

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2004

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 136,560,046**

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 not considered revenues in the Statement of Activities	328,921
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	49,315,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	(213,886,000)
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.	44,121
Bond issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of the debt in the Statement of Activities.	2,939,104
Bond premiums/(discounts) are revenues/(expenses) in the year they are received in governmental funds, but are amortized over the lives of the associated debt in the Statement of Activities	2,727,464
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.	(117,674)
Governmental funds report capital outlays as expenditures \$32,321,208. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation \$10,142,790. This is the amount by which capital outlay exceeded depreciation in the current period.	22,178,418

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 89,400**

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2004

	<u>AGENCY</u>
ASSETS	
Investments	\$ 752,288
Due From Other Funds	907,585
Due From Other Governments	8,040
TOTAL ASSETS	<u><u>1,667,913</u></u>
 LIABILITIES	
Due to Student Organizations	1,667,913
TOTAL LIABILITIES	<u><u>\$ 1,667,913</u></u>

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Berkeley County School District, South Carolina (the "School District"), established in 1948, is the government entity that has responsibility for and control over all activities related to public school education in all of Berkeley County. The School District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The School District is governed by an eight member Board of Trustees (the "Board").

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

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

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the School District's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize they are legally separate from the School District. Based on the criteria above, the School District has two blended component units.

Blended Component Units:

Berkeley School Facilities Group, Inc.

Berkeley School Facilities Group, Inc. (the "Corporation") was incorporated as a nonprofit 501(c)(3) organization incorporated for the specific charitable purpose of serving as a support organization for capital projects of the School District. Corporation board members are appointed by the Board of the School District. Because the Corporation exclusively benefits the School District, the Corporation financial information is blended with that of the School District in these basic financial statements. Separate Corporation financial information is included in individual columns throughout the basic financial statements. Separate financial statements for the Corporation are not issued.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blended Component Units (Continued):

Securing Assets for Education

Securing Assets for Education ("SAFE") was incorporated as a nonprofit 501(c)(3) organization on October 15, 2003 for the educational and charitable purposes, specifically to (1) acquire, construct, finance, pledge, improve, maintain, operate, manage, lease and dispose of school buildings and other public educational facilities for the use and benefit of the School District and to (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) that provide public education in Berkeley County, South Carolina. SAFE's board members are appointed by the Board of the School District for terms of office of three years. Because SAFE exclusively benefits the School District, SAFE's financial information is blended with that of the School District in these basic financial statements. Separate financial information for SAFE is included in individual columns throughout the basic financial statements. Separate financial statements for SAFE are not issued.

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

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support (the School District has no business-type activities).

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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. The minimum number of funds are maintained which are consistent with legal and managerial requirements. The following major funds and fund types are used by the School District:

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The following are the School District's major and non-major governmental fund types:

The *General Fund, a major fund*, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except for 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.

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 three Special Revenue Funds:

- i) **The Special Projects Fund, a major fund** and not a budgeted 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 not a budgeted 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.
- iii) **The Food Service Fund, a major fund** and not a budgeted fund, is used to account for the United States Department of Agriculture's (“USDA”) approved school breakfast and lunch programs.

The *Debt Service Fund-District, a major fund* and not a budgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for the School District.

The *Debt Service Fund-Berkeley Facilities Group, a major fund* and not a budgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for bonds that the Berkeley Facilities Group, Inc. (blended component unit) has issued for the School District.

The *Debt Service Fund-SAFE, a major fund* and not a budgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for bonds that the Securing Assets for Education, Inc. (blended component unit) has issued for the School District.

The *Capital Projects Fund, a major fund* and not a budgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for the School District.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Capital Projects Fund- SAFE, a major fund* and not a budgeted fund, is used to account for the accumulation of and payment of financial resources to be used for site acquisitions, construction, equipment and renovation of facilities (a blended component unit).

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

D. 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, and investments of the cash management pool, to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Investments

The School District's investment policy is designed to operate within existing statutes (which are identical for all funds, 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;

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

- (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the School District or a third party as escrow agent or custodian; and
- (f) South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

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.

Restricted investments include amounts set aside for the final debt payment of Berkeley School Facilities Group, Inc. and SAFE debt issues.

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 activities column of the statement of net assets.

All property taxes and other receivables are shown net of an allowance for uncollectibles.

3. Inventories and Other Assets

Inventories

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at average cost, determined using the first-in, first-out method, and are subsequently charged to expenditures/expenses when consumed rather than when purchased. General Fund inventories include plant maintenance and operating supplies as well as instructional supplies. The Food Service Fund inventory includes an amount for supplies and for commodities received from the USDA, recorded at fair market value at the time of receipt, that have not been consumed as of June 30, 2004, as well as, remaining purchased food and related supplies.

Unamortized Bond Issuance Costs

On the government-wide financial statements bond issuance costs are capitalized and amortized (these costs are recorded as expenditures in the fund financial statements). The unamortized portion of bond issuance costs from General Obligation bond issues represents the portion of the issuance costs remaining to be amortized. These costs are amortized on a straight-line basis over the term of the bonds which approximates the effective interest method.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

4. Capital Assets

General capital assets are those assets not specifically related to activities reported in 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000 for furniture and equipment, vehicles, land improvements and buildings and improvements. The School District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized.

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:

<u>Asset Type</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	10-20 years
Buildings and Improvements	15-50 years
Furniture and Equipment	3-15 years
Vehicles	5-15 years

5. Bond Premiums

On the government-wide financial statements bond premiums are capitalized and amortized (these premiums are recorded as other financing sources in the fund financial statements). The School District amortizes bond premiums from general obligation bond issues on a straight-line basis over the life of the bonds which approximates the effective interest method. The portion remaining to be amortized is shown as bond premium.

6. Compensated Absences

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

7. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the governmental-wide 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 noncurrent 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.

8. *Fund Balances*

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

9. *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.

10. *Accounting Estimates*

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

11. *Comparative Data*

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices – The General Fund budget is presented as required supplementary information. 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.

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

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

- (1) In the fall of the preceding year, the School District begins its budget process for the next succeeding fiscal year beginning on July 1.
- (2) After the School District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for his review and adjustment.
- (3) The Superintendent then presents a proposed budget to the Board of Trustees, which reviews it in a series of workshops and makes any additions or deletions deemed necessary.
- (4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts in the financial statements are as amended by the administration. No budgets are prepared for the Debt Service Funds, Capital Projects Funds, or Agency Fund. All annual appropriations lapse at fiscal year end.

There were no significant amendments to the original budget.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

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

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

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits (Continued)

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

	Category			Bank Balance	Carrying Amount
	1	2	3		
Non-Fiduciary Deposits					
Cash and Cash Equivalents	\$ 253,020	6,718,286	1,318,716	8,290,022	\$ 6,431,805
Fiduciary Deposits:					
Cash and Cash Equivalents	100,000	-	643,994	743,994	752,288
Totals	<u>\$ 353,020</u>	<u>6,718,286</u>	<u>1,962,710</u>	<u>9,034,016</u>	<u>\$ 7,184,093</u>

Investments

Investments are categorized into three categories of credit risk:

- (1) Insured or registered, or securities held by the School District or its agent in the School District's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the School District's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the School District's name.

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

Investment	Category			Carrying Amount	Fair Value
	1	2	3		
Federated Institutional					
Treasury Obligations	\$ -	21,440,714	-	21,440,714	\$ 21,440,714
Open Ended Mutual Funds	-	2,273,476	-	2,273,476	2,273,476
Federal Farm Credit Bonds	-	1,287,372	-	1,287,372	1,287,372
Federal National Mortgage Notes	-	12,364,846	-	12,364,846	12,364,846
Repurchase Agreements	-	151,030,148	-	151,030,148	151,030,148
	<u>\$ -</u>	<u>188,396,556</u>	<u>-</u>	<u>188,396,556</u>	<u>188,396,556</u>

Investments Not Subject to Categories:

Cash and Investments Held by County Treasurer				10,758,184	10,758,184
Totals				<u>199,154,740</u>	<u>\$ 199,154,740</u>

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Property Taxes and Other Receivables

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

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value of approximately \$431,031,680 as of the previous December 31st at rates of 134 mills and 46 mills for the General Fund and Debt Service Fund, respectively. The General Fund also collects property taxes at the rate of 14 mills to fund new facilities constructed by the Corporation. 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

Current year real and personal property 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 \$5,418,545 at June 30, 2004. Allowances for uncollectibles were not necessary for the other receivable accounts.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2004, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable (General Fund)	\$	1,396,597
Delinquent Property Taxes Receivable (Debt Service Fund- District)		487,178
Delinquent Property Taxes Receivable (Debt Service Fund- Berkeley Facilities)		149,532
Resources Received, but Not Yet Earned (Special Revenue Funds)		626,375
Total Deferred Revenue for Governmental Funds	<u>\$</u>	<u>2,659,682</u>

Other receivables consist of trade receivables as well as employee receivables of \$664,533 related to computers purchased by employees from the School District. The School District grants employees that have over one year of service, the option of purchasing computers at the School District's discounted rate with its computer vendors. The School District purchases the computers from its vendors based on employee orders and then sells them to employees at its full purchase price. These transactions are consummated on terms equivalent to those that prevail in armed length transactions.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 6,351,504	3,022,346		\$ 9,373,850
Construction in Progress	67,608,305	28,924,078	72,734,045	23,798,338
Total Capital Assets, Not Being Depreciated	<u>73,959,809</u>	<u>31,946,424</u>	<u>72,734,045</u>	<u>33,172,188</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	270,673,715	72,734,045		343,407,760
Machinery & Equipment	7,561,562	178,618		7,740,180
Furniture & Office Supplies	3,283,334	88,760		3,372,094
Vehicles	2,981,553	102,383		3,083,936
Food Service	296,367	5,023		301,390
Total Capital Assets Being Depreciated	<u>284,796,531</u>	<u>73,108,829</u>	<u>-</u>	<u>357,905,360</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	88,092,946	8,785,957		96,878,903
Machinery & Equipment	5,038,412	829,758		5,868,170
Furniture & Office Supplies	1,724,202	284,297		2,008,499
Vehicles	1,666,447	226,602		1,893,049
Food Service	221,315	16,176		237,491
Total Accumulated Depreciation	<u>96,743,322</u>	<u>10,142,790</u>	<u>-</u>	<u>106,886,112</u>
Total Capital Assets, Being Depreciated, Net	<u>188,053,209</u>	<u>62,966,039</u>	<u>-</u>	<u>251,019,248</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 262,013,018</u>	<u>94,912,463</u>	<u>72,734,045</u>	<u>\$ 284,191,436</u>

See Note IV for details regarding prior period adjustments affecting capital assets.

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

Governmental Activities:	
Instruction	\$ 5,869,279
Supporting Services	4,257,335
Food Service	16,176
Total Depreciation Expense - Governmental Activities	<u>\$ 10,142,790</u>

Construction commitments

The School District has several ongoing construction projects as of June 30, 2004. The projects include renovation of existing schools, as well as construction of new facilities. The School District had total outstanding construction commitments at June 30, 2004, of \$2,367,092.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables and Payables

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 20,048,876	\$ 12,034,448
Special Revenue Funds:		
Special Projects	345,823	4,740,156
EIA	140,643	1,420,586
Food Service	894,765	-
Debt Service Funds		
District	28,647	1,269,669
Berkeley Facilities Group	3,506,493	-
SAFE	-	28,648
Capital Projects Fund		
District	5,288,071	9,736,980
SAFE	-	1,930,416
Agency Fund	907,585	-
Totals for Primary Government	<u>\$ 31,160,903</u>	<u>\$ 31,160,903</u>

The General Fund receivable is a result of financing programs in other funds. Payroll for teachers' salaries, as well as, salaries for support staff and payments for other operating costs are paid by the General Fund for Special Revenue Funds, Capital Projects Fund and Pupil Activity Funds resulting in a receivable until claims are filed and reimbursements received. The General Fund payable represents construction costs incurred by the Capital Projects Fund. The Capital Projects Fund payable represents amounts due to the General Fund for construction costs. The Debt Service receivable represents funds from the General Fund for taxes receivable.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Transfers In and (Out)

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

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - Special Projects	\$ 1,080,244	Special Revenue- Food Service	\$ 457,269
Special Revenue - EIA	8,349,032		
	<u>9,429,276</u>		
Special Revenue Funds			
Special Projects			
Transfers from	Amount	Transfers to	Amount
		General Fund	394,310
EIA			
Transfers from	Amount	Transfers to	Amount
		General Fund	8,349,032
Food Service			
Transfers from	Amount	Transfers to	Amount
General Fund	457,269	General Fund	685,934
Debt Service			
SAFE			
Transfers from	Amount	Transfers to	Amount
Capital Projects- SAFE	\$ 33,034,224		
Capital Projects Funds			
SAFE			
Transfers from	Amount	Transfers to	Amount
		Debt Service- SAFE	\$ 33,034,224

Interfund transfers include funding allowed for indirect costs, required matches, supplemental funding, state cuts, and accounting practice. The transfers for the year ended June 30, 2004, consisted of the following:

General Fund

Transfers from:

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

Transfers to:

Funds are transferred from General Fund into the Food Service Fund to cover the required match for food service fringe benefits.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Special Revenue Fund

Transfers from:

Funds are transferred to the Food Service Fund from the General Fund for the required portion of the fringe benefit costs.

Transfers to:

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

Capital Projects Fund

Transfers to:

Funds were transferred to the Debt Service- SAFE fund from the Capital Projects- SAFE fund for the advance refunding of long-term debt.

Debt Service Fund

Transfer from:

Funds were transferred from the Capital Projects- SAFE fund to the Debt Service- SAFE Fund for the advance refunding of long-term debt.

F. Accounts Payable and Accrued Expenses

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

Governmental Activities:

Accounts Payable	\$ 2,759,787
Accrued Salaries and Benefits	16,457,477
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 19,217,264</u>

G. Long-Term Obligations

The governmental activities debt at June 30, 2004, was comprised of the following:

General Obligation Bonds (“GOB”)

- 1997 Series: Original issue of \$3,000,000, principal due in annual installments of \$100,000 to \$550,000 through December, 2007; interest from 4.10% to 6.10% paid semiannually.
- 1998 Series: Original issue of \$3,200,000, principal due in annual installments of \$100,000 to \$500,000 through October, 2009; interest from 4.00% to 5.25% paid semiannually.
- 2000 Series *: Original issue of \$75,000,000, principal due in annual installments of \$2,250,000 to \$6,500,000 through April, 2021; interest from 5.00% to 7.00% paid semiannually.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

General Obligation Bonds (“GOB”) (Continued)

2002 Series *: Original issue of \$85,000,000, principal due in annual installments of \$330,000 to \$11,100,000 through January, 2022; interest from 2.75% to 5.75% paid semiannually. In connection with this issuance, a bond premium of \$457,868 was received and bond issue costs of \$616,467 were incurred.

General Obligation Refunding Bonds (“GORB”)

1993 Series: Original issue of \$9,430,000, principal due in annual installments of \$245,000 to \$2,305,000 through December, 2003; interest from 3.25% to 4.30% paid semiannually.

2002 Series: Original issue of \$3,310,000, principal due in annual installments of \$515,000 to \$790,000 through August, 2006; interest at 3.00% paid semiannually.

2003 Series: Original issue of \$7,165,000, principal due in annual installments of \$565,000 to \$1,195,000 through August, 2012; interest at 2.00% to 5.00% paid semiannually.

Certificates of Participation (“COP”)

1994 Series ^: Original issue of \$7,660,000, principal due in annual installments of \$810,000 to \$1,410,000 through January, 2005; interest from 5.20% to 7.00% paid semiannually.

1998 Series ^: Original issue of \$28,415,000, principal due in annual installments of \$210,000 to \$3,430,000 through January, 2016; interest from 3.60% to 4.86% paid semiannually.

Qualified Zone Academy Bonds (“QZAB”)

2000 Issue ~: QZAB were issued pursuant to Section 1397E of the Internal Revenue Code of 1986. As such, tax credits will be issued to the lessor and the School District is not liable for interest payments. A promissory note for \$2,817,647 dated December 28, 2000, was delivered in accordance with the lease purchase agreement, which constituted the QZAB. The purpose of the QZAB was to purchase computer equipment through a financing lease. The lease purchase agreement required five annual lease payments of \$600,000 in 2001 and 2002, and \$100,000 in 2003 through 2005, made to an escrow account held by the escrow agent. At June 30, 2004, the amount held by the escrow agent was \$1,396,497. This amount along with the future scheduled lease payments (including future interest earnings) will be used to satisfy the promissory note in December, 2013.

Installment Purchase Revenue Bonds

2003 Series ∞: Original issue of \$206,721,000, principal due in annual installments of \$225,000 to \$27,275,000 through December 2029; interest at 3.00% to 5.25% paid semiannually.

* Debt is not subject to the constitutional debt limit of 8% as it was approved in a referendum.

^ Issued by the Berkeley Facilities Corporation (the School District’s blended component unit) and thus not subject to the School District’s constitutional debt limit of 8%.

~ Debt is not subject to the constitutional debt limit of 8% as it originates from a Lease Purchase Agreement and has a fiscal funding clause.

∞ Issued by Securing Assets for Education (the School District’s blended component unit) and thus not subject to the School District’s constitutional debt limit of 8%.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Following is a summary of the changes in the School District's long-term obligations for 2004:

Long-Term Obligation	June 30, 2003	Additions	Reductions	June 30, 2004	Due Within One Year
Governmental Activities:					
Debt:					
1996 Series - GOB	\$ 7,800,000	-	7,800,000	-	\$ -
1997 Series - GOB	2,050,000	-	300,000	1,750,000	350,000
1998 Series - GOB	2,750,000	-	250,000	2,500,000	300,000
2000 Series - GOB	70,500,000	-	2,500,000	68,000,000	2,500,000
2002 Series - GOB	81,960,000	-	3,745,000	78,215,000	3,960,000
Premium - 2002 Series - GOB	404,432	-	21,812	382,620	-
1993 Series - GORB	395,000	-	395,000	-	-
2002 Series - GORB	2,795,000	-	655,000	2,140,000	635,000
2003 Series- GORB	-	7,165,000	275,000	6,890,000	655,000
Premium - 2003 Series - GORE	-	207,609	15,818	191,791	-
1994 COPS	2,705,000	-	1,295,000	1,410,000	1,410,000
1995 COPS	31,855,000	-	31,855,000	-	-
1998 COPS	27,255,000	-	245,000	27,010,000	205,000
2000 QZAB	2,817,647	-	-	2,817,647	-
2003 SAFE Bonds	-	206,721,000	-	206,721,000	-
Discount- 2003 SAFE Bonds	-	(2,976,554)	79,111	(2,897,443)	-
Total Debt	233,287,079	211,117,055	49,431,741	395,130,615	10,015,000
Compensated Absences	1,083,527	117,674	-	1,201,201	179,000
Total Governmental Activities	\$ 234,370,606	211,234,729	49,431,741	396,331,816	\$ 10,194,000

General Fund resources have been used in prior years to liquidate compensated absences payable. The Debt Service Funds have been used to service all other liabilities.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Annual debt service requirements to maturity for bonds and certificates of participation are as follows (excluding discount/premium amortization):

Year Ended June 30	Bonds		SAFE Bonds		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 8,400,000	8,218,788	-	10,529,350	1,615,000	1,372,233	10,015,000	\$ 20,120,371
2006	4,910,000	7,751,413	-	10,529,350	1,755,000	1,281,843	6,665,000	19,562,606
2007	5,175,000	7,486,763	-	10,529,350	1,810,000	1,206,378	6,985,000	19,222,491
2008	5,150,000	7,224,025	-	10,529,350	1,880,000	1,120,403	7,030,000	18,873,778
2009	4,900,000	6,927,000	225,000	10,525,975	2,025,000	1,031,103	7,150,000	18,484,078
2010-2014	31,747,647	27,883,406	8,950,000	51,924,825	12,935,000	3,569,218	53,632,647	83,377,449
2015-2019	57,830,000	19,542,505	14,756,000	48,424,419	6,400,000	491,500	78,986,000	68,458,424
2020-2024	44,200,000	3,473,725	58,245,000	42,084,256	-	-	102,445,000	45,557,981
2025-2029	-	-	124,545,000	15,704,925	-	-	124,545,000	15,704,925
Totals	\$ 162,312,647	88,507,625	206,721,000	210,781,800	28,420,000	10,072,678	397,453,647	\$ 309,362,103

The School District has continuous authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to debt approved through a district-wide referendum and original or refunding debt for obligations issued on or before November 30, 1982. On May 22, 1999, a referendum was held for the School District, which authorized the Board of Trustees to issue and sell general obligation bonds in the amount of \$192.0 million. This amount will be reduced by any state funding from special bond funds, to the extent that such receipts exceed current funding levels. The proceeds of the bonds are to be used for school building construction, renovation, repair and additions, and equipment acquisition. At June 30, 2004, \$160.0 million of these bonds had been issued. These bonds are not subject to the 8% debt limitation.

The Certificates of Participation were issued by the Corporation to purchase land and construct and equip four new schools as well as make improvements to several existing schools. The Trust Agreements required various trust funds to be established for each issue as follows:

- Project Funds – Proceeds in these funds were used to pay administrative fees, as well as construction costs of the projects. The Project Funds were closed prior to June 30, 2004.
- Lease Rental Accounts – Receives the base rental payments from the School District and disburses the amounts necessary to make principal and interest payments on the certificates of participation. The total funds in these accounts at June 30, 2004, were \$1,304.
- Reserve Accounts – Funds may only be used to make certificate of participation payments to the extent necessary to make up a deficiency in the Lease Rental account. The total funds in these accounts at June 30, 2004, were \$3,476,811.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

The Installment Purchase Revenue Bonds were issued by the Securing Assets for Education (“SAFE”) to purchase land and construct and equip several new schools as well as make improvements to several existing schools. The Trust Agreements required various trust funds to be established for each issue as follows:

- Project Funds – Proceeds in these funds were used to pay administrative fees, as well as construction costs of the projects. The total funds in these accounts at June 30, 2004, were \$135,255,147.
- Capitalized Interest Accounts – Receives the base rental payments from the School District and disburses the amounts necessary to make principal and interest payments on the bonds. The total funds in these accounts at June 30, 2004, were \$8,336,888.
- Reserve Accounts – Funds may only be used to make bond payments to the extent necessary to make up a deficiency in the Lease Rental account. The total funds in these accounts at June 30, 2004, were \$20,672,010.

The School District’s outstanding debt at June 30, 2004, applicable to the School District’s debt limit (excluding bond premium) was as follows:

<u>Outstanding Debt Applicable to 8% Debt Limit</u>	<u>Amount</u>
Total Outstanding Debt at June 30, 2004	\$ 397,453,647
Less: Debt From Referendum	(146,215,000)
Less: COPs Issued by the Corporation	(28,420,000)
Less: 2000 QZAB	(2,817,647)
Less: SAFE	(206,721,000)
Total Debt Applicable to 8% Debt Limit	13,280,000
The School Districts 8% Debt Limit	34,482,534
Balance Remaining Under 8% Debt Limit	\$ 21,202,534

During the year, the School District participated in the Tax Anticipation Note (TAN) program through South Carolina Association of Governmental Organizations (“SCAGO”). The District borrowed \$21,992,840 through the TAN Program, all of which was paid back as of June 30, 2004.

H. Defeased Debt

The following School District debt has been defeased in prior years and is no longer included as a liability in the School District’s financial statements.

In February 2002, the School District issued \$3,310,000 in general obligation bonds to advance refund the remaining balance of \$3,200,000 from the 1991 general obligation bond issue. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 general obligation bond issue. The outstanding debt that is considered defeased as of June 30, 2004 was approximately \$2,140,000.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Defeased Debt (Continued)

In September 1998, the Corporation issued \$28,415,000 in Certificates of Participation to advance refund \$25,620,000 of outstanding 1994 Certificates of Participation. The net proceeds of were used to purchase US Government Securities. The Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Certificates of Participation. The outstanding debt that is considered defeased as of June 30, 2004 was approximately \$27,010,000.

During October 2003, the School District issued \$7,165,000 of general obligation bonds (“2003 GO Bonds”) at an interest rate of 3.16%. The net proceeds of approximately \$7.4 million were escrowed to advance refund all but \$500,000 of the 1996 general obligation bond issue. The outstanding debt that is considered defeased for this debt issue as of June 30, 2004 was approximately \$6,890,000.

By advance refunding the majority of the 1996 GOB, Berkeley County School District decreased its total debt service payments by \$420,522 over the next nine years and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$204,029.

During November 2003, the School District issued \$206,721,000 in Installment Purchase Revenue Bonds (SAFE), of which \$34,548,809 was used to advance refund \$31,855,000 of the 1995 COPS at a weighted average interest rate of 5.098%. The net proceeds of approximately \$34.5 million were escrowed to advance refund all of the 1995 COPS issue. The outstanding debt that is considered defeased for this debt issue as of June 30, 2004 was approximately \$31,855,000.

By advance refunding the majority of the 1995 COPS, Berkeley County School District decreased its total debt service payments by \$10,534,912 over the next 13 years and obtained an economic loss (difference between the present values of the debt service payments on the old and new debt) of approximately \$2,880,842.

I. The Berkeley School Facilities Group, Inc.

The Berkeley School Facilities Group, Inc. (the “Corporation” and a blended component unit) is a holding company created by the School District Board for the purpose of acquiring, refurbishing, and leasing facilities to be used by the School District in providing public education throughout Berkeley County, SC. The Corporation is a not-for-profit corporation in South Carolina and is exempt from income taxes under Internal Revenue Code 501(c)(3).

There are three members for the board who oversee the operations of the Corporation, all of which are either retired School District deputies or assistant superintendents. Their names and titles are listed as follows:

<u>Title</u>	<u>Name</u>
President	Harry D. Calvert
Secretary/Treasurer	Henry W. Brevard
Director	Frank A. Modica

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. The Berkeley School Facilities Group, Inc. (Continued)

In May 1994, and December 1995, the Corporation entered into several contracts with the School District and the Trustee (Wachovia Bank), by which, the Corporation has received, purchased, constructed or otherwise obtained capital assets (primarily land, building and improvements, and equipment) and subsequently leased the capital assets to the School District. The Corporation financed the purchase and construction of these capital assets through Certificates of Participation (see Note III.G). Upon the termination of the lease, the School District will own the capital assets. The assets are included in the capital assets of the School District and the liability from the Certificates of Participation are included in the long-term debt of the School District.

J. SAFE

Securing Assets for Education (“SAFE” and a blended component unit) is a corporation created by the School District Board for the primary purpose of (a) acquiring, constructing, financing, pledging, improving, maintaining, operating, managing, leasing and disposing of school buildings and other public educational facilities for the use and benefit of the School District and to (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) that provide public education in Berkeley County, South Carolina. The Corporation is a not-for-profit corporation in South Carolina and is exempt from income taxes under Internal Revenue Code 501(c)(3).

There are five members of the board who oversee the operations of SAFE, who are appointed by the Berkeley County Board of Education for terms of three years. Their names and titles are listed as follows:

<u>Title</u>	<u>Name</u>
Chairman	William L. Baylor II
Secretary	Rev. Edmond B. Mazyck
Director	Douglas E. Allen
Director	John Rembert
Director	John Clarke

In November 2003, SAFE issued \$206.7 million in Installment Revenue Bonds (“Series 2003 Bonds”) and entered into several contracts with the School District and the Trustee (Carolina First Bank), by which, SAFE has or will receive, purchase, construct or otherwise obtained capital assets (primarily land, building and improvements, and equipment) and will subsequently sell them to the School District pursuant to a Facilities Purchase and Occupancy Agreement. The Facilities Purchase and Occupancy Agreement obligates the School District to make semiannual installment payments of purchase price, also referred to as “Acquisition Payments,” to SAFE in amounts calculated to be sufficient to enable SAFE to pay, when due, the principal and interest on the Series 2003 Bonds. Upon the termination/completion of the Facilities Purchase and Occupancy Agreement, the School District will own all of the capital assets financed with from the Series 2003 Bonds. The assets are included in the cash and cash equivalents, investments and capital assets of the School District and the liability for the Series 2003 Bonds are included in the accounts payable and accrued expenses, accrued interest and long-term debt of the School District.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

K. Food Service

Federal Guidelines

The School District's Food Service Fund administers the lunch programs in accordance with the United States Department of Agriculture ("USDA") guidelines. Revenues are provided from USDA reimbursements and cash collections. The meals served to pupils are classified as regular, reduced or free lunches within the Food Service Fund. The type of meal served determines the amount of reimbursement from the USDA. Reimbursements may be in the form of cash or commodities. Food Service expenses are inclusive of \$667,132 of commodities consumed during the year ended June 30, 2004.

IV. OTHER INFORMATION

A. Retirement Plan

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

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 for certain administrative positions which allows them to participate. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP plan or the SCRS plan.

Funding Policy – Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employee contributions to the Plan are 6% of salary. Employers are required to contribute at the following actuarially determined rates: SCRS State Agencies & Public Schools—7.55%. In addition to the above rates, participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants. All employers contribute at the actuarially required contribution rates. The School District contributed amounts equal to the required contribution to the SCRS of \$12,097,442, \$11,687,494 and \$11,161,325 for the years ended June 30, 2004, 2003, and 2002 respectively.

B. Contingent Liabilities

Litigation

Various claims and lawsuits are pending against the School District. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

IV. OTHER INFORMATION (CONTINUED)

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; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District continues to carry commercial insurance for general liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage.

Because of the high cost of insurance purchased from commercial insurers for workers compensation insurance, 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"). These public entity risk pools operate as common risk management and insurance programs for member school districts. The School District pays annual premiums to the public entity risk pools for its workers' compensation insurance coverage based upon the total payroll of the School District for each plan year. The annual premiums for the fiscal year ended June 30, 2004 were \$985,621 for the SCSBIT/WCP. The agreement for formation of the public entity risk pools provides that SCSBIT/WCP 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. As of the latest available audited financial statements, June 30, 2003, the SCSBIT/WCP had retained earnings of approximately \$3,117,079. There were no insurance settlements that exceeded insurance coverage in any of the past three years.

E. Subsequent Events

Tax Anticipation Note

The School District issued a \$25.0 million Tax Anticipation Note ("TAN") in July, 2004 at an interest rate of 1.5%. The purpose of the TAN is to provide the School District with the necessary funds to pay operating costs until sufficient property tax revenue is received. The TAN matures in April, 2005. As of November 29, 2004, \$14,416,889 had been drawn down.

Capital Lease

The School District entered into a \$1.815 million Capital Lease in September 2004 at an interest rate of 2.89%. The purpose of the capital lease is to purchase and upgrade existing computers across the School District. The capital lease matures on March 1, 2007.

Investment Management Advisory Group, Inc. ("IMAGE")

In August 2004, the School District contracted with Investment Management Advisory Group, Inc. ("IMAGE"), to invest all or a portion of the proceeds of the SAFE bonds held by the Trustee (Carolina First) into state and local government securities ("SLGS").

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

IV. OTHER INFORMATION (CONTINUED)

E. Subsequent Events

Advanced Refunding

On October 12, 2004, the Board of Trustees voted to advance refund Series 1997, 1998, 2000 and 2002B long-term debt issuances. As of November 24, 2004, the School District had not refunded the outstanding portion of those issuances.

F. Prior Period Adjustments

A prior period adjustment in the amount of \$402,056 has been made for the School District's Debt Service Fund. The adjustment is related to uncollected, delinquent tax revenue in the prior year. In the prior year, the estimated uncollected delinquent tax revenue had been recorded against revenue as opposed to be recorded against deferred revenue due to revenue not being considered available for use under the modified accrual method of accounting.

A prior period adjustment in the amount of \$5,623,891 has been made for the School District's capital assets on the government-wide statements related to the overstatement of construction in progress and other assets in prior years. In the prior years, expenditures were classified as capital assets, when actually they were expenditures.

A prior period adjustment in the amount of \$173,759 has been made for the School District's fiduciary funds related to expenditures that were recorded in the pupil activity funds but should have been recorded in the general fund. Within the general fund, there was a payable to the pupil activity fund which offset the prior period adjustment, thus no prior period adjustment is shown in the general fund related to the prior period adjustment in the pupil activity fund.

(This page intentionally left blank.)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Local Sources:				
Taxes	\$ 40,150,745	46,705,468	45,389,854	\$ (1,315,614)
Investment Earnings	250,000	900,000	894,528	(5,472)
Other Local Sources	8,840,603	272,000	339,348	67,348
State Sources	74,855,352	75,869,232	75,974,794	105,562
Federal Sources	750,000	1,100,000	1,187,807	87,807
Intergovernmental Sources	-	-	-	-
TOTAL REVENUES ALL SOURCES	124,846,700	124,846,700	123,786,331	(1,060,369)
EXPENDITURES				
Current:				
Instruction	81,699,775	80,715,581	77,270,789	3,444,792
Support Services	51,878,569	52,531,498	51,335,664	1,195,834
Intergovernmental	75,000	75,000	31,631	43,369
Capital Outlay	-	331,265	319,920	11,345
Debt Service:				
Interest and Fiscal Charges	-	-	150,425	(150,425)
TOTAL EXPENDITURES	133,653,344	133,653,344	129,108,429	4,544,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,806,644)	(8,806,644)	(5,322,098)	3,484,546
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	8,806,644	8,806,644	9,429,276	622,632
Operating Transfers Out	-	-	(457,269)	(457,269)
TOTAL OTHER FINANCING SOURCES (USES)	8,806,644	8,806,644	8,972,007	165,363
NET CHANGE IN FUND BALANCE	-	-	3,649,909	3,649,909
FUND BALANCES, Beginning of Year	6,931,063	6,931,063	6,931,063	-
FUND BALANCES, End of Year	\$ 6,931,063	6,931,063	10,580,972	\$ 3,649,909

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
1000 Revenues from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 38,490,468	36,986,646	\$ (1,503,822)
1140 Penalties & Interest on Taxes (Independent)	115,000	112,532	(2,468)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	8,100,000	8,290,676	190,676
1500 Earnings on Investments:			
1510 Interest on Investments	900,000	894,528	(5,472)
1900 Other Revenue from Local Sources:			
1910 Rentals	-	15,000	15,000
1930 Medicaid	25,000	10,665	(14,335)
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	13,929	13,929
1999 Revenue from Other Local Sources	247,000	296,761	49,761
Total Local Sources	<u>47,877,468</u>	<u>46,623,730</u>	<u>(1,253,738)</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	7,100	7,050	(50)
3132 Home Schooling	4,800	4,797	(3)
3160 School Bus Driver's Salary	1,590,000	1,583,739	(6,261)
3180 Fringe Benefits Employer Contributions	16,400,000	16,401,322	1,322
3181 Retiree Insurance	1,940,000	1,941,469	1,469
3183 Health /Dental Benefits (Part-Time Teachers)	-	1,161	1,161
3193 Education License Plates	-	9,028	9,028
3199 Other Restricted State Grants	13,000	4,008	(8,992)
3200 Unrestricted Grants:			
3220 Attendance Supervisor's Salary	\$ 11,586	11,586	\$ -

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	REVISED BUDGET	ACTUAL	VARIANCE
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	\$ 2,500,000	2,528,808	\$ 28,808
3312 Primary	8,000,000	8,034,802	34,802
3313 Elementary	12,284,253	12,254,547	(29,706)
3314 High School	5,600,000	5,625,319	25,319
3315 Trainable Mentally Handicapped	218,120	219,116	996
3316 Speech Handicapped (Part-Time Program)	4,340,170	4,348,167	7,997
3317 Homebound	351,980	358,957	6,977
3320 Part-Time Programs:			
3321 Emotionally Handicapped	537,320	538,327	1,007
3322 Educable Mentally Handicapped	310,400	313,422	3,022
3323 Learning Disabilities	4,654,056	4,666,646	12,590
3324 Hearing Handicapped	302,657	303,469	812
3325 Visually Handicapped	64,000	64,542	542
3326 Orthopedically Handicapped	87,900	88,053	153
3327 Vocational	6,100,590	6,101,060	470
3330 Other EFA Programs:			
3331 Autism	175,600	178,949	3,349
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	7,900,000	7,952,714	52,714
3820 Homestead Exemption	1,600,900	1,616,961	16,061
3830 Merchant's Inventory Tax	183,000	184,326	1,326
3840 Manufacturers Depreciation Reimbursement	690,600	631,164	(59,436)
3900 Other State Revenue:			
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)			
3999 Revenue from Other State Sources	1,200	1,285	85
Total State Sources	<u>75,869,232</u>	<u>75,974,794</u>	<u>105,562</u>
4000 Revenue from Federal Sources:			
4100 Federally Impacted Areas:			
4110 Maintenance & Operations (P.L. 874)	1,100,000	1,187,807	87,807
Total Federal Sources	<u>1,100,000</u>	<u>1,187,807</u>	<u>87,807</u>
TOTAL REVENUES ALL SOURCES	<u>\$ 124,846,700</u>	<u>123,786,331</u>	<u>\$ (1,060,369)</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

EXPENDITURES	REVISED BUDGET	ACTUAL	VARIANCE
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	\$ 3,778,357	3,637,207	\$ 141,150
200 Employee Benefits	1,133,507	1,092,732	40,775
300 Purchased Services	1,000	1,000	-
400 Supplies and Materials	57,848	42,374	15,474
112 Primary Programs:			
100 Salaries	11,446,715	10,006,726	1,439,989
200 Employee Benefits	3,242,120	2,793,962	448,158
300 Purchased Services	500	88	412
400 Supplies and Materials	171,272	170,728	544
113 Elementary Programs:			
100 Salaries	19,171,134	18,801,328	369,806
200 Employee Benefits	5,337,236	5,247,632	89,604
300 Purchased Services	35,000	34,944	56
400 Supplies and Materials	410,558	406,557	4,001
500 Capital Outlay	5,000	4,940	60
114 High School Programs:			
100 Salaries	13,739,672	13,471,164	268,508
200 Employee Benefits	3,943,994	3,856,563	87,431
300 Purchased Services	84,650	76,628	8,022
400 Supplies and Materials	145,674	146,046	(372)
500 Capital Outlay	12,100	11,096	1,004
115 Vocational Programs:			
100 Salaries	3,170,262	2,981,473	188,789
200 Employee Benefits	840,859	839,599	1,260
300 Purchased Services - Other Than Tuition	55,641	53,147	2,494
400 Supplies and Materials	282,831	331,978	(49,147)
500 Capital Outlay	24,500	23,541	959
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	456,479	446,974	9,505
200 Employee Benefits	165,500	162,446	3,054
400 Supplies and Materials	4,900	4,813	87
122 Trainable Mentally Handicapped:			
100 Salaries	278,900	277,910	990
200 Employee Benefits	102,400	101,319	1,081
400 Supplies and Materials	\$ 4,085	1,289	\$ 2,796

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
123 Orthopedically Handicapped:			
100 Salaries	\$ 9,350	-	\$ 9,350
200 Employee Benefits	3,362	2,245	1,117
400 Supplies and Materials	2,408	905	1,503
124 Visually Handicapped:			
100 Salaries	175,200	172,150	3,050
200 Employee Benefits	51,662	46,530	5,132
400 Supplies and Materials	500	431	69
125 Hearing Handicapped:			
100 Salaries	652,900	650,947	1,953
200 Employee Benefits	200,000	186,987	13,013
400 Supplies and Materials	2,623	634	1,989
126 Speech Handicapped:			
100 Salaries	1,900,000	1,842,659	57,341
200 Employee Benefits	520,000	500,248	19,752
127 Learning Disabilities:			
100 Salaries	5,100,200	5,037,046	63,154
200 Employee Benefits	1,400,000	1,383,905	16,095
400 Supplies and Materials	20,170	9,986	10,184
128 Emotionally Handicapped:			
100 Salaries	760,200	759,170	1,030
200 Employee Benefits	275,000	259,173	15,827
400 Supplies and Materials	4,661	1,313	3,348
130 Pre-School Programs:			
136 Pre-School Handicapped-Itinerant (3 & 4 year olds)			
100 Salaries	550,000	533,693	16,307
200 Employee Benefits	175,300	170,184	5,116
140 Special Programs:			
145 Homebound:			
100 Salaries	334,101	248,838	85,263
200 Employee Benefits	68,888	50,052	18,836
300 Purchased Services	40,000	38,397	1,603
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	47,577	41,530	6,047
200 Employee Benefits	\$ 25,000	20,231	\$ 4,769

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	\$ 11,803	31,862	\$ (20,059)
200 Employee Benefits	8,000	7,961	39
300 Purchased Services	12,000	11,608	392
400 Supplies and Materials	24,500	22,598	1,902
500 Capital Outlay	7,000	-	7,000
182 Adult Secondary Education Programs:			
100 Salaries	200,400	192,697	7,703
200 Employee Benefits	67,682	50,934	16,748
400 Supplies and Materials	11,000	9,248	1,752
Total Instruction	<u>80,764,181</u>	<u>77,310,366</u>	<u>3,453,815</u>
200 Supporting Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	1,115,600	1,109,635	5,965
200 Employee Benefits	380,000	371,709	8,291
300 Purchased Services	2,000	1,735	265
400 Supplies and Materials	1,000	915	85
212 Guidance Services:			
100 Salaries	2,900,200	2,816,179	84,021
200 Employee Benefits	761,335	759,130	2,205
300 Purchased Services	35,900	21,818	14,082
400 Supplies and Materials	4,500	2,632	1,868
213 Health Services:			
100 Salaries	850,000	849,292	708
200 Employee Benefits	280,000	279,301	699
300 Purchased Services	24,000	10,812	13,188
400 Supplies and Materials	35,000	28,065	6,935
500 Capital Outlay	5,000	-	5,000
214 Psychological Services:			
100 Salaries	650,000	644,030	5,970
200 Employee Benefits	165,000	161,851	3,149
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	510,400	503,432	6,968
200 Employee Benefits	120,000	112,411	7,589
300 Purchased Services	12,800	1,789	11,011
400 Supplies and Materials	\$ 17,500	13,277	\$ 4,223

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
222 Library and Media Services:			
100 Salaries	\$ 2,300,000	2,268,379	\$ 31,621
200 Employee Benefits	650,000	664,478	(14,478)
300 Purchased Services	7,000	553	6,447
400 Supplies and Materials	294,446	283,715	10,731
500 Capital Outlay	6,264	-	6,264
223 Supervision of Special Programs:			
100 Salaries	52,000	51,959	41
200 Employee Benefits	13,000	12,077	923
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	20,000	15,500	4,500
200 Employee Benefits	3,000	2,780	220
300 Purchased Services	25,000	23,622	1,378
400 Supplies and Materials	27,000	26,643	357
500 Capital Outlay	12,500	-	12,500
600 Other Objects	500	322	178
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	92,000	82,427	9,573
200 Employee Benefits	1,300,000	981,334	318,666
300 Purchased Services	76,000	75,428	572
318 Audit Services	53,750	-	53,750
400 Supplies and Materials	2,250	-	2,250
600 Other Objects	85,000	76,928	8,072
232 Office of Superintendent:			
100 Salaries	750,000	786,184	(36,184)
200 Employee Benefits	201,548	204,372	(2,824)
300 Purchased Services	350,000	376,273	(26,273)
400 Supplies and Materials	19,000	18,515	485
500 Capital Outlay	4,000	-	4,000
233 School Administration:			
100 Salaries	7,100,000	7,053,204	46,796
200 Employee Benefits	1,944,199	1,928,152	16,047
300 Purchased Services	62,427	44,175	18,252
400 Supplies and Materials	\$ 109,986	99,280	\$ 10,706

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	\$ 957,149	929,519	\$ 27,630
200 Employee Benefits	229,939	219,968	9,971
300 Purchased Services	450,000	427,908	22,092
400 Supplies and Materials	75,000	35,471	39,529
600 Other Objects	6,000	6,000	-
253 Facilities Acquisition and Construction:			
500 Capital Outlay:			
520 Construction Services	-	64,056	(64,056)
254 Operation and Maintenance of Plant:			
100 Salaries	7,500,000	7,436,174	63,826
200 Employee Benefits	2,600,000	2,570,992	29,008
300 Purchased Services	3,900,000	3,882,815	17,185
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	5,005,600	4,726,718	278,882
400 Supplies and Materials	1,400,000	1,977,291	(577,291)
500 Capital Outlay	268,665	189,626	79,039
255 Student Transportation:			
100 Salaries	3,400,000	3,337,193	62,807
200 Employee Benefits	675,000	661,303	13,697
300 Purchased Services	110,000	79,605	30,395
400 Supplies and Materials	13,500	10,071	3,429
256 Food Service:			
100 Salaries	-	377	(377)
200 Employee Benefits	325,000	95	324,905
257 Internal Services:			
258 Security:			
100 Salaries	40,000	38,221	1,779
200 Employee Benefits	7,000	6,748	252
300 Purchased Services	200,000	192,246	7,754
400 Supplies and Materials	1,000	237	763
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	188,002	166,322	21,680
200 Employee Benefits	40,368	40,081	287
300 Purchased Services	50,000	48,199	1,801
400 Supplies and Materials	\$ 25,500.00	19,676	\$ 5,824

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	REVISED BUDGET	ACTUAL	VARIANCE
263 Information Services:			
100 Salaries	\$ 185,037	135,568	\$ 49,469
200 Employee Benefits	55,196	41,637	13,559
300 Purchased Services	79,000	62,264	16,736
400 Supplies and Materials	24,500	12,095	12,405
500 Capital Outlay	14,000	-	14,000
264 Staff Services:			
100 Salaries	625,000	587,464	37,536
200 Employee Benefits	170,602	160,649	9,953
300 Purchased Services	30,000	26,027	3,973
400 Supplies and Materials	28,000	27,891	109
500 Capital Outlay	7,000	5,099	1,901
266 Technology and Data Processing Services:			
100 Salaries	250,000	225,963	24,037
200 Employee Benefits	65,000	62,008	2,992
300 Purchased Services	100,000	95,257	4,743
400 Supplies and Materials	85,000	135,584	(50,584)
500 Capital Outlay	22,000	21,562	438
270 Supporting Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	-	36,916	(36,916)
200 Employee Benefits	-	6,207	(6,207)
600 Other Objects	175,000	-	175,000
660 Pupil Activity	-	142,591	(142,591)
Total Supporting Services	<u>52,814,163</u>	<u>51,616,007</u>	<u>1,198,156</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	75,000	31,631	43,369
Total Intergovernmental Expenditures	<u>75,000</u>	<u>31,631</u>	<u>43,369</u>
500 Debt Service:			
620 Interest	-	150,425	(150,425)
Total Debt Service	<u>-</u>	<u>150,425</u>	<u>(150,425)</u>
TOTAL EXPENDITURES	<u>\$ 133,653,344</u>	<u>129,108,429</u>	<u>\$ 4,544,915</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2004

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 8,400,000	8,349,032	\$ (50,968)
5280 Transfer from Other Funds Indirect Costs	406,644	1,080,244	673,600
425-710 Transfer to Food Service Fund	-	(457,269)	(457,269)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,806,644</u>	<u>8,972,007</u>	<u>165,363</u>
NET CHANGE IN FUND BALANCE	-	3,649,909	3,649,909
FUND BALANCE, Beginning of Year	<u>6,931,063</u>	<u>6,931,063</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 6,931,063</u>	<u>10,580,972</u>	<u>\$ 3,649,909</u>

(This page intentionally left blank.)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
REVENUES			
1000 Revenue from Local Sources:			
1900 Other Revenue from Local Sources:			
1920 Contributions and Donations Private Sources	\$ -	-	-
1930 Medicaid	-	-	-
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	-	-	-
Total Local Sources	-	-	-
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	-	-	-
Total Intergovernmental Sources	-	-	-
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	-	-	-
3126 Refurbishment of K-8 Science Kits	-	-	-
3129 EAA Reduce Class Size Grades 1-3	-	-	-
3130 Special Programs:			
3135 Preschool Program for Children with Disabilities	-	-	-
3150 Adult Education:			
3151 Basic	-	-	-
3152 Literacy	-	-	-
3185 National Board Certification (NBC) Salary Supplement	-	-	-
3190 Miscellaneous Restricted State Grants:			
3191 Excellence in Middle Schools	-	-	-
3192 School Safety Officers	-	-	-
3196 EAA Principal/Teacher Specialist on Site (Special Revenue Allocation)	-	-	-
3198 School Technology Initiative	-	-	-
3199 Other Restricted State Grants	-	-	-
3600 Education Lottery Act Revenue:			
3603 EAA Homework Center Awards (Below Average Schools)	-	-	-
3604 EAA Retraining Funds	-	-	-
3605 EAA Palmetto Gold and Silver Awards	-	-	-
3606 EAA Math and Science	-	-	-
3610 K-5 Enhancement	\$ -	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	380	\$ 380
-	-	-	-	630,591	630,591
-	-	-	-	322,632	322,632
-	-	-	-	953,603	953,603
-	-	-	-	189,764	189,764
-	-	-	-	189,764	189,764
-	-	-	836,497	-	836,497
-	-	-	962,589	-	962,589
-	-	-	250,815	-	250,815
-	-	-	101,459	-	101,459
-	-	-	1,348,717	-	1,348,717
-	-	-	264,472	-	264,472
-	-	-	346,571	-	346,571
-	-	-	49,500	-	49,500
-	-	-	935,369	-	935,369
-	-	-	183,291	-	183,291
-	-	-	207,000	-	207,000
-	-	-	35,595	-	35,595
-	-	-	75,387	-	75,387
-	-	-	-	404,144	404,144
-	-	-	53,262	-	53,262
-	-	-	233,077	-	233,077
-	-	-	8,756	-	8,756
-	-	-	10,000	-	10,000
-	-	-	1,271,520	-	\$ 1,271,520

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
3900 Other State Revenue:			
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching) (Carryover Provision)	\$ -	-	-
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:			
4200 Occupational Education:			
4210 Vocational Aid, Title I	-	-	-
4220 Tech Prep Education, Title II	-	-	-
4240 Schools-to-Work Implementation Grant (Carryover Provision)	-	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I	5,939,512	-	-
4331 Enhancing Education through Technology (E2T2), Title II	-	-	-
4340 Promoting Informed Parental Choice and Innovative Education Program Strategies, Title V	-	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-
4351 Improving Teacher Quality	-	-	-
4360 Even Start - Family Literacy	-	-	-
4400 Adult Education:			
4410 Basic Adult Education	-	-	-
4500 Programs for Children with Disabilities:			
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	5,084,218	-
4520 Pre-School Grants (Carryover Provision)	-	-	322,562
4900 Other Federal Sources:			
4920 Drug and Violence Prevention, Title IV	-	-	-
4924 21st Century Community Learning Centers Grants, Title IV	-	-	-
4930 WIA Youth	-	-	-
4950 School Renovation, IDEA, and Technology Grants:			
4952 IDEA	-	-	-
4990 Other Federal Revenue	-	-	-
4996 Learn and Serve America	-	-	-
4998 Before/After School Day Care	-	-	-
4999 Revenue from Other Federal Sources	-	-	-
Total Federal Sources	<u>5,939,512</u>	<u>5,084,218</u>	<u>322,562</u>
TOTAL REVENUES ALL SOURCES	<u>\$ 5,939,512</u>	<u>5,084,218</u>	<u>322,562</u>

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	68,934	-	\$ 68,934
-	-	-	7,242,811	404,144	7,646,955
445,381	-	-	-	60,959	506,340
-	-	-	-	109,938	109,938
-	-	-	-	302,451	302,451
-	-	-	-	-	5,939,512
-	-	-	-	114,216	114,216
-	-	-	-	170,630	170,630
-	-	-	-	87,288	87,288
-	-	-	-	1,262,620	1,262,620
-	-	-	-	123,697	123,697
-	-	229,411	-	-	229,411
-	-	-	-	133,371	5,217,589
-	-	-	-	-	322,562
-	204,439	-	-	-	204,439
-	-	-	-	590,399	590,399
-	-	-	-	773,916	773,916
-	-	-	-	469	469
-	-	-	-	412,259	412,259
-	-	-	-	28,026	28,026
-	-	-	-	25,388	25,388
-	-	-	-	2,533,868	2,533,868
445,381	204,439	229,411	-	6,729,495	18,955,018
445,381	204,439	229,411	7,242,811	8,277,006	\$ 27,745,340

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Program:			
100 Salaries	\$ 168,622	-	-
200 Employee Benefits	55,132	-	-
400 Supplies and Materials	-	-	-
112 Primary Programs:			
100 Salaries	425,145	-	-
200 Employee Benefits	122,965	-	-
300 Purchased Services	99,725	-	-
400 Supplies and Materials	608,848	-	-
113 Elementary Programs:			
100 Salaries	488,443	-	-
200 Employee Benefits	140,209	-	-
300 Purchased Services	56,024	-	-
400 Supplies and Materials	231,134	-	-
114 High School Programs:			
100 Salaries	228,316	-	-
200 Employee Benefits	76,819	-	-
300 Purchased Services	58,470	-	-
400 Supplies and Materials	112,635	-	-
500 Capital Outlay	-	-	-
115 Vocational Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services - Other Than Tuition	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	-	1,620,446	14,111
200 Employee Benefits	-	535,321	2,890
300 Purchased Services	-	29,359	-
400 Supplies and Materials	-	100,719	-
500 Capital Outlay	-	-	-
125 Hearing Handicapped:			
400 Supplies and Materials	-	-	-
126 Speech Handicapped:			
100 Salaries	-	24,931	-
200 Employee Benefits	-	10,152	-
300 Purchased Services	-	11,255	-
400 Supplies and Materials	\$ -	14,141	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	37,497	-	\$ 206,119
-	-	-	7,381	-	62,513
-	-	-	24,348	-	24,348
-	-	-	1,956,948	1,016,881	3,398,974
-	-	-	525,710	259,599	908,274
-	-	-	15,930	234,745	350,400
-	-	-	121,423	30,800	761,071
-	-	-	731,889	290,976	1,511,308
-	-	-	189,899	59,364	389,472
-	-	-	-	44,434	100,458
-	-	-	106,230	60,987	398,351
-	-	-	825,671	476,292	1,530,279
-	-	-	236,073	18,947	331,839
-	-	-	19,076	115,148	192,694
-	-	-	72,997	64,207	249,839
-	-	-	10,000	-	10,000
55,650	-	-	-	-	55,650
9,618	-	-	-	-	9,618
33,284	-	-	-	-	33,284
83,571	-	-	-	-	83,571
55,027	-	-	-	-	55,027
-	-	-	-	1,534	1,636,091
-	-	-	-	285	538,496
-	-	-	-	31,500	60,859
-	-	-	-	54,110	154,829
-	-	-	-	5,965	5,965
-	-	-	-	1,136	1,136
-	-	-	-	-	24,931
-	-	-	-	-	10,152
-	-	-	-	-	11,255
-	-	-	-	469	\$ 14,610

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
130 Pre-School Programs:			
135 Pre-School Handicapped-Speech (3 & 4 year olds):			
100 Salaries	\$ -	-	23,016
200 Employee Benefits	-	-	4,282
136 Pre-School Handicapped- Itinerant (3 & 4 year olds):			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	1,964
139 Early Childhood Programs:			
100 Salaries	272,377	-	-
200 Employee Benefits	80,914	-	-
300 Purchased Services	200	-	-
400 Supplies and Materials	1,497	-	-
140 Special Programs:			
145 Homebound:			
100 Salaries	-	4,691	-
200 Employee Benefits	-	818	-
148 Gifted and Talented - Artistic:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
149 Other Special Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	8,856	-	-
200 Employee Benefits	1,624	-	-
173 High School Summer School:			
300 Purchased Services	3,300	-	-
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	74,340	-	-
200 Employee Benefits	12,945	-	-
300 Purchased Services	144	-	-
400 Supplies and Materials	\$ 18,649	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	\$ 23,016
-	-	-	-	-	4,282
-	-	-	208,603	180,985	389,588
-	-	-	50,810	70,456	121,266
-	-	-	3,285	-	5,249
-	-	-	-	77,528	349,905
-	-	-	-	23,242	104,156
-	-	-	-	477	677
-	-	-	-	2,776	4,273
-	-	-	-	-	4,691
-	-	-	-	-	818
-	-	-	-	296,515	296,515
-	-	-	-	74,152	74,152
-	-	-	-	69,619	69,619
-	-	-	-	118,759	118,759
-	-	-	-	15,125	15,125
-	-	-	-	50,213	50,213
-	-	-	-	17,465	17,465
-	-	-	-	-	8,856
-	-	-	-	-	1,624
-	-	-	-	-	3,300
-	-	-	706,224	22,010	802,574
-	-	-	130,273	3,378	146,596
-	-	-	-	-	144
-	-	-	-	-	\$ 18,649

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	\$ -	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
182 Adult Secondary Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
183 Adult English Literacy (ESL):			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
188 Parenting/Family Literacy:			
100 Salaries	53,464	-	-
200 Employee Benefits	12,442	-	-
300 Purchased Services	31,207	-	-
400 Supplies and Materials	138,396	-	-
Total Instruction	<u>3,582,842</u>	<u>2,351,833</u>	<u>46,263</u>
200 Supporting Services:			
210 Pupil Services:			
212 Guidance Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	2,270	-	-
213 Health Services:			
100 Salaries	-	-	91,156
200 Employee Benefits	-	-	30,467
300 Purchased Services	-	-	18,191
400 Supplies and Materials	-	-	4,011
214 Psychological Services:			
100 Salaries	-	825,404	16,026
200 Employee Benefits	-	211,817	3,325
300 Purchased Services	-	168,341	-
400 Supplies and Materials	-	83,289	769
500 Capital Outlay	-	713	-
600 Other Objects	-	2,036	-
215 Exceptional Program Services:			
100 Salaries	-	125,567	-
200 Employee Benefits	\$ -	33,392	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	146,959	40,186	346,558	\$ 533,703
-	-	31,308	9,314	87,676	128,298
-	-	16,380	-	101,864	118,244
-	-	3,249	-	17,056	20,305
-	-	-	103,869	-	103,869
-	-	-	17,194	-	17,194
-	-	-	540	-	540
-	-	29,134	-	-	29,134
-	-	2,381	-	-	2,381
-	-	-	-	292,298	345,762
-	-	-	-	78,880	91,322
-	-	-	-	28,434	59,641
-	-	-	-	18,744	157,140
<u>237,150</u>	<u>-</u>	<u>229,411</u>	<u>6,151,370</u>	<u>4,761,589</u>	<u>17,360,458</u>
149,033	-	-	147,644	9,807	306,484
38,979	-	-	32,717	1,749	73,445
-	-	-	11,540	-	13,810
-	-	-	-	-	91,156
-	-	-	-	-	30,467
-	-	-	-	9,475	27,666
-	-	-	-	-	4,011
-	-	-	-	-	841,430
-	-	-	-	-	215,142
-	-	-	-	2,574	170,915
-	-	-	-	-	84,058
-	-	-	-	-	713
-	-	-	-	-	2,036
-	-	-	-	-	125,567
-	-	-	-	-	\$ 33,392

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
220 Instructional Staff Services:			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	\$ -	266,928	52,531
200 Employee Benefits	-	65,098	10,896
300 Purchased Services	-	30,407	-
400 Supplies and Materials	-	104,920	22,842
222 Library and Media:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
223 Supervision of Special Programs:			
100 Salaries	80,180	442,024	14,796
200 Employee Benefits	18,225	136,296	2,804
300 Purchased Services	10,000	7,782	-
400 Supplies and Materials	-	8,142	-
600 Other Objects	249	-	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	1,215,114	-	-
200 Employee Benefits	316,137	-	-
300 Purchased Services	273,978	4,098	-
400 Supplies and Materials	106,590	-	-
600 Other Objects	309	-	-
250 Finance and Operations Services:			
253 Facilities Acquisition and Construction:			
400 Supplies and Materials	-	53	-
500 Capital Outlay:			
520 Construction Services	-	-	-
254 Operation and Maintenance of Plant:			
300 Purchased Services	12,773	-	-
400 Supplies and Materials	21,117	-	-
255 Student Transportation:			
100 Salaries	60,772	33,752	-
200 Employee Benefits	10,046	5,806	-
300 Purchased Services	69,176	57,362	-
400 Supplies and Materials	-	-	887
258 Security:			
300 Purchased Services	-	-	-
400 Supplies and Materials	\$ 4,175	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	79,496	-	-	600,202	\$ 999,157
-	16,363	-	-	159,717	252,074
-	65,686	-	10,000	301,736	407,829
-	38,004	-	66,119	180,659	412,544
-	-	-	-	750	750
-	-	-	-	141	141
-	-	-	-	9,337	9,337
-	-	-	-	45,463	45,463
16,016	-	-	180,424	210,735	944,175
3,203	-	-	43,104	50,333	253,965
-	-	-	1,440	82,668	101,890
-	-	-	-	22,599	30,741
-	-	-	-	-	249
-	-	-	45,448	424,010	1,684,572
-	-	-	11,166	107,974	435,277
1,000	-	-	135,588	629,465	1,044,129
-	-	-	25,962	85,684	218,236
-	-	-	-	-	309
-	-	-	-	155,353	155,406
-	-	-	-	30,424	30,424
-	-	-	-	-	12,773
-	-	-	-	73	21,190
-	-	-	-	29,817	124,341
-	-	-	-	5,123	20,975
-	-	-	-	22,560	149,098
-	-	-	-	12,812	13,699
-	-	-	302,800	-	302,800
-	-	-	327	-	\$ 4,502

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
260 Central Support Services:			
266 Technology and Data Processing Services:			
100 Salaries	\$ -	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
270 Supporting Services - Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	8,299	-	-
200 Employee Benefits	1,024	-	-
300 Purchased Services	6,236	-	-
Total Supporting Services	<u>2,216,670</u>	<u>2,613,227</u>	<u>268,701</u>
410 Intergovernmental Expenditures:			
411 Payments to State Department of Education			
412 Payments to Other Governmental Units			
720 Transits	-	-	-
413 Payments to Non-Public Schools			
720 Transits	-	-	-
414 Medicaid Payments to State Department of Education			
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5,799,512</u>	<u>4,965,060</u>	<u>314,964</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
420-710 Transfer to General Fund (Exclude Indirect Costs)	-	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(140,000)	(119,158)	(7,598)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(140,000)</u>	<u>(119,158)</u>	<u>(7,598)</u>
NET CHANGES IN FUND BALANCES	-	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>-</u>	<u>-</u>

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects)	Other Designated State Restricted Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	34,309	\$ 34,309
-	-	-	-	6,483	6,483
-	-	-	-	3,166	3,166
-	-	-	75,387	83,529	158,916
-	-	-	-	-	8,299
-	-	-	-	-	1,024
-	-	-	-	-	6,236
<u>208,231</u>	<u>199,549</u>	<u>-</u>	<u>1,089,666</u>	<u>3,318,727</u>	<u>9,914,771</u>
-	-	-	-	7,131	7,131
-	-	-	-	68,700	68,700
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,831</u>	<u>75,831</u>
<u>445,381</u>	<u>199,549</u>	<u>229,411</u>	<u>7,241,036</u>	<u>8,156,147</u>	<u>27,351,060</u>
-	-	-	-	(20,612)	(20,612)
-	(4,890)	-	(1,775)	(100,277)	(373,698)
<u>-</u>	<u>(4,890)</u>	<u>-</u>	<u>(1,775)</u>	<u>(120,889)</u>	<u>(394,310)</u>
-	-	-	-	(30)	(30)
-	-	-	-	30	30
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2004

OTHER RESTRICTED STATE GRANTS

901	Increase High School Diploma Requirements
908	Refurbishment of K-8 Science Kits
911	School Technology Initiative
214	Adult Education- Literacy
216	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
217	Preschool Programs for Children with Disabilities
218	Adult Education- Basic
223	EAA Alternative Schools Grant
226	EAA Principal/ Teacher Specialist on Site
229	EAA Reduce Class Size Grades 1-3
232	EAA Summer School/Comprehensive Remediation
233	School Safety Officers
234	Excellence in Middle Schools
935	National Board Certification (NBC) Salary Supplement
960	K-5 Enhancement
963	EAA Homework Center Awards (Below Average Schools)
964	EAA Retraining Funds
965	EAA Palmetto Gold and Silver Awards
966	K-5 Mathematics and Science Unit Coacting Initiative

OTHER SPECIAL REVENUE PROGRAMS

211	Capacity Building and Improvement
212	Medicaid
213	IDEA- Personnel Development
215	Learn and Serve America
224	21st Century Community Learning Center
227	Chapter I
241	Title V
242	Even Start Family Literacy
245	Math and Science HUB
250	GOALS 2000 Educate America
251	Title VI- REAP
253	Ed Tech
254	Technology Literacy Challenge
255	After School Program
258	Tech Prep
261	School To Work
263	School To Work
264	Title III
265	WIA in School Youth
266	Federal School To Work
267	Improving Teacher Quality
273	WIA Youth (Out of School)
278	One Stop Grant
280	State Improvement Grant
282	Parents as Teachers
284	SC Arts Commission

(Continued)

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2004

OTHER SPECIAL REVENUE PROGRAMS (Continued)

291	McKinney Homeless Assistance
293	AP Online
801	E- Rate
803	ABC Grant
807	National Science Foundation
809	American Cancer Society
810	National Science Foundation
811	Smaller Learning Communities
816	ABC Teen Program
817	New Horizons
822	Community Foundation Open Grant
825	WIA Youth
829	Extended School Year
841	First Steps
842	Communities in Schools
843	First Steps- Child Care
855	REACH
862	ROTC
870	21st Century Learning Center
876	Jordan Fundamentals
880	AIMS Magnet School Assistance
881	Raising the Bar for Quality Physical Ed
882	Developing an Effective Media Center

SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS

YEAR ENDED JUNE 30, 2004

Subfund	Revenue	Programs	Revenues	Expenditures	State Restricted Grants Interfund Transfers In (Out)	Other Financing Sources (Uses)	State Restricted Grants Deferred Revenue
901	3122	Increase High School Dipolma Requirements	\$ 962,589	962,589	-	-	\$ -
908	3126	Refurbishment of K-8 Science Kits	101,459	101,459	-	-	-
911	3198	School Technology Initiative	75,387	75,387	-	-	(80,364)
214	3152	Adult Education- Literacy	49,500	49,500	-	-	-
216	3991	ADEPT	68,934	68,934	-	-	(10,454)
217	3135	Preschool Programs for Children with Disabilities	264,472	262,697	1,775	-	-
218	3151	Adult Education- Basic	346,571	346,571	-	-	(43,920)
223	3123	EAA Alternative Schools Grant	250,815	250,815	-	-	-
226	3196	EAA Principal/ Teacher Specialist on Site (Special Revenue Allocation)	35,595	35,595	-	-	-
229	3129	EAA Reduce Class Size Grades 1-3	1,348,717	1,348,717	-	-	-
232	3121	EAA Summer School	836,497	836,497	-	-	-
233	3192	School Safety Officer	207,000	207,000	-	-	-
234	3191	Excellence in Middle Schools	183,291	183,291	-	-	-
935	3185	National Board Certification (NBC)	935,369	935,369	-	-	-
960	3610	K-5 Enhancement EAA Homework Center Awards (Below Average Schools)	1,271,520	1,271,520	-	-	-
963	3603	Schools)	53,262	53,262	-	-	(22,692)
964	3604	EAA Retraining Funds	233,077	233,077	-	-	(28,441)
965	3605	EAA Palmetto Gold and Silver Awards	8,756	8,756	-	-	-
966	3606	K-5 Mathematics and Science Unit Coaching Initiative	10,000	10,000	-	-	-
Totals			\$ 7,242,811	7,241,036	1,775	-	\$ (185,871)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

REVENUES	<u>ACTUAL</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3500 Education Improvement Act:	
3507 School Innovation Funds	\$ 617,095
3509 Arts in Education	53,010
3513 Parenting/Family Literacy	152,565
3515 Advanced Placement Courses	30,330
3520 Gifted and Talented - Academic	618,107
3522 Gifted and Talented - Artistic	118,796
3523 Junior Scholars Program	1,683
3525 Career and Technology Education Equipment	321,089
3526 EAA Principal/Teacher Specialist on Site	346,103
3527 Critical Teaching Needs	8,892
3529 EAA Retraining Grant	67,110
3530 Trainable & Profoundly Mentally Disabled Student Services	133,634
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	39,775
3535 Governor's Institute of Reading	50,000
3540 Four-Year Old Early Childhood Program	1,069,286
3546 Academic Assistance K-3	2,362,518
3548 Academic Assistance 4-12	2,312,928
3550 Teacher Salary Increase	7,036,689
3553 Adult Education - Remedial	7,301
3555 School Employer Contributions	1,312,343
3561 Mathematics and Science Centers	261,967
3570 Intervention	89,097
3575 Competitive Teacher Grants	53,636
3577 Teacher Supplies	345,400
3582 Principal Salary/Fringe Increase	122,900
3588 Palmetto Gold & Silver	24,062
3592 School-to-Work Transition	149,307
3595 EAA Homework Center Awards (Unsatisfactory Schools)	3,803
Total State Sources	<u>17,710,503</u>
TOTAL REVENUES ALL SOURCES	<u>\$ 17,710,503</u>

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

EXPENDITURES	<u>ACTUAL</u>
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 42,434
200 Employee Benefits	10,012
400 Supplies and Materials	15,400
112 Primary Programs:	
100 Salaries	1,054,328
200 Employee Benefits	273,040
300 Purchased Services	720,441
400 Supplies and Materials	272,796
113 Elementary Programs:	
100 Salaries	875,911
200 Employee Benefits	179,197
300 Purchased Services	668,104
400 Supplies and Materials	473,679
114 High School Programs:	
100 Salaries	97,905
200 Employee Benefits	28,698
300 Purchased Services	19,468
400 Supplies and Materials	273,897
500 Capital Outlay	7,593
115 Vocation Programs:	
400 Supplies and Materials	311,296
500 Capital Outlay	10,193
117 Driver Education Program:	
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	8,400
122 Trainable Mentally Handicapped:	
100 Salaries	93,822
200 Employee Benefits	31,629
400 Supplies and Materials	11,583
124 Visually Handicapped:	
400 Supplies and Materials	2,000
125 Hearing Handicapped:	
400 Supplies and Materials	400
126 Speech Handicapped:	
400 Supplies and Materials	8,000
127 Learning Disabilities:	
400 Supplies and Materials	\$ 20,400
	(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	\$ 778,914
200 Employee Benefits	213,676
300 Purchased Services	5,993
400 Supplies and Materials	72,342
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	470,470
200 Employee Benefits	134,114
300 Purchased Services	4,735
400 Supplies and Materials	15,976
148 Gifted and Talented - Artistic:	
100 Salaries	22,448
200 Employee Benefits	4,155
300 Purchased Services	4,275
400 Supplies and Materials	34,100
170 Summer School Programs:	
174 Gifted and Talented Summer School:	
100 Salaries	10,182
200 Employee Benefits	1,880
300 Purchased Services	17,544
400 Supplies and Materials	4,820
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	7,458
200 Employee Benefits	1,358
400 Supplies and Materials	1,909
180 Adult/Continuing Educational Programs:	
187 Adult Education - Remedial:	
100 Salaries	6,160
200 Employee Benefits	1,141
188 Parenting/Family Literacy:	
100 Salaries	118,118
200 Employee Benefits	27,687
300 Purchased Services	6,532
400 Supplies and Materials	4,318
Total Instruction	<u>\$ 7,480,931</u>

(Continued)

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
200 Supporting Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	\$ 15,200
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	826,672
200 Employee Benefits	192,677
300 Purchased Services	66,714
400 Supplies and Materials	58,631
222 Library and Media:	
400 Supplies and Materials	7,200
223 Supervision of Special Programs:	
100 Salaries	67,545
200 Employee Benefits	13,395
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	171,591
200 Employee Benefits	33,913
300 Purchased Services	243,075
400 Supplies and Materials	61,028
230 General Administration Services:	
233 School Administration:	
100 Salaries	97,273
200 Employee Benefits	25,626
Total Supporting Services	<u>1,880,540</u>
TOTAL EXPENDITURES	<u>9,361,471</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(8,349,032)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,349,032)</u>
NET CHANGE IN FUND BALANCE	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2004

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3507 School Innovation Funds	\$ 617,095	617,095	-	-	\$ -
3509 Arts in Education	53,010	53,010	-	-	-
3513 Parenting/Family Literacy	152,565	152,565	-	-	1,120
3515 Advanced Placement Courses	30,330	30,330	-	-	-
3520 Gifted and Talented - Academic	618,107	618,107	-	-	-
3522 Gifted and Talented - Artistic	118,796	118,796	-	-	-
3523 Junior Scholars Program	1,683	1,683	-	-	-
3525 Career and Technology Education Equipment	321,089	321,089	-	-	-
3526 Principal/Teacher Specialist on Site	346,103	346,103	-	-	-
3527 Critical Teaching Needs	8,892	8,892	-	-	-
3529 Retraining Grant	67,110	67,110	-	-	20,869
3530 Trainable & Profoundly Mentally Disabled Student Services	133,634	133,634	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3534 Professional Development on Standards	39,775	39,775	-	-	-
3535 Governor's Institute of Reading	50,000	50,000	-	-	-
3540 Four-Year Old Early Childhood Program	1,069,286	1,069,286	-	-	-
3546 Academic Assistance K-3	2,362,518	2,362,518	-	-	-
3548 Academic Assistance 4-12	2,312,928	2,312,928	-	-	-
3550 Teacher Salary Increase	7,036,689	-	-	(7,036,689)	-
3553 Adult Education - Remedial	7,301	7,301	-	-	8,537
3555 School Employer Contributions	1,312,343	-	-	(1,312,343)	-
3561 Mathematics and Science Centers	261,967	261,967	-	-	-
3570 Intervention	89,097	89,097	-	-	10,903
3575 Competitive Teacher Grants	53,636	53,636	-	-	-
3577 Teacher Supplies	345,400	345,400	-	-	-
3582 Principal Salary/Fringe Increase	122,900	122,900	-	-	-
3588 EAA Palmetto Gold and Silver	24,062	24,062	-	-	5,607
3592 School-to-Work Transition	149,307	149,307	-	-	71,777
3595 EAA Homework Center Awards (Unsatisfactory Schools)	3,803	3,803	-	-	46,198
Totals	\$ 17,710,503	9,361,471	-	(8,349,032)	\$ 165,011

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

YEAR ENDED JUNE 30, 2004

<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue & Subfund Code</u>	<u>Description</u>	<u>Amount Due to State Department of Education or Federal Government</u>	<u>Status of Amount Due to Grantors</u>
Competitive Teacher Grants	EIA	3575	Unexpended Funds	\$ 1,752	Paid After Year-End
Total				<u>\$ 1,752</u>	

SPECIAL REVENUE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2004

	ACTUAL
REVENUES	
1000 Revenues from Local Sources:	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 1,717,807
1620 Breakfast Sales to Pupils	138,230
1630 Special Sales to Pupils	698,861
1640 Lunch Sales to Adults	201,347
1650 Breakfast Sales to Adults	6,198
1660 Special Sales to Adults	71,175
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	231,594
Total Local Sources	<u>3,065,212</u>
3000 Revenues from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3141 Supervisor's Salary	11,586
3142 Program Aid	12,534
Total State Sources	<u>24,120</u>
4000 Revenues from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	4,984,799
4830 School Breakfast Program	1,040,027
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	667,132
Total Federal Sources	<u>6,691,958</u>
TOTAL REVENUES ALL SOURCES	<u>9,781,290</u>
EXPENSES	
200 Supporting Services:	
256 Food Service:	
100 Salaries	3,564,350
200 Employee Benefits	880,818
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	146,049
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	5,194,061
500 Capital Outlay	5,023
600 Other Objects	21,655
Total Supporting Services	<u>9,811,956</u>
TOTAL EXPENSES	<u>\$ 9,811,956</u>

(Continued)

SPECIAL REVENUE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	\$ 457,269
432-791 Food Service Fund Indirect Costs	(685,934)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(228,665)</u>
NET CHANGE IN FUND NET ASSETS	(259,331)
FUND NET ASSETS, Beginning of Year	<u>1,591,643</u>
FUND NET ASSETS, End of Year	<u>\$ 1,332,312</u>

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004

	<u>DISTRICT</u>	<u>BERKELEY FACILITIES GROUP</u>	<u>SAFE</u>
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 15,489,726	3,299,852	\$ 2,116,784
1140 Penalties & Interest on Taxes (Independent)	56,757	16,957	-
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Dependent and Independent)	672,663	204,238	-
1500 Earnings on Investments:			
1510 Interest on Investments	43,953	-	76
Total Local Sources	<u>16,263,099</u>	<u>3,521,047</u>	<u>2,116,860</u>
3000 Revenue from State Sources:			
3800 State Revenue in Lieu of Taxes:			
3820 Homestead Exemption	557,499	169,674	-
3840 Manufacturers Depreciation Reimbursement	237,760	72,362	-
Total State Sources	<u>795,259</u>	<u>242,036</u>	<u>-</u>
TOTAL REVENUES ALL SOURCES	<u>17,058,358</u>	<u>3,763,083</u>	<u>2,116,860</u>
EXPENDITURES			
500 Debt Service:			
610 Redemption of Principal	8,620,000	1,540,000	-
620 Interest	8,526,305	2,105,698	5,714,944
690 Other Objects (Includes Fees for Servicing Bonds)	96,149	-	-
Total Debt Service	<u>17,242,454</u>	<u>3,645,698</u>	<u>5,714,944</u>
TOTAL EXPENDITURES	<u>17,242,454</u>	<u>3,645,698</u>	<u>5,714,944</u>
OTHER FINANCING SOURCES (USES)			
5110 Premium on Bonds Sold	207,608	-	-
5120 Proceeds of General Obligation Bonds	7,165,000	-	-
5130 Proceeds of Refunding Debt	-	-	34,548,809
441-720 Payment to Refunded Debt Escrow Agent	(7,291,624)	-	(34,548,809)
Interfund Transfers, From (To) Other Funds:			
5250 Transfer from Capital Projects Fund	-	-	33,034,224
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,984</u>	<u>-</u>	<u>33,034,224</u>
NET CHANGE IN FUND BALANCE	<u>(103,112)</u>	<u>117,385</u>	<u>29,436,140</u>
FUND BALANCE, Beginning of Year	9,376,528	7,220,556	-
Prior Period Adjustment	402,056	-	-
FUND BALANCE, Beginning of Year, Restated	<u>9,778,584</u>	<u>7,220,556</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 9,675,472</u>	<u>7,337,941</u>	<u>\$ 29,436,140</u>

CAPITAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004

	<u>DISTRICT</u>	<u>SAFE</u>
REVENUES		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ 599,888	\$ 4,680
1900 Other Revenue from Local Sources:		
1920 Contributions & Donations Private Sources	-	3,022,346
Total Local Sources	<u>599,888</u>	<u>3,027,026</u>
TOTAL REVENUES ALL SOURCES	<u>599,888</u>	<u>3,027,026</u>
EXPENDITURES		
200 Supporting Services:		
250 Finance and Operations:		
252 Fiscal Services		
400 Supplies and Materials	253	343
253 Facilities Acquisition & Construction:		
100 Salaries	2,273	-
200 Employee Benefits	423	-
300 Purchased Services	2,032,108	2,292,975
400 Supplies and Materials	1,383,222	12,688
500 Capital Outlay:		
510 Land	-	3,022,346
520 Construction Services	25,709,868	-
530 Improvements Other Than Buildings	543,402	11,470
254 Operations and Maintenance of Plant:		
300 Purchased Services	3,444	-
321 Public Utilities (Excludes Gas, Oil, Electric, & Other Heating Fuels)	23,038	
260 Central Support Services:		
266 Technology and Data Processing Services:		
400 Supplies and Materials	124,284	-
Total Supporting Services	<u>29,822,315</u>	<u>5,339,822</u>
500 Debt Service:		
630 Discount on Bonds Sold	-	1,638,680
690 Other Objects	-	2,976,555
Total Debt Service	<u>-</u>	<u>4,615,235</u>
TOTAL EXPENDITURES	<u>\$ 29,822,315</u>	<u>\$ 9,955,057</u>

(Continued)

CAPITAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004

	<u>DISTRICT</u>	<u>SAFE</u>
OTHER FINANCING SOURCES (USES)		
5110 Premium on Bonds Sold	\$ -	\$ 30,619
5120 Proceeds of General Obligation Bonds	-	172,873,148
Interfund Transfers, From (To) Other Funds:		
423-710 Transfer to Debt Service Fund	-	(33,034,224)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>139,869,543</u>
NET CHANGE IN FUND BALANCE	(29,222,427)	132,941,512
FUND BALANCE, Beginning of Year	<u>33,788,197</u>	<u>383,219</u>
FUND BALANCE, End of Year	<u>\$ 4,565,770</u>	<u>\$ 133,324,731</u>

FIDUCIARY FUND - AGENCY FUND - STUDENT ACTIVITY

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

YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 9,180
1700 Pupil Activities:	
1710 Admissions	513,950
1790 Other	5,241,036
Total Local Sources	<u>5,764,166</u>
TOTAL RECEIPTS ALL SOURCES	<u>5,764,166</u>
DISBURSEMENTS	
100 Instruction:	
111 Kindergarten Programs	
100 Salaries	28,802
200 Employee Benefits	8,419
190 Instructional Pupil Activity:	
100 Salaries	71,809
200 Employee Benefits	14,605
660 Pupil Activity	305,796
Total Instruction	<u>429,431</u>
200 Supporting Services:	
250 Finance and Operations	
258 Security	
500 Capital Outlay	8,822
270 Supporting Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries	1,142,934
200 Employee Benefits	156,167
660 Supporting Services Pupil Activity	3,453,494
Total Supporting Services	<u>4,761,417</u>
TOTAL DISBURSEMENTS	<u>5,190,848</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5270 Transfer from Pupil Activity	248,863
426-710 Transfer to Pupil Activity	(248,848)
TOTAL OTHER FINANCING SOURCES (USES)	<u>15</u>
NET CHANGE IN DUE TO STUDENT ORGANIZATIONS	<u>573,333</u>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	920,821
Prior Period Adjustment	<u>173,759</u>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year- Restated	<u>1,094,580</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 1,667,913</u>

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
<u>Passed Through SC Department of Education:</u>				
600	Food Distribution	10.550	N/A	\$ 667,132
600	National School Breakfast Program	10.553	N/A	1,040,027
600	National School Lunch Program	10.555	N/A	4,984,799
TOTAL US DEPARTMENT OF AGRICULTURE				6,691,958
US DEPARTMENT OF EDUCATION				
<u>Direct Programs:</u>				
100	Impact Aid	84.041	N/A	1,187,807
855	Drug & Violence Prevention Cord for Middle	84.184K	S184K010082	130,024
870	21st Century Learning Center	84.287A	N/A	491,792
880	Magnet School Assistance	84.165A	S165A010054	849,135
881	Carol M. White Physical Fitness	84.215F	S215F020420	120,356
882	Improving Literacy Through School Libraries	84.287B	N/A	55,691
Total Direct Programs				2,834,805
<u>Pass-through Charleston County:</u>				
811	Smaller Learning Communities	84.215L	V215L030097	24,669
<u>Passed Through SC Department of Education:</u>				
<u>Title I:</u>				
201	Title I- Low Income	84.010	04-BA015	5,889,605
	Title I School Improvement	84.218	03-BJ015	49,907
Total Title I				5,939,512
<u>IDEA:</u>				
203	Public Law 101-476 The Individuals with Disabilities Act	84.027A	04-CA015	5,084,218
211	Capacity Building Allocation	84.027A	04-CR015	93,681
213	Personal Development Allocation	84.027A	04-CO015	39,690
266	RIT- IDEA	84.027A	04-DH015	469
Total IDEA				5,218,058
<u>Preschool Handicapped</u>				
205	Handicapped Preschool Grant	84.173	04-CG015	322,562
<u>Occupational Education:</u>				
207	Professional Development (Subprogram 04)	84.048	04-VA015	1,000
207	Initiate/ Improve Program (Subprogram 06)	84.048	04-VA015	177,891
207	Career Guidance (Subprogram 08)	84.048	04-VA015	188,012
207	Special Populations (Subprogram 09)	84.048	04-VA015	51,259
207	Student Organizations (Subprogram 10)	84.048	04-VA015	8,000
207	Administration II (Subprogram 15)	84.048	04-VA015	\$ 19,219

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

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF EDUCATION (CONTINUED)				
<u>Occupational Education (Continued):</u>				
258	Administration II (Subprogram 71)	84.048	04-VA015	\$ 3,211
258	Technical Assistance (Subprogram 72)	84.048	04-VA015	14,861
258	Staff Development (Subprogram 75)	84.048	04-VA015	115,679
		Total 84.048		579,132
258	Curriculum Instruct IP (Sub 80)	84.243	04-VA015	5,646
258	Administration IP (Sub 81)	84.243	04-VA015	393
258	Guidance IP (Sub 84)	84.243	04-VA015	11,556
258	Curriculum Instruct IS (Sub 90)	84.243	04-VA015	19,177
258	Administration IS (Sub 91)	84.243	04-VA015	374
		Total 84.243		37,146
	Total Occupational Education			616,278
<u>Drug Free:</u>				
209	Drug Free and Violence Prevention Program	84.186	04-FQ015	204,439
<u>Adult Education:</u>				
243	Adult Regular	84.002	04-EA015	207,141
243	Adult Ed- EL/ Civics	84.002	04-ED015	22,270
	Total Adult Education			229,411
<u>Other Special Programs:</u>				
242	Even Start- Family Literacy	84.213	04-EK015	123,697
241	Title VI	84.298	04-BB015	170,630
249	Learn and Serve America	94.004	04-FA015	28,026
261	School To Work	17.249	04-VA015	302,451
224	21st Century Learning Center	84.186A	04-CL015	590,399
253	Ed Tech	84.318X	04-ET015	114,216
264	Title III	84.365A	04-BP015	87,288
267	Title II- Improving Teacher Quality	84.367A	04-TQ015	1,262,620
280	State Improvement Grant Supplies	84.323A	04-CT015	901
291	McKinney Homeless Grant	84.196A	04-FH015	60,000
293	AP Online	84.330	04-IG015	2,000
	Total Other Special Prgrams			2,742,228
TOTAL US DEPARTMENT OF EDUCATION				18,131,962
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>Passed Through Charleston County:</u>				
273	Workforce Investment Act (Out of School)	17.250	N/A	326,311
278	Trident One Stop	17.250	N/A	226,879
825	Workforce Investment Act (In School)	17.250	N/A	220,726
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 773,916

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

(Continued)

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<u>US DEPARTMENT OF DEFENSE</u>				
	<u>Direct Programs:</u>			
862	JROTC	12.000	N/A	\$ 387,590
	TOTAL US DEPARTMENT OF DEFENSE			<u>387,590</u>
<u>NATIONAL SCIENCE FOUNDATION</u>				
	<u>Direct Programs:</u>			
810	National Science Foundation	47.076	ES19986869	823,969
	TOTAL NATIONAL SCIENCE FOUNDATION			<u>823,969</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
	<u>Passed Through SC Department of Education</u>			
255	After School Program	93.673	04-FB015	25,388
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>25,388</u>
	TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 26,834,783</u>

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2004

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Berkeley County School District, South Carolina (the “School District”) for the year ended June 30, 2004. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

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

C – Relationship to Basic Financial Statements

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

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.

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

To the Board of Trustees
Berkeley County School District
Moncks Corner, South Carolina

We have audited the basic financial statements of Berkeley County School District ("School District"), as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

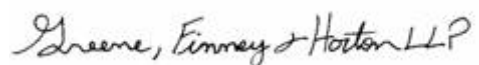
As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2004-1.

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 assurance on the internal control over financial reporting. However, we noted certain matters 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 basic financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is considered a material weakness. We noted other matters involving the design and operation of the internal control over financial reporting, which we have reported to management of the School District in a separate letter dated November 24, 2004.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, 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 and Horton, LLP
November 24, 2004

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

To the Board of Trustees
Berkeley County School District
Moncks Corner, South Carolina

Compliance

We have audited the compliance of Berkeley County School District ("School District"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

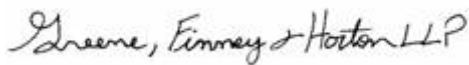
In our opinion, Berkeley County School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, 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 and Horton, LLP
November 24, 2004

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2004

FINDINGS – 2003 FINANCIAL STATEMENTS AUDIT

None

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2004

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? X Yes _____ None Reported

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>
10.55	Food Distribution
10.553	School Breakfast Program
10.555	School Lunch Program
10.559	Summer Feeding Program
84.041	Impact Aid
84.010	Title I
84.027	Individuals with Disabilities Education Act (IDEA)
84.367A	Title II
47.076	National Science Foundation

Dollar threshold used to distinguish between type A and type B programs: \$ 922,338

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

BERKELEY COUNTY SCHOOL DISTRICT, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2004

Section II - Findings - 2004 Financial Statements Audit

2004-1: NONCOMPLIANCE WITH LAWS AND REGULATIONS

- Condition:** The District's bank deposits are under collateralized by \$1,318,716 at June 30, 2004.
- Criteria:** State law requires all monies deposited by a government entity at a financial institution be collateralized for any amount in excess of FDIC insurance.
- Effect:** The District was not fully collateralized at June 30, 2004.
- Cause:** Management was unaware that the bank deposits were under collateralized.
- Recommendation:** We recommend that the District coordinate with the bank in order to maintain sufficient collateral on these deposits at all times.
- Response:** Management has addressed this problem.

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

	<u>Questioned Costs</u>
All Major Programs	\$ -
	<hr/>
Total Questioned Costs	<u>\$ -</u>