

**BERKELEY COUNTY SCHOOL DISTRICT
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

**BERKELEY COUNTY SCHOOL DISTRICT
SOUTH CAROLINA**

PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2005

Established in 1948

Board of Trustees

**Kathleen Bounds, Chairperson
Jerry J. Prosser, Vice-Chairperson
Harriett Dangerfield, Secretary
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Superintendent

Dr. J. Chester Floyd

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2005

INTRODUCTORY SECTION

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT		1
Management's Discussion and Analysis		3

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets		14
Statement of Activities		15

Fund Financial Statements:

Balance Sheet - Governmental Funds		16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets		18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities		22
Statement of Assets and Liabilities - Fiduciary Fund		23

<i>Notes to the Basic Financial Statements</i>		24
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Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - General Fund	Schedule A-1	48
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(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2005

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	49
<u>Special Revenue Funds</u>		
<i>Special Projects Fund</i>		
Schedule of Revenues, Expenditures and Changes in Fund Balances	Schedule B-1	58
Supplemental Listing of LEA Subfund Codes and Titles	Schedule B-2	72
Summary Schedule for Designated State Restricted Grants	Schedule B-3	74
<i>Education Improvement Act</i>		
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	Schedule B-4	75
Summary Schedule By Program	Schedule B-5	80
Schedule of Due to State Department of Education/Federal Government	Schedule B-6	81
<i>Food Service</i>		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Food Service	Schedule B-7	82
<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	84
<u>Capital Projects Fund</u>		
Schedule of Revenues, Expenditures and Changes in Fund Balance- District and Securing Assets for Education	Schedule D-1	85
<u>Fiduciary Fund</u>		
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations - Student Activity Agency Fund	Schedule E-1	86

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2005

COMPLIANCE SECTION

	<u>Reference</u>	<u>Page</u>
Schedule of Expenditures of Federal Awards		87
Notes to the Schedule of Expenditures of Federal Awards		89
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>		91
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		92
Summary Schedule of Prior Year Audit Findings		93
Schedule of Findings and Questioned Costs		94



GREENE FINNEY & HORTON

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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 (the "School District"), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2005, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on page 3 through page 12 and budgetary comparison schedule for the General Fund on page 48 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section and combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional

analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement of the School District. The combining and individual fund schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole. The introductory section 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.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
November 14, 20

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

INTRODUCTION

This narrative overview gives an analysis of the financial activities of the Berkeley County School District (the "School District") for the fiscal year ended June 30, 2005. 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

As a matter of prior history, 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.

In addition, 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 the 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 at June 30, 2003 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.

These cost cutting measures were still in effect in 2005. The State funded education at a base student cost of \$1,852, still well under what we consider full funding. However, with the strategies of budgeting for FY 2005, we were able to increase our General Fund balance by \$79,855 to a total fund balance of \$10,660,827 or approximately 7.56 % of our General Fund operations.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

FINANCIAL HIGHLIGHTS (CONTINUED)

Other key financial aspects were as follows:

- The School District's total Net Assets as of June 30, 2005, was approximately \$96,734,000 according to the government wide statements. Of this amount, approximately \$10,780,000 may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total capital assets increased by approximately \$22,380,000 (7.9%) 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 and the SAFE installment revenue bonds of 2003.
- The School District retired \$69,466,000 in principal and borrowed \$62,190,000 in new bond issues. The Debt Service Fund Balance, however, decreased from \$46,449,553 to \$41,999,906 as a result of the timing of the interest payments of the SAFE bonds.
- Revenues and Other Financing Sources totaled approximately \$311,899,000 and Expenditures and Other Financing Uses totaled approximately \$324,516,000 for all Governmental Funds at the fund level. Accordingly, expenditures and other financing uses exceeded revenue and other financing sources by approximately \$12,617,000. This is largely attributable to the SAFE capital projects.
- Our principal operating fund, the General Fund, had approximately \$138,757,000 in fiscal year 2005 revenues and other financing sources, which primarily consisted of state aid and property taxes, and approximately \$138,677,000 in expenditures and other financing uses leaving revenues over expenditures for the year of approximately \$80,000. This resulted in the General Fund's fund balance increasing from \$10,580,972 as of June 30, 2004 to \$10,660,827 as of June 30, 2005. This is the School District's second increase in General Fund in five-years which is directly attributable to the budgeting strategy described above and the ability of the School District to carry out its plan.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School 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 School District's finances, in a manner similar to a private sector business. These statements outline functions of the School 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 14-15 of this report.

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

Statement of Activities: The statement of activities presents information showing how the School 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
MONCKS CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

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 School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School 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 School 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 School 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 18 and 22.

The School 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 16-22 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 School 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 23 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 24-47 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 School District's budget process. The School 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 48 of this report.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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 School District, assets exceeded liabilities by approximately \$96,734,000 as of June 30, 2005.

The largest portion of the School District's net assets (48%) 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 School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School 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 School 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
MONCKS CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table presents a summary of the School District's net assets for the fiscal years ended June 30, 2005 and June 30, 2004:

	Net Assets	
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004 (Restated)</u>
Assets		
Current and Other Assts	\$ 212,876,803	\$ 218,680,676
Capital Assets	306,571,726	284,191,436
Total Assets	<u>519,448,529</u>	<u>502,872,112</u>
Liabilities		
Long-Term Liabilities	394,598,189	396,331,816
Other Liabilities	28,115,868	24,193,877
Total Liabilities	<u>422,714,057</u>	<u>420,525,693</u>
Net Assets		
Invested in Capital Assets, Net of Debt	46,863,923	30,434,972
Restricted	39,090,133	43,200,726
Unrestricted	10,780,416	8,710,721
Total Net Assets	<u>\$ 96,734,472</u>	<u>\$ 82,346,419</u>

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

- The addition of approximately \$16,576,000 in total assets, of which approximately \$22,380,000 is attributed to the construction of a new school, and other school improvements, and purchases of furniture, equipment and vehicles.
- A decrease in long-term liabilities of approximately \$1,734,000 is related to the School District issuing \$62,190,000 in General Obligation Refunding debt, which included a premium of \$2,560,938 and an arbitrage rebate payable of \$7,775,704, which was partially offset by a deferred loss of \$5,094,682 on the refunding debt issue . The School District made principal reductions totaling \$69,466,000. Of the principal reductions, \$59,500,000 can be attributable to the School District's advance refunding the 2000 Series General Obligation Bonds.
- The approximately \$3,922,000 increase in other liabilities primarily relates to an increase in accounts payable and accrued expenses due to the School District having significant construction related expenditures due at June 30, 2005.

The School District's total revenues for the fiscal year ended June 30, 2005, were approximately \$236,859,000. The total cost of all programs and services was approximately \$222,471,000. The following table presents a summary of the activity that resulted changes in net assets for the fiscal year ended June 30, 2005.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

CHANGES IN NET ASSETS

	Governmental Activities	
	2005	2004 (Restated)
Revenues		
Program Revenues:		
Charges for Services	\$ 4,132,159	\$ 3,467,720
Operating Grants	122,234,538	116,270,706
Capital Grants	2,731,346	3,939,673
General Revenue:		
Property Taxes	82,943,474	78,998,213
Grants and Entitlements	10,641	2,993
Other	24,806,940	3,361,650
Total Revenues	<u>236,859,098</u>	<u>206,040,955</u>
Program Expenses		
Instruction	113,343,811	108,138,717
Support Services	71,268,106	70,514,598
Food Services	10,013,045	9,823,107
Intergovernmental	315,747	107,461
Interest and Fiscal Charges	27,530,336	17,244,314
Total Expenses	<u>222,471,045</u>	<u>205,828,197</u>
Increase (Decrease) in Net Assets	14,388,053	212,758
Net Assets, Beginning of Year	<u>82,346,419</u>	<u>82,133,661</u>
Net Assets, End of Year	<u>\$ 96,734,472</u>	<u>\$ 82,346,419</u>

The above table presents the cost of the five major functional activities: instruction, support 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 School District's taxpayers by each of these functions.

The School District's net assets increased in the current year by approximately \$14,388,000 (17.5%). Key elements of the increase are as follows:

- The decrease in Capital Grant revenue from 2004 to 2005 is primarily due to the District received land from a developer that was valued at \$3,022,346 last fiscal year and we did not have that same event this year.
- Tax revenues increased approximately \$3,945,000 or 5.0%. The increase was related to an increase in assessment growth.
- Other revenues increased in the current year by approximately \$21,445,000 or 638%. The majority of this increase is due to the yield enhancement program that impacted investment gain earnings from the SAFE investments.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Instructional and Supporting Services increased approximately 5% and 1%, 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. We also upgraded some equipment in the cafeterias.
- Interest and fiscal charges increased in the current year by approximately 60% due to the School District issuing the SAFE bonds in 2003 and the fees and costs associated to the yield enhancement program.
- Net cost of governmental activities (approximately \$93,373,000) was financed by general revenues, which are made up of primarily property taxes (approximately \$71,908,000) and other taxes (approximately \$11,036,000). Investment earnings accounted for approximately \$22,295,000 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds: The focus of the School 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 School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

The financial performance of the School District as a whole is reflected in its governmental funds. As the School District completed the year, its governmental funds reported a combined fund balance of approximately \$183,760,000, a decrease of approximately \$12,617,000 from the prior year restated fund balance of approximately \$196,377,000, due primarily to capital projects and SAFE debt service. Approximately \$10,174,000 or 5.5% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the School 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
- \$474,018 for Inventories
- \$950,777 for Special Revenue (Food Service)
- \$41,999,906 for Debt Service
- \$129,917,004 for Capital Projects, including SAFE projects

The General Fund is the principal operating fund of the School District. The increase in fund balance in the General Fund for the fiscal year was approximately \$80,000, which was the result of budgeting strategies described in the introduction. The Debt Service Fund balance shows a decrease of approximately \$4,450,000 from the prior year due to the Berkeley County Treasurer making sure there was reserve to pay the debt required in the 2005 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 decrease of approximately \$7,973,000. The decrease was primarily a result of bond proceeds received in the prior year to fund future year projects.

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 a net decrease of \$206,523 with unrestricted net assets totaling \$1,461,390 as of June 30, 2005.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

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 School District budgeted 2005 based on a reduced base student cost of \$1,852. 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, 2005.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2005, the School District had invested \$306,571,726 in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. Total depreciation expense for the year was \$10,249,496.

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

Capital Assets at June 30

	Governmental Activities	
	2005	2004
Land	\$ 9,373,850	\$ 9,373,850
Building, Improvements and Equipment	270,392,557	251,019,248
Construction in Progress	26,805,319	23,798,338
Totals	<u>\$ 306,571,726</u>	<u>\$ 284,191,436</u>

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

Debt Administration

At June 30, 2005, the School District had \$394,598,189 in general obligation bonds and other long-term debt outstanding, of which \$9,541,000 is due within one year. The following table presents a summary of the School District's outstanding long-term debt for the fiscal year ended June 30, 2005.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

	Outstanding Debt, at Year End	
	Governmental Activities 2005	Governmental Activities 2004
	<u>2005</u>	<u>2004</u>
General Obligation Bonds:		
1997 Series	\$ 400,000	\$ 1,750,000
1998 Series	750,000	2,500,000
2000 Series	8,500,000	68,000,000
2002 Series	74,255,000	78,215,000
General Obligation Refunding Bonds:		
2002 Series	1,505,000	2,140,000
2003 Series	6,235,000	6,890,000
2005 Series	62,190,000	-
Certificates of Participation:		
1994 Series	-	1,410,000
1998 Series	26,805,000	27,010,000
Qualified Zone Academy Bond	2,817,647	2,817,647
2003 SAFE Bonds	206,720,000	206,721,000
SAFE Discount	(2,779,181)	(2,897,443)
Bond Premiums:		
2002 Series - GOB	359,339	382,620
2003 Series - GORB	168,064	191,791
2005 Series - GORB	2,414,218	-
Deferred Loss on Refunding	(4,962,008)	-
Arbitrage Rebate Payable	7,775,704	-
Total	<u>\$ 393,153,783</u>	<u>\$ 395,130,615</u>

The School District maintains a "A2" rating from Moody's and a A 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 \$40,953,747. \$9,052,440 of the above debt is applicable to the 8% limitation. The remainder was issued by referendum or not-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
MONCK'S CORNER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2005

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 \$625 million.

Many factors were considered by the District's administration during the process of developing the fiscal year 2005-2006 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. Also considered were the reduction of federal funds due to the fact that Title I for example has to now escrow 20% of its budget for supplemental services and school choice. We were also going through reassessment and the school elected to implement 6-1-80 and 6-1-320 to override the rollback millage to implement a salary schedule that included an overall salary increase of 6% and to increase the salary schedule to 25 years and to reinstate some 26 teaching positions during the recent budget cuts and to implement the shift of ftes from the federal grants to the general fund due to the escrow requirements.

Budgeted expenditures in the General Fund were increased to \$154,400,000 in fiscal year 2005-2006. Increased payroll and employee benefit costs would cause the budget to be about \$14 million out of balance. When developing its General Fund budget for fiscal year 2006, the School District considered the fiscal year 2003 reductions in State revenue and assumed that these reductions would continue in fiscal year 2006 or that education finance act would not be fully funded. 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 \$12.5 million in current expenditures.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the School District's finances and to demonstrate the School 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, 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
MONCKS CORNER, SOUTH CAROLINA**

STATEMENT OF NET ASSETS

JUNE 30, 2005

	PRIMARY GOVERNMENT	
	Governmental Activities	Totals
ASSETS		
Cash and Cash Equivalents	\$ 140,571,798	\$ 140,571,798
Investments	22,035,561	22,035,561
Investments, Restricted	22,167,272	22,167,272
Cash and Investments Held by County Treasurer	11,802,759	11,802,759
Property Taxes Receivable, Net	2,643,804	2,643,804
Accounts Receivable, Net	1,374,204	1,374,204
Due from Other Governments	8,034,798	8,034,798
Inventory and Prepaid Items	717,631	717,631
Bond Issuance Costs, Net	3,528,976	3,528,976
Capital Assets:		
Non-Depreciable Assets	36,179,169	36,179,169
Depreciable Assets, Net	270,392,557	270,392,557
TOTAL ASSETS	519,448,529	519,448,529
LIABILITIES		
Accounts Payable and Accrued Expenses	23,049,218	23,049,218
Accrued Interest Payable	4,470,325	4,470,325
Due to Other Governments	13,156	13,156
Deferred Revenue	583,169	583,169
Non-Current Liabilities:		
Due Within One Year	9,541,000	9,541,000
Due in More than One Year	385,057,189	385,057,189
TOTAL LIABILITIES	422,714,057	422,714,057
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	46,863,923	46,863,923
Restricted For:		
Debt Service	38,139,356	38,139,356
Special Revenue - Food Service	950,777	950,777
Unrestricted	10,780,416	10,780,416
TOTAL NET ASSETS	\$ 96,734,472	\$ 96,734,472

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

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Total
PRIMARY GOVERNMENT:						
Governmental Activities:						
Instruction	\$ 113,343,811	-	87,322,322	-	(26,021,489)	\$ (26,021,489)
Support Services	71,268,106	1,293,841	27,524,394	2,731,346	(39,718,525)	(39,718,525)
Food Service	10,013,045	2,838,318	7,387,822	-	213,095	213,095
Intergovernmental	315,747	-	-	-	(315,747)	(315,747)
Interest and Other Charges	27,530,336	-	-	-	(27,530,336)	(27,530,336)
Total Governmental Activities	<u>222,471,045</u>	<u>4,132,159</u>	<u>122,234,538</u>	<u>2,731,346</u>	<u>(93,373,002)</u>	<u>(93,373,002)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 222,471,045</u>	<u>4,132,159</u>	<u>122,234,538</u>	<u>2,731,346</u>	<u>(93,373,002)</u>	<u>(93,373,002)</u>

GENERAL REVENUES:

Property Taxes Levied for General Purposes	52,130,427	52,130,427
Property Taxes Levied for Debt Service	19,777,225	19,777,225
Other Taxes	11,035,822	11,035,822
Grants & Contributions Not Restricted to Specific Programs	10,641	10,641
Investment Earnings	22,295,020	22,295,020
Intergovernmental Revenue	421,023	421,023
Miscellaneous	2,202,187	2,202,187
Loss on Disposal of Fixed Assets	(111,290)	(111,290)
Total General Revenue	<u>107,761,055</u>	<u>107,761,055</u>

CHANGE IN NET ASSETS

NET ASSETS - Beginning of Year	82,223,061	82,223,061
PRIOR PERIOD ADJUSTMENTS	123,358	123,358
NET ASSETS - Beginning of Year- Restated	<u>82,346,419</u>	<u>82,346,419</u>
NET ASSETS - Ending of Year	<u>96,734,472</u>	<u>\$ 96,734,472</u>

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

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**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2005

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 4,743,702	-	-
Investments	17,508,255	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	1,524,434	-	-
Receivables, Net:			
Taxes	1,924,408	-	-
Accounts	808,138	563,367	37
Due From:			
State Agencies	402,298	7,915	1,786,065
Federal Agencies	-	5,986,086	-
Other Funds	28,408,126	386,152	123,820
Other Governments	-	-	-
Prepaid Items	243,613	-	-
Inventories	242,930	-	-
TOTAL ASSETS	55,805,904	6,943,520	1,909,922
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable	5,610,069	68,345	-
Accrued Salaries & Benefits	17,370,804	-	-
Due To:			
State Department of Education	-	13,156	-
Other Funds	20,831,297	6,437,826	1,769,540
Deferred Revenue	1,332,907	424,193	140,382
TOTAL LIABILITIES	45,145,077	6,943,520	1,909,922
FUND BALANCES:			
Fund Balances			
Reserved for:			
Prepaid Items	243,613	-	-
Inventories	242,930	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Special Revenue- Food Service			
Unreserved:			
Undesignated	10,174,284	-	-
TOTAL FUND BALANCES	10,660,827	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,805,904	6,943,520	1,909,922

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

FOOD SERVICE	DEBT SERVICE-DISTRICT	DEBT SERVICE-BERKELEY FACILITIES GROUP	DEBT SERVICE-SAFE	CAPITAL PROJECTS-DISTRICT	CAPITAL PROJECTS-SAFE	TOTAL GOVERNMENTAL FUNDS
11,054	-	1,080	-	3,980	135,811,982	\$ 140,571,798
-	4,052,008	475,298	-	-	-	22,035,561
-	-	-	22,167,272	-	-	22,167,272
-	10,100,227	178,098	-	-	-	11,802,759
-	497,448	221,948	-	-	-	2,643,804
2,662	-	-	-	-	-	1,374,204
-	-	-	-	-	-	2,196,278
417,865	-	-	-	-	-	6,403,951
402,159	28,648	7,510,545	-	8,361,026	-	45,220,476
135,631	-	-	-	-	-	135,631
-	-	-	-	-	-	243,613
231,088	-	-	-	-	-	474,018
1,200,459	14,678,331	8,386,969	22,167,272	8,365,006	135,811,982	255,269,365
-	-	-	-	-	-	5,678,414
-	-	-	-	-	-	17,370,804
-	-	-	-	-	-	13,156
-	2,594,243	-	28,648	8,203,684	6,056,300	45,921,538
18,594	409,843	199,932	-	-	-	2,525,851
18,594	3,004,086	199,932	28,648	8,203,684	6,056,300	71,509,763
-	-	-	-	-	-	243,613
231,088	-	-	-	-	-	474,018
-	11,674,245	8,187,037	22,138,624	-	-	41,999,906
-	-	-	-	161,322	129,755,682	129,917,004
950,777	-	-	-	-	-	950,777
-	-	-	-	-	-	10,174,284
1,181,865	11,674,245	8,187,037	22,138,624	161,322	129,755,682	183,759,602
1,200,459	14,678,331	8,386,969	22,167,272	8,365,006	135,811,982	\$ 255,269,365

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

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

JUNE 30, 2005

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 183,759,602**

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. 1,942,682

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 \$423,589,626, and the accumulated depreciation is \$117,017,900 306,571,726

Bond issuance costs are amortized over the life of the debt; however, in governmental accounting, bond issuance costs are expenditures the year they are incurred. The bond issuance costs of \$3,875,346 is shown net of accumulated amortization expense of \$346,370. 3,528,976

Accrued interest on the bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the funds. (4,470,325)

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)	(390,177,647)	
Long-Term Debt - Deferred Loss on Refunding	4,962,008	
Long-Term Debt - Net Premium	(162,440)	
Long-Term Debt - Arbitrage Rebate Payable	(7,775,704)	
Compensated Absences	(1,444,406)	(394,598,189)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 96,734,472**

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

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**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>SPECIAL REVENUE - EIA</u>
REVENUES			
Local Sources:			
Taxes	\$ 46,503,546	-	-
Investment Earnings	241,455	-	-
Other Local Sources	532,638	2,143,220	-
State Sources	79,023,179	8,585,104	19,315,270
Federal Sources	1,197,970	18,654,754	-
Intergovernmental Revenue	104,289	50,846	-
TOTAL REVENUE ALL SOURCES	<u>127,603,077</u>	<u>29,433,924</u>	<u>19,315,270</u>
EXPENDITURES			
Current:			
Instruction	82,323,222	17,802,878	6,918,721
Support Services	53,734,563	10,887,157	2,243,786
Intergovernmental	4,586	311,161	-
Capital Outlay	394,860	489,102	48,668
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	176,411	-	-
TOTAL EXPENDITURES	<u>136,633,642</u>	<u>29,490,298</u>	<u>9,211,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,030,565)</u>	<u>(56,374)</u>	<u>10,104,095</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of General Obligation Bonds	-	-	-
Proceeds of Refunding Debt	-	-	-
Proceeds from Sale of Capital Assets	46,330	-	-
Premium on Bonds Sold	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-
Transfers In	11,107,538	363,752	-
Transfers Out	(2,043,448)	(307,378)	(10,104,095)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,110,420</u>	<u>56,374</u>	<u>(10,104,095)</u>
NET CHANGES IN FUND BALANCES	<u>79,855</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Beginning of Year	10,580,972	-	-
PRIOR PERIOD ADJUSTMENTS	-	-	-
FUND BALANCE, Beginning of Year- Restated	<u>10,580,972</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 10,660,827</u>	<u>-</u>	<u>-</u>

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

FOOD SERVICE	DEBT SERVICE-DISTRICT	DEBT SERVICE-BERKELEY FACILITIES GROUP	DEBT SERVICE-SAFE	CAPITAL PROJECTS-DISTRICT	CAPITAL PROJECTS-SAFE	TOTAL GOVERNMENTAL FUNDS
-	16,686,009	3,384,151	2,366,203	-	-	\$ 68,939,909
-	434,736	171,335	865,631	152,985	20,428,879	22,295,021
2,872,669	616,156	280,376	-	-	-	6,445,059
12,974	-	-	-	1,737,535	-	108,674,062
7,374,848	-	-	-	-	-	27,227,572
265,888	-	-	-	-	-	421,023
10,526,379	17,736,901	3,835,862	3,231,834	1,890,520	20,428,879	234,002,646
-	-	-	-	-	-	107,044,821
9,440,418	-	-	-	1,526,988	7,195,364	85,028,276
-	-	-	-	-	-	315,747
663,701	-	-	-	6,822,084	16,375,729	24,794,144
-	9,052,502	1,615,000	-	-	-	10,667,502
-	6,891,882	1,371,766	10,529,350	-	-	18,969,409
10,104,119	15,944,384	2,986,766	10,529,350	8,349,072	23,571,093	246,819,899
422,260	1,792,517	849,096	(7,297,516)	(6,458,552)	(3,142,214)	(12,817,253)
-	-	-	-	-	-	-
-	62,190,000	-	-	-	-	62,190,000
-	-	-	-	-	-	46,330
-	2,560,938	-	-	-	-	2,560,938
-	(64,544,682)	-	-	-	-	(64,544,682)
-	-	-	-	2,054,104	-	13,525,394
(696,065)	-	-	-	-	(426,835)	(13,577,821)
(696,065)	206,256	-	-	2,054,104	(426,835)	200,159
(273,805)	1,998,773	849,096	(7,297,516)	(4,404,448)	(3,569,049)	(12,617,094)
1,332,312	9,675,472	7,337,941	29,436,140	4,565,770	133,324,731	196,253,338
123,358	-	-	-	-	-	123,358
1,455,670	9,675,472	7,337,941	29,436,140	4,565,770	133,324,731	196,376,696
1,181,865	11,674,245	8,187,037	22,138,624	161,322	129,755,682	\$ 183,759,602

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

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

YEAR ENDED JUNE 30, 2005

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (12,617,094)**

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	2,967,743
Payment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	69,466,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	(62,190,000)
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.	(121,839)
Accrued arbitrage is not payable from current financial resources and thus is not reported as a liability in the funds. This amount is the net change in arbitrage payable for the year.	(7,775,704)
Bond issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of the associated debt in the Statement of Activities.	45,326
Bond discounts are recorded in the year the debt is issued in the governmental funds, but are amortized over the lives of the associated debt in the Statement of Activities	(118,262)
Bond premiums are recorded in the year the debt is issued in the governmental funds, but are amortized over the lives of the associated debt in the Statement of Activities	(2,367,210)
Deferred advance refunding charges are recorded in the year the debt is refunded in the governmental funds, but are amortized over the life of the refunding debt in the Statement of Activities.	4,962,008
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.	(243,205)
In the Statement of Activities the loss on the disposal of fixed assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets disposed.	(157,620)
Governmental funds report capital outlays as expenditures \$32,787,406. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation \$10,249,496. This is the amount by which capital outlay exceeded depreciation in the current period.	22,537,910

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 14,388,053**

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

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2005

	<u>AGENCY</u>
ASSETS	
Investments	\$ 752,288
Due From Other Funds	1,761,094
Due From Other Governments	8,040
TOTAL ASSETS	<u><u>2,521,422</u></u>
 LIABILITIES	
Other Payables	1,060,032
Due to Student Organizations	1,461,390
TOTAL LIABILITIES	<u><u>\$ 2,521,422</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
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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 ("GAAP"), 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
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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.

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.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants.
- ii) **The Special Revenue – Education Improvement Act (“EIA”) Fund, a major fund** and an unbudgeted fund, is used to account for the revenue from the South Carolina Education Improvement Act of 1984, which is legally required by the state to be accounted for as a specific revenue source.
- iii) **The Food Service Fund, a major fund** and an unbudgeted 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 an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for the School District.

The *Debt Service Fund-Berkeley Facilities Group, a major fund* and an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for 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 an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for 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 an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for the School District.

The *Capital Projects Fund- SAFE, a major fund* and an unbudgeted 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.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

The School District considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Investments

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

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

The School District's cash investment objectives are preservation of capital, liquidity and yield. The School District reports its cash and investments at fair value which is normally determined by quoted market prices (except as noted).

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

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

The School District in the past year has purchased the following investments:

- Money Market Mutual Funds which invest in short term obligations of the United States and related agencies.
- Money Market Accounts.
- United States Treasury Obligations.
- Certificates of Deposit
- Governmental Agency Obligations (Federal Farm Credit Bank Bonds, Federal Home Loan Mortgage Obligations, Federal National Mortgage Association Obligations)
- Repurchase agreements.

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. 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, 2005, 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
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

4. Capital Assets

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. Sick leave is reimbursed upon termination at the rate of \$20 per day up to 90 days if employed for at least 5 years. The entire compensated absence liability and expense is reported on the government-wide financial statements.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

7. *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
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statues of the State of South Carolina. As of June 30, 2005, none of the School District's bank balances of \$4,016,974 (book balance of \$2,315,228) were exposed to custodial credit risk as it was uninsured and collateralized with securities held by the pledging bank's agent but not in the government's name.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

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

Investment Type	Fair Value	Maturity	Credit Rating		
			Moody's	S&P	Fitch
US Treasury Obligation	\$ 2,008,781	7/21/2005	NA	NA	NA
Money Market Mutual Fund	137,818,969	NA	NR	NR	NR
Money Market Accounts	4,526,270	NA	NR	NR	NR
Federal Home Loan Bank	773,388	11/15/2005	Aaa	AAA	NR
Federal Home Loan Bank	214,812	8/31/2005	Aaa	AAA	NR
Federal Home Loan Bank	3,459,638	5/14/2010	Aaa	AAA	NR
Federal Home Loan Bank	2,000,111	8/22/2005	Aaa	AAA	NR
Federal Home Loan Bank	1,995,000	9/7/2005	Aaa	AAA	NR
Federal Home Loan Bank	20,830,133	12/1/2005	Aaa	AAA	NR
Federal Farm Credit Bank	1,315,872	3/7/2011	NR	NR	NR
Federal Natl Mtg Assn	1,853,301	8/31/2005	NR	NR	NR
Federal Natl Mtg Assn	69,178	8/1/2013	NR	NR	NR
Federal Natl Mtg Assn	75,055	5/15/2012	NR	NR	NR
Federal Natl Mtg Assn	80,062	1/15/2011	NR	NR	NR
Federal Natl Mtg Assn	600,000	4/1/2033	NR	NR	NR
Federal Natl Mtg Assn	2,321,000	8/1/2013	NR	NR	NR
Gov Natl Mtg Assn	10,216	3/20/2031	NR	NR	NR
Repurchase Agreement ^	2,507,617	Overnight	NR	NR	NR
Total	<u>\$ 182,459,403</u>				

^ The underlying security is a FNMA Bond.

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

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

Concentration of Credit Risk for Investments: The School District places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds and external investment pools are excluded from this disclosure requirement. As of June 30, 2005, approximately 16% of the School District's investments were with the Federal Home Loan Bank.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The following table reconciles deposits and investments within the footnotes to the amounts in the Statement of Net Assets for the Primary Government:

Statement of Net Assets	
Unrestricted Current Assets:	
Cash and Cash Equivalents on Deposit with Financial Institutions for Governmental Activities	\$ 140,571,798
Investments Held by Financial Institutions for Governmental Activities	22,035,561
Restricted Current Assets:	
Investments Held by Financial Institutions for Governmental Activities	22,167,272
	\$ 184,774,631
Footnotes	
Deposits	\$ 2,315,228
Investments	182,459,403
	\$ 184,774,631

Due to significantly higher cash flows at certain times during the year, the School District's investments were often significantly higher than at year end.

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 \$625,077,341 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.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Property Taxes and Other Receivables (Continued)

Taxes receivable include an allowance for uncollectibles of \$2,211,977 at June 30, 2005. 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, 2005, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable (General Fund)	\$ 1,332,907
Delinquent Property Taxes Receivable (Debt Service Fund- District)	409,843
Delinquent Property Taxes Receivable (Debt Service Fund- Berkeley Facilities)	199,932
Resources Received, but Not Yet Earned (Special Revenue Funds)	583,169
Total Deferred Revenue for Governmental Funds	<u>\$ 2,525,851</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 arms length transactions.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,373,850	-	-	\$ 9,373,850
Construction in Progress	23,798,338	32,133,331	29,126,350	26,805,319
Total Capital Assets, Not Being Depreciated	<u>33,172,188</u>	<u>32,133,331</u>	<u>29,126,350</u>	<u>36,179,169</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	343,407,760	29,126,350	275,328	372,258,782
Machinery & Equipment	7,740,180	281,769	-	8,021,949
Furniture & Office Supplies	3,372,094	99,278	-	3,471,372
Vehicles	3,083,936	171,931	-	3,255,867
Food Service	301,390	101,097	-	402,487
Total Capital Assets Being Depreciated	<u>357,905,360</u>	<u>29,780,425</u>	<u>275,328</u>	<u>387,410,457</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	96,878,903	9,010,330	117,708	105,771,525
Machinery & Equipment	5,868,170	730,455	-	6,598,625
Furniture & Office Supplies	2,008,499	273,793	-	2,282,292
Vehicles	1,893,049	224,895	-	2,117,944
Food Service	237,491	10,023	-	247,514
Total Accumulated Depreciation	<u>106,886,112</u>	<u>10,249,496</u>	<u>117,708</u>	<u>117,017,900</u>
Total Capital Assets, Being Depreciated, Net	<u>251,019,248</u>	<u>19,530,929</u>	<u>(157,620)</u>	<u>270,392,557</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 284,191,436</u>	<u>51,664,260</u>	<u>29,283,970</u>	<u>\$ 306,571,726</u>

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

Governmental Activities:	
Instruction	\$ 5,938,894
Support Services	4,300,579
Food Services	10,023
Total Depreciation Expense - Governmental Activities	<u>\$ 10,249,496</u>

Construction Commitments

The School District has several ongoing construction projects as of June 30, 2005. 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, 2005, of \$102,887,912.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables and Payables

Interfund balances at June 30, 2005 (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	\$ 28,408,126	\$ 20,831,297
Special Revenue Funds:		
Special Projects	386,152	6,437,826
EIA	123,820	1,769,540
Food Service	402,159	-
Debt Service Funds		
District	28,648	2,594,243
Berkeley Facilities Group	7,510,545	-
SAFE	-	28,648
Capital Projects Fund		
District	8,361,026	8,203,684
SAFE	-	6,056,300
Agency Fund	1,761,094	1,060,032
Totals for Primary Government	<u>\$ 46,981,570</u>	<u>\$ 46,981,570</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
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Transfers In and (Out)

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

General Fund			
<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
Special Revenue - Special Projects	\$ 307,378	Capital Projects (District)	\$ 1,627,269
Special Revenue - EIA	10,104,095	Pupil Activity	57,013
Food Service	696,065	Special Revenue - Special Projects	359,166
	<u>11,107,538</u>		<u>2,043,448</u>
Special Revenue Funds			
<u>Special Projects</u>			
<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	<u>363,752</u>	General Fund	<u>307,378</u>
<u>EIA</u>			
<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
	<u>-</u>	General Fund	<u>10,104,095</u>
<u>Food Service</u>			
<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
	<u>-</u>	General Fund	<u>696,065</u>
Capital Projects Funds			
<u>District</u>			
<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	1,627,269		<u>-</u>
Capital Projects - SAFE	426,835		
	<u>2,054,104</u>		
<u>SAFE</u>			
<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
	<u>-</u>	Capital Projects - District	<u>426,835</u>
Pupil Activity Funds			
<u>Transfers from</u>	<u>Amount</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	<u>\$ 52,427</u>		<u>\$ -</u>

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

General Fund

Transfers from:

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

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Transfers In and (Out) (Continued)

General Fund (Continued)

Transfers to:

Funds are transferred from General Fund into the Capital Projects (District) fund to move cost that should have been there originally but were charged to the incorrect fund.

Special Revenue Fund

Transfers from:

Funds are transferred from the General Fund for a required local match for reduced class size.

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 from:

Funds were transferred from the General Fund to cover costs that should have been originally recorded here.

Pupil Activity Fund

Transfer from:

Funds were transferred from the General Fund for stadium repairs at Hanahan High School.

F. Accounts Payable and Accrued Expenses

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

Governmental Activities:

Accounts Payable	\$ 5,678,414
Accrued Salaries and Benefits	17,370,804
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u><u>\$ 23,049,218</u></u>

G. Long-Term Obligations

The governmental activities debt at June 30, 2005, 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
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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.

2005 Series *: Original Issue of \$62,190,000, principal due in annual installments of \$2,515,000 to \$6,280,000 through February, 2021; interest that varies from 3.5% to 5.0% 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, 2005, 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
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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 2005:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
1997 Series - GOB	\$ 1,750,000	-	1,350,000	400,000	\$ 400,000
1998 Series - GOB	2,500,000	-	1,750,000	750,000	350,000
2000 Series - GOB	68,000,000	-	59,500,000	8,500,000	2,750,000
2002 Series - GOB	78,215,000	-	3,960,000	74,255,000	-
2002 Series - GORB	2,140,000	-	635,000	1,505,000	715,000
2003 Series - GORB	6,890,000	-	655,000	6,235,000	695,000
2005 Series - GORB	-	62,190,000	-	62,190,000	2,515,000
1994 COPS	1,410,000	-	1,410,000	-	-
1998 COPS	27,010,000	-	205,000	26,805,000	1,755,000
2000 QZAB	2,817,647	-	-	2,817,647	-
2003 SAFE Bonds	206,721,000	-	1,000	206,720,000	-
Total Debt	397,453,647	62,190,000	69,466,000	390,177,647	9,180,000
Premium-2002 Series-GOB	382,620	-	23,281	359,339	-
Premium-2003 Series-GORB	191,791	-	23,727	168,064	-
Premium-2005 Series-GORB	-	2,560,938	146,720	2,414,218	-
Discount-2003 SAFE Bonds	(2,897,443)	-	118,262	(2,779,181)	-
Deferred Loss on Refunding	-	(5,094,682)	132,674	(4,962,008)	-
Compensated Absences	1,201,201	1,002,947	759,742	1,444,406	361,000
Arbitrage Rebate Payable	-	7,775,704	-	7,775,704	-
Total Governmental Activities	\$ 396,331,816	68,434,907	70,670,406	394,598,189	\$ 9,541,000

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.

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
2006	\$ 7,425,000	7,288,950	-	10,529,350	1,755,000	1,281,843	9,180,000	\$ 19,100,143
2007	6,015,000	6,944,875	-	10,529,350	1,810,000	1,206,378	7,825,000	18,680,603
2008	4,935,000	6,659,338	-	10,529,350	1,880,000	1,120,403	6,815,000	18,309,091
2009	5,160,000	6,382,213	225,000	10,525,975	2,025,000	1,031,103	7,410,000	17,939,291
2010	5,305,000	6,200,888	675,000	10,512,475	2,245,000	939,978	8,225,000	17,653,341
2011-2015	33,232,647	27,433,425	11,915,000	51,435,150	13,660,000	2,949,240	58,807,647	81,817,815
2016-2020	66,645,000	16,681,750	13,870,000	47,673,013	3,430,000	171,500	83,945,000	64,526,263
2021-2025	27,935,000	1,389,450	78,930,000	38,483,413	-	-	106,865,000	39,872,863
2026-2030	-	-	101,105,000	10,034,375	-	-	101,105,000	10,034,375
Totals	\$ 156,652,647	78,980,889	206,720,000	200,252,451	26,805,000	8,700,445	390,177,647	\$ 287,933,785

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

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, 2005, \$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, 2005.
- 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, 2005, were \$1,078.
- 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, 2005, were \$2,841,501.

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, 2005, were \$135,811,982.
- 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, 2005, were \$1,466,625.
- 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, 2005, were \$20,830,133.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

The School District's outstanding debt at June 30, 2005, 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, 2005	\$ 390,340,087
Less: Debt From Referendum	(144,945,000)
Less: COPs Issued by the Corporation	(26,805,000)
Less: 2000 QZAB	(2,817,647)
Less: SAFE	(206,720,000)
Total Debt Applicable to 8% Debt Limit	<u>9,052,440</u>
The School Districts 8% Debt Limit	50,006,187
Balance Remaining Under 8% Debt Limit	<u>\$ 40,953,747</u>

Arbitrage Rebate Payable – Interest paid on the debt issued by the School District is exempt from federal income tax. The School District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code titles this practice arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government on the fifth anniversary of the issuance of the tax-exempt debt and every five years thereafter until the debt has been repaid, in accordance with the arbitrage regulations. The School District has recorded an arbitrage liability of \$7,775,704 at June 30, 2005, which represents the positive arbitrage on the SAFE indebtedness as of this date. The earliest date, which is the fifth anniversary of the 2003 SAFE bond issue is December 1, 2007, at which time the School District will remit to the federal government the amount of positive arbitrage, if any, pertaining to this issue.

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 \$21,040,853 through the TAN Program, all of which was paid back as of June 30, 2005.

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, 2005 was approximately \$2,140,000.

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, 2005 was approximately \$27,010,000.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Defeased Debt (Continued)

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, 2005 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, 2005 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

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.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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.

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 \$682,889 of commodities consumed during the year ended June 30, 2005.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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 \$12,735,431, \$12,097,442 and \$11,687,494 for the years ended June 30, 2005, 2004, and 2003 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.

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.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

IV. OTHER INFORMATION (CONTINUED)

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, 2005 were \$800,278 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, 2004, 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

Construction Commitment

On October 11, 2005, the District awarded a construction contract in the amount of \$8,908,515 for site development for a new high school.

Tax Anticipation Note

The School District issued a \$17,483,000 Tax Anticipation Note ("TAN") in July, 2005 at an interest rate of 2.5%. 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 April 14, 2006. As of November 21, 2005, \$16.5 million had been drawn down.

E. Prior Period Adjustments

A prior period adjustment in the amount of \$123,358 has been made for the School District's Food Service Fund. The adjustment is to record summer feeding revenue earned in the prior year that was not recorded in the prior year.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Local Sources:				
Taxes	\$ 50,830,203	50,830,203	46,503,546	\$ (4,326,657)
Investment Earnings	250,000	250,000	241,455	(8,545)
Other Local Sources	450,000	450,000	532,638	82,638
State Sources	79,144,314	79,144,314	79,023,179	(121,135)
Federal Sources	1,200,000	1,200,000	1,197,970	(2,030)
Intergovernmental Revenue	30,000	30,000	104,289	74,289
TOTAL REVENUE ALL SOURCES	131,904,517	131,904,517	127,603,077	(4,301,440)
EXPENDITURES				
Current:				
Instruction	85,217,537	85,217,537	82,323,222	2,894,315
Support Services	56,087,201	56,087,201	53,734,563	2,352,638
Intergovernmental	75,000	75,000	4,586	70,414
Capital Outlay	409,784	409,784	394,860	14,924
Debt Service:				
Interest and Fiscal Charges	180,000	180,000	176,411	3,589
TOTAL EXPENDITURES	141,969,522	141,969,522	136,633,642	5,335,880
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,065,005)	(10,065,005)	(9,030,565)	1,034,440
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	46,330	46,330
Transfers In	11,149,774	11,149,774	11,107,538	(42,236)
Transfers Out	(1,084,769)	(1,084,769)	(2,043,448)	(958,679)
TOTAL OTHER FINANCING SOURCES (USES)	10,065,005	10,065,005	9,110,420	(954,585)
NET CHANGE IN FUND BALANCE	-	-	79,855	79,855
FUND BALANCES, Beginning of Year	10,580,972	10,580,972	10,580,972	-
FUND BALANCES, End of Year	\$ 10,580,972	10,580,972	10,660,827	\$ 79,855

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 41,900,000	38,463,370	\$ (3,436,630)
1140 Penalties & Interest on Taxes (Independent)	110,000	108,392	(1,608)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	8,820,203	7,931,784	(888,419)
1500 Earnings on Investments:			
1510 Interest on Investments	250,000	241,455	(8,545)
1900 Other Revenue from Local Sources:			
1910 Rentals	200,000	165,973	(34,027)
1930 Medicaid	-	43,768	43,768
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	170,221	170,221
1999 Revenue from Other Local Sources	250,000	152,676	(97,324)
Total Revenue from Local Sources	<u>51,530,203</u>	<u>47,277,639</u>	<u>(4,252,564)</u>
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	30,000	104,289	74,289
Total Intergovernmental Revenue	<u>30,000</u>	<u>104,289</u>	<u>74,289</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	30,000	25,895	(4,105)
3132 Home Schooling	10,000	6,019	(3,981)
3160 School Bus Driver's Salary	1,800,000	1,775,937	(24,063)
3180 Fringe Benefits Employer Contributions	16,582,116	16,545,344	(36,772)
3181 Retiree Insurance	1,933,737	2,007,257	73,520
3199 Other Restricted State Grants	180,000	176,722	(3,278)
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	3,151,264	2,881,705	(269,559)
3312 Primary	8,608,193	8,591,959	(16,234)
3313 Elementary	12,954,981	12,946,971	(8,010)
3314 High School	5,820,405	5,783,492	(36,913)
3315 Trainable Mentally Handicapped	245,919	235,241	(10,678)
3316 Speech Handicapped (Part-Time Program)	4,601,752	4,544,873	(56,879)
3317 Homebound	\$ 408,378	398,031	\$ (10,347)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 515,839	505,058	\$ (10,781)
3322 Educable Mentally Handicapped	334,139	321,772	(12,367)
3323 Learning Disabilities	4,977,116	4,877,112	(100,004)
3324 Hearing Handicapped	265,933	297,913	31,980
3325 Visually Handicapped	89,072	80,599	(8,473)
3326 Orthopedically Handicapped	92,684	94,937	2,253
3327 Vocational	6,529,761	6,562,786	33,025
3330 Other EFA Programs:			
3331 Autism	135,587	216,981	81,394
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	7,900,000	7,891,272	(8,728)
3820 Homestead Exemption	1,300,000	1,701,374	401,374
3830 Merchant's Inventory Tax	310,000	307,210	(2,790)
3840 Manufacturers Depreciation Reimbursement	359,438	239,434	(120,004)
3900 Other State Revenue:			
3999 Revenue from Other State Sources	8,000	7,285	(715)
Total Revenue from State Sources	<u>79,144,314</u>	<u>79,023,179</u>	<u>(121,135)</u>
4000 Revenue from Federal Sources:			
4100 Federally Impacted Areas:			
4110 Maintenance & Operations (P.L. 874)	1,200,000	1,197,970	(2,030)
Total Revenue from Federal Sources	<u>1,200,000</u>	<u>1,197,970</u>	<u>(2,030)</u>
TOTAL REVENUE ALL SOURCES	<u>131,904,517</u>	<u>127,603,077</u>	<u>(4,301,440)</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	3,898,577	3,890,109	8,468
200 Employee Benefits	1,286,530	1,144,078	142,452
400 Supplies and Materials	57,848	43,959	13,889
112 Primary Programs:			
100 Salaries	11,046,715	10,545,080	501,635
200 Employee Benefits	2,892,120	2,861,497	30,623
300 Purchased Services	11,000	10,071	929
400 Supplies and Materials	\$ 348,814	203,695	\$ 145,119

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
113 Elementary Programs:			
100 Salaries	\$ 20,241,265	20,238,130	\$ 3,135
200 Employee Benefits	5,678,554	5,418,046	260,508
300 Purchased Services	48,000	46,827	1,173
400 Supplies and Materials	570,698	504,136	66,562
114 High School Programs:			
100 Salaries	15,234,964	14,606,336	628,628
200 Employee Benefits	4,126,894	3,964,229	162,665
300 Purchased Services	165,000	163,756	1,244
400 Supplies and Materials	345,708	221,039	124,669
500 Capital Outlay	12,000	11,096	904
115 Vocational Programs:			
100 Salaries	3,170,262	3,044,646	125,616
200 Employee Benefits	819,236	812,937	6,299
300 Purchased Services - Other Than Tuition	98,950	48,572	50,378
400 Supplies and Materials	572,450	354,596	217,854
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	425,550	407,003	18,547
200 Employee Benefits	97,394	97,011	383
400 Supplies and Materials	9,675	3,556	6,119
122 Trainable Mentally Handicapped:			
100 Salaries	291,090	286,454	4,636
200 Employee Benefits	85,383	83,584	1,799
400 Supplies and Materials	4,085	1,342	2,743
123 Orthopedically Handicapped:			
100 Salaries	49,350	44,671	4,679
200 Employee Benefits	12,115	11,011	1,104
400 Supplies and Materials	2,408	936	1,472
124 Visually Handicapped:			
100 Salaries	196,829	189,583	7,246
200 Employee Benefits	51,662	49,136	2,526
400 Supplies and Materials	1,146	371	775
125 Hearing Handicapped:			
100 Salaries	694,521	684,970	9,551
200 Employee Benefits	198,752	192,257	6,495
400 Supplies and Materials	2,623	345	2,278
126 Speech Handicapped:			
100 Salaries	1,858,688	1,851,185	7,503
200 Employee Benefits	497,149	495,617	1,532
300 Purchased Services	\$ 30,000	-	\$ 30,000

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
127 Learning Disabilities:			
100 Salaries	\$ 5,668,878	5,612,608	\$ 56,270
200 Employee Benefits	1,487,809	1,483,811	3,998
400 Supplies and Materials	20,170	10,689	9,481
128 Emotionally Handicapped:			
100 Salaries	875,391	874,855	536
200 Employee Benefits	341,107	287,653	53,454
400 Supplies and Materials	4,661	1,651	3,010
130 Pre-School Programs:			
136 Pre-School Handicapped-Itinerant (3 & 4-Yr. Olds)			
100 Salaries	453,940	409,252	44,688
200 Employee Benefits	143,206	113,150	30,056
139 Early Childhood Programs:			
100 Salaries	184,535	172,698	11,837
200 Employee Benefits	38,422	34,822	3,600
140 Special Programs:			
145 Homebound:			
100 Salaries	449,528	429,528	20,000
200 Employee Benefits	78,888	76,437	2,451
300 Purchased Services	40,000	38,739	1,261
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	13,677	13,608	69
200 Employee Benefits	5,873	5,738	135
170 Summer School Programs:			
174 Gifted and Talented Summer School:			
300 Purchased Services	-	1,146	(1,146)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	11,803	-	11,803
200 Employee Benefits	4,671	-	4,671
300 Purchased Services	13,000	12,468	532
400 Supplies and Materials	26,500	25,883	617
500 Capital Outlay	7,000	-	7,000
182 Adult Secondary Education Programs:			
100 Salaries	179,584	149,641	29,943
200 Employee Benefits	39,889	38,889	1,000
300 Purchased Services	3,000	2,912	88
400 Supplies and Materials	\$ 11,000	6,238	\$ 4,762

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
188 Parenting/Family Literacy:			
300 Purchased Services	\$ -	35	\$ (35)
Total Instruction	<u>85,236,537</u>	<u>82,334,318</u>	<u>2,902,219</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	1,267,431	1,220,719	46,712
200 Employee Benefits	398,935	397,542	1,393
300 Purchased Services	14,360	-	14,360
400 Supplies and Materials	6,340	546	5,794
500 Capital Outlay	3,000	-	3,000
212 Guidance Services:			
100 Salaries	2,924,962	2,922,563	2,399
200 Employee Benefits	761,335	757,907	3,428
300 Purchased Services	35,900	19,787	16,113
400 Supplies and Materials	4,500	3,473	1,027
213 Health Services:			
100 Salaries	878,521	876,262	2,259
200 Employee Benefits	283,611	281,204	2,407
300 Purchased Services	24,000	19,216	4,784
400 Supplies and Materials	35,000	29,868	5,132
500 Capital Outlay	5,000	-	5,000
214 Psychological Services:			
100 Salaries	547,526	540,233	7,293
200 Employee Benefits	119,771	116,717	3,054
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	476,960	477,080	(120)
200 Employee Benefits	88,388	83,101	5,287
300 Purchased Services	16,000	15,718	282
400 Supplies and Materials	19,500	18,096	1,404
222 Library and Media Services:			
100 Salaries	2,453,612	2,401,672	51,940
200 Employee Benefits	721,819	688,826	32,993
300 Purchased Services	7,000	-	7,000
400 Supplies and Materials	296,446	295,831	615
500 Capital Outlay	\$ 6,284	-	\$ 6,284

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
223 Supervision of Special Programs:			
100 Salaries	\$ 56,000	55,000	\$ 1,000
200 Employee Benefits	13,000	12,924	76
300 Purchased Services	3,000	53	2,947
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	28,349	27,926	423
200 Employee Benefits	5,762	4,858	904
300 Purchased Services	11,000	10,224	776
400 Supplies and Materials	67,459	66,422	1,037
500 Capital Outlay	12,500	-	12,500
600 Other Objects	17,000	14,700	2,300
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	109,335	105,335	4,000
200 Employee Benefits	935,000	877,625	57,375
300 Purchased Services	82,000	79,944	2,056
318 Audit Services	53,750	-	53,750
400 Supplies and Materials	2,250	-	2,250
600 Other Objects	165,000	158,878	6,122
232 Office of Superintendent:			
100 Salaries	644,274	634,265	10,009
200 Employee Benefits	201,548	143,238	58,310
300 Purchased Services	400,000	383,527	16,473
400 Supplies and Materials	11,000	8,842	2,158
500 Capital Outlay	31,000	25,561	5,439
233 School Administration:			
100 Salaries	7,530,613	7,440,845	89,768
200 Employee Benefits	1,988,991	1,958,611	30,380
300 Purchased Services	62,427	48,145	14,282
400 Supplies and Materials	119,096	111,630	7,466
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	1,109,149	1,101,216	7,933
200 Employee Benefits	299,228	289,642	9,586
300 Purchased Services	450,000	419,249	30,751
400 Supplies and Materials	75,000	52,477	22,523
500 Capital Outlay	6,500	6,437	63
600 Other Objects	50,000	16,600	33,400
253 Facilities Acquisition and Construction:			
500 Capital Outlay:			
520 Construction Services	\$ -	77,430	\$ (77,430)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 7,957,273	7,698,124	\$ 259,149
200 Employee Benefits	2,894,164	2,476,984	417,180
300 Purchased Services	3,705,200	3,674,201	30,999
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	5,792,199	5,179,957	612,242
400 Supplies and Materials	1,900,783	1,897,689	3,094
500 Capital Outlay	107,000	103,311	3,689
255 Student Transportation (State Mandated):			
100 Salaries	3,284,974	3,262,604	22,370
200 Employee Benefits	1,265,829	1,234,362	31,467
300 Purchased Services	137,354	108,431	28,923
400 Supplies and Materials	13,500	12,340	1,160
500 Capital Outlay	7,500	-	7,500
256 Food Service:			
100 Salaries	-	343	(343)
200 Employee Benefits	486,000	476,057	9,943
258 Security:			
100 Salaries	69,222	33,231	35,991
200 Employee Benefits	19,273	5,979	13,294
300 Purchased Services	338,994	336,537	2,457
400 Supplies and Materials	13,400	-	13,400
500 Capital Outlay	5,000	-	5,000
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	183,083	152,292	30,791
200 Employee Benefits	39,312	37,884	1,428
300 Purchased Services	52,000	49,854	2,146
400 Supplies and Materials	39,500	38,810	690
500 Capital Outlay	11,000	-	11,000
263 Information Services:			
100 Salaries	148,405	138,304	10,101
200 Employee Benefits	53,752	41,507	12,245
300 Purchased Services	79,000	31,348	47,652
400 Supplies and Materials	24,500	21,632	2,868
500 Capital Outlay	14,000	-	14,000
264 Staff Services:			
100 Salaries	605,106	595,715	9,391
200 Employee Benefits	180,395	165,007	15,388
300 Purchased Services	76,841	36,648	40,193
400 Supplies and Materials	30,000	29,822	178
500 Capital Outlay	\$ 7,000	-	\$ 7,000

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
266 Technology and Data Processing Services:			
100 Salaries	\$ 196,121	176,120	\$ 20,001
200 Employee Benefits	49,873	48,774	1,099
300 Purchased Services	139,000	129,893	9,107
400 Supplies and Materials	275,000	238,775	36,225
500 Capital Outlay	175,000	171,025	3,975
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	-	46,761	(46,761)
200 Employee Benefits	-	7,999	(7,999)
660 Pupil Activity	165,000	162,042	2,958
Total Support Services	<u>56,477,985</u>	<u>54,118,327</u>	<u>2,359,658</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	75,000	4,586	70,414
Total Intergovernmental Expenditures	<u>75,000</u>	<u>4,586</u>	<u>70,414</u>
500 Debt Service:			
620 Interest	180,000	176,411	3,589
Total Debt Service	<u>180,000</u>	<u>176,411</u>	<u>3,589</u>
TOTAL EXPENDITURES	<u>141,969,522</u>	<u>136,633,642</u>	<u>5,335,880</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of Fixed Assets	-	46,330	46,330
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	10,136,800	10,104,095	(32,705)
5280 Transfer from Other Funds Indirect Costs	1,012,974	1,003,443	(9,531)
421-710 Transfer to Special Revenue Fund	(1,027,269)	(359,166)	668,103
424-710 Transfer to Capital Projects Fund	-	(1,627,269)	(1,627,269)
426-710 Transfer to Pupil Activity Fund	(57,500)	(57,013)	487
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 10,065,005</u>	<u>9,110,420</u>	<u>\$ (954,585)</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	REVISED BUDGET	ACTUAL	VARIANCE
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ -	79,855	\$ 79,855
FUND BALANCE, Beginning of Year	10,580,972	10,580,972	-
PRIOR PERIOD ADJUSTMENTS	-	-	-
FUND BALANCE, Beginning of Year, Restated	10,580,972	10,580,972	-
FUND BALANCE, End of Year	\$ 10,580,972	10,660,827	\$ 79,855

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	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	-	-	-
1999 Revenue from Other Local Sources	-	-	-
Total Revenue From Local Sources	<u>-</u>	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	-	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3120 General Education:			
3121 EAA Summer School/Comprehensive Remediation	-	-	-
3122 Increase High School Diploma Requirements	-	-	-
3123 EAA Alternative Schools Program	-	-	-
3124 Career and Technology Education (CTE) Technology Initiative	-	-	-
3125 Career and Technology Education Equipment	-	-	-
3126 Refurbishment of K-8 Science Kits	-	-	-
3129 EAA Reduce Class Size Grades 1-3	-	-	-
3130 Special Programs:			
3135 Preschool Program for Children with Disabilities	-	-	-
3150 Adult Education:			
3151 Basic	-	-	-
3152 Literacy	-	-	-
3185 National Board Certification (NBC) Salary Supplement	-	-	-
3190 Miscellaneous Restricted State Grants:			
3191 Excellence in Middle Schools	-	-	-
3192 School Safety Officers	-	-	-
3198 School Technology Initiative	-	-	-
3199 Other Restricted State Grants	-	-	-
3600 Education Lottery Act Revenue:			
3601 EAA Teacher Specialist/Curriculum Specialist/District Instruction Facilitator	-	-	-
3602 EAA Principal Specialist	-	-	-
3603 EAA Homework Center Awards (Below Average Schools)	-	-	-
3604 EAA Retraining Funds	-	-	-
3605 EAA Palmetto Gold and Silver Awards	-	-	-
3606 K-5 Mathematics and Science Coaching Unit	-	-	-
3607 6-8 Enhancement	-	-	-
3610 K-5 Enhancement	-	-	-
3699 Other State Lottery Programs	\$ -	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education (243)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	10,641	\$ 10,641
-	-	-	-	1,250,073	1,250,073
-	-	-	-	882,506	882,506
-	-	-	-	2,143,220	2,143,220
-	-	-	-	50,846	50,846
-	-	-	-	50,846	50,846
-	-	-	855,153	-	855,153
-	-	-	946,493	-	946,493
-	-	-	212,184	-	212,184
-	-	-	65,000	-	65,000
-	-	-	356,430	-	356,430
-	-	-	100,947	-	100,947
-	-	-	1,289,666	-	1,289,666
-	-	-	263,660	-	263,660
-	-	-	396,248	-	396,248
-	-	-	50,000	-	50,000
-	-	-	204,585	-	204,585
-	-	-	190,267	-	190,267
-	-	-	206,299	-	206,299
-	-	-	283,595	-	283,595
-	-	-	-	392,078	392,078
-	-	-	552,521	-	552,521
-	-	-	127,011	-	127,011
-	-	-	153,824	-	153,824
-	-	-	159,959	-	159,959
-	-	-	28,949	-	28,949
-	-	-	23,283	-	23,283
-	-	-	73,800	-	73,800
-	-	-	1,509,900	-	1,509,900
-	-	-	51,142	-	\$ 51,142

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	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)	\$ -	-	-
Total Revenue From 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	-	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I	6,531,663	-	-
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)	-	6,079,600	-
4520 Pre-School Grants	-	-	244,647
4900 Other Federal Sources:			
4920 Drug and Violence Prevention, Title IV	-	-	-
4924 21st Century Community Learning Centers Grants, Title IV	-	-	-
4930 Workforce Investment Act Incentive Grant	-	-	-
4950 School Renovation, IDEA, and Technology Grants:			
4952 IDEA	-	-	-
4990 Other Federal Revenue	-	-	-
4996 Learn and Serve America	-	-	-
4999 Revenue from Other Federal Sources	-	-	-
Total Revenue From Federal Sources	<u>6,531,663</u>	<u>6,079,600</u>	<u>244,647</u>
TOTAL REVENUE ALL SOURCES	<u>6,531,663</u>	<u>6,079,600</u>	<u>244,647</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Program:			
100 Salaries	212,535	-	-
200 Employee Benefits	67,712	-	-
400 Supplies and Materials	\$ -	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education (243)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	92,110	-	\$ 92,110
-	-	-	8,193,026	392,078	8,585,104
413,202	-	-	-	33,770	446,972
-	-	-	-	111,485	111,485
-	-	-	-	1,417	1,417
-	-	-	-	-	6,531,663
-	-	-	-	208,402	208,402
-	-	-	-	129,551	129,551
-	-	-	-	146,765	146,765
-	-	-	-	1,098,908	1,098,908
-	-	-	-	115,400	115,400
-	-	228,013	-	-	228,013
-	-	-	-	105,227	6,184,827
-	-	-	-	-	244,647
-	140,382	-	-	-	140,382
-	-	-	-	568,975	568,975
-	-	-	-	310,383	310,383
-	-	-	-	1,504	1,504
-	-	-	-	409,308	409,308
-	-	-	-	29,414	29,414
-	-	-	-	1,746,738	1,746,738
413,202	140,382	228,013	-	5,017,247	18,654,754
413,202	140,382	228,013	8,193,026	7,603,391	29,433,924
-	-	-	252,838	-	465,373
-	-	-	62,407	-	130,119
-	-	-	39,818	-	\$ 39,818

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
112 Primary Programs:			
100 Salaries	\$ 833,211	-	-
200 Employee Benefits	224,720	-	-
300 Purchased Services	96,472	-	-
400 Supplies and Materials	522,618	-	-
113 Elementary Programs:			
100 Salaries	419,010	-	-
200 Employee Benefits	138,882	-	-
300 Purchased Services	70,941	-	-
400 Supplies and Materials	284,374	-	-
114 High School Programs:			
100 Salaries	167,419	-	-
200 Employee Benefits	67,592	-	-
300 Purchased Services	54,957	-	-
400 Supplies and Materials	163,128	-	-
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	-	1,644,808	-
200 Employee Benefits	-	549,126	-
300 Purchased Services	-	159,678	-
400 Supplies and Materials	-	93,843	-
125 Hearing Handicapped:			
400 Supplies and Materials	-	-	-
126 Speech Handicapped:			
100 Salaries	-	25,815	-
200 Employee Benefits	-	11,067	-
300 Purchased Services	-	24,402	-
400 Supplies and Materials	-	8,587	-
130 Pre-School Programs:			
135 Pre-School Handicapped-Speech (3 & 4-Yr. Olds):			
100 Salaries	-	-	21,118
200 Employee Benefits	-	-	5,020
300 Purchased Services	-	-	168
400 Supplies and Materials	-	-	147
136 Pre-School Handicapped- Itinerant (3 & 4-Yr. Olds):			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	\$ -	-	5,479

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education (243)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	2,357,926	671,144	\$ 3,862,281
-	-	-	641,670	190,585	1,056,975
-	-	-	76,785	11,343	184,600
-	-	-	183,390	103,391	809,399
-	-	-	308,678	245,888	973,576
-	-	-	74,666	44,435	257,983
-	-	-	-	128,938	199,879
-	-	-	87,274	112,608	484,256
-	-	-	994,238	462,574	1,624,231
-	-	-	262,670	12,855	343,117
-	-	-	12,445	3,113	70,515
-	-	-	117,061	37,884	318,073
104,264	-	-	-	-	104,264
22,437	-	-	-	-	22,437
20,589	-	-	173,877	4,266	198,732
35,075	-	-	83,506	6,365	124,946
-	-	-	99,047	-	99,047
-	-	-	-	30,302	1,675,110
-	-	-	-	5,512	554,638
-	-	-	-	-	159,678
-	-	-	-	150,209	244,052
-	-	-	-	2,146	2,146
-	-	-	-	-	25,815
-	-	-	-	-	11,067
-	-	-	-	16,452	40,854
-	-	-	-	3,274	11,861
-	-	-	-	-	21,118
-	-	-	-	-	5,020
-	-	-	-	-	168
-	-	-	-	-	147
-	-	-	202,361	376,155	578,516
-	-	-	61,300	129,922	191,222
-	-	-	-	-	\$ 5,479

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
139 Early Childhood Programs:			
100 Salaries	\$ 41,753	-	-
200 Employee Benefits	18,327	-	-
400 Supplies and Materials	599	-	-
140 Special Programs:			
145 Homebound:			
100 Salaries	-	40,000	-
200 Employee Benefits	-	7,600	-
148 Gifted and Talented - Artistic:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
149 Other Special Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
170 Summer School Programs:			
173 High School Summer School:			
300 Purchased Services	1,000	-	-
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	19,514	-	-
200 Employee Benefits	3,444	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	1,402	-	-
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
600 Other Objects	-	-	-
182 Adult Secondary Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
183 Adult English Literacy (ESL):			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	\$ -	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education (243)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	81,640	\$ 123,393
-	-	-	-	23,328	41,655
-	-	-	-	3,132	3,731
-	-	-	-	-	40,000
-	-	-	-	-	7,600
-	-	-	-	1,850	1,850
-	-	-	-	1,191	1,191
-	-	-	-	12,574	12,574
-	-	-	-	25,294	25,294
-	-	-	-	51,793	51,793
-	-	-	-	17,565	17,565
-	-	-	-	-	1,000
-	-	-	274,659	146,530	440,703
-	-	-	49,147	25,911	78,502
-	-	-	315,825	70,752	386,577
-	-	-	189,177	35,403	225,982
-	-	122,542	113,780	211,373	447,695
-	-	26,776	22,365	48,068	97,209
-	-	-	12,664	134,783	147,447
-	-	-	2,324	45,678	48,002
-	-	-	-	23,975	23,975
-	-	-	55,359	-	55,359
-	-	-	9,036	-	9,036
-	-	66,718	8,019	-	74,737
-	-	8,347	1,563	-	9,910
-	-	630	-	-	630
-	-	3,000	-	-	\$ 3,000

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
188 Parenting/Family Literacy:			
100 Salaries	\$ 84,872	-	-
200 Employee Benefits	19,991	-	-
300 Purchased Services	25,474	-	-
400 Supplies and Materials	126,013	-	-
Total Instruction	<u>3,665,960</u>	<u>2,564,926</u>	<u>31,932</u>
200 Support Services:			
210 Pupil Services:			
212 Guidance Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	841	-	-
400 Supplies and Materials	-	-	-
213 Health Services:			
100 Salaries	-	-	88,122
200 Employee Benefits	-	-	38,111
300 Purchased Services	-	-	5,046
400 Supplies and Materials	-	-	548
214 Psychological Services:			
100 Salaries	-	1,170,569	17,343
200 Employee Benefits	-	305,310	3,764
300 Purchased Services	-	193,558	-
400 Supplies and Materials	-	86,219	2,705
600 Other Objects	-	3,692	-
215 Exceptional Program Services:			
100 Salaries	-	107,334	-
200 Employee Benefits	-	29,516	-
220 Instructional Staff Services:			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	-	375,000	23,126
200 Employee Benefits	-	101,250	5,194
300 Purchased Services	-	38,978	-
400 Supplies and Materials	-	212,980	5,378
500 Capital Outlay	-	-	-
223 Supervision of Special Programs:			
100 Salaries	82,395	511,603	15,255
200 Employee Benefits	19,318	164,456	3,373
300 Purchased Services	10,210	4,747	-
400 Supplies and Materials	-	14,511	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	1,678,207	-	-
200 Employee Benefits	446,295	-	-
300 Purchased Services	290,830	20,000	-
400 Supplies and Materials	127,231	-	-
600 Other Objects	\$ 60	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education (243)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	235,887	\$ 320,759
-	-	-	-	71,591	91,582
-	-	-	-	26,104	51,578
-	-	-	-	39,071	165,084
<u>182,365</u>	<u>-</u>	<u>228,013</u>	<u>7,145,875</u>	<u>4,082,854</u>	<u>17,901,925</u>
166,088	-	-	118,825	-	284,913
42,530	-	-	27,895	-	70,425
-	-	-	12,521	1,500	14,862
-	-	-	40,646	6,500	47,146
-	-	-	-	-	88,122
-	-	-	-	-	38,111
-	-	-	-	16,255	21,301
-	-	-	-	370	918
-	-	-	-	-	1,187,912
-	-	-	-	-	309,074
-	-	-	-	1,070	194,628
-	-	-	-	10,000	98,924
-	-	-	-	-	3,692
-	-	-	-	-	107,334
-	-	-	-	-	29,516
-	71,844	-	-	490,297	960,267
-	14,114	-	-	130,552	251,110
-	24,914	-	90,407	51,155	205,454
-	26,785	-	69,841	39,482	354,466
-	-	-	22,988	-	22,988
-	-	-	177,435	152,737	939,425
-	-	-	43,706	39,223	270,076
-	-	-	-	10,807	25,764
-	-	-	-	10,082	24,593
-	-	-	81,230	423,134	2,182,571
-	-	-	19,850	102,256	568,401
3,000	-	-	146,359	868,282	1,328,471
-	-	-	39,356	82,566	249,153
-	-	-	-	-	\$ 60

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
230 General Administration Services:			
233 School Administration:			
100 Salaries	\$ -	-	-
200 Employee Benefits	-	-	-
253 Facilities Acquisition and Construction:			
400 Supplies and Materials	-	-	-
500 Capital Outlay:			
520 Construction Services	-	-	-
254 Operation and Maintenance of Plant:			
300 Purchased Services	4,709	-	-
400 Supplies and Materials	37,991	-	-
255 Student Transportation (State Mandated):			
100 Salaries	23,783	30,000	-
200 Employee Benefits	3,925	5,700	-
300 Purchased Services	17,220	23,280	-
400 Supplies and Materials	-	-	-
258 Security:			
300 Purchased Services	-	-	-
263 Information Services:			
400 Supplies and Materials	-	-	-
266 Technology and Data Processing Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
270 Support Services - Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	389	-	-
200 Employee Benefits	69	-	-
600 Other Objects	-	-	-
Total Support Services	<u>2,743,473</u>	<u>3,398,703</u>	<u>207,965</u>
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	-	-	-
413 Payments to Non-Public Schools			
720 Transits	-	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 6,409,433</u>	<u>5,963,629</u>	<u>239,897</u>

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education (243)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	103,414	-	\$ 103,414
-	-	-	23,597	-	23,597
-	-	-	-	8,801	8,801
-	-	-	-	307,946	307,946
-	-	-	-	-	4,709
-	-	-	-	232	38,223
-	-	-	-	86,443	140,226
-	-	-	-	15,289	24,914
-	-	-	-	19,694	60,194
-	-	-	-	4,735	4,735
-	-	-	346,557	-	346,557
-	-	-	-	185	185
16,016	-	-	-	48,729	64,745
3,203	-	-	-	8,559	11,762
-	-	-	-	81,061	81,061
-	-	-	-	70,611	70,611
-	-	-	-	59,121	59,121
-	-	-	13,091	-	13,480
-	-	-	2,324	-	2,393
-	-	-	30,861	-	30,861
230,837	137,657	-	1,410,903	3,147,674	11,277,212
-	-	-	-	284,571	284,571
-	-	-	-	26,590	26,590
-	-	-	-	311,161	311,161
413,202	137,657	228,013	8,556,778	7,541,689	\$ 29,490,298

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	Title I (BA Projects) (201/237)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5210 Transfer from General Fund (Exclude Indirect Costs)	\$ -	-	-
420-710 Transfer to General Fund (Exclude Indirect Costs)	-	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(122,230)	(115,971)	(4,750)
TOTAL OTHER FINANCING SOURCES (USES)	(122,230)	(115,971)	(4,750)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE, Beginning of Year	-	-	-
FUND BALANCE, End of Year	\$ -	-	-

Occupational Education (VA Projects) (289)	Drug Free (FP/FQ Projects) (209)	Adult Education (243)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	363,752	-	\$ 363,752
-	-	-	-	(7,400)	(7,400)
-	(2,725)	-	-	(54,302)	(299,978)
-	(2,725)	-	363,752	(61,702)	56,374
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	\$ -

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2005

OTHER DESIGNATED RESTRICTED STATE GRANTS

901	High School Diploma Credit
904	Career Technology Education (CTE) Technology Initiative
905	Career Technology Education Equipment
908	Refurbishment of K-8 Science Kits
911	School Technology Initiative
914	Adult Education- Literacy
916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
917	Preschool Programs for Children with Disabilities
918	Adult Education- Basic
921	Adult Education Basic Includes Workforce Initiative)
923	EAA Alternative Schools Program
929	EAA Reduce Class Size Grades 1-3
931/932	EAA Summer School/Comprehensive Remediation
933	School Safety Officers
934	Excellence in Middle Schools
935	National Board Certified (NBC) Salary Supplement
960	K-5 Enhancement
961	EAA Teacher Specialist/Curriculum Specialist
962	EAA Principal Specialist
963	EAA Homework Center Awards
964	EAA Retraining Funds
965	Palmetto Gold & Silver Awards
966	K-5 Mathematics and Science Unit Coaching Initiative
967	6-8 Enhancement
969	Miscellaneous Lottery

OTHER SPECIAL REVENUE PROGRAMS

211	Capacity Building and Improvement
212	Medicaid
213	IDEA- Personnel Development
224	21st Century Community Learning Center
241	Promoting Informed Parental Choice and Innovative Programs, Title V
242	Even Start Family Literacy
249	GOALS 2000
253	Ed Tech
258	Tech Prep
264	Title III
266	Federal School To Work
267	Improving Teacher Quality

(Continued)

MONCKS CORNER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2005

OTHER SPECIAL REVENUE PROGRAMS (Continued)

270	SERCH - NASA Grant
273	WIA Youth (Out of School)
280	State Improvement Grant
291	McKinney Homeless Assistance
292	Truancy & Dropout Prevention
801	E- Rate
803	ABC Grant
804	Community Foundation Mini Grant
806	BCSD Special Purpose Fund
810	National Science Foundation
811	Smaller Learning Communities
814	Passport to Global Learning
816	ABC Teen Program
818	Framwork for Effective Class
822	Community Foundation Open Grant
829	Extended School Year
832	ARTS Grant - Clemson
835	Profoundly Mentally Disabled
837	Teaching American History
841	First Steps
842	Communities in Schools
855	REACH
860	SAT Improvement
862	ROTC
864	Special Ed
867	Character Education
870	21st Century Learning Center
875	Walmart Foundation Grant
878	9th Grade Academy Grant
879	Family Connection/Awareness Grant
880	AIMS Magnet School Assistance
881	Raising the Bar for Quality Physical Ed
899	Donations Fund

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED STATE RESTRICTED GRANTS

YEAR ENDED JUNE 30, 2005

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In (Out)	Other Fund Transfers Sources (Uses)	
901	3122	Increase High School Diploma Requirements	\$ 946,493	946,493	-	-	\$ -
904	3124	Career and Technology Education (CTE) Tech. Initiative	65,000	65,000	-	-	-
905	3125	Career and Technology Education Equipment	356,430	356,430	-	-	-
908	3126	Refurbishment of K-8 Science Kits	100,947	100,947	-	-	-
911	3198	School Technology Initiative	283,595	283,595	-	-	-
914	3152	Adult Education- Literacy	50,000	50,000	-	-	-
916	3991	ADEPT (Assisting, Developing and Evaluating Professional Teaching)	92,110	92,110	-	-	1,070
917	3135	Preschool Programs for Children with Disabilities	263,660	263,660	-	-	-
918	3151	Adult Education- Basic	390,248	390,248	-	-	14,014
919	3193	Education License Plates	-	-	-	-	-
921	3151	Adult Education - Basic (Includes Workforce Initiative)	6,000	6,000	-	-	-
923	3123	EAA Alternative Schools Program	212,184	212,184	-	-	25,000
926	3196	EAA Principal Leader	-	-	-	-	-
929	3129	EAA Reduce Class Size Grades 1-3	1,289,666	1,653,418	363,752	-	-
931/932	3121	EAA Summer School/Comprehensive Remediation	855,153	855,153	-	-	-
933	3192	School Safety Officer	206,299	206,299	-	-	-
934	3191	Excellence in Middle Schools	190,267	190,267	-	-	-
935	3185	National Board Certification (NBC) Salary Supplement	204,585	204,585	-	-	-
960	3610	K-5 Enhancement	1,509,900	1,509,900	-	-	-
961	3601	EAA Teacher Specialist/Curriculum Specialist	552,521	552,521	-	-	-
962	3602	EAA Principal Specialist	127,011	127,011	-	-	-
963	3603	EAA Homework Center Awards	153,824	153,824	-	-	20,659
964	3604	EAA Retraining Funds	159,959	159,959	-	-	53,837
965	3605	EAA Palmetto Gold and Silver Awards	28,949	28,949	-	-	9,077
966	3606	K-5 Mathematics and Science Unit Coaching Initiative	23,283	23,283	-	-	-
967	3607	6-8 Enhancement	73,800	73,800	-	-	-
969	3699	Other State Lottery Programs	51,142	51,142	-	-	71,458
Totals			\$ 8,193,026	8,556,778	363,752	-	\$ 195,115

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

REVENUES	ACTUAL
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3507 School Innovation Funds	\$ 399,153
3509 Arts in Education	55,229
3513 Parenting/Family Literacy	123,713
3515 Advanced Placement Courses	7,500
3517 Advanced Placement - Singleton (Subfund 315)	6,000
3520 Gifted and Talented - Academic	651,207
3522 Gifted and Talented - Artistic	114,778
3523 Junior Scholars Program	1,679
3527 Critical Teaching Needs	7,875
3529 EAA Retraining Grant	20,869
3530 Trainable & Profoundly Mentally Disabled Student Services	118,307
3532 National Board Certification (NBC) Salary Supplement	886,550
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	145,000
3535 Institute of Reading (South Carolina Reading Initiative - Middle Grades)	50,000
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	962,357
3546 Academic Assistance K-3	2,190,083
3548 Academic Assistance 4-12	2,379,696
3550 Teacher Salary Increase	8,519,473
3553 Adult Education - Remedial	9,118
3555 School Employer Contributions	1,584,622
3561 Mathematics and Science Centers	315,303
3570 Intervention and Assistance	10,903
3575 Competitive Teacher Grants	43,570
3577 Teacher Supplies	340,800
3582 Principal Salary/Fringe Increase	123,518
3588 Palmetto Gold & Silver	5,607
3592 School-to-Work Transition Act	157,215
3595 EAA Homework Center Awards (Unsatisfactory Schools)	46,197
3598 Bus Driver Salary Supplement	37,871
Total Revenue from State Sources	<u>19,315,270</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 19,315,270</u>

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 7,500
200 Employee Benefits	1,820
400 Supplies and Materials	106,712
112 Primary Programs:	
100 Salaries	626,923
200 Employee Benefits	179,588
300 Purchased Services	750,984
400 Supplies and Materials	470,934
500 Capital Outlay	6,747
113 Elementary Programs:	
100 Salaries	1,508,721
200 Employee Benefits	414,181
300 Purchased Services	275,497
400 Supplies and Materials	326,021
114 High School Programs:	
100 Salaries	28,778
200 Employee Benefits	9,541
300 Purchased Services	15,020
400 Supplies and Materials	118,834
115 Vocation Programs:	
400 Supplies and Materials	26,800
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	3,151
122 Trainable Mentally Handicapped:	
100 Salaries	84,286
200 Employee Benefits	33,055
400 Supplies and Materials	10,215
123 Orthopedically Handicapped:	
400 Supplies and Materials	9,800
124 Visually Handicapped:	
400 Supplies and Materials	5,800
125 Hearing Handicapped:	
400 Supplies and Materials	200
126 Speech Handicapped:	
400 Supplies and Materials	\$ 8,000

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
127 Learning Disabilities:	
400 Supplies and Materials	\$ 21,000
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	616,021
200 Employee Benefits	182,732
400 Supplies and Materials	155,018
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	498,551
200 Employee Benefits	129,283
300 Purchased Services	10,014
400 Supplies and Materials	12,314
143 Advanced Placement:	
400 Supplies and Materials	2,347
148 Gifted and Talented - Artistic:	
100 Salaries	29,457
200 Employee Benefits	5,434
300 Purchased Services	3,929
400 Supplies and Materials	6,734
170 Summer School Programs:	
173 High School Summer School:	
300 Purchased Services	198
174 Gifted and Talented Summer School:	
100 Salaries	10,400
200 Employee Benefits	1,885
300 Purchased Services	16,077
400 Supplies and Materials	3,762
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	27,898
200 Employee Benefits	4,839
300 Purchased Services	1,010
400 Supplies and Materials	4,650
180 Adult/Continuing Educational Programs:	
187 Adult Education - Remedial:	
100 Salaries	8,479
200 Employee Benefits	\$ 640

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
188 Parenting/Family Literacy:	
100 Salaries	\$ 90,619
200 Employee Benefits	19,823
300 Purchased Services	15,480
400 Supplies and Materials	17,766
Total Instruction	<u>6,925,468</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
300 Purchased Services	500
400 Supplies and Materials	15,600
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	992,466
200 Employee Benefits	235,229
300 Purchased Services	108,156
400 Supplies and Materials	56,876
500 Capital Outlay	41,921
222 Library and Media:	
400 Supplies and Materials	11,600
223 Supervision of Special Programs:	
100 Salaries	41,911
200 Employee Benefits	7,795
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	78,488
200 Employee Benefits	17,152
300 Purchased Services	294,426
400 Supplies and Materials	148,961
230 General Administration Services:	
233 School Administration:	
100 Salaries	101,452
200 Employee Benefits	22,067
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	31,918
200 Employee Benefits	5,953
300 Purchased Services	\$ 3,526

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule B-4

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
260 Central Support Services:	
266 Technology and Data Processing Services:	
300 Purchased Services	\$ 14,419
400 Supplies and Materials	43,928
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
100 Salaries	6,093
200 Employee Benefits	1,099
600 Other Objects	4,171
Total Support Services	<u>2,285,707</u>
TOTAL EXPENDITURES	<u>9,211,175</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(10,104,095)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,104,095)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2005

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3507 School Innovation Funds	\$ 399,153	399,153	-	-	\$ -
3509 Arts in Education	55,229	55,229	-	-	1,371
3513 Parenting/Family Literacy	123,713	123,713	-	-	18,788
3515 Advanced Placement Courses	7,500	7,500	-	-	-
3517 Advanced Placement - Singleton (Subfund 315)	6,000	6,000	-	-	-
3520 Gifted and Talented - Academic	651,207	651,207	-	-	-
3522 Gifted and Talented - Artistic	114,778	114,778	-	-	-
3523 Junior Scholars Programs	1,679	1,679	-	-	-
3527 Critical Teaching Needs	7,875	7,875	-	-	-
3529 EAA Retraining Grant	20,869	20,869	-	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services	118,307	118,307	-	-	-
3532 National Board Certification (NBC) Salary Supplement	886,550	886,550	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3534 Professional Development on Standards	145,000	145,000	-	-	-
3535 Institute of Reading (South Carolina Reading Initiative - Middl	50,000	50,000	-	-	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old	962,357	962,357	-	-	-
3546 Academic Assistance K-3	2,190,083	2,190,083	-	-	-
3548 Academic Assistance 4-12	2,379,696	2,379,696	-	-	-
3550 Teacher Salary Increase	8,519,473	-	-	(8,519,473)	-
3553 Adult Education - Remedial	9,118	9,118	-	-	14,118
3555 School Employer Contributions	1,584,622	-	-	(1,584,622)	-
3561 Mathematics and Science Centers	315,303	315,303	-	-	-
3570 Intervention and Assistance	10,903	10,903	-	-	-
3575 Competitive Teacher Grants	43,570	43,570	-	-	-
3577 Teacher Supplies	340,800	340,800	-	-	-
3582 Principal Salary/Fringe Increase	123,518	123,518	-	-	-
3588 EAA Palmetto Gold and Silver	5,607	5,607	-	-	-
3592 School-to-Work Transition Act	157,215	157,215	-	-	106,105
3595 EAA Homework Center Awards	46,197	46,197	-	-	-
3598 Bus Driver Salary Supplement	37,871	37,871	-	-	-
Totals	\$ 19,315,270	9,211,175	-	(10,104,095)	\$ 140,382

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

YEAR ENDED JUNE 30, 2005

Program	Project/Grant Number	Revenue & Subfund Code	Description	Amount Due to State Department of Education or Federal Government	Status of Amount Due to Grantors
Ed Tech	ET015	4331	Unexpended Funds	\$ 11,500	Paid After Year-End
Palmetto Gold and Silver Award	NA	3605	Unexpended Funds	1,656	Paid After Year-End
Total				\$ 13,156	

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule B-7

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 1,747,976
1620 Breakfast Sales to Pupils	128,241
1630 Special Sales to Pupils	655,189
1640 Lunch Sales to Adults	207,576
1650 Breakfast Sales to Adults	4,730
1660 Special Sales to Adults	94,606
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	34,351
Total Revenue from Local Sources	2,872,669
2000 Intergovernmental Revenue:	
2100 Payments from Other Governmental Units	265,888
Total Intergovernmental Revenue	265,888
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	12,974
Total Revenue from State Sources	12,974
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	5,260,155
4830 School Breakfast Program	1,431,804
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	682,889
Total Revenue from Federal Sources	7,374,848
TOTAL REVENUE ALL SOURCES	\$ 10,526,379

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule B-7

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
EXPENSES	
200 Support Services:	
256 Food Service:	
100 Salaries	\$ 3,626,790
200 Employee Benefits	426,499
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	163,788
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	5,201,998
500 Capital Outlay	663,701
600 Other Objects	21,343
Total Support Services	<u>10,104,119</u>
TOTAL EXPENSES	<u>10,104,119</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(696,065)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(696,065)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(273,805)</u>
FUND NET ASSETS, Beginning of Year	1,332,312
PRIOR PERIOD ADJUSTMENTS	<u>123,358</u>
FUND NET ASSETS, Beginning of Year, Restated	<u>1,455,670</u>
FUND NET ASSETS, End of Year	<u><u>\$ 1,181,865</u></u>

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	<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)	\$ 15,963,273	3,077,163	\$ 2,366,203
1140 Penalties & Interest on Taxes (Independent)	93,908	22,697	-
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Dependent and Independent)	628,828	284,291	-
1500 Earnings on Investments:			
1510 Interest on Investments	434,736	171,335	865,631
Total Revenue from Local Sources	<u>17,120,745</u>	<u>3,555,486</u>	<u>3,231,834</u>
3000 Revenue from State Sources:			
3800 State Revenue in Lieu of Taxes:			
3820 Homestead Exemption	522,878	-	-
3840 Manufacturers Depreciation Reimbursement	93,278	280,376	-
Total Revenue from State Sources	<u>616,156</u>	<u>280,376</u>	<u>-</u>
TOTAL REVENUE ALL SOURCES	<u>17,736,901</u>	<u>3,835,862</u>	<u>3,231,834</u>
EXPENDITURES			
500 Debt Service:			
610 Redemption of Principal	9,052,502	1,615,000	-
620 Interest	6,688,232	1,371,766	10,529,350
690 Other Objects (Includes Fees for Servicing Bonds)	203,650	-	-
Total Debt Service	<u>15,944,384</u>	<u>2,986,766</u>	<u>10,529,350</u>
TOTAL EXPENDITURES	<u>15,944,384</u>	<u>2,986,766</u>	<u>10,529,350</u>
OTHER FINANCING SOURCES (USES)			
5110 Premium on Bonds Sold	2,560,938	-	-
5130 Proceeds of Refunding Debt	62,190,000	-	-
441-720 Payment to Refunded Debt Escrow Agent	(64,544,682)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>206,256</u>	<u>-</u>	<u>-</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>1,998,773</u>	<u>849,096</u>	<u>(7,297,516)</u>
FUND BALANCE, Beginning of Year	9,675,472	7,337,941	29,436,140
Prior Period Adjustment	-	-	-
FUND BALANCE, Beginning of Year, Restated	<u>9,675,472</u>	<u>7,337,941</u>	<u>29,436,140</u>
FUND BALANCE, End of Year	<u>\$ 11,674,245</u>	<u>8,187,037</u>	<u>\$ 22,138,624</u>

CAPITAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	<u>DISTRICT</u>	<u>SAFE</u>
REVENUES		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ 152,985	\$ 20,428,879
Total Revenue from Local Sources	<u>152,985</u>	<u>20,428,879</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3172 Children's Education Endowment (Barnwell Facilities Fund)	1,737,535	-
Total Revenue from State Sources	<u>1,737,535</u>	<u>-</u>
TOTAL REVENUE ALL SOURCES	<u>1,890,520</u>	<u>20,428,879</u>
EXPENDITURES		
250 Finance and Operations:		
253 Facilities Acquisition & Construction:		
100 Salaries	6,191	-
200 Employee Benefits	1,099	-
300 Purchased Services	549,004	7,176,491
400 Supplies and Materials	901,575	18,769
500 Capital Outlay:		
520 Construction Services	6,822,084	16,375,729
254 Operations and Maintenance of Plant:		
300 Purchased Services	44,765	-
321 Public Utilities (Excludes Gas, Oil, Electric, & Other Heating Fuels)	7,818	-
400 Supplies and Materials	16,536	104
500 Capital Outlay	-	-
Total Support Services	<u>8,349,072</u>	<u>23,571,093</u>
TOTAL EXPENDITURES	<u>8,349,072</u>	<u>23,571,093</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
5210 Transfer from General Fund (Exclude Indirect Costs)	1,627,269	-
5250 Transfer from Capital Projects Fund	426,835	-
424-710 Transfer to Capital Projects Fund	-	(426,835)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,054,104</u>	<u>(426,835)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(4,404,448)	(3,569,049)
FUND BALANCE, Beginning of Year	<u>4,565,770</u>	<u>133,324,731</u>
FUND BALANCE, End of Year	<u>\$ 161,322</u>	<u>\$ 129,755,682</u>

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

Schedule E-1

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 572,811
1790 Other	4,857,901
Total Receipts from Local Sources	<u>5,430,712</u>
TOTAL RECEIPTS ALL SOURCES	<u>5,430,712</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries	87,764
200 Employee Benefits	16,043
660 Pupil Activity	230,446
Total Instruction	<u>334,253</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries	1,272,893
200 Employee Benefits	167,896
660 Pupil Activity	3,914,619
Total Pupil Activity Expenditures	<u>5,355,408</u>
TOTAL DISBURSEMENTS	<u>5,689,661</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	51,778
5270 Transfer from Pupil Activity	150,017
420-710 Transfer to General Fund (Excludes Indirect Costs)	(23,292)
426-710 Transfer to Pupil Activity	(126,077)
TOTAL OTHER FINANCING SOURCES (USES)	<u>52,426</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(206,523)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>1,667,913</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 1,461,390</u>

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2005

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<u>US Department of Agriculture</u>				
<u>Pass-through State Department of Education:</u>				
600	Food Distribution	10.550	N/A	\$ 682,889
600	National School Breakfast Program	10.553	N/A	1,431,804
600	National School Lunch Program	10.555	N/A	5,260,155
Total US Department of Agriculture				<u>7,374,848</u>
<u>US Department of Education</u>				
<u>Direct Programs:</u>				
100	Impact Aid	84.041	N/A	1,197,970
855	Drug & Violence Prevention Cord for Middle	84.184K	S184K010082	98,795
870	21st Century Learning Center	84.287A	N/A	257,768
880	Magnet School Assistance	84.165A	S165A010054	70,147
881	Carol M. White Physical Fitness	84.215F	S215F020420	12,626
Total Direct Programs				<u>1,637,306</u>
<u>Passed Through Charleston County:</u>				
811	Smaller Learning Communities	84.215L	V215L030097	2,931
878	Smaller Learning Communities-9th Grade Academy	84.215L	V215L030097	120,887
Total Pass Through Charleston County				<u>123,818</u>
<u>Passed Through SC Department of Education:</u>				
<u>Title I:</u>				
201	Title I - Low Income	84.010	05-BA015	6,288,456
237	Title I - School Improvement	84.218	05-BJ015	243,207
Total Title I				<u>6,531,663</u>
<u>Individuals with Disabilities Education Act:</u>				
203	Public Law 101-476 The Individuals with Disability Act	84.027A	05-CA015	6,079,600
211	Capacity Building Allocation	84.027A	05-CR015	49,411
213	Personal Development	84.027A	05-CO015	55,816
266	RIT - IDEA	84.027A	05-DH015	1,504
Total IDEA		Total 84.027		<u>6,186,331</u>
<u>Preschool Handicapped:</u>				
205	Handicapped Preschool Grant	84.173	05-CG015	244,647
<u>Occupational Education:</u>				
207	Professional Development (Subprogram 04)	84.048	05-VA015	2,500
207	Initiate / Improve Program (Subprogram 06)	84.048	05-VA015	45,663
207	Career Guidance (Subprogram 08)	84.048	05-VA015	208,618
207	Special Populations (Subprogram 09)	84.048	05-VA015	126,702
207	Student Organizations (Subprogram 10)	84.048	05-VA015	\$ 10,000

(Continued)

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2005

	<u>Occupational Education (Continued):</u>			
207	Administration II (Subprogram 15)	84.048	05-VA015	\$ 19,219
207	State Leadership-Special (Subprogram 48)	84.048	05-VA015	500
258	Curriculum Instruct II (Subprogram 70)	84.048	05-VA015	30,890
258	Administration II (Subprogram 71)	84.048	05-VA015	2,880
258	Technical Assistance (Subprogram 72)	84.048	05-VA015	12,510
258	Staff Development (Subprogram 75)	84.048	05-VA015	98,975
	Total Occupational Education	Total 84.048		<u>558,457</u>
	<u>Drug Free:</u>			
209	Drug Free and Violence Prevention Program	84.186	05-FQ015	140,382
	<u>Adult Education:</u>			
243	Adult Regular	84.002	05-EA015	222,703
243	Adult Ed - EL/Civics	84.002	05-ED015	5,310
	Total Adult Education	Total 84.002		<u>228,013</u>
224	21st Century Learning Center	84.186A	05-CL015	568,975
241	Title V	84.298	05-BB015	129,551
242	Even Start - Family Literacy	84.213	05-EK015	115,400
249	Learn and Serve America	94.004	05-FA015	29,414
253	Ed Tech	84.318X	05-ET015	208,402
261	School To Work	17.249	05-VA015	1,417
264	Title III	84.365A	05-BP015	146,765
267	Title II - Improving Teacher Quality	84.367A	05-TQ015	1,098,908
280	State Improvement Grant Supplies	84.323A	05-CT015	10,791
291	McKinney Homeless Grant	84.196A	05-FH015	60,000
292	Truancy & Dropout Prevention	84.330	05-IG015	10,656
	Total US Department of Education			<u>18,030,896</u>
	<u>US Department of Health and Human Services</u>			
	<u>Passed Through Charleston County:</u>			
273	Workforce Investment Act (Out of School)	17.25	N/A	310,383
	Total US Department of Health and Human Services			<u>310,383</u>
	<u>US Department of Defense</u>			
	<u>Direct Programs:</u>			
862	JROTC	12.000	N/A	406,377
	Total US Department of Defense			<u>406,377</u>
	<u>National Science Foundation</u>			
	<u>Direct Programs:</u>			
810	National Science Foundation	47.076	ES19986869	1,105,068
	Total US Department of Defense			<u>1,105,068</u>
	TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 27,227,572</u>

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

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2005

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Berkeley County School District, South Carolina (the “School District”) for the year ended June 30, 2005. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

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

C – Relationship to Basic Financial Statements

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County School District, South Carolina (the "School District") as of and for the year ended June 30, 2005, which collectively comprise Berkeley County School District's basic financial statements and have issued our report thereon dated November 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

We noted certain other matters that we reported to management of the School District in a separate letter dated November 14, 2005.

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



Greene, Finney & Horton, LLP
November 14, 2005

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

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

Compliance

We have audited the compliance of Berkeley County School District, South Carolina (the "School District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

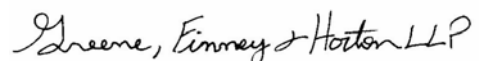
In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

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



Greene, Finney & Horton, LLP
November 14, 2005

**BERKELEY COUNTY SCHOOL DISTRICT
MONCKS CORNER, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2005

FINDINGS – 2004 FINANCIAL STATEMENTS AUDIT

2004-1: NONCOMPLIANCE WITH LAWS AND REGULATIONS

Condition: The School 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.

Status: The School District has taken the appropriate corrective action on the above condition.

**BERKELEY COUNTY SCHOOL DISTRICT
MONCK'S CORNER, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2005

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X 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>
10.550	Food Distribution
10.553	School Breakfast Program
10.555	School Lunch Program
10.559	Summer Feeding Program
47.076	National Science Foundation

Dollar threshold used to distinguish between type A and type B programs: \$ 876,225

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

Section II - Findings - Current Year Financial Statements Audit

NONE

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

NONE