

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
BEAUFORT COUNTY SCHOOL DISTRICT

BEAUFORT COUNTY SCHOOL DISTRICT



For the  
FISCAL YEAR ENDED  
June 30, 2005

BEAUFORT COUNTY SCHOOL DISTRICT  
1300 KING STREET • DPAWER 309 • BEAUFORT, SOUTH CAROLINA • 29901 • 843/322-2300

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OF THE  
BEAUFORT COUNTY SCHOOL DISTRICT  
BEAUFORT, SOUTH CAROLINA

FOR THE  
FISCAL YEAR ENDED  
JUNE 30, 2005

PREPARED BY:  
The Finance Department  
Herman K. Gaither, Superintendent  
Edna Crews, Superintendent Elect

BEAUFORT COUNTY SCHOOL DISTRICT  
 Comprehensive Annual Financial Report  
 For the fiscal year ended June 30, 2005

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INTRODUCTORY SECTION

BEAUFORT COUNTY SCHOOL DISTRICT  
Beaufort County Board of Education

District 1 (Hilton Head)

**Mr. Richard Caporale**  
17 Salt Wind Way  
Hilton Head Island, SC 29926  
(H) 681-2345 (W) 706-1871  
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District 2 (Hilton Head)

**Mrs. Pam Edwards**  
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District 3 (Hilton Head)

**Mr. Stu Rodman**  
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Hilton Head Island, SC 29928  
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District 4 (Bluffton & Daufuskie)

**Mrs. Laura Bush**  
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District 5 (St. Helena Island)

**Mr. Michael Rivers**  
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District 6 (Lobeco, Sheldon & Dale)

**Mr. Earl Campbell**  
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District 7 (Beaufort/Ladys Island)

**Mr. Richard Trischler**  
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District 8 (Burton 1)

**Mrs. Margie K. Jenkins**  
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District 9 (Burton 2)

**Mr. Ronald Speaks**  
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District 10 (Bluffton & Okatie)

**Mr. David E. Chase**  
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District 11 (Beaufort/Port Royal)

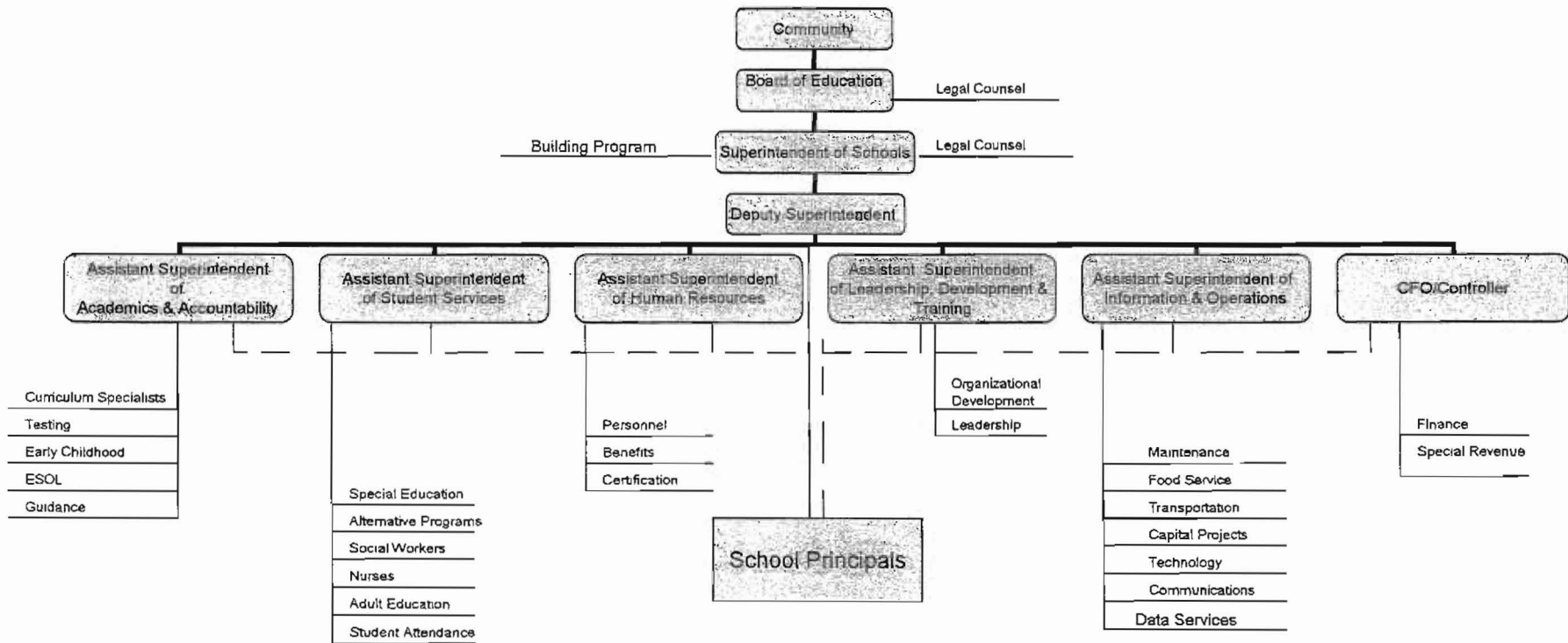
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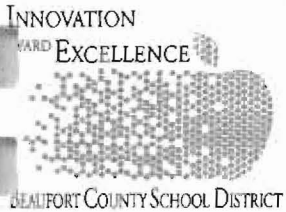
BEAUFORT COUNTY SCHOOL DISTRICT

Administrative Staff

Superintendent (retired June 30, 2005)	Mr. Herman Gaither
Superintendent Elect (effective July 1, 2005)	Ms. Edna Crews
Assistant Superintendent - Academics and Accountability	Ms. Ginger Hopkins
Assistant Superintendent - Student Services	Mrs. Cynthia Hayes
Assistant Superintendent of Finance	Mrs. Phyllis White
Assistant Superintendent - Leadership Development and Training	Dr. Connie Long
Assistant Superintendent - Human Resources	Dr. Otis Smith
Assistant Superintendent - Information and Operations	Mr. John Williams
Executive Director of Personnel	Mrs. Darah Latourelle
Executive Director of Operations	Mr. Larry Wilson

# Beaufort County School District FY 2004 - 2005





October 6, 2005

Board of Education  
Beaufort County School District  
Beaufort, South Carolina

The Comprehensive Annual Financial Report of the Beaufort County School District for the fiscal year ended June 30, 2005 is submitted herewith. This report was prepared by the School District's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the School District's organizational chart, a list of administrative staff and a list of the members of the Board of Education. The financial section includes the basic financial statements, managements' discussion and analysis, budgetary comparison schedules and the combining and individual fund and account group financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes a number of tables and unaudited selected financial and demographic information, generally presented on a multi-year basis.

In order to comply with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", the School District is required to undergo an annual single audit. Information related to this single audit, including the schedule of expenditures of federal awards, and auditors' reports on internal control and compliance with applicable laws and regulations, is included in the single audit section of this report.

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

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### PROFILE OF THE SCHOOL DISTRICT

The Beaufort County School District encompasses all of Beaufort County serving residents of Hilton Head, Beaufort, Port Royal, St. Helena Island, Bluffton, Fripp Island, Callawassie Island, Dataw Island, Daufuskie Island, and other areas across Beaufort County. The School District is governed by an eleven-member board, elected from eleven single-member districts to four-year staggered terms. The chief executive officer is the Superintendent of Schools, appointed by and responsible to the Board of Education. A complete organizational chart of the management of the School District is on Page 6. The School District does not have fiscal autonomy from Beaufort County. The County Council reviews our budget requests for reasonableness and levies the mills necessary to insure sufficient tax revenue is generated.

The Beaufort County School District provides the full range of educational services. This includes the operation of one early childhood center, sixteen elementary schools (Grades K-5), six middle schools (Grades 6-8), four high schools (Grades 9-12), and a center for the at-risk student. Our student enrollment at the 135<sup>th</sup> school day was 18,364 students which included 609 preschool students. In addition to these students, the School District has oversight of our local adult education program.

### ECONOMIC CONDITIONS AND OUTLOOK

The region's major economic drivers are tourism and the military, which in turn support a range of industries such as hospitality, arts and culture, retail, real estate and construction, healthcare and recreation. The largest employers in the region are the government, hospital and the military. Beaufort is well known as the fastest growing county in the state, and the population boom is spurring real estate and construction. In 2002, Beaufort County gained 50 new commercial buildings, 30 new multi-family buildings, 1,815 new single-family homes and 924 renovations projects. Many residents have found real estate to be a good investment due to the expanding population. The real estate and construction have grown exponentially for more than a decade and there is evidence that this will continue.

The healthcare industry is among the fastest growing industry in the state and a growing contributor to our local economy. The Beaufort Regional Chamber of Commerce has partnered with the healthcare industry, local schools and the business community to develop a workforce that will supply strong qualified employees, raise academic preparedness, increase awareness about local healthcare employment opportunities, secure family wage jobs and enhance the quality of healthcare in the Beaufort region.

The U.S. Marine Corps Recruit Depot at Parris Island, the Marine Corps Air Station-Beaufort and the Beaufort Naval Hospital are all located within the Beaufort County School District. Approximately 17,000 active duty personnel live and work in the area. The large military population contributes more than \$454 million annually in local business sales, while the bases support jobs for hundreds of local civilians. Since 1993, Beaufort has escaped two rounds of base closures. The community recognizes the importance to the local economy.

The School District continues to experience strong growth, both in population and in tax base. The 2000 Census showed Beaufort County as South Carolina's fastest-growing county between 1990 and 2000, surging in population by 40 percent from 86,425 in 1990 to 120,937 in 2000. The School District's enrollment experienced a similar 38 percent rate of growth in that decade. Beaufort County underwent a property reassessment during tax year 2004 which produced a 108% increase since the last reassessment in tax year 1998 (see Table 6).

Major residential developments continue in southern Beaufort County including Wyngate at Woodbridge, Sandy Pointe, Arborwood, The Willows, Pine Ridge, and Pinecrest. From January to mid-September 2005, there were 723 single-family building permits issued in the town of Bluffton. It has sparked tremendous commercial construction along the U.S. 278 corridor, including major chain restaurants, movie theaters, a Wal-Mart Superstore, Home Depot, Lowe's, several major supermarkets, and shopping centers.

In June 2002, the state granted the University of South Carolina-Beaufort four-year status, allowing it to begin developing its own baccalaureate degree program. To accommodate this change, the University constructed its New River Campus, located on the U.S. 278 corridor in Bluffton. The campus opened this past fall and will have a positive impact on the community by providing more employment opportunities and greater educational offerings.

In northern Beaufort County, communities continue to develop, among them Coosaw Point on Lady's Island, Habersham, Islands of Beaufort and others throughout the cities of Beaufort and Port Royal.

The School District's student population continues to grow at a steady rate. Over the past five years, our enrollment has increased an average of 395 students per year (see Table 12). At the time of this report, the School District's enrollment had exceeded 19,000 students and we anticipate this growth to continue at the same rate over the next five years. Many of our school facilities are at or exceeding their student capacity, even with eight new schools coming on-line through the Facilities 2000 building program approved by voters in 1995, in addition to the Facilities 2005 building program, a \$120 million referendum approved in March 2000 for the construction of five new facilities.

Based on the data currently available, we project the present positive demographic and economic growth trends will accelerate in the future. The School District is in very good fiscal condition and the School District's budget has grown each year to meet the needs of its growing student population.

#### MAJOR INITIATIVES FOR FY05

In preparing the FY05 budget, the School District continued to experience a reduction in State funding. State funding is based on a formula designed in 1977 that gauges the wealth of a county by its assessed value. Because of this formula, Beaufort County is considered one of the wealthiest Counties, and therefore, our State funding is continuing to be reduced. We are growing more dependent on our local taxpayer base to fund the many programs needed to meet the needs of its students and enhance the educational delivery systems of the School District. Another major challenge the School District faces is the increase in the non-English speaking students to the School District. As the enrollment increases, so do the costs of the programs, the majority of which must be funded by local resources.

#### FOR THE FUTURE

The School District's tax base is expected to continue to grow by an average of 4% per year. To address future growth, in FY05 the School District engaged in a long term comprehensive facilities needs study to identify future student growth and the needed facilities. The result of this study identified projected enrollment to increase 34 percent from 2005 to 2015. It also identified the need for major renovations at five of the schools, minor/moderate renovations at ten of the schools, several classroom additions, and four additional schools. These projects will be needed to accommodate the growth through 2011.

### FINANCIAL INFORMATION

The School District's accounting policies are summarized in Note I to the financial statements beginning on Page 38 of this report.

Effective for the year ended June 30, 2002, the School District implemented the financial statement format required by GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Under the new reporting model, the School District implemented a presentation of government-wide financial statements along with fund financial statements and a management discussion and analysis report.

Management of the Beaufort County School District, Beaufort, South Carolina, is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the School District are protected from loss or from unauthorized use or disposition and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The School District's accounting system has given consideration to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. We believe that the School District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### SINGLE AUDIT

The Beaufort County School District receives awards from the state and federal governments. Therefore, the School District is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is periodically reviewed by management.

As a part of the School District's single audit, tests are made to determine the adequacy of the internal control system, including that portion related to federal award programs, as well as to determine that the School District has complied with applicable laws and regulations.

The School District's single audit for the fiscal year ended June 30, 2005, indicated no instances of material weaknesses in the internal control system and no material noncompliance with applicable laws and regulations.

### BUDGETARY CONTROLS

The Beaufort County School District maintains budgetary controls, the object of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education and the Beaufort County Council. Activities of the general fund are included in the appropriated budget. The debt service fund, the enterprise fund, and the capital projects fund are not formally budgeted. Special revenue funds are budgeted on a project by project basis based on the funding available.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the fund level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun at the function level are not released until additional appropriations are made available. Each administrator/principal is authorized to administer the budget and may approve the transfer of appropriated funds within and between the departments/programs as necessary to achieve the goals of the budget.

GENERAL SCHOOL DISTRICT FUNCTIONS

The following information presents a summary of the general fund, special revenue funds, debt service fund, capital projects fund, fiduciary operations and the enterprise fund for the year ended June 30, 2005, and the amount of increase/decrease in relation to the prior year's revenues and expenditures/expenses.

GENERAL FUND

The general fund provides for the general operations of the School District. All basic educational programs, personnel, and services are included in the general fund. Revenues and other financing sources for general operations totaled \$130,269,729, an increase of 7% over FY2003-2004. The major source of the increased revenue was from the local allocation. Property taxes produced 75.7% of the revenue and state and federal revenue produced 24.1%. In FY05, 77.5 mills were levied for the general fund. The amount of revenues from the various sources and the changes from last year are shown on the following table:

	<u>Amount</u>	<u>Percent of total</u>	<u>Increase (Decrease)</u>
Property taxes	\$ 98,628,333	75.7%	\$ 8,897,231
Interest income	246,405	.2%	19,881
Other local sources	51,999	0%	(679,827)
Intergovernmental revenues:			
State and federal	23,175,509	17.8%	(1,163,252)
Other financing sources	<u>8,167,483</u>	<u>6.3%</u>	<u>1,409,666</u>
	<u>\$ 130,269,729</u>	<u>100%</u>	<u>\$ 8,483,699</u>

Expenditures and other uses for general operating purposes totaled \$127,304,497, an increase of 4.9% over FY2003-04. This increase was due to changes in levels of expenditures for major functions of the School District over the preceding year are shown in the following table:

	<u>Amount</u>	<u>Percent of total</u>	<u>Increase (Decrease)</u>
General instruction	\$ 75,393,503	59.2%	\$ 6,397,113
Supporting services	51,170,230	40.2%	453,409
Community services	229,600	.2%	61,919
Intergovernmental, interest and other financing uses	<u>511,164</u>	<u>.4%</u>	<u>(116,181)</u>
	<u>\$ 127,304,497</u>	<u>100%</u>	<u>\$ 6,796,260</u>

### GENERAL FUND BALANCE

The School District has a policy that requires the unreserved fund balance to be between 5% and 7.5% of the general fund expenditures. The fund balance of the general fund was \$11,932,388 (9.4%) at June 30, 2005, an increase of \$2,965,232 from the prior fiscal year. During our budget planning, it was anticipated that the School District would need to use \$1,644,670 of our fund balance to supplement our FY 2005 operations. \$648,742 is designated to supplement the FY 2006 budgeted operations.

### SPECIAL REVENUE FUNDS

The special revenue funds provide for specific revenue sources requiring separate accounting because of legal or regulatory action. The School District has two special revenue funds.

In 1984, the legislature of the State of South Carolina passed the Education Improvement Act (EIA) to upgrade the quality of education in the State's eighty-six school districts. The EIA provides supplementary revenue for programs and personnel. During FY2004-2005, the School District received \$13,620,132 under the Act. These revenues were earmarked for specific "strategies", such as remediation in the basic skills, child development programs, in-service training for teachers, and increased salaries for teachers and principals.

Special projects funds account for financial resources provided by federal, state and local projects and grants. During FY2004-2005, the School District received \$18,799,595. These revenues were primarily expended for socially and economically disadvantaged students, handicapped students, adult education and vocational students.

### DEBT SERVICE FUND

The debt service fund provides for the retirement of the School District's long-term debt. The fund balance of the debt service fund was \$9,638,778 at June 30, 2005. The County Auditor and Treasurer levy and collect millage sufficient to service the debt requirements. In FY05, 19.0 mills were levied for debt service. In the event there is a shortfall due to the miscalculation of the mill, the School District will use the general fund resources.

Accumulation of resources in the debt service fund is permitted by state law and would be a safety factor to guard against a possible default in the event of a miscalculation in setting the tax levy.

### CAPITAL PROJECTS FUND

The capital projects fund provides for the construction of new school facilities and the remodeling of the School District's older structures. A major part of the Capital Projects Fund is the Facilities 2005 building program that started in FY2000; to date six projects are completed, four projects are under construction and two projects are in the permitting process. Financing for this fund comes from the proceeds of the sale of general obligation bonds and state revenues. The fund balance in the capital projects fund was \$57,657,282 at June 30, 2005. The fund balance is to be expended for the planning and construction associated with the Facilities 2005 building program and other capital projects.

### FIDUCIARY OPERATIONS

Fiduciary funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units and/or other funds.

The School District's fiduciary operations consist of a school activity account at each school site. During FY2004-2005, the amount due to student organizations decreased from \$979,275 to \$946,045. The accounting reflects the agency relationship of the School District with the school activity organizations.

### ENTERPRISE FUND

Through this fund, the School District operates the breakfast and lunch programs. The School District completed the second year of a five-year outsourcing contract to manage the food service program.

The Free and reduced price meals are provided for children classified as economically deprived. The reimbursements for these meals from the federal government provide 66.9% of the revenue for this fund. The price of lunch was \$1.00 for elementary students and \$1.50 for secondary students. Students are charged \$.75 for breakfast. The revenue received from these students comprised 27.6% of the total revenue for this fund. Net assets increased by \$217,392 for FY2004-2005.

### DEBT ADMINISTRATION

At June 30, 2005, the School District had \$238,835,000 of outstanding general obligation bonds, an increase of \$3,700,000 from the previous year. This figure is 15.9% of the total assessed valuation of all property in the School District and represents a per-capita debt of \$1,760 for the District's 135,725 residents before consideration of amounts available for debt service in the debt service fund. Proceeds from the sale of the bonds are used for the construction and equipping of new schools and major renovations to existing schools.

The School District's debt service fund, administered by the Beaufort County Treasurer, is funded by a tax levy, 19.0 mills for FY05, set annually at a level sufficient for the required payments of principal and interest on all outstanding bonds.

### CASH MANAGEMENT

The cash management program for the School District is administered by both the Beaufort County Treasurer and the School District. Total interest earned in FY2004-05 was \$1,488,720, \$246,405 in the general fund, \$1,007,102 in the capital projects fund, \$217,382 in the debt service fund and \$17,831 in the enterprise fund. All investments are collateralized by instruments issued or guaranteed by the United States government.



### RISK MANAGEMENT

The School District participates in the South Carolina School Boards Insurance Trust Fund which provides coverage in the areas of property and casualty, and workers compensation. The program is directed toward minimizing cost through the integration of the following:

1. System design, which includes the total structure of the insurance program.
2. Risk control through audit, plan outline, seminars, training and claims, and loss control analysis.
3. Claims management through field investigation, claims adjusting, claims and loss information, litigation and settlement management.
4. Self insurance management, which involves capability analysis, premium, loss cash flow analysis, and best fit analysis.

### CAPITAL ASSETS

The total capital assets of the School District as of June 30, 2005 amounted to \$396,251,343. The School District's capitalization level is \$5,000. This level more appropriately aligns its policies with guidelines of the federal government. The assets are recorded at their original cost, which is substantially less than their current replacement value. Depreciation of capital assets is recognized by the School District in the government-wide statements and, separately, in the enterprise fund.

### INDEPENDENT AUDIT

The State Department of Education requires an annual audit of the combined basic financial statements by independent certified public accountants. The audit for FY2004-05 was conducted by Elliott Davis, LLC and their opinion is included in this report.

### CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Beaufort County School District for its Comprehensive Annual Financial Reports for the past fifteen fiscal years. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Board of Education  
October 6, 2005  
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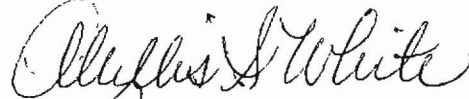
ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would especially like to acknowledge the work of our former Superintendent, Herman K. Gaither, who retired as of June 30, 2005, as well as the former Assistant Superintendent for Fiscal Services, Donna Altman, who retired as of December 31, 2004. We truly appreciate their continued dedication and service to the School District. We would like to express our appreciation to all members of the various departments for their assistance and contributions to the preparation of this report.

Respectfully submitted,



Edna H. Crews  
Superintendent



Phyllis S. White, CPA, CGFO  
Assistant Superintendent  
of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Beaufort County School  
District, South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

FINANCIAL SECTION



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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Beaufort County Board of Education  
Beaufort County School District  
Beaufort, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beaufort County 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 financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beaufort County School District, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof 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 October 6, 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.

Management's discussion and analysis on pages 18 through 26 and the budgetary comparison information on pages 58 through 71 (Schedules 1, 2 and 3) are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School District's basic financial statements. The accompanying other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information 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.

*Elliott Davis, LLC*

October 6, 2005



BEAUFORT COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

As management of the Beaufort County School District, we offer readers of the Beaufort County School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. Please read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- General revenues accounted for \$138.3 million in revenue or 72.6 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$52.1 million or 27.4 percent of total revenues of \$190.5 million.
- The assets of the Beaufort County School District exceeded its liabilities at the close of the most recent fiscal year by \$84.8 (net assets). Of this amount, \$14.8 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The School District had \$182.9 million in expenses related to governmental activities; only \$46.0 million (25.2%) of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$138.3 million were adequate to provide for these programs.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$79.2, an increase of \$33.9 in comparison with the prior year. The increase was primarily due to unspent bond proceeds in the capital projects fund.
- Among the major funds, the general fund had \$130,269,729 in revenues and other financing sources and \$127,304,497 in expenditures and other financing uses. The general fund's fund balance increased to \$11,932,388 from \$8,967,156.
- Outstanding debt was increased by \$33.7 million. Two new general obligation bonds were issued during the fiscal year 2005 and one bond anticipation note. Three separate bond refundings also occurred during the year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$11,932,388 or 9.4 percent of the total general fund expenditures.
- Tax collections were \$2.5 million over budget. This overage was due largely to the under estimation of property tax revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. 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 consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

*Government-wide financial statements* - The government-wide financial statements (Statement of Net Assets and Statement of Activities) are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business. Short-term and long-term information about the School District's overall financial status are provided in these statements. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and Statement of Activities report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

*Governmental Activities* - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

*Business-Type Activities* - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District food service activities are reported as business activities.

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 and decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave)

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include general fund, special revenue fund, EIA fund, debt service and capital projects fund. The business-type activities of the School District include Food Service.

The government-wide financial statements can be found on pages 28 and 29 of this report.

*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 three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* - Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's education programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*Proprietary funds* - Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the School District-wide statements. The School District's food service fund is the only proprietary fund.

*Fiduciary funds* - The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. The School District's Student Activities Fund is the only fiduciary fund.

*Notes to the financial statements* - The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 38 to 56.

*Other supplemental information* - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information that further supports the financial statements with a comparison of the School District's budget for the year and other supplementary information schedules required either by the State Department of Education or the certificate of excellence program of the Government Finance Officers Association.

#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of an entities financial position. In the case of the School District, assets exceeded liabilities by \$84.7 million at the end of the current fiscal year and total net assets increased by \$1.9 million.

By far the largest portion of the School District's net assets (68%) reflects fund restricted for capital projects. These funds are required to be used for current projects approved by the Board. These projects include 8% funded projects, as well as projects approved under the 2000 referendum.

An additional portion of the School District's assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$14.8 million. Unrestricted net assets may be used to meet the School District's ongoing obligations to citizens and creditors.

Capital projects related to the \$120 million referendum continue to increase the School District's capital assets. However, as the construction increases, so does our outstanding bond debt. The School District had two additional bond issues during the year; one for \$11 million, one for \$13 million, in addition to a \$30 million bond anticipation note.

**Condensed Statement of Net Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total School District</u>		<u>Total percent change 2004-2005</u>
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	
Current and other assets	\$ 67,545,138	\$ 100,340,471	\$ 2,869,328	\$ 3,432,181	\$ 70,414,466	\$ 103,772,652	47.4%
Capital assets	<u>276,134,964</u>	<u>286,887,588</u>	<u>663,995</u>	<u>595,528</u>	<u>276,9798,959</u>	<u>287,483,116</u>	<u>3.9</u>
Total assets	<u>\$ 343,680,102</u>	<u>\$ 387,228,059</u>	<u>\$ 3,533,323</u>	<u>\$ 4,027,709</u>	<u>\$ 347,213,425</u>	<u>\$ 391,255,768</u>	<u>12.7%</u>
Long-term debt outstanding	\$ 220,577,032	\$ 233,418,653	\$ 11,734	\$ 10,557	\$ 220,588,766	\$ 233,429,210	5.8%
Other liabilities	<u>43,193,513</u>	<u>72,238,477</u>	<u>532,247</u>	<u>810,418</u>	<u>43,725,760</u>	<u>73,048,895</u>	<u>67.1</u>
Total liabilities	<u>263,770,545</u>	<u>305,657,130</u>	<u>543,981</u>	<u>820,975</u>	<u>264,314,526</u>	<u>306,478,105</u>	<u>15.9</u>
Net assets							
Invested in capital assets, net of related debt	38,675,141	35,589,638	663,995	595,528	39,339,136	36,185,166	(10.0)
Restricted	36,416,612	33,801,871	-	-	36,416,612	33,801,871	(7.2)
Unrestricted	<u>4,817,804</u>	<u>12,179,420</u>	<u>2,325,347</u>	<u>2,611,206</u>	<u>7,143,151</u>	<u>14,790,626</u>	<u>120.0</u>
Total net assets	<u>79,909,557</u>	<u>81,570,929</u>	<u>2,989,342</u>	<u>3,206,734</u>	<u>82,898,899</u>	<u>84,777,663</u>	<u>2.3</u>
Total liabilities and net assets	<u>\$ 343,680,102</u>	<u>\$ 387,228,059</u>	<u>\$ 3,533,323</u>	<u>\$ 4,027,709</u>	<u>\$ 347,213,425</u>	<u>\$ 391,255,768</u>	<u>(2.7%)</u>

The table below shows the changes in net assets for fiscal year 2005. Total revenues increased 9.5% to \$190.5 million. Property taxes accounted for most of the School District's revenue demonstrating a 14.7% increase.

The total cost of all programs and services rose 5.7% to \$188.6 million. The School District's largest increase was in interest and other charges. The most significant contributor to the higher interest costs was derived from a large number of refinancings that occurred during the year.

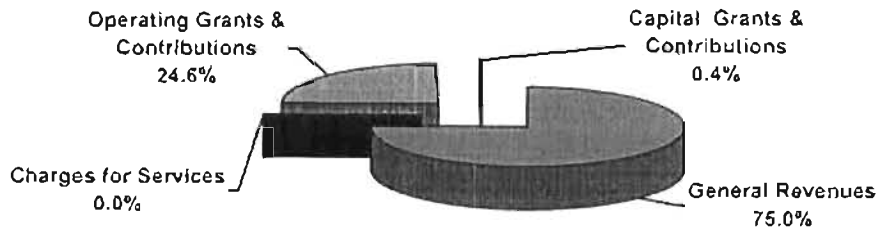
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total School District</u>		<u>Total percent change 2004-2005</u>
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	
<b>REVENUES</b>							
Program revenues							
Charges for sales and services	\$ 62,566	\$ 3,552	\$ 1,775,974	\$ 1,995,960	\$ 1,838,540	\$ 1,999,512	8.8%
Operating grants and contributions	45,455,281	45,310,768	4,047,334	4,103,626	49,502,615	49,414,394	(.2)
Capital grants and contributions	316,477	734,922	-	-	316,477	734,922	132.2
General revenues							
Property taxes	109,547,237	125,688,498	-	-	109,547,237	125,688,498	14.7
Federal and state formula aid	10,858,889	11,124,040	-	-	10,858,889	11,124,040	2.4
Other	<u>1,871,252</u>	<u>1,482,233</u>	<u>7,924</u>	<u>20,134</u>	<u>1,879,176</u>	<u>1,502,367</u>	<u>(20.1)</u>
Total revenues	<u>168,111,702</u>	<u>184,344,013</u>	<u>5,831,232</u>	<u>6,119,720</u>	<u>173,942,934</u>	<u>190,463,733</u>	<u>9.5%</u>

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total School District</u>		<u>Total</u>
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>percent</u>
							<u>change</u>
							<u>2004-2005</u>
<b>EXPENSES</b>							
Instruction	88,705,452	93,767,463	-	-	88,705,454	93,767,463	5.7%
Support services	72,379,072	76,264,488	-	-	72,379,072	76,264,488	5.4
Community services	772,656	678,798	-	-	772,656	678,798	(12.1)
Intergovernmental	239,549	245,569	-	-	239,549	245,569	2.5
Interest and other charges	11,071,944	11,941,447	-	-	11,071,944	11,941,447	7.8
Food service	-	-	5,327,816	5,687,204	5,327,816	5,687,204	6.7
Total expenses	<u>172,829,023</u>	<u>182,897,765</u>	<u>5,667,466</u>	<u>5,687,204</u>	<u>178,496,489</u>	<u>188,584,969</u>	<u>5.7</u>
Excess of revenues over (under) expenditures before transfers	(5,056,971)	1,446,248	503,416	432,516	(4,553,555)	1,878,764	141.2
Transfers	(339,650)	215,124	339,650	(215,124)	-	-	-
NET ASSETS, JULY 1,	<u>84,626,878</u>	<u>79,909,557</u>	<u>2,825,576</u>	<u>2,989,342</u>	<u>87,452,454</u>	<u>82,898,899</u>	<u>(5.2)</u>
NET ASSETS, JUNE 30,	<u>\$ 79,909,557</u>	<u>\$ 81,570,929</u>	<u>\$ 2,989,342</u>	<u>\$ 3,206,734</u>	<u>\$ 82,898,899</u>	<u>\$ 84,777,663</u>	<u>2.3%</u>

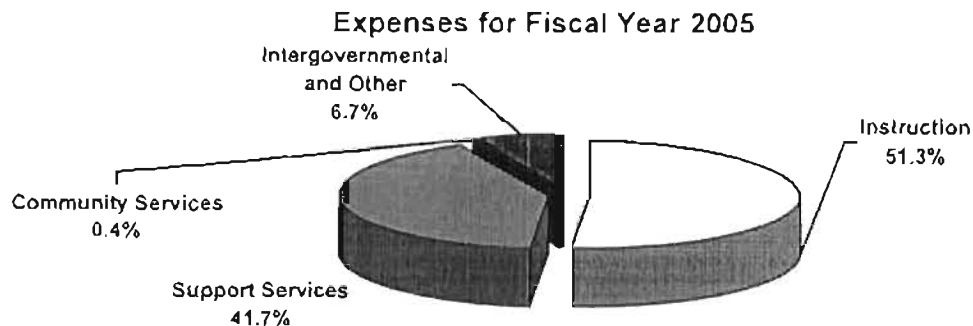
### GOVERNMENTAL ACTIVITIES

The dependence upon tax revenues for governmental activities is apparent as is demonstrated below. Almost seventy-three percent of all revenues are provided by general revenues which include local property taxes.

**Revenues by Source - Governmental Activities**



The figure below represents the cost of four major district activities: instruction, support services, community services, and intergovernmental and other.



The table below shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

### Net Cost of Governmental Activities

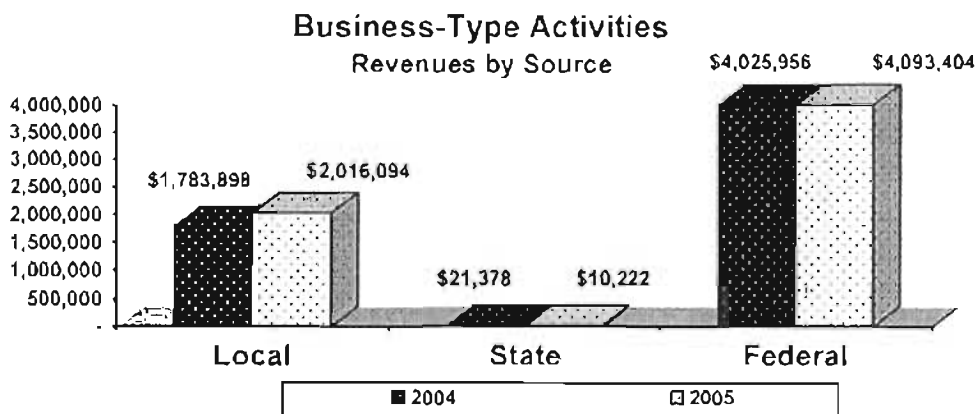
	Total cost of services		Total percent change	Net cost of services		Total percent change
	2004	2005	2004-2005	2004	2005	2004-2005
Instruction	\$ 88,705,452	\$ 93,767,463	5.7%	\$ 55,421,408	\$ 61,061,204	10.2%
Support services	72,379,072	76,264,488	5.4	60,433,767	63,370,703	4.9
Community services	772,656	678,798	(12.1)	167,681	229,600	36.9
Intergovernmental	239,549	245,569	2.5	239,549	245,569	2.5
Other	11,071,944	11,941,447	7.9	11,071,944	11,941,447	7.9
<b>Total</b>	<b>\$ 173,168,673</b>	<b>\$ 182,897,765</b>	<b>5.6%</b>	<b>\$ 127,334,349</b>	<b>\$ 136,848,523</b>	<b>7.5%</b>

- The cost of all governmental activities this year was \$182.8 million.
- A small amount (25%) of the cost was financed by the users of the School District's programs.
- The federal and state governments subsidized certain programs with grants and contributions (\$11.1 million).
- Most of the School District's costs (\$136.8 million), however, were financed by School District and state taxpayers.
- This portion of governmental activities was financed with \$125.7 million in property taxes, \$11.1 million of unrestricted state aid based on the statewide education aid formula, and investment earnings.

Overall the School District is in good financial health. This good health can be credited to the local economy, specifically a steady growth in our tax base, as well as innovative management decisions and development of new programs and policies.

### BUSINESS-TYPE ACTIVITIES

Business-type activities consist of the School District's food service operations. This operation receives no support from tax revenues. As demonstrated below, the majority of the revenue received (67%) is from federal sources.



During FY 2005, revenues of the School District's business-type activities increased 4.9 percent to \$6,119,720 and expenses increased by 7.3 percent. Food Service operations are outsourced to an outside vendor. Overall food sales increased and the operations produced a net income in the amount of \$217,392 compared to the last year's net income of \$163,766.

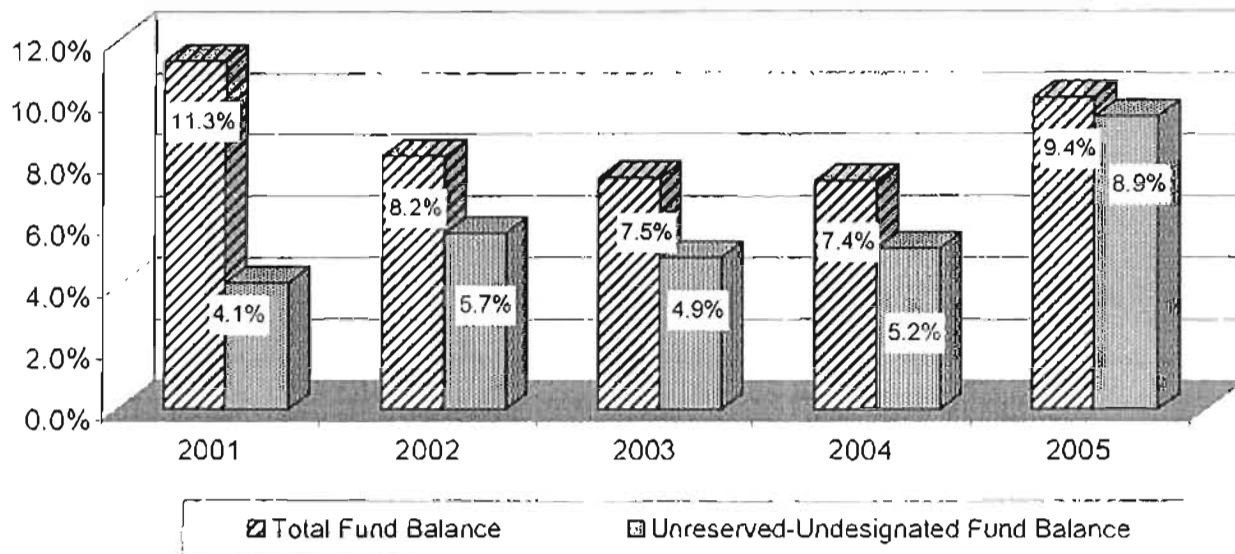


## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the School District completed the year, its government funds reported combined fund balances of \$79,239,021, \$33.9 million above last year's ending fund balances. The capital projects fund contributed 94% to this increase due to new bond issuances and bond refinancings which caused cash-on-hand to be unusually high.

### GENERAL FUND

The general fund includes the primary operations of the School District in providing educational services to students from K through grade 12 including pupil transportation activities. The following graph shows the general fund unreserved-undesignated fund balance as a percentage of expenditures.



The graph above can be used to measure the overall financial health of the School District. The unreserved-undesignated fund balance of \$11,283,646 at June 30, 2005 represents 8.9% of annual expenditures or slightly less than five weeks of operations. Over the past five years, the largest portion of the designated balance was for funding the following year's budget. The School District has made a commitment to keep an unrestricted fund balance at 7.0% if budget conditions allow.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Tax collections exceeded budget in excess of \$2.5 million. This excess was a result of the under estimate of the value of the mill due to the reassessment. The School District had planned on using \$1.6 million of the prior year's fund balance to supplement the budget; however, due to the excess amount of tax revenue, the School District was not required to use any amount of fund balance.

Actual expenditures were \$1.1 million below the final amended budget. This amount reflects less than 1% of the final budget. The transportation budget was the largest area unspent because a new outside contractor was selected after the year began for a smaller contract amount than originally budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

*Capital Assets* - At the end of 2005, the School District had invested \$396,251,343 in a broad range of capital assets, including school buildings, athletic facilities, media center books and various types of equipment necessary to operate the School District's 29 schools and administrative offices. This amount represents an increase of \$23,241,640 from last year (more detailed information about capital assets can be found in Note 4 to the financial statements). Building improvements and additions increased \$35.7 million primarily due to the completion of the following projects: Bluffton High School and the St. Helena Early Childhood Center. Total depreciation expense for the year was \$12,678,312.

**Capital Assets**  
(net of accumulated depreciation)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total percent change 2004-2005</u>
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	
Land	\$ 11,405,292	\$ 11,405,292	\$ -	\$ -	0%
Improvements	55,362,752	56,895,905	-	-	2.8
Buildings	154,560,056	183,134,555	-	-	18.5
Equipment	7,982,497	10,202,659	663,995	595,528	(10.3)
Construction in progress	48,366,916	25,249,177	-	-	4.0
Total	<u>\$ 255,865,235</u>	<u>\$ 286,887,588</u>	<u>\$ 663,995</u>	<u>\$ 595,528</u>	<u>15.0%</u>

The School District is currently constructing a new early childhood learning center on Hilton Head Island which is scheduled to open in January 2006. Construction was completed on the St. Helena Early Childhood Learning Center and the Bluffton High School, and both schools opened in August 2004. These two projects, as well as some renovation projects, were included in an \$120 million referendum approved by the voters in March 2000.

*Long-Term Debt* - At year-end, the School District had \$238,835,000 in general obligation bonds outstanding. More detailed information about long-term debt can be found in Note 5 of the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight (8) percent of its total assessed valuation. The current debt limitation for the School District is \$120,001,881, which is in excess of the School District's applicable outstanding debt of \$67,846,417. The School District has issued 100% of the \$120 million approved in the 2000 referendum. \$30 million is in the form of a bond anticipation note

**Outstanding Long-Term Debt**

	<u>2004</u>	<u>2005</u>	<u>Total percent change</u>
General obligation debt related to referendum	\$ 174,690,000	\$ 170,988,583	(2.1)%
General obligation debt subject to 8% limit	60,445,000	67,846,417	12.2
Total outstanding debt	<u>\$ 235,135,000</u>	<u>\$ 238,835,000</u>	<u>10.1%</u>

The School District maintains an "Aa1" rating from Moody's and an "AA+" rating from Fitch for general obligation debt.

*Economic Factors and Next Year's Budgets and Rates* - The county in which the School District resides completed a reassessment for tax year 2004 (Fiscal year 2005). The assessed value increased over 108% since the last reassessment six years ago. It is anticipated that the value of property will continue to grow at a rate of 5% per year. In addition to the growth in value of our property, our County continues to experience growth in construction of new homes and businesses.

During the FY 2006 budget preparation in the spring of 2005, the School District was informed that the State funding would be reduced by \$6.8 million for the coming year. This reduction was a result of the funding formula designed by the State. The formula bases the wealth of the County on total assessed value as compared to the State. Our County is perceived to be one of the wealthiest counties in the State; therefore, receives the least amount of State funding per student. The County's legislative delegation, the County Council officials and School District worked collaboratively to secure a hold harmless clause in the State legislation; thereby, maintaining the \$6.8 million proposed loss in revenue. This group continues to meet on a regular basis to develop ideas on how to improve the State funding mechanism for future years.

In addition to securing the State funding, the School District was successful in increasing our millage rate from 75.2 mills to 77.5 mills (total budget increase of 6.1%). The increase was necessary in order to restore prior year reductions in maintenance and to implement a more centralized staffing formula. This formula (calibration) was well received by members of the County and resulted in the addition of 30 new teaching positions and 26 school staff members.

*Requests for Information* - This financial report is designed to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Beaufort County School District, 1300 King Street, P.O. Drawer 309, Beaufort, South Carolina 29901.

BASIC FINANCIAL STATEMENTS

BEAUFORT COUNTY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2005

Exhibit I

	Governmental activities	Business-type activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 56,334,416	\$ 725	\$ 56,335,141
Deposits with Beaufort County Treasurer	31,024,095	1,734,140	32,778,235
Receivables			
Taxes, net of allowance of \$188,056	1,901,456	-	1,901,456
Due from other governmental units	9,805,220	7,640	9,812,860
Interest receivable	492,685	-	492,685
Other	851,332	112,702	964,034
Due from others	-	10,197	10,197
Internal balances	(1,297,327)	1,297,327	-
Inventories	-	249,450	249,450
Deferred charges	1,778,594	-	1,778,594
Total current assets	<u>100,340,471</u>	<u>3,432,181</u>	<u>103,772,652</u>
<b>NON-CURRENT ASSETS</b>			
Non-depreciable capital assets	36,654,469	-	36,654,469
Depreciable capital assets, net of accumulated depreciation	250,233,119	595,528	250,828,647
Total non-current assets	<u>286,887,588</u>	<u>595,528</u>	<u>287,483,116</u>
Total assets	<u>\$ 387,228,059</u>	<u>\$ 4,027,709</u>	<u>\$ 391,255,768</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 5,282,715	\$ 671,846	\$ 5,954,561
Retainage payable	1,271,964	-	1,271,964
Property tax refunds payable	1,164,168	-	1,164,168
Due to State Department of Education	1,400	-	1,400
Due to other State agencies	127,011	-	127,011
Due to agency fund	1,071,658	-	1,071,658
Accrued salaries and benefits	7,436,094	63,283	7,499,377
Deferred revenue	3,213,478	74,952	3,288,430
Accrued interest	3,557,512	-	3,557,512
Current portion of non-current liabilities			
Bonds payable	48,825,083	-	48,825,083
Capital leases	150,583	-	150,583
Compensated absences	136,851	337	137,188
Total current liabilities	<u>72,238,477</u>	<u>810,418</u>	<u>73,048,895</u>
<b>NON-CURRENT LIABILITIES</b>			
Bonds payable	231,508,387	-	231,508,387
Capital leases	813,897	-	813,897
Compensated absences	1,096,369	10,557	1,106,926
Total non-current liabilities	<u>233,418,653</u>	<u>10,557</u>	<u>233,429,210</u>
Total liabilities	<u>\$ 305,657,130</u>	<u>\$ 820,975</u>	<u>\$ 306,478,105</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	55,589,638	595,528	56,185,166
Restricted for			
Capital projects	27,657,282	-	27,657,282
Debt service	6,144,589	-	6,144,589
Unrestricted	17,179,420	2,611,206	14,790,626
Total net assets	<u>\$ 106,570,929</u>	<u>\$ 2,206,734</u>	<u>\$ 108,777,663</u>
Total liabilities and net assets	<u>\$ 387,228,059</u>	<u>\$ 4,027,709</u>	<u>\$ 391,255,768</u>

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the fiscal year ended June 30, 2005

Exhibit 2

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets		
		Charges for sales and service	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Governmental activities</b>							
Instruction	\$ 95,767,465	\$ 3,552	\$ 32,702,707	\$ -	\$ (61,061,204)		\$ (61,061,204)
Support services	76,264,488	-	12,158,863	734,922	(63,370,703)		(63,370,703)
Community services	678,798	-	449,198	-	(229,600)		(229,600)
Intergovernmental	245,569	-	-	-	(245,569)		(245,569)
Interest and other charges	11,941,447	-	-	-	(11,941,447)		(11,941,447)
<b>Total governmental activities</b>	<b>182,897,765</b>	<b>3,552</b>	<b>45,310,768</b>	<b>734,922</b>	<b>(136,848,523)</b>		<b>(136,848,523)</b>
<b>Business-type activities</b>							
Food service	5,687,204	1,995,960	4,103,626	-		\$ 412,382	412,382
<b>Total business-type activities</b>	<b>5,687,204</b>	<b>1,995,960</b>	<b>4,103,626</b>	<b>-</b>		<b>412,382</b>	<b>412,382</b>
<b>Total</b>	<b>\$ 188,584,969</b>	<b>\$ 1,999,512</b>	<b>\$ 49,414,394</b>	<b>\$ 734,922</b>	<b>\$ (136,848,523)</b>	<b>\$ 412,382</b>	<b>\$ (136,436,141)</b>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					\$ 98,718,823	\$ -	\$ 98,718,823
Debt service					26,969,675	-	26,969,675
Federal and state aid not restricted for specific purpose					11,124,040	-	11,124,040
Unrestricted investment earnings					1,470,889	17,831	1,488,720
Miscellaneous					11,344	2,303	13,647
<b>Subtotal, general revenues</b>					<b>138,294,771</b>	<b>20,134</b>	<b>138,314,905</b>
Excess of revenues over expenses before special items							
					1,446,248	432,516	1,878,764
<b>Transfers</b>							
					215,124	(215,124)	-
<b>Total general revenues and transfers</b>					<b>138,509,895</b>	<b>(194,990)</b>	<b>138,314,905</b>
Change in net assets							
					1,661,372	217,392	1,878,764
<b>Net assets, beginning of year</b>					<b>79,909,557</b>	<b>2,989,342</b>	<b>82,898,899</b>
<b>Net assets, end of year</b>					<b>\$ 81,570,929</b>	<b>\$ 3,206,734</b>	<b>\$ 84,777,663</b>

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

Exhibit 3

	Special Revenue Funds				Total Governmental Funds	
	General	Special Projects	Education Improvement Act	Debt Service		Capital Projects
<b>ASSETS</b>						
Cash and investments	\$ 56,334,416	\$ -	\$ -	\$ -	\$ -	\$ 56,334,416
Deposits with Beaufort County Treasurer	9,161,585	-	625,634	9,522,963	11,713,913	31,024,095
Receivables						
Taxes, net of allowance of \$188,056	1,481,690	-	-	419,766	-	1,901,456
Due from other governmental units	329,995	6,929,783	1,560,876	-	984,566	9,805,220
Interest receivable	-	-	-	-	492,685	492,685
Other	479,686	66,463	-	-	305,183	851,332
Due from other funds	-	50,404	-	-	47,552,765	47,603,169
<b>Total assets</b>	<b>\$ 67,787,372</b>	<b>\$ 7,046,650</b>	<b>\$ 2,186,510</b>	<b>\$ 9,942,729</b>	<b>\$ 61,049,112</b>	<b>\$ 148,012,373</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 2,784,609	\$ 292,860	\$ 85,380	\$ -	\$ 2,119,866	\$ 5,282,715
Retainage payable	-	-	-	-	1,271,964	1,271,964
Property tax refunds payable	923,540	-	-	240,628	-	1,164,168
Due to State Department of Education	-	-	1,400	-	-	1,400
Due to other State agencies	-	127,011	-	-	-	127,011
Due to other funds	43,471,111	4,081,654	-	-	-	47,552,765
Due to enterprise fund	1,254,873	32,622	9,832	-	-	1,297,327
Due to agency fund	1,122,062	-	-	-	-	1,122,062
Accrued salaries and benefits	6,057,744	972,717	405,633	-	-	7,436,094
Deferred revenue	241,045	1,529,213	1,684,265	63,323	-	3,517,846
<b>Total liabilities</b>	<b>\$ 55,854,984</b>	<b>\$ 7,036,077</b>	<b>\$ 2,186,510</b>	<b>\$ 303,951</b>	<b>\$ 3,391,830</b>	<b>\$ 68,773,352</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Reserved for debt service	-	-	-	9,638,778	-	9,638,778
Reserved for capital projects	-	-	-	-	57,657,282	57,657,282
<b>Unreserved:</b>						
Designated for 2005-2006 budget deficit	648,742	-	-	-	-	648,742
Undesignated	11,283,646	10,573	-	-	-	11,294,219
<b>Total fund balances</b>	<b>\$ 11,932,388</b>	<b>\$ 10,573</b>	<b>\$ -</b>	<b>\$ 9,638,778</b>	<b>\$ 57,657,282</b>	<b>\$ 79,239,021</b>
<b>Total liabilities and fund balances</b>	<b>\$ 67,787,372</b>	<b>\$ 7,046,650</b>	<b>\$ 2,186,510</b>	<b>\$ 9,942,729</b>	<b>\$ 61,049,112</b>	<b>\$ 148,012,373</b>

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF BALANCE SHEET OF  
 GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2005

Exhibit 3  
 Continued

Total governmental fund balances (from Exhibit 3)	\$	79,239,021
 Amounts reported for governmental activities in the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$393,901,355 and the accumulated depreciation is \$107,013,767.		286,887,588
Property taxes receivable are not available to pay for current period expenditures and therefore are deferred in the funds.		304,368
Deferred charges are not reported in the funds because they are not current financial resources, but they are reported in the statement of net assets		1,228,594
Unearned bond premiums are not available to pay for current period expenditures and are, therefore, not reported in the funds. The premiums of (\$12,755,090) have been amortized by (\$1,256,620).		(1,498,470)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(268,835,000)
Capital lease obligations		(964,480)
Accrued compensated absences		(1,233,180)
Accrued interest payable		(3,557,512)
		81,570,929
Net assets of governmental activities	\$	81,570,929

The accompanying notes are an integral part of these financial statements.



BEAUFORT COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the fiscal year ended June 30, 2005

Exhibit 4

	Special Revenue Funds				Total Governmental Funds	
	General	Special Projects	Education Improvement Act	Debt Service		Capital Projects
<b>REVENUES</b>						
Local						
Property taxes	\$ 98,628,333	\$ -	\$ -	\$ 26,950,012	\$ -	\$ 125,578,345
Interest	246,405	-	-	217,382	1,007,102	1,470,889
Other	51,959	1,125,959	28,146	-	280,633	1,486,737
Intergovernmental	-	93,510	-	-	-	93,510
Total local	98,926,737	1,219,469	28,146	27,167,394	1,287,735	128,629,481
State	21,993,992	5,054,152	13,620,132	527,865	619,972	41,816,133
Federal	1,181,517	12,525,974	-	-	114,950	13,822,441
Total revenues	122,102,246	18,799,595	13,648,278	27,695,279	2,022,657	184,268,055
<b>EXPENDITURES</b>						
Current						
Instruction	75,393,503	12,101,683	6,189,896	-	-	93,685,082
Support services	51,170,230	5,405,363	510,779	-	-	57,086,372
Community services	229,600	449,198	-	-	-	678,798
Debt service						
Principal	-	-	-	17,895,000	-	17,895,000
Interest and fiscal charges	110,793	-	-	12,038,214	-	12,149,007
Capital outlay	-	-	-	-	25,009,872	25,009,872
Intergovernmental expenditures						
Payments to other governmental units	7,248	238,321	-	-	-	245,569
Total expenditures	126,911,374	18,194,565	6,700,675	29,933,214	25,009,872	206,749,700
Excess (deficiency) of revenues over (under) expenditures	(4,809,128)	605,030	6,947,603	(2,237,935)	(22,987,215)	(22,481,645)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	8,159,809	799,121	796,200	-	-	9,349,132
Transfers out	(393,123)	(997,000)	(7,743,803)	-	-	(9,134,006)
Proceeds from the sale of capital assets	7,674	-	-	-	-	7,674
Capital leases	-	-	-	-	723,748	723,748
Premium on bonds sold	-	-	-	10,436,760	28,230	10,465,010
Issuance of debt	-	-	-	-	54,000,000	54,000,000
Proceeds from refunding debt	-	-	-	128,480,000	-	128,480,000
Payments to refunding debt escrow agent	-	-	-	(137,520,500)	-	(137,520,500)
Total other financing sources (uses)	7,774,360	(603,959)	(6,947,603)	1,396,280	\$4,751,978	56,371,056
Net change in fund balances	2,965,232	1,071	-	(841,655)	31,764,763	33,889,411
<b>FUND BALANCE, BEGINNING OF YEAR</b>						
	8,967,336	9,502	-	10,480,433	25,892,519	45,349,610
<b>FUND BALANCE, END OF YEAR</b>						
	\$ 11,932,388	\$ 10,573	\$ -	\$ 9,638,778	\$ 57,657,282	\$ 79,239,021

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 For the fiscal year ended June 30, 2005

Exhibit 4  
 Continued

Total net change in fund balance - governmental funds (from Exhibit 4)	\$ 33,889,411
 Amounts reported for governmental activities in the statement of activities are different because of the following:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays (\$23,330,797) exceed depreciation expense (\$12,562,446) in the period.	10,768,351
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consisted of:	
Principal payments to refunding debt escrow agent	130,885,000
Bond principal retirement	17,895,000
Capital lease payments	161,380
 Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds, including refunding bonds of (\$128,480,000), were received from bonds issued.	 (182,480,000)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount that unamortized bond premium exceeds deferred bond issuance costs.	(8,927,485)
Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.	84,011
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. However, capital leases are not revenue in the statement of activities, and are long-term liabilities in the statement of net assets.	(723,748)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	(15,727)
In the statement of activities, certain operating expenses - compensated absences (vacation pay) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned exceeded the amounts used.	(82,381)
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.	207,560
 Change in net assets of governmental activities (from Exhibit 2)	 \$ 1,661,372

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2005

Exhibit 5

ASSETS

CURRENT ASSETS

Cash and investments	\$ 725
Deposits with Beaufort County Treasurer	1,754,140
Due from other governmental units	7,640
Accounts receivable	112,702
Due from other funds	1,297,327
Due from pupil activity funds	10,197
Inventories	<u>249,450</u>
 Total current assets	 <u>3,432,181</u>

NON-CURRENT ASSETS

Equipment	2,349,988
Less: accumulated depreciation	<u>(1,754,460)</u>
 Total noncurrent assets	 <u>595,528</u>

Total assets	<u>\$ 4,027,709</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 671,846
Accrued salaries and benefits	63,283
Deferred revenue	74,952
Accrued compensated absences	<u>337</u>
 Total current liabilities	 <u>810,418</u>

NON-CURRENT LIABILITIES

Accrued compensated absences	<u>10,557</u>
Total non-current liabilities	<u>10,557</u>

NET ASSETS

Invested in capital assets	595,528
Unrestricted	<u>2,611,206</u>
 Total net assets	 <u>3,206,734</u>

Total liabilities and net assets	<u>\$ 4,027,709</u>
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The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
For the fiscal year ended June 30, 2005

Exhibit 6

OPERATING REVENUES	
Proceeds from sale of meals	\$ 1,688,064
Charges to other funds	<u>318,118</u>
Total operating revenues	<u>2,006,182</u>
OPERATING EXPENSES	
Food costs	2,443,937
Salaries and wages	1,372,460
Supplies	408,541
Depreciation	115,866
Other operating costs	<u>1,346,400</u>
Total operating expenses	<u>5,687,204</u>
Operating loss	<u>(3,681,022)</u>
NON-OPERATING REVENUES	
USDA reimbursements	3,703,180
Commodities received from USDA	390,224
Interest	17,831
Other non-operating revenues	<u>2,303</u>
Total non-operating revenues	<u>4,113,538</u>
Income before transfers	432,516
TRANSFERS OUT	<u>(215,124)</u>
Net income	217,392
NET ASSETS, BEGINNING OF YEAR	<u>2,989,342</u>
NET ASSETS, END OF YEAR	<u>\$ 3,206,734</u>

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the fiscal year ended June 30, 2005

Exhibit 7

CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from patrons	\$ 2,335,400
Payments to employees for services	(1,153,335)
Payments for employee benefits	(214,540)
Payments to suppliers for goods and services	<u>(3,661,499)</u>
Net cash used by operating activities	<u>(2,693,974)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating grants received	3,705,483
Transfers out to general fund	<u>(215,124)</u>
Net cash received from noncapital financing activities	<u>3,490,359</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	<u>(47,399)</u>
Net cash used by capital and related financing activities	<u>(47,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	17,831
Net change in amounts on deposit with County Treasurer	(28,687)
Net change in due from other funds	(742,420)
Net change in funds held by Concentration Account	<u>4,290</u>
Net cash used by investing activities	<u>(748,986)</u>
Net change in cash and cash equivalents	-
CASH AND CASH EQUIVALENTS, JULY 1, 2004	<u>725</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2005	<u>\$ 725</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (3,681,022)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	115,866
Commodities used	390,224
Changes in assets and liabilities:	
Accounts receivable	290,797
Inventories	(86,833)
Accounts payable	233,988
Accrued salaries	6,062
Accrued compensated absences	(1,477)
Deferred revenue	<u>38,421</u>
Net cash used by operating activities	<u>\$ (2,693,974)</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

During the fiscal year ended June 30, 2005, the District received food commodities from the USDA totaling \$ 426,835.

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND  
JUNE 30, 2005

Exhibit 8

ASSETS

Cash	\$	29,500
Due from general fund		<u>1,122,062</u>
Total assets	\$	<u>1,151,562</u>

LIABILITIES

Accounts payable	\$	111,609
Accrued salaries and benefits		33,307
Due to other funds		60,601
Due to student organizations		<u>946,045</u>
Total liabilities	\$	<u>1,151,562</u>

The accompanying notes are an integral part of these financial statements.

BEAUFORT COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Beaufort County School District (School District) is governed by an eleven member elected Board of Education (Board). The School District provides regular and exceptional education for students in kindergarten through grade twelve and funds two-thirds of the Beaufort-Jasper Career Education Center, which provides vocational instruction.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The School District has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The School District has elected not to follow subsequent private-sector guidance. The following is a summary of the more significant policies.

**A. Reporting Entity**

The School District's financial statements include all funds over which the Board is considered to be financially accountable. The School District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the School District is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by governmental accounting standards. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. The School District invests funds and receives property tax revenues through its relationship with Beaufort County.

In May 2002, the Governmental Accounting Standards Board issued GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement, effective beginning in fiscal year 2004, provides additional guidance to determine whether certain organizations (such as parent-teacher organizations, foundations and athletic booster clubs) for which the School District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The School District has determined that there are no support entities that meet the requirements for inclusion as a discretely presented component unit under GASB No. 39.

**B. Basis of Presentation**

The statements of the School District are presented as follows:

**Government-wide Financial Statements** - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The effect of interfund activity has been removed from these statements except for interfund services provided and used. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

B. **Basis of Presentation - (Continued)**

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Depreciation expense has been allocated to individual functions in the governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. 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.

*Fund Financial Statements* - Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The School District has no nonmajor funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets cash flow needs of its proprietary activities.

*Cash Flow Statement* - For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

C. **Measurement Focus and Basis of Accounting**

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

*Governmental Funds*

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the School District's major governmental funds:

*General Fund* - to account for all financial transactions not properly accounted for in another fund. The School District uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

*Special Revenue Funds* - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The School District has two special revenue funds:

- (1) The Education Improvement Act (EIA) Fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
- (2) Special Projects Fund, a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants.

*Capital Projects (Building) Fund* - to account for the revenues and expenditures associated with building and site improvements.

*Debt Service Fund* - to account for annual payments of principal and interest on long-term general obligation debt and related costs

*Proprietary Funds*

Proprietary funds are used to account for activities where the determination of net income is necessary or useful to provide sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The School District has no internal service funds.

Within proprietary funds, operating revenues and expenses are presented in the Statement of Revenue, Expenses and Changes in Fund Net Assets. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Sales for food service represent the operating revenues of the School District's enterprise fund. Non-operating revenues consist primarily of contributions of commodities and reimbursements from the United States Department of Agriculture and other state aid. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

*Enterprise Funds* - to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Food Service Fund is the School District's only enterprise fund and is used to account for the United States Department of Agriculture (USDA) approved school breakfast and lunch programs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

*Fiduciary Funds*

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The School District's fiduciary funds consist of agency funds which are custodial in nature and do not involve measurement of results of operation. The agency funds are used to account for amounts held for student activity organizations. Fiduciary funds are not included in the government-wide financial statements.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

The School District follows GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, to account for non-exchange revenues. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, tuition, grants, student fees and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2005, but which have not met the revenue recognition criteria, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time they are incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity

*Cash and Investments* - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (invested in government guaranteed securities), obligations of the U.S. Government, and government agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair value.

The Beaufort County Treasurer invests in authorized instruments on behalf of the School District. The Beaufort County Treasurer invests School District and other entity funds on a pooled basis with the Treasurer of the State of South Carolina. The State Treasurer invests in certificates of deposit, insured savings accounts, repurchase agreements, obligations of the United States government and government agencies guaranteed by the United States government.

*Receivables and Payables* - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds" or "due to other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for net residual amounts due between governmental and business-type activities, which are presented as internal balances.

The School District records its property tax receivables as levied for cash net of an allowance for uncollectible amounts. The allowance for loss is approximately 9% of property taxes receivable at fiscal year end.

*Inventories* - Under the system of accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting and are subsequently charged to expense when consumed. Inventories include food, supplies, and commodities. An amount for commodities received from the USDA, but not consumed as of June 30, 2005, has been recorded at fair value as provided by the USDA. In accordance with the State of South Carolina food service accounting guidelines, this amount is also included as deferred revenue until the commodities are used.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for 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. The School District does not possess any infrastructure. Improvements are capitalized; 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 expensed.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity - (Continued)

In the enterprise fund, assets acquired or constructed by grants and shared revenues externally restricted for capital acquisitions and construction are reported as revenue in the period received in accordance with GASB No. 33.

All reported capital assets other than land and construction-in-progress are depreciated. 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>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 40 years	N/A
Buildings and improvements	15 - 50 years	20 years
Furniture and equipment	5 - 25 years	3 - 12 years
Vehicles	5 - 10 years	6 years
Library books	5 - 7 years	N/A

**Compensated Absences** - The School District reports compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation leave may be accumulated up to a maximum of forty-five days and is fully vested when earned. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount which has matured and is expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund as the benefits accrue to employees.

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 and compensated absences, 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity - (Continued)

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

*Fund Balances, Equity and Net Assets* - Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Reservations of net assets, in the enterprise fund, are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

*Interfund Activity* - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds and enterprise balances are eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

*Operating Revenues and Expenses* - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues consist of sales of breakfasts and lunches to students and teachers.

*Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the School District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

*Budgetary Accounting* - State statutes require a budget for operations be approved before any expenditures are made. The Board will usually approve the operating budget in May for the fiscal year beginning July 1. A budget is adopted by July 1 of each fiscal year for the General Fund and Special Revenue Funds, on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. Budget and actual comparisons are presented in the accompanying fund financial statements for the general fund and special revenue funds. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended budget issued during the year ended June 30, 2005. Each budget is prepared by function and object as dictated by the State-adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School District's policies allow funds to be transferred between functions with administrative approval. The total budget cannot be increased beyond that level approved by the Beaufort County Council originally and in supplementary action. The legal level of control is at the fund level.

All general fund and special revenue appropriations lapse at the fiscal year end. The School District's Special Revenue Funds are budgeted on an annual project basis. If the project year end is different from the fiscal year end, appropriations that lapsed at the fiscal year end are reappropriated in the ensuing year's budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- 1) In the fall, the School District begins its budget process for the next succeeding fiscal year.
- 2) After the School District's Administrative Budget Committee reviews all requests, allocation requirements and related revenue, it presents a tentative budget to the Superintendent for his review and adjustment.
- 3) The Superintendent then presents the proposed budget to the Board which reviews the budget in a series of work sessions. Any additions or deletions deemed necessary are made during the review process.
- 4) The Board adopts the proposed budget and presents the budget to the Beaufort County Council for review. The Beaufort County Council will approve the local tax levy required for the budget after three reviews, including a public hearing.

The administration has discretionary authority to make transfers between appropriation accounts. The budget amounts in the financial statements are as amended by the administration. No supplemental appropriations were necessary during the year.

*Encumbrances* - The appropriations of the general fund and special revenue funds of the School District lapse at June 30 each year and the outstanding purchase orders, contracts and other commitments must be renewed. Therefore, there are no reservations of the fund balances at year end for encumbrances. Lapsed appropriations of the special revenue funds are reappropriated in the next budget year.

III. DETAILED NOTES ON ALL FUNDS

NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH BEAUFORT COUNTY TREASURER AND INVESTMENTS

The Beaufort County School District is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Savings and loan associations to the extent they are guaranteed by the Federal Savings and Loans Insurance Corporation.
4. Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest.
5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina State laws).
6. Repurchase agreements.

At June 30, 2005, the carrying amount of the School District's deposits was \$1,823,137 and the bank balance was \$2,675,215.

**Custodial Credit Risk** - Custodial credit risk is the risk that the School District's deposits will not be returned to it. The School District has no formal policy regarding custodial credit risk. At June 30, 2005, \$2,553,215 of the School District's deposits was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or its agent, but not in the School District's name. Information was not available regarding the custodial risk of deposits with the Beaufort County Treasurer of \$32,778,235.

**Credit Risk** - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The School District has no investment policy that would further restrict its choices.

At June 30, 2005, the School District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Repurchase agreements	Various	\$ 14,421,333
Government securities	Various	40,120,171

At June 30, 2005, the underlying security ratings of the School District's investment in the Local Government Investment Pool (LGIP) may be obtained from the LGIP's complete financial statements. These financial statements may be obtained by writing to the following address:

Office of the State Treasurer  
 Local Government Investment Pool  
 Post Office Box 11778  
 Columbia, South Carolina 29211

**Interest Rate Risk** - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 2 - PROPERTY TAXES

The School District's property tax is levied each October on the assessed value listed as of the prior January 1 for all real and business personal property located in the School District. The assessed value on the roll at January 1, 2004, upon which the levy for the 2004-2005 fiscal year was based, was \$1,500,023,516. Taxes are delinquent on March 15, the collection date, following the October 1 levy date. Property taxes become a lien against the property as of March 15 of the calendar year following the levy date. Total tax collections, which include delinquent tax collections and penalties, equaled approximately 103.6% of the current tax levy for the year ended June 30, 2005. The School District has estimated that approximately \$1,164,000 will be refunded to taxpayers on appeal.

South Carolina Code Section 12-37-251(A) provides a property tax exemption for property classified pursuant to Section 12-43-220(C) (homestead exemption) from property taxes levied for other than bonded indebtedness and payments pursuant to lease purchase agreements for capital construction. The exemption applies against millage imposed for school operations and the amount of fair market value of the homestead that is exempt from such millage must be set by the Department of Revenue and Taxation based on the amount available in the State Property Tax Relief Fund.

#### NOTE 3 - RECEIVABLES

Intergovernmental receivables at June 30, 2005 consisted of taxes, intergovernmental grants, reimbursements and interest. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental activities	
General fund	
Bus driver aid	\$ 208,857
Other general fund	121,138
Special revenue projects	
Title I	2,150,453
IDEA	2,795,617
SC Reading First	192,864
IDEA Preschool	127,400
Twenty-first Century Community Learning Center - Communities in Schools	125,882
Improving Teacher Quality	609,161
East Coast Migrant	165,475
Twenty-first Century Community Learning Center	128,944
Other special projects	633,987
Education Improvement Act funds	
Academic assistance	264,004
Teacher salary increase	836,524
School employer contribution	155,593
Other Education Improvement Act funds	304,755
Beaufort-Jasper Water Sewer Authority	984,566
Total governmental activities	<u>9,805,220</u>
Business-type activities	
Food service lunch reimbursement	<u>7,640</u>
Total business-type activities	<u>7,640</u>
Total	<u>\$ 9,812,860</u>

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2005, deferred revenue related to property taxes reported in the governmental funds totaled \$241,045 and \$63,323 in the general and debt service funds, respectively.



III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 4 - CAPITAL ASSETS

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

	Balance, July 1, 2004	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2005
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 11,405,292	\$ -	\$ -	\$ 11,405,292
Construction-in-progress	46,446,966	18,005,208	39,202,997	25,249,177
Total capital assets, not being depreciated	57,852,258	18,005,208	39,202,997	36,654,469
Capital assets, being depreciated				
Improvements	68,774,938	4,831,947	-	73,606,885
Buildings	226,891,614	35,693,821	-	262,585,435
Equipment	17,188,304	4,002,818	136,556	21,054,566
Total capital assets, being depreciated	312,854,856	44,528,586	136,556	357,246,886
Totals at historical cost	370,707,114	62,533,794	39,339,553	393,901,355
Less accumulated depreciation				
Improvements	13,412,186	3,298,794	-	16,710,980
Buildings	72,331,558	7,119,322	-	79,450,880
Equipment	8,828,406	2,144,330	120,829	10,851,907
Total accumulated depreciation	94,572,150	12,562,446	120,829	107,013,767
<b>Governmental activities capital assets, net</b>	<b>\$ 276,134,964</b>	<b>\$ 49,971,348</b>	<b>\$ 39,218,724</b>	<b>\$ 286,887,588</b>
<b>Business-type activities</b>				
Buildings	\$ 15,074	\$ -	\$ -	\$ 15,074
Equipment	2,186,045	33,479	-	2,219,524
Vehicles	101,470	13,920	-	115,390
	2,302,589	47,399	-	2,349,988
Less accumulated depreciation	1,638,594	115,866	-	1,754,460
<b>Business-type activities capital assets, net</b>	<b>\$ 663,995</b>	<b>\$ (68,467)</b>	<b>\$ -</b>	<b>\$ 595,528</b>

Included in the totals above is equipment acquired under capital leases as follows at June 30, 2005 (see Note 5):

Capitalized cost	\$ 1,343,293
Less accumulated depreciation	179,589
	<b>\$ 1,163,704</b>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 809,258
Support services	11,681,901
Extracurricular activities	71,287
Total depreciation expense	<b>\$ 12,562,446</b>

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 5 - LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2005 were as follows:

	Principal outstanding July 1, 2004	Additions/ Transfers	Reductions	Principal outstanding June 30, 2005	Amounts due in one year
<b>Governmental activities</b>					
General obligation bonds					
June 15, 1993	\$ 680,000	\$ -	\$ 680,000	\$ -	\$ -
September 1, 1997	34,600,000	-	34,600,000	-	-
September 1, 1997	3,800,000	-	3,800,000	-	-
February 9, 1999	39,600,000	-	27,500,000	12,100,000	5,600,000
February 9, 1999	7,175,000	-	4,900,000	2,275,000	1,110,000
September 1, 2000	16,100,000	-	16,100,000	-	-
September 1, 2000	5,000,000	-	5,000,000	-	-
September 1, 2000	25,000,000	-	24,600,000	400,000	100,000
February 22, 2001	27,000,000	-	27,000,000	-	-
August 1, 2002	26,975,000	-	50,000	26,925,000	50,000
June 1, 2003	25,000,000	-	-	25,000,000	-
June 1, 2003	5,715,000	-	1,070,000	4,645,000	1,110,000
June 1, 2003	18,490,000	-	3,430,000	15,060,000	3,550,000
October 1, 2004	-	13,000,000	-	13,000,000	-
October 1, 2004	-	11,000,000	-	11,000,000	-
October 1, 2004	-	27,690,000	-	27,690,000	5,260,000
November 15, 2004	-	28,515,000	50,000	28,465,000	715,000
March 1, 2005	-	72,275,000	-	72,275,000	-
Total general obligation bonds	235,135,000	152,480,000	148,780,000	238,835,000	17,495,000
Bond anticipation note					
March 1, 2005	-	30,000,000	-	30,000,000	30,000,000
Unamortized bond premiums					
	1,922,711	10,465,010	889,251	11,498,470	1,330,083
Total bonds payable	237,057,711	192,945,010	149,669,251	280,333,470	48,825,083
Capital lease obligations					
	402,112	723,748	161,380	964,480	150,583
Accrued compensated absences					
	1,150,799	741,857	659,476	1,233,180	136,811
Total governmental activities general long-term debt	\$ 238,610,622	\$ 194,410,615	\$ 150,490,107	\$ 282,531,130	\$ 49,112,477
Business-type activities					
Compensated absences	\$ 12,371	\$ 8,541	\$ 10,081	\$ 10,894	\$ 337

Compensated absences will be paid from the fund where the employee's salary is paid. Capital lease obligations will be paid from the general fund.

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 5 - LONG-TERM DEBT - (Continued)

General obligation bonds consist of the following at June 30, 2005:

<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2005</u>
February 9, 1999	3.25 - 5.0	Feb./Aug.	2010	\$ 45,000,000	\$ 12,100,000
February 9, 1999	3.63 - 4.25	Feb./Aug.	2010	9,000,000	2,275,000
September 1, 2000	4.7 - 5.63	Sept./Mar.	2020	25,000,000	400,000
August 1, 2002	3.0 - 5.0	Sept./Mar.	2013	27,000,000	26,925,000
June 1, 2003	2.25 - 4.25	Sept./Mar.	2019	25,000,000	25,000,000
June 1, 2003	2.0 - 3.0	Sept./Mar.	2009	6,530,000	4,645,000
June 1, 2003	3.0 - 4.25	Sept./Mar.	2009	21,600,000	15,060,000
October 1, 2004	3.0 - 4.75	Oct./Apr.	2024	13,000,000	13,000,000
November 15, 2004	3.0 - 5.0	Sept./Mar.	2020	28,515,000	28,465,000
October 1, 2004	5.0 - 6.0	Oct./Apr.	2009	27,690,000	27,690,000
October 1, 2004	3.0 - 4.75	Oct./Apr.	2024	11,000,000	11,000,000
March 1, 2005	4.5 - 5.0	Sept./Mar.	2021	72,275,000	72,275,000
				<u>\$ 311,610,000</u>	<u>\$ 238,835,000</u>
<u>Bond anticipation note</u>					
March 1, 2005				<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2005, including interest payments over the life of the debt are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 17,495,000	\$ 10,578,685	\$ 28,073,685
2007	20,320,000	9,889,386	30,209,386
2008	20,880,000	8,959,747	29,839,747
2009	24,420,000	8,013,121	32,433,121
2010	19,925,000	6,913,333	26,838,333
2011-2015	70,730,000	23,164,482	93,894,482
2016-2020	53,310,000	9,505,938	62,815,938
2021-2024	11,755,000	1,045,872	12,800,872
	<u>\$ 238,835,000</u>	<u>\$ 78,070,564</u>	<u>\$ 316,905,564</u>

The Facilities 2005 program, a \$120,000,000 bond referendum approved in March 2000, includes constructing, equipping (including technology), expanding, renovating and repairing twelve school facilities within the School District. Of these twelve facilities, five are new facilities, including a district office, two high schools, a high school auditorium, an elementary school and an early childhood development center. As of June 30, 2005, bonds totaling \$88,000,000 have been issued under this program.

During the current fiscal year, \$24,000,000 in new general obligation bonds were issued. In addition to the \$11,000,000 in bonds issued under the \$120,000,000 bond referendum approved in March 2000, \$13,000,000 was issued under the 8% debt margin limitation.

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 5 - LONG-TERM DEBT - (Continued)

During the current fiscal year, the District issued \$128,480,000 in general obligation refunding bonds with interest rates ranging from 3.0% to 6.0%, to partially advance refund \$130,885,000 of outstanding 1997A, 1997B, 1999A, 1999B, 2000A, 2000B, 2000C and 2001A series bonds with interest rates ranging from 4.0% to 5.63%. The net proceeds of \$137,520,500 (after payment of \$1,396,280 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. These securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, these bonds are considered to be defeased and the related liability removed from the governmental activities column of the statement of net assets. The District reduced its total debt service payments over the next 17 years by \$5,315,976. The economic gain resulting from the transaction totaled \$4,317,560.

On May 23, 1995, a school district referendum was passed approving the issuance of \$122,000,000 in general obligation capital improvement bonds. Debt outstanding at June 30, 2005, against the \$122,000,000 in general obligation bonds totaled \$81,446,636.

Article X, Section 15 of the Constitution of the State of South Carolina, as amended, empowers each school district of the State to incur general obligation debt in such manner and upon such terms and conditions as the General Assembly shall prescribe by law. After November 30, 1982, each school district may incur general obligation debt, without an election and upon such terms and conditions as the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of such school district.

Bonded indebtedness existing on November 30, 1982, and bonded indebtedness authorized by a majority vote of the qualified electors of the School District voting in a referendum will not be considered in the computation of the 8% limitation. As of June 30, 2005, the remaining debt margin available to the School District was \$52,155,464.

The total debt outstanding against the 2000 referendum general obligation bonds and the 1995 referendum general obligation bonds not subject to the 8% limitation was \$170,988,583 at June 30, 2005.

On March 1, 2005, the School District issued \$30,000,000 in bond anticipation notes with an annual interest rate of 2.48% to fund anticipated capital projects in advance of issuance of long-term bonds. These notes are due March 1, 2006. Management anticipates issuing long-term bonds to refinance the bond anticipation notes at their maturity.

During July 2004, the School District issued \$16,300,000 in tax anticipation notes with an annual interest rate of 2.75% to fund School District operating expenses. These notes were paid in full during the year ended June 30, 2005. Interest expense related to these notes totaled \$110,793 for the year ended June 30, 2005.

The District has entered into lease agreements as lessee for lighting systems at four schools and computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. At June 30, 2005, the present value of future minimum lease payments totaled \$964,480. The annual requirements to repay these leases, including interest over the life of the leases are as follows:

FY 05-06	\$ 202,566
FY 06-07	226,082
FY 07-08	147,322
FY 08-09	144,507
FY 09-10	91,594
FY 10-15	<u>380,730</u>
	1,192,801
Less amounts representing interest	<u>228,321</u>
Present value of future minimum lease payments	<u>\$ 964,480</u>

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 6 - ARBITRAGE REBATE PAYABLE

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. As of June 30, 2005, there were no amounts outstanding for arbitrage rebate.

NOTE 7 - FUND BALANCES AND NET ASSETS

The fund balances/net assets and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

*Governmental fund financial statements*

Fund balances - Reserved - represents those portions of fund balances which are not available for expenditure or are legally segregated for a specific future use.

Fund balances - Designated - represents tentative management plans that are subject to change.

Fund balances - Undesignated - represents the remainder of the School District's equity in governmental funds.

*Government-wide and proprietary fund financial statements*

Invested in capital assets - represents the net cost less accumulated depreciation and outstanding debt attributable to the organization of the capital assets.

Restricted net assets - represents net assets restricted externally by creditors, grantors, contributors or laws and regulations of other governments; or restrictions imposed by law through constitutional provisions or enabling legislation.

NOTE 8 - TRANSFERS IN AND OUT/INTERFUND BALANCES

During the course of normal operations, the School District has transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers. Total transfers during the year ended June 30, 2005 consisted of the following individual fund amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 8,159,809	\$ 393,123
Special revenue	393,123	997,082
Education Improvement Act	796,200	7,743,803
Proprietary fund	-	215,124
	<u>\$ 9,349,132</u>	<u>\$ 9,349,132</u>

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 8 - TRANSFERS IN AND OUT/INTERFUND BALANCES - (Continued)

The School District maintains a pooled cash account in the general fund for a majority of the funds of the School District. Interfund balances are a result of the cash activity related to the pooled cash account. As of June 30, 2005, amounts due from (to) other funds related to the School District cash pool are as follows:

	General fund	Special projects	Education Improvement Act	Capital projects	Enterprise fund	Agency fund	Total
Due from general fund	\$ -	\$ -	\$ -	\$ 47,552,765	\$ 1,254,873	\$ 1,122,062	\$ 49,929,700
Due from Education Improvement Act	-	-	-	-	32,622	-	32,622
Due from special projects	4,081,654	-	-	-	9,832	-	4,091,486
Due from agency fund	-	50,404	-	-	10,197	-	60,601
	<u>4,081,654</u>	<u>50,404</u>	<u>-</u>	<u>47,552,765</u>	<u>1,307,524</u>	<u>1,122,062</u>	<u>54,114,409</u>
Due to general fund	-	(4,081,654)	-	-	-	-	(4,081,654)
Due to special revenue	-	-	-	-	-	(50,404)	(50,404)
Due to capital projects	(47,552,765)	-	-	-	-	-	(47,552,765)
Due to enterprise fund	(1,254,873)	(32,622)	(9,832)	-	-	(10,197)	(1,307,524)
Due to agency fund	(1,122,062)	-	-	-	-	-	(1,122,062)
	<u>(49,929,700)</u>	<u>(4,114,276)</u>	<u>(9,832)</u>	<u>-</u>	<u>-</u>	<u>(60,601)</u>	<u>(54,114,409)</u>
	<u>\$ (45,848,046)</u>	<u>\$ (4,063,872)</u>	<u>\$ (9,832)</u>	<u>\$ 47,552,765</u>	<u>\$ 1,307,524</u>	<u>\$ 1,061,461</u>	<u>\$ -</u>

### IV. OTHER INFORMATION

#### NOTE 9 - RETIREMENT BENEFITS

Substantially all School District employees are members of the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer pension plan administered by the Retirement Division of the State Budget and Control Board. The System provides retirement and disability benefits, cost of living adjustments on an adhoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. The System issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the South Carolina Retirement System. That report may be obtained by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the South Carolina Code of Laws. Employees are required to contribute 6% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 7.55% of annual covered payroll. In addition, the School District contributes .15% of payroll to a group life insurance benefit for its participants and 3.25% for retiree health care coverage. The School District's contributions to the System, including group life insurance and retiree health coverage, for the years ended June 30, 2005, 2004 and 2003 were \$8,945,587, \$8,626,722, and \$8,151,178, respectively, which are equal to the required contributions.

Plan members who have at least 28 years of service may elect early retirement with reduced benefits from the retirement system.

In accordance with provisions of the 1995-96 State Appropriations Act, an employer contribution surcharge of 3.25% of covered payroll has been added to the employer contribution rate. This assessment is for the purpose of providing retiree health coverage and is not a part of the actuarially established contribution rates. This surcharge is remitted to the Division of Insurance Services (administering Agency for the State Health Insurance Plan). Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. Retired participants contribute to the plan by payment of monthly premiums. This expense is recognized monthly as contributions are paid to the South Carolina Retirement System. The portion of total School District contributions related to the retired members for the year ended June 30, 2005 totaled \$2,655,083.

#### IV. OTHER INFORMATION - (Continued)

##### NOTE 9 - RETIREMENT BENEFITS - (Continued)

Employees eligible for service retirement may participate in the Teacher and Employee Retention Incentive Program (TERJ). TERJ participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERJ period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERJ period. Because participants are considered retired during the TERJ period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The School District continues to pay the employers share during this period.

Certain employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The School District assumes no liability for this plan other than for payment of contributions to the retirement system. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, employee contributions to the ORP are required at the same rates as for the SCRS, 6 percent of their annual covered salary in fiscal year 2005. The School District is required to contribute at an actuarially determined rate. The current rate is 2.55 percent plus the retiree surcharge of 3.25 percent of annual covered payroll. For the fiscal year, total contribution requirements to the ORP were \$166,358 (excluding the surcharge) from the District as employer and \$391,432 from its employees as plan members.

##### NOTE 10 - DEFERRED COMPENSATION/SALARY DEFERRAL PLAN

The School District employees may participate in the 457, and/or 401(k) deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. Contributions by employees under the 457 and 401(k) programs totaled \$198,129 and \$360,384, respectively, for the year ended June 30, 2005.

##### NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the School District carries commercial insurance. During the year ended June 30, 2005, the School District obtained its general liability, workers' compensation, and property insurance through the South Carolina School Boards Insurance Trust (the "Trust") which represents 69 South Carolina school districts joined together in a public entity risk pool. The School District pays an annual premium to the Trust for its general liability, workers' compensation and property insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

The School District obtains its employee health and life insurance through the South Carolina State Budget and Control Board, Office of Insurance Services which represents all State agencies in South Carolina joined together in a public entity risk pool. The School District pays a portion of monthly premiums based on each participating employee.

**IV. OTHER INFORMATION - (Continued)**

**NOTE 11 - RISK MANAGEMENT - (Continued)**

Prior to July 1, 1978, school districts in South Carolina were exempt from unemployment taxes. Effective July 1, 1978, school districts were no longer exempted from these taxes. As a result, the School District established a limited risk management program for unemployment compensation. The School District reimburses the South Carolina Employment Security Commission for actual claims paid attributable to service in the employ of the School District. Claims paid during the year ended June 30, 2005 were \$143,375 and were reported in the General Fund. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 12 - COMMITMENTS**

In March 2000, the voters of Beaufort County approved a \$120,000,000 bond referendum for which the proceeds will be used for the construction of six new facilities, five additions to existing facilities and upgrading the infrastructure on the Hilton Head campus.

In connection with this program, several capital projects are in process at June 30, 2005. A summary of contracts issued on projects is as follows:

	<u>Contract Amount</u>	<u>Expended as of June 30, 2005</u>	<u>Remaining Commitment</u>
Broad River Elementary	\$ 5,315,140	\$ 4,627,658	\$ 687,482
Port Royal Elementary	5,905,824	5,569,836	335,988
Lady's Island Elementary	2,818,697	2,596,487	222,210
Mossy Oaks Elementary	4,955,346	3,634,074	1,321,272
Shell Point Elementary	<u>4,518,655</u>	<u>3,823,042</u>	<u>695,613</u>
	<u>\$ 23,513,662</u>	<u>\$ 20,251,097</u>	<u>\$ 3,262,565</u>

Other significant ongoing projects in progress consist of the proposed North Area High School and District office. No additional uncompleted contracts have been issued on these projects.

The School District has entered into noncancellable operating leases generally for office machines, which vary in terms from four to six years. Payments under such leases totaled approximately \$311,820 for the fiscal year ended June 30, 2005.

Annual lease commitments for the years ending June 30 are as follows:

2006	\$ 272,381
2007	208,362
2008	161,357
2009	148,573
2010	15,560



#### IV. OTHER INFORMATION - (Continued)

##### NOTE 13 - RELATED PARTY/ORGANIZATIONS TRANSACTIONS

*Related Party transactions* - During the year ended June 30, 2005, the School District received services from a company owned by the spouse of the School District's former Assistant Superintendent of Finance. Total fees paid for services provided by this company during the year ended June 30 2005 totaled \$257,268. Payables due to this company at June 30, 2005 were \$9,301.

*Related organizations* - Beaufort-Jasper Academy for Career Excellence is a career center that was created by an agreement between the School District and Jasper County School District dated June 13, 1975, under the provisions of legislation enacted by the General Assembly of the State of South Carolina. The Academy operates as a vocational school for high school students in Beaufort and Jasper Counties. The Academy's Board of Directors is comprised of three members from each of the Boards of Education of the respective two School Districts, along with the Superintendent of both School Districts. Budgetary controls are held by the Board of Education of the respective two School Districts. The agreement states that the responsibility for the Academy's general fund cost of maintenance, support, and operation of the Academy shall be borne jointly and on an enrollment ratio of two to one, respectively. The School District assumes the responsibility for two-thirds of these costs and Jasper County School District assumes the responsibility for one-third of these costs. During the year ended June 30, 2005 the School District's expenses related to this agreement were \$2,442,268.

##### NOTE 14 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

During 2004 the County levied taxes based on reassessed property values. Since then, there have been multiple appeals filed for adjustment to the County's original assessments and refunds have been issued subsequent to year end. The County estimates refunds that will be issued related to the appeals will total approximately \$1,164,168. This amount is reflected as "property tax refunds payable" in the fund and government-wide financial statements.

In addition to those lawsuits in which claims for liability are adequately covered by insurance and mentioned above, the School District is a defendant in various other suits arising in the normal course of business. During fiscal year ended June 30, 2004, an action was filed against the School District with potential claims, that if successful, could result in an award approaching \$4 million. This case is in the discovery process and at the present time the potential outcome cannot be determined. It is the opinion of the School District's management, after conferring with legal counsel, that the liability, if any, which might arise from these lawsuits would not have a material adverse effect on the School District's financial position.

##### NOTE 15 - SUBSEQUENT EVENTS

In July 2005, the School District issued \$15,385,000 in tax anticipation notes with an annual interest rate of 4% to fund School District operating expenses.

The School District issued an additional \$22,400,000 bond anticipation note to secure funds in advance of issuing bonds under its available 8% debt limits.

REQUIRED SUPPLEMENTARY INFORMATION

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the fiscal year ended June 30, 2005

Schedule I

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
1000 Revenue from local sources				
1200 Revenue from local governmental units other than LEAs				
1210 Ad valorem taxes-including delinquent	\$ 95,533,047	\$ 95,533,047	\$ 98,074,782	\$ 2,541,735
1240 Penalties and interest on taxes	606,111	606,111	553,551	(52,560)
1280 Revenue in lieu of taxes	-	-	26,142	26,142
1300 Tuition				
1310 From patrons for regular day school	-	-	3,552	3,552
1500 Earnings on investments				
1510 Interest on investments	200,000	200,000	246,405	46,405
1900 Other revenue from local sources				
1950 Refund of prior year's expenditures	-	-	19,397	19,397
1999 Revenue from other local sources	100,000	100,000	2,908	(97,092)
Total local sources	<u>96,439,158</u>	<u>96,439,158</u>	<u>98,926,737</u>	<u>2,487,579</u>
3000 Revenue from state sources				
3130 Special programs				
3131 Handicapped transportation	-	-	52,832	52,832
3132 Home schooling	-	-	14,816	14,816
3160 School bus driver's salary	871,657	871,657	989,798	118,141
3161 EAA Bus Driver Salary/Fringe	-	-	14,976	14,976
3180 Fringe benefits employer contributions	2,393,868	2,393,868	2,381,902	(11,966)
3181 Retiree insurance	1,389,328	1,389,328	1,528,748	139,420
3183 Health/dental benefits (part-time teachers)	-	-	5,368	5,368
3199 Other restricted state grants	-	-	18,878	18,878
3300 Education finance net				
3310 Full-time programs				
3311 Kindergarten	527,020	527,020	562,530	35,510
3312 Primary	1,563,587	1,563,587	1,546,667	(16,920)
3313 Elementary	2,084,953	2,084,953	2,165,647	80,694
3314 High school	730,814	730,814	1,116,382	385,568
3315 Trainable mentally handicapped	34,679	34,679	33,810	(869)
3316 Speech handicapped	492,264	492,264	541,053	48,789
3317 Homebound	31,648	31,648	45,195	13,547
3320 Part-time programs				
3321 Emotionally handicapped	79,550	79,550	81,727	2,177
3322 Educable mentally handicapped	47,905	47,905	46,162	(1,743)
3323 Learning disabilities	582,327	582,327	634,439	52,112
3324 Hearing handicapped	25,800	25,800	27,109	1,309
3325 Visually handicapped	8,600	8,600	8,745	145
3326 Orthopedically handicapped	45,064	45,064	43,449	(1,615)
3327 Vocational	1,317,176	1,317,176	965,369	(351,807)
3330 Other EFA programs				
3331 Autism	32,336	32,336	37,293	4,957

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the fiscal year ended June 30, 2005

Schedule J

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES, continued				
3000 Revenue from state sources, continued				
3800 State revenue in lieu of taxes				
3810 Reimbursement for local residential property tax relief	7,036,261	7,036,261	7,036,261	-
3820 Homestead exemption	2,080,871	2,080,871	1,671,032	(409,839)
3830 Merchant's inventory tax	332,079	332,079	332,079	-
3890 Other state property tax revenues	94,573	94,573	90,097	(4,476)
3900 Other state revenue				
3999 Revenue from other state sources	-	-	1,628	1,628
Total state sources	<u>21,802,360</u>	<u>21,802,360</u>	<u>21,993,992</u>	<u>191,632</u>
4000 Revenue from federal sources				
4100 Federally impacted areas				
4110 Maintenance and operations	-	-	276,038	276,038
4900 Other federal revenue				
4999 Revenue from other federal sources	<u>600,000</u>	<u>600,000</u>	<u>905,479</u>	<u>305,479</u>
Total federal sources	<u>600,000</u>	<u>600,000</u>	<u>1,181,517</u>	<u>581,517</u>
Total revenue all sources	<u>\$ 118,841,518</u>	<u>\$ 118,841,518</u>	<u>\$ 122,102,246</u>	<u>\$ 3,260,728</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the (fiscal) year ended June 30, 2005

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>EXPENDITURES</b>				
100 Instruction				
110 General instruction				
111 Kindergarten programs				
100 Salaries	\$ 3,658,609	\$ 3,658,609	\$ 3,633,377	\$ 25,232
200 Employee benefits	1,170,610	1,170,610	1,180,499	(9,889)
300 Purchased services	5,650	6,249	4,106	2,143
400 Supplies and materials	67,343	64,895	59,402	5,493
600 Other objects	251	251	-	251
	<u>4,902,463</u>	<u>4,900,614</u>	<u>4,877,384</u>	<u>23,230</u>
112 Primary programs				
100 Salaries	12,156,299	11,304,405	11,294,457	9,948
200 Employee benefits	3,159,822	3,170,885	3,145,867	25,018
300 Purchased services	22,167	70,002	69,969	33
400 Supplies and materials	349,522	482,077	471,268	10,809
500 Capital outlay	-	111,889	111,866	23
600 Other objects	41,235	17,218	15,349	1,869
	<u>15,729,045</u>	<u>15,156,476</u>	<u>15,108,776</u>	<u>47,700</u>
113 Elementary programs				
100 Salaries	19,482,311	19,257,351	19,249,795	7,556
200 Employee benefits	4,985,594	5,358,954	5,362,025	(3,071)
300 Purchased services	37,938	79,060	78,854	206
400 Supplies and materials	516,515	619,142	618,895	247
500 Capital outlay	12,000	180,156	179,065	1,091
600 Other objects	20,887	7,345	6,777	568
	<u>25,055,245</u>	<u>25,502,008</u>	<u>25,495,411</u>	<u>6,597</u>
114 High school programs				
100 Salaries	11,401,171	11,171,502	11,174,499	(2,997)
200 Employee benefits	2,874,201	3,064,201	3,075,219	(11,018)
300 Purchased services	75,968	140,648	134,660	5,988
400 Supplies and materials	451,206	402,332	401,898	434
500 Capital outlay	-	5,477	5,379	98
600 Other objects	16,020	42,913	37,215	5,698
	<u>14,818,566</u>	<u>14,827,073</u>	<u>14,828,870</u>	<u>(1,797)</u>
115 Vocational programs				
100 Salaries	1,262,721	1,177,751	1,177,742	9
200 Employee benefits	344,476	321,746	321,739	7
300 Purchased services	2,459,553	2,443,564	2,443,557	7
400 Supplies and materials	64,400	62,673	62,093	580
600 Other objects	17,043	1,405	1,405	-
	<u>4,148,193</u>	<u>4,007,139</u>	<u>4,006,536</u>	<u>603</u>
Total general instruction	<u>64,653,512</u>	<u>64,393,310</u>	<u>64,316,977</u>	<u>76,333</u>
120 Exceptional programs				
121 Educable mentally handicapped				
100 Salaries	932,947	864,072	863,928	144
200 Employee benefits	278,088	297,588	297,127	461
300 Purchased services	300	983	890	93
400 Supplies and materials	22,539	22,319	8,855	13,464
600 Other objects	550	400	-	400
	<u>1,234,424</u>	<u>1,185,362</u>	<u>1,170,800</u>	<u>14,562</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the fiscal year ended June 30, 2005

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<i>EXPENDITURES, Continued</i>				
100 Instruction, continued				
120 Exceptional programs, continued				
122 Trainable mentally handicapped				
100 Salaries	538,785	520,585	520,503	82
200 Employee benefits	190,488	170,988	168,919	2,069
300 Purchased services	950	229	-	229
400 Supplies and materials	10,361	9,547	5,502	4,045
600 Other objects	675	635	-	635
	<u>741,259</u>	<u>701,984</u>	<u>694,924</u>	<u>7,060</u>
123 Orthopedically handicapped				
100 Salaries	58,274	58,274	58,313	(39)
200 Employee benefits	16,512	16,512	16,633	(121)
300 Purchased services	500	1,366	1,366	-
400 Supplies and materials	14,899	9,124	5,463	3,661
600 Other objects	300	300	223	77
	<u>90,485</u>	<u>85,576</u>	<u>81,998</u>	<u>3,578</u>
124 Visually handicapped				
100 Salaries	30,520	30,520	30,894	(374)
200 Employee benefits	7,461	7,461	7,513	(52)
400 Supplies and materials	680	320	91	229
	<u>38,661</u>	<u>38,301</u>	<u>38,498</u>	<u>(197)</u>
125 Hearing handicapped				
100 Salaries	391,212	391,212	389,023	2,189
200 Employee benefits	151,502	151,502	147,814	3,688
300 Purchased services	2,732	2,395	394	2,001
400 Supplies and materials	4,568	4,257	3,434	823
600 Other objects	150	221	185	36
	<u>550,164</u>	<u>549,587</u>	<u>540,850</u>	<u>8,737</u>
126 Speech handicapped				
100 Salaries	1,016,098	1,058,368	1,058,367	1
200 Employee benefits	275,885	283,835	286,322	(2,487)
300 Purchased services	992	1,356	1,356	-
400 Supplies and materials	14,914	15,254	10,410	4,844
	<u>1,307,889</u>	<u>1,358,813</u>	<u>1,356,455</u>	<u>2,358</u>
127 Learning disabilities				
100 Salaries	2,879,536	2,879,536	2,879,536	-
200 Employee benefits	826,100	826,100	826,100	-
300 Purchased services	12,866	13,924	13,755	169
400 Supplies and materials	130,809	132,680	118,165	14,515
500 Capital outlay	-	5,816	5,745	71
600 Other objects	2,040	1,390	1,590	-
	<u>3,851,351</u>	<u>3,859,646</u>	<u>3,844,891</u>	<u>14,755</u>
128 Emotionally handicapped				
100 Salaries	927,976	964,956	964,955	1
200 Employee benefits	344,243	344,243	350,665	(6,422)
300 Purchased services	1,050	958	911	47
400 Supplies and materials	8,265	8,104	5,406	2,698
600 Other objects	450	-	-	-
	<u>1,281,984</u>	<u>1,318,261</u>	<u>1,321,937</u>	<u>(3,676)</u>
Total exceptional programs	<u>9,096,217</u>	<u>9,097,530</u>	<u>9,050,353</u>	<u>47,177</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2005

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>EXPENDITURES, Continued</b>				
100 Instruction, continued				
130 Preschool programs				
132 Pre-school handicapped - itinerant (5 yr. olds)				
100 Salaries	13,856	13,856	13,855	1
200 Employee benefits	9,615	9,615	8,886	729
	<u>23,471</u>	<u>23,471</u>	<u>22,741</u>	<u>730</u>
135 Pre-school handicapped-speech (3 & 4 yr. olds)				
100 Salaries	41,356	41,356	41,356	-
200 Employee benefits	12,347	12,347	12,321	26
	<u>53,703</u>	<u>53,703</u>	<u>53,677</u>	<u>26</u>
137 Pre-school handicapped-self contained (3 & 4 yr. olds)				
100 Salaries	102,863	102,573	87,572	15,001
200 Employee benefits	26,145	26,435	26,435	-
	<u>129,008</u>	<u>129,008</u>	<u>114,007</u>	<u>15,001</u>
139 Early childhood programs				
100 Salaries	525,695	525,695	517,432	8,263
200 Employee benefits	115,562	115,562	108,235	7,327
300 Purchased services	-	1,936	1,767	169
400 Supplies and materials	30,383	31,041	26,386	4,655
	<u>671,640</u>	<u>674,234</u>	<u>653,810</u>	<u>20,414</u>
Total preschool programs	<u>877,822</u>	<u>880,416</u>	<u>844,245</u>	<u>36,171</u>
140 Special programs				
141 Gifted and talented - academic				
100 Salaries	493,082	493,082	492,998	84
200 Employee benefits	131,917	131,917	131,834	83
300 Purchased services	16,028	20,459	11,486	8,973
400 Supplies and materials	61,233	52,233	20,388	31,845
500 Capital outlay	-	500	-	500
600 Other objects	300	300	144	156
	<u>702,560</u>	<u>698,491</u>	<u>656,850</u>	<u>41,641</u>
145 Homebound				
100 Salaries	100,000	100,000	129,239	(29,239)
200 Employee benefits	-	19,000	24,866	(5,866)
300 Purchased services	75,755	75,755	85,248	(9,493)
	<u>175,755</u>	<u>194,755</u>	<u>239,353</u>	<u>(44,598)</u>
149 Other special programs				
400 Supplies and materials	3,465	-	-	-
	<u>3,465</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special programs	<u>881,780</u>	<u>893,246</u>	<u>896,203</u>	<u>(2,957)</u>
160 Other exceptional programs				
161 Autism				
400 Supplies and materials	2,265	1,765	142	1,623
	<u>2,265</u>	<u>1,765</u>	<u>142</u>	<u>1,623</u>
Total other exceptional programs	<u>2,265</u>	<u>1,765</u>	<u>142</u>	<u>1,623</u>
170 Summer school program				
171 Primary summer school				
100 Salaries	-	5,869	5,869	-
200 Employee benefits	-	1,138	1,138	-
	<u>-</u>	<u>7,007</u>	<u>7,007</u>	<u>-</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2005

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>EXPENDITURES, Continued</b>				
100 Instruction, continued				
170 Summer school program, continued				
172 Elementary summer school				
100 Salaries	-	11,225	11,225	-
200 Employee benefits	-	2,107	2,106	1
	-	13,332	13,331	1
175 Instructional programs beyond regular school day				
100 Salaries	-	5,123	5,122	1
200 Employee benefits	-	912	912	-
	-	6,035	6,034	1
Total summer school program	-	26,374	26,372	2
180 Adult/Continuing educational programs				
188 Parenting/family literacy				
100 Salaries	78,397	128,809	128,809	-
200 Employee benefits	44,729	59,657	59,657	-
300 Purchased services	69,000	25,078	25,078	-
400 Supplies and materials	37,136	15,494	15,394	100
600 Other objects	500	724	724	-
	229,762	229,762	229,662	100
190 Instructional pupil activity				
300 Purchased services	2,000	2,000	525	1,475
400 Supplies and materials	1,038	8,222	3,934	4,288
600 Other objects	58,936	42,687	25,090	17,597
	61,974	52,909	29,549	23,360
Total adult programs	291,736	282,671	259,211	23,460
Total instruction	75,803,332	75,575,312	75,393,503	181,809
200 Support services				
210 Pupil services				
211 Attendance and social work services				
100 Salaries	1,331,287	1,331,287	1,338,624	(7,337)
200 Employee benefits	387,970	387,970	417,275	(29,305)
300 Purchased services	212,000	211,774	111,744	100,030
400 Supplies and materials	13,694	13,694	5,272	8,422
600 Other objects	3,000	3,000	465	2,535
	1,947,951	1,947,725	1,873,380	74,345
212 Guidance services				
100 Salaries	2,921,948	2,921,948	2,874,264	47,684
200 Employee benefits	787,487	787,487	782,312	5,175
300 Purchased services	32,800	29,757	24,374	5,383
400 Supplies and materials	55,799	55,535	49,416	6,119
600 Other objects	4,751	4,312	2,116	2,196
	3,802,785	3,799,039	3,732,482	66,557
213 Health services				
100 Salaries	963,947	963,947	937,128	26,819
200 Employee benefits	276,632	276,632	283,918	(7,286)
300 Purchased services	12,500	10,284	10,219	65
400 Supplies and materials	27,500	27,000	25,748	1,252
600 Other objects	-	2,716	2,715	1
	1,280,579	1,280,579	1,259,728	20,851



BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the fiscal year ended June 30, 2005

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
EXPENDITURES, continued				
200 Support services, continued				
210 Pupil services, continued				
214 Psychological services				
100 Salaries	43,710	43,710	43,874	(164)
200 Employee benefits	17,412	17,412	17,617	(205)
300 Purchased services	20,000	20,000	16,272	3,728
400 Supplies and materials	37,900	37,791	24,819	12,972
600 Other objects	-	109	109	-
	<u>119,022</u>	<u>119,022</u>	<u>102,691</u>	<u>16,331</u>
215 Exceptional program services				
300 Purchased services	19,500	18,000	16,961	1,039
400 Supplies and materials	10,500	12,000	11,204	796
	<u>30,000</u>	<u>30,000</u>	<u>28,165</u>	<u>1,835</u>
Total pupil services	<u>7,180,337</u>	<u>7,176,365</u>	<u>6,996,446</u>	<u>179,919</u>
220 Instructional staff services				
221 Improvement of instruction - curriculum development				
100 Salaries	1,451,640	1,386,469	1,360,703	25,766
200 Employee benefits	252,507	325,992	347,797	(21,805)
300 Purchased services	364,125	383,378	381,570	1,808
400 Supplies and materials	52,310	56,360	56,178	182
600 Other objects	8,640	7,140	6,458	682
	<u>2,129,222</u>	<u>2,159,339</u>	<u>2,152,706</u>	<u>6,633</u>
222 Library and media services				
100 Salaries	2,224,146	2,215,146	2,210,279	4,867
200 Employee benefits	698,983	698,983	711,850	(12,867)
300 Purchased services	16,049	17,651	14,302	3,349
400 Supplies and materials	443,588	423,237	412,907	10,330
500 Capital outlay	23,866	22,711	22,711	-
600 Other objects	295	348	348	-
	<u>3,406,927</u>	<u>3,378,076</u>	<u>3,372,397</u>	<u>5,679</u>
223 Supervision of special programs				
100 Salaries	697,170	693,083	665,745	27,338
200 Employee benefits	166,051	170,138	170,138	-
400 Supplies and materials	100	100	45	55
	<u>863,321</u>	<u>863,321</u>	<u>835,928</u>	<u>27,393</u>
224 Improvement of instruction - inservice training				
100 Salaries	274,863	274,863	272,335	2,528
200 Employee benefits	59,444	59,444	59,408	36
300 Purchased services	245,370	321,231	321,071	160
400 Supplies and materials	36,175	39,145	39,050	95
600 Other objects	15,170	-	-	-
	<u>631,022</u>	<u>694,683</u>	<u>691,864</u>	<u>2,819</u>
Total instructional staff services	<u>7,030,492</u>	<u>7,095,419</u>	<u>7,052,895</u>	<u>42,524</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2005

Schedule I

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>EXPENDITURES, Continued</b>				
200 Support services, continued				
230 General administration services				
231 Board of education				
100 Salaries	121,906	121,906	117,536	4,370
200 Employee benefits	30,911	30,911	19,018	11,893
300 Purchased services	481,910	481,910	744,556	(262,646)
318 Audit services	55,000	55,000	45,050	9,950
400 Supplies and materials	3,500	3,500	2,587	913
600 Other objects	<u>168,400</u>	<u>168,400</u>	<u>162,429</u>	<u>5,971</u>
	<u>861,627</u>	<u>861,627</u>	<u>1,091,176</u>	<u>(229,549)</u>
232 Office of the superintendent				
100 Salaries	159,411	159,411	160,078	(667)
200 Employee benefits	52,941	52,941	78,587	(25,646)
300 Purchased services	13,100	18,220	18,210	10
400 Supplies and materials	4,600	3,980	2,108	1,872
600 Other objects	<u>18,700</u>	<u>14,200</u>	<u>11,575</u>	<u>2,625</u>
	<u>248,752</u>	<u>248,752</u>	<u>270,558</u>	<u>(21,806)</u>
233 School administration				
100 Salaries	7,603,175	7,288,858	7,193,356	95,502
200 Employee benefits	2,328,100	2,129,922	2,125,149	4,773
300 Purchased services	141,275	157,629	151,996	5,633
400 Supplies and materials	239,889	226,412	211,950	14,462
500 Capital outlay	-	14,347	14,347	-
600 Other objects	<u>40,712</u>	<u>35,658</u>	<u>35,658</u>	<u>-</u>
	<u>10,353,151</u>	<u>9,852,826</u>	<u>9,732,456</u>	<u>120,376</u>
Total general administration services	<u>11,463,530</u>	<u>10,963,205</u>	<u>11,094,190</u>	<u>(130,985)</u>
250 Finance and operations services				
252 Fiscal services				
100 Salaries	663,989	663,989	656,989	7,000
200 Employee benefits	178,338	206,099	206,099	-
300 Purchased services	108,658	115,058	114,960	98
400 Supplies and materials	63,703	28,442	-	28,442
600 Other objects	<u>10,685</u>	<u>11,785</u>	<u>2,092</u>	<u>9,693</u>
	<u>1,025,373</u>	<u>1,025,373</u>	<u>980,140</u>	<u>45,233</u>
254 Operation and maintenance of plant				
100 Salaries	2,482,770	882,770	873,258	9,512
200 Employee benefits	348,573	348,573	322,220	26,353
300 Purchased services	8,054,244	9,590,850	9,597,694	(6,844)
321 Utilities	432,977	432,977	351,779	81,198
400 Supplies and materials	1,084,450	1,069,450	1,044,337	25,113
470 Energy	4,889,914	4,899,914	4,788,985	110,929
500 Capital outlay	113,000	191,394	191,002	392
600 Other objects	<u>2,500</u>	<u>2,500</u>	<u>405</u>	<u>2,095</u>
	<u>17,408,428</u>	<u>17,418,428</u>	<u>17,169,680</u>	<u>248,748</u>
255 Student transportation				
100 Salaries	174,358	174,358	175,052	(694)
200 Employee benefits	99,657	99,657	89,169	10,488
300 Purchased services	<u>3,507,095</u>	<u>3,507,095</u>	<u>3,061,496</u>	<u>445,599</u>
	<u>3,781,110</u>	<u>3,781,110</u>	<u>3,325,717</u>	<u>455,393</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2005

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
EXPENDITURES, Continued				
200 Support services, continued				
250 Finance and operations services, continued				
256 Food service				
200 Employee benefits	285,000	285,000	200,000	85,000
	<u>285,000</u>	<u>285,000</u>	<u>200,000</u>	<u>85,000</u>
257 Internal services				
100 Salaries	80,642	80,642	81,241	(599)
200 Employee benefits	24,935	24,935	25,276	(341)
300 Purchased services	2,199	2,124	437	1,687
400 Supplies and materials	12,786	12,861	12,643	218
	<u>120,562</u>	<u>120,562</u>	<u>119,597</u>	<u>965</u>
258 Security				
100 Salaries	286,221	286,221	284,538	1,683
200 Employee benefits	87,122	87,122	88,007	(885)
300 Purchased services	529,074	301,926	254,039	47,887
	<u>902,417</u>	<u>675,269</u>	<u>626,584</u>	<u>48,685</u>
Total finance and operation services	<u>23,522,890</u>	<u>23,305,742</u>	<u>22,421,718</u>	<u>884,024</u>
260 Central support services				
262 Planning, research, development and evaluation				
100 Salaries	203,635	203,635	190,680	12,955
200 Employee benefits	37,495	37,495	41,615	(4,120)
300 Purchased services	56,400	15,700	15,554	146
400 Supplies and materials	32,714	14,714	13,860	854
600 Other objects	605	605	328	277
	<u>330,849</u>	<u>272,149</u>	<u>262,037</u>	<u>10,112</u>
263 Information services				
100 Salaries	168,429	170,429	167,079	3,350
200 Employee benefits	51,732	51,732	44,743	6,989
300 Purchased services	46,610	62,230	39,016	23,214
400 Supplies and materials	7,000	7,000	4,123	2,877
600 Other objects	1,500	1,500	1,192	308
	<u>275,271</u>	<u>292,891</u>	<u>256,153</u>	<u>36,738</u>
264 Staff services				
100 Salaries	432,407	432,407	433,136	(729)
200 Employee benefits	110,858	118,358	138,208	(19,850)
300 Purchased services	191,892	160,495	156,814	3,681
400 Supplies and materials	15,590	19,240	19,231	9
500 Capital outlay	-	6,277	6,277	-
600 Other objects	7,550	3,900	493	3,407
	<u>758,297</u>	<u>740,677</u>	<u>754,159</u>	<u>(13,482)</u>
266 Technology and data processing services				
100 Salaries	430,569	430,569	424,843	5,726
200 Employee benefits	107,930	107,930	106,038	1,892
300 Purchased services	194,662	181,776	171,824	9,952
400 Supplies and materials	8,750	11,450	11,383	67
500 Capital outlay	-	10,000	6,580	3,420
600 Other objects	-	186	186	-
	<u>741,911</u>	<u>741,911</u>	<u>720,854</u>	<u>21,057</u>
Total central support services	<u>2,106,328</u>	<u>2,047,628</u>	<u>1,993,203</u>	<u>54,425</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
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Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
EXPENDITURES, Continued				
200 Support services, continued				
270 Support services pupil activity				
271 Pupil services activities				
100 Salaries	641,044	681,488	680,687	801
200 Employee benefits	1,702	100,398	120,278	(19,880)
300 Purchased services	-	50,370	50,272	98
400 Supplies and materials	346,000	252,719	252,445	274
500 Capital outlay	-	33,907	33,908	(1)
600 Other objects	610,423	474,562	474,188	374
	<u>1,599,169</u>	<u>1,593,444</u>	<u>1,611,778</u>	<u>(18,334)</u>
Total support services	<u>52,902,746</u>	<u>52,181,803</u>	<u>51,170,230</u>	<u>1,011,573</u>
300 Community services				
350 Custody and care of children services				
100 Salaries	98,902	89,595	84,238	5,357
200 Employee benefits	25,493	25,493	25,316	177
300 Purchased services	-	40	40	-
400 Supplies and materials	-	5,500	5,449	51
	<u>124,395</u>	<u>120,628</u>	<u>115,043</u>	<u>5,585</u>
390 Other community services				
100 Salaries	57,361	85,156	85,156	-
200 Employee benefits	21,223	29,401	29,401	-
	<u>78,584</u>	<u>114,557</u>	<u>114,557</u>	<u>-</u>
Total community activities	<u>202,979</u>	<u>235,185</u>	<u>229,600</u>	<u>5,585</u>
400 Other charges				
410 Intergovernmental expenditures				
412 Payments to other governmental units				
720 Transits	-	-	7,248	(7,248)
	<u>-</u>	<u>-</u>	<u>7,248</u>	<u>(7,248)</u>
Total intergovernmental expenditures	<u>-</u>	<u>-</u>	<u>7,248</u>	<u>(7,248)</u>
500 Debt Service				
620 Interest	75,000	75,000	110,793	(35,793)
	<u>75,000</u>	<u>75,000</u>	<u>110,793</u>	<u>(35,793)</u>
Total expenditures	<u>128,984,057</u>	<u>128,067,308</u>	<u>126,911,374</u>	<u>1,155,926</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the fiscal year ended June 30, 2005

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>OTHER FINANCING SOURCES (USES)</b>				
5220	Transfer from Special Revenue Fund	926,756	-	-
5230	Transfer from Special Revenue EIA Fund	7,671,113	7,743,803	72,690
5280	Transfer from Other Funds Indirect Costs	350,000	416,006	66,006
5300	Proceeds from the Sale of Fixed Assets	-	7,674	7,674
421-710	Transfer to Special Revenue Fund	(450,000)	(393,123)	56,877
	Total other financing sources (uses)	<u>8,497,869</u>	<u>7,774,360</u>	<u>203,247</u>
	Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,644,670)	2,965,232	4,619,901
	FUND BALANCE, JULY 1, 2004	<u>8,967,156</u>	<u>8,967,156</u>	-
	FUND BALANCE, JUNE 30, 2005	<u>\$ 7,322,486</u>	<u>\$ 11,932,388</u>	<u>\$ 4,619,901</u>

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule 2

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ 872,859	\$ 1,113,688	\$ 1,125,959	\$ 12,271
State	6,075,325	6,456,098	5,054,152	(1,401,946)
Federal	12,545,123	12,665,511	12,525,974	(139,537)
Intergovernmental	-	93,510	93,510	-
Total revenues	<u>19,493,307</u>	<u>20,328,807</u>	<u>18,799,595</u>	<u>(1,529,212)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	13,002,180	13,058,260	12,101,683	956,577
Support services	5,414,846	5,759,128	5,405,363	353,765
Community services	318,535	515,352	449,198	66,154
Intergovernmental expenditures				
Payments to other governmental units	-	238,321	238,321	-
Total expenditures	<u>18,735,561</u>	<u>19,571,061</u>	<u>18,194,565</u>	<u>1,376,496</u>
Excess of revenues over expenditures	<u>757,746</u>	<u>757,746</u>	<u>605,030</u>	<u>(152,716)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	350,000	350,000	393,123	43,123
Transfers out	<u>(1,107,746)</u>	<u>(1,107,746)</u>	<u>(997,082)</u>	<u>110,664</u>
Total other financing sources (uses)	<u>(757,746)</u>	<u>(757,746)</u>	<u>(603,959)</u>	<u>153,787</u>
Net change in fund balances	-	-	1,071	1,071
FUND BALANCES, BEGINNING OF YEAR	<u>9,502</u>	<u>9,502</u>	<u>9,502</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,502</u>	<u>\$ 9,502</u>	<u>\$ 10,573</u>	<u>\$ 1,071</u>

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

BEAUFORT COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION IMPROVEMENT ACT  
 For the fiscal year ended June 30, 2005

Schedule 3

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ -	\$ 31,521	\$ 28,146	\$ (3,375)
State	<u>13,361,894</u>	<u>15,301,023</u>	<u>13,620,132</u>	<u>(1,680,891)</u>
Total revenues	<u>13,361,894</u>	<u>15,332,544</u>	<u>13,648,278</u>	<u>(1,684,266)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	4,872,266	7,631,053	6,189,896	1,441,157
Support services	<u>818,515</u>	<u>753,888</u>	<u>510,779</u>	<u>243,109</u>
Total expenditures	<u>5,690,781</u>	<u>8,384,941</u>	<u>6,700,675</u>	<u>1,684,266</u>
Excess of revenues over expenditures	<u>7,671,113</u>	<u>6,947,603</u>	<u>6,947,603</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	796,200	796,200	-
Operating transfers out	<u>(7,671,113)</u>	<u>(7,743,803)</u>	<u>(7,743,803)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,671,113)</u>	<u>(6,947,603)</u>	<u>(6,947,603)</u>	<u>-</u>
Net change in fund balances	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

SCHEDULE A

GENERAL FUND

The general fund, also referred to as the "operating fund", is the basic budgetary fund of the School District. It is used to record all operating revenues and expenditures for the educational and support programs of the School District and for limited capital outlays. The appropriations and the anticipated revenue sources originate in the School District's operating budget. Any unreserved fund balance may be appropriated to support operating expenditures in subsequent years.



BEAUFORT COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2005

Schedule A-1

ASSETS

Cash and investments	\$ 56,334,416
Deposits with Beaufort County Treasurer	9,161,585
Taxes receivable, net of allowance of \$146,541	1,481,690
Due from other governmental units	329,995
Accounts receivable	<u>479,686</u>
Total assets	<u>\$ 67,787,372</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 2,784,609
Property tax refunds payable	923,540
Due to pupil activities	1,122,062
Due to other funds	43,471,111
Due to enterprise fund	1,254,873
Accrued salaries and benefits	6,057,744
Deferred revenue	<u>241,045</u>
Total liabilities	<u>55,854,984</u>
Fund balance	
Unreserved, designated for 2005-2006 budget deficit	648,742
Unreserved, undesignated	<u>11,283,646</u>
Total fund balance	<u>11,932,388</u>
Total liabilities and fund balance	<u>\$ 67,787,372</u>

## SCHEDULE B

### SPECIAL REVENUE FUNDS

The special revenue funds are used to record revenues derived from the State of South Carolina and the federal government, certain of which require matching revenues from local sources, which are required to finance particular activities. Separate revenues, expenditures and changes in fund balances are set forth for various reporting requirements.

During 1984, the state legislature passed the Education Improvement Act (EIA) to upgrade the quality of education in South Carolina. Because of the categorical nature of the revenues, the state requires that revenues and expenditures be accounted for in a separate fund. Accordingly, the EIA Fund is reported as a special revenue fund.

The Special Projects Fund is used to account for all federal, state and local projects except for those subject to the Education Improvement Act.

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

Schedule B-1

	Special Projects Fund	Education Improvement Act Fund	Total
<u>ASSETS</u>			
Deposits with Beaufort County Treasurer	\$ -	\$ 625,634	\$ 625,634
Due from other governmental units	6,929,783	1,560,876	8,490,659
Accounts receivable	66,463	-	66,463
Due from agency fund	50,404	-	50,404
	<u>\$ 7,046,650</u>	<u>\$ 2,186,510</u>	<u>\$ 9,233,160</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 292,860	\$ 85,380	\$ 378,240
Due to State Department of Education	-	1,400	1,400
Due to other State agencies	127,011	-	127,011
Due to other funds	4,081,654	-	4,081,654
Due to enterprise fund	32,622	9,832	42,454
Accrued salaries and benefits	972,717	405,633	1,378,350
Deferred revenue	1,529,213	1,684,265	3,213,478
	<u>7,036,077</u>	<u>2,186,510</u>	<u>9,222,587</u>
Fund balances			
Unreserved, undesignated	10,573	-	10,573
	<u>\$ 7,046,650</u>	<u>\$ 2,186,510</u>	<u>\$ 9,233,160</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule B-2

	Title I (201/202) (235)	IDEA (203)	Preschool Head- start (205)	Occupational Education (207)	Drug & Violence Prevention (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
<b>REVENUES</b>									
1000 Revenue from local sources									
1000 Miscellaneous local revenue									
1930 Medical	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,391	\$ 600,391
1999 Revenue from other local sources	-	-	-	-	-	85,597	-	439,971	525,568
Total local sources	-	-	-	-	-	85,597	-	1,040,362	1,125,959
2000 Intergovernmental Revenue									
2100 Payments from Other Governmental Units	-	-	-	-	-	-	93,510	-	93,510
Total Intergovernmental Revenue	-	-	-	-	-	-	93,510	-	93,510
3000 Revenue from state sources									
3120 General education									
3121 EAA summer school/comprehensive remediation	-	-	-	-	-	-	559,392	-	559,392
3122 Increase high school diploma requirements	-	-	-	-	-	-	412,101	-	412,101
3123 EAA alternative schools program	-	-	-	-	-	-	174,181	-	174,181
3126 Refurbishment of K-8 science labs	-	-	-	-	-	-	29,108	-	29,108
3129 EAA reduce class size grades 1-3	-	-	-	-	-	-	796,200	-	796,200
3130 Special programs									
3135 Preschool program for children with disabilities	-	-	-	-	-	-	17,065	-	17,065
3150 Adult education									
3151 Basic	-	-	-	-	-	193,335	-	-	193,335
3152 Literacy	-	-	-	-	-	50,000	-	-	50,000
3190 Miscellaneous restricted state grants									
3191 Excellence in middle schools	-	-	-	-	-	-	123,442	-	123,442
3192 School safety officers	-	-	-	-	-	-	137,332	-	137,332
3198 School technology initiative	-	-	-	-	-	-	92,545	-	92,545
3199 Other restricted state grants	-	-	-	-	-	-	-	7,168	7,168
3600 Education lottery act revenue									
3601 EAA Teacher Specialist	-	-	-	-	-	-	756,412	-	756,412
3602 EAA Principal Specialist	-	-	-	-	-	-	127,011	-	127,011
3603 EAA homework center awards	-	-	-	-	-	-	87,232	-	87,232
3604 EAA retraining funds	-	-	-	-	-	-	138,457	-	138,457
3605 EAA palmetto gold and silver awards	-	-	-	-	-	-	30,500	-	30,500
3610 K-5 enhancement	-	-	-	-	-	-	997,820	-	997,820
3990 Other state revenue									
3991 AGENCY	-	-	-	-	-	-	57,898	-	57,898
3999 Revenue from other state sources	-	-	-	-	-	-	-	66,792	66,792
Total state sources	-	-	-	-	-	241,335	4,736,857	73,960	5,054,152

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule B-2

	Title I (201/202) (235)	IDEA (203)	Preschool Hand- capped (205)	Occupational Education (207)	Drug & Violence Prevention (179)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
<b>REVENUES, Continued</b>									
4000 Revenue from federal sources									
4200 Occupational education									
4210 Vocational aid, Title I	-	-	-	233,555	-	-	-	-	233,555
4300 Elementary and Secondary Education Act of 1965									
4310 Title I	3,547,387	-	-	-	-	-	-	132,741	3,680,128
4318 SC reading first - local reading improvement	-	-	-	-	-	-	-	720,453	720,453
4331 Enhancing education through technology, Title II	-	-	-	-	-	-	-	121,277	121,277
4340 Promoting informed parental choice and innovative education program strategies, Title V	-	-	-	-	-	-	-	29,814	29,814
4341 Language instruction for limited English proficient and immigrant students, Title III	-	-	-	-	-	-	-	374,382	374,382
4351 Improving teacher quality	-	-	-	-	-	-	-	1,165,153	1,165,153
4360 Even start - family literacy	-	-	-	-	-	-	-	117,275	117,275
4370 Comprehensive school reform demonstration grant	-	-	-	-	-	-	-	308,753	308,753
4400 Adult education									
4410 Basic adult education	-	-	-	-	-	109,758	-	-	109,758
4500 Programs for children with disabilities									
4510 Individuals with Disabilities Education Act (IDEA)	-	3,589,549	-	-	-	-	-	19,619	3,609,168
4520 Pre-school grants	-	-	171,883	-	-	-	-	-	171,883
4900 Other federal sources									
4920 Drug and violence prevention, Title IV	-	-	-	-	97,981	-	-	-	97,981
4924 21st Century community learning centers grants, Title IV	-	-	-	-	-	-	-	473,000	473,000
4995 CDC State and Local Coordinated School Health Program	-	-	-	-	-	-	-	155	155
4997 Community service learning grant	-	-	-	-	-	-	-	26,350	26,350
4998 Before/after school day care	-	-	-	-	-	-	-	73,589	73,589
4999 Revenue from other federal sources	-	-	-	-	-	-	-	1,211,900	1,211,900
<b>Total federal sources</b>	<b>3,547,387</b>	<b>3,589,549</b>	<b>171,883</b>	<b>233,555</b>	<b>97,981</b>	<b>109,758</b>	<b>-</b>	<b>4,775,861</b>	<b>12,525,974</b>
<b>Total revenues</b>	<b>3,547,387</b>	<b>3,589,549</b>	<b>171,883</b>	<b>233,555</b>	<b>97,981</b>	<b>438,690</b>	<b>4,830,367</b>	<b>5,800,181</b>	<b>18,799,595</b>
<b>EXPENDITURES</b>									
100 Instruction									
110 General instruction									
111 Kindergarten programs									
100 Salaries	50,976	-	-	-	-	-	7,183	38,949	97,108
200 Employee benefits	20,496	-	-	-	-	-	1,395	14,282	36,173
300 Purchased services	-	-	-	-	-	-	6,742	-	6,742
400 Supplies and materials	20,906	-	-	-	-	-	-	217	21,123
600 Other objects	366	-	-	-	-	-	-	-	366
112 Primary programs									
100 Salaries	119,674	-	-	-	-	-	673,984	722,855	1,516,713
200 Employee benefits	21,679	-	-	-	-	-	352,646	207,283	581,608
300 Purchased services	-	-	-	-	-	-	300	1,922	2,422
400 Supplies and materials	134	-	-	-	-	-	48,557	159,801	209,532
600 Other objects	-	-	-	-	-	-	-	3,440	3,440

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule B-2

		Title I (201/202) (235)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug & Violence Prevention (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
EXPENDITURES, continued										
Instruction, continued										
110	General instruction, continued									
113	Elementary programs									
100	Salaries	1,373,374	-	-	-	-	-	49,081	555,168	2,007,623
200	Employee benefits	402,451	-	-	-	-	-	9,520	125,644	537,615
300	Purchased services	127,354	-	-	-	-	-	-	26,157	153,511
400	Supplies and materials	166,376	-	-	-	-	-	49,755	295,701	511,832
500	Capital outlay	39,174	-	-	-	-	-	8,359	195,639	243,172
600	Other objects	357	-	-	-	-	-	-	1,373	1,730
114	High school programs									
100	Salaries	-	-	-	-	-	-	359,177	543,314	902,485
200	Employee benefits	-	-	-	-	-	-	95,467	120,672	216,139
300	Purchased services	-	-	-	-	-	-	9,100	9,269	18,369
400	Supplies and materials	-	-	-	-	-	-	181,807	46,094	233,901
500	Capital outlay	-	-	-	-	-	-	91,833	31,113	122,946
600	Other objects	-	-	-	-	-	-	-	1,300	1,300
115	Vocational programs									
100	Salaries	-	-	-	149,948	-	-	58,300	-	208,248
200	Employee benefits	-	-	-	38,309	-	-	23,215	-	61,224
120	Exceptional programs									
121	Educable mentally handicapped									
100	Salaries	-	96,544	-	-	-	-	-	-	96,544
200	Employee benefits	-	45,512	-	-	-	-	-	-	45,512
300	Purchased services	-	294	-	-	-	-	-	-	294
400	Supplies and materials	-	4,009	-	-	-	-	-	40	4,049
122	Trainable mentally handicapped									
100	Salaries	-	85,321	-	-	-	-	-	-	85,321
200	Employee benefits	-	28,557	-	-	-	-	-	-	28,557
300	Purchased services	-	4,705	-	-	-	-	-	-	4,705
400	Supplies and materials	-	14,535	-	-	-	-	-	2,068	16,603
123	Orthopedically handicapped									
100	Salaries	-	33,608	-	-	-	-	-	-	33,608
200	Employee benefits	-	8,876	-	-	-	-	-	-	8,876
300	Purchased services	-	2,302	-	-	-	-	-	-	2,302
400	Supplies and materials	-	2,612	-	-	-	-	-	-	2,612
124	Visually handicapped									
100	Salaries	-	600	-	-	-	-	-	-	600
200	Employee benefits	-	117	-	-	-	-	-	-	117
300	Purchased services	-	2,385	-	-	-	-	-	-	2,385
400	Supplies and materials	-	2,300	-	-	-	-	-	-	2,300

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule B-2

		Title I (2011/2012) (2011)	IDEA (2013)	Preschool Handi- capped (2015)	Occupational Education (207)	Drug & Violence Prevention (209)	* Adult Education	* Other Restricted State Grants	*Other Special Revenue Programs	Total
EXPENDITURES, continued										
100	Instruction, continued									
120	Exceptional programs, continued									
125	Hearing handicapped									
100	Salaries	-	40,431	-	-	-	-	-	-	40,431
200	Employee benefits	-	11,205	-	-	-	-	-	-	11,205
300	Purchased services	-	146	-	-	-	-	-	-	146
400	Supplies and materials	-	8,800	-	-	-	-	-	-	8,800
126	Speech handicapped									
100	Salaries	-	5,208	-	-	-	-	-	-	5,208
200	Employee benefits	-	1,012	-	-	-	-	-	-	1,012
300	Purchased services	-	252	-	-	-	-	-	-	252
400	Supplies and materials	-	8,638	-	-	-	-	-	48	8,686
127	Learning disabilities									
100	Salaries	-	290,170	-	-	-	-	-	20,243	310,413
200	Employee benefits	-	83,974	-	-	-	-	-	1,715	85,689
300	Purchased services	-	3,200	-	-	-	-	-	-	3,200
400	Supplies and materials	-	71,622	-	-	-	-	-	134	71,756
128	Emotionally handicapped									
100	Salaries	-	174,343	-	-	-	-	-	-	174,343
200	Employee benefits	-	72,924	-	-	-	-	-	-	72,924
300	Purchased Services	-	109	-	-	-	-	-	-	109
400	Supplies and materials	-	6,798	-	-	-	-	-	596	7,394
130	Pre-school programs									
131	Pre-school handicapped speech (5 yr olds)									
100	Salaries	-	45,476	23,651	-	-	-	-	-	69,127
200	Employee benefits	-	14,061	18,042	-	-	-	-	-	32,103
135	Pre-school handicapped special (3 & 4 yr olds)									
100	Salaries	-	114,629	-	-	-	-	-	-	114,629
200	Employee benefits	-	29,555	-	-	-	-	-	-	29,555
136	Pre-school handicapped non-speech (3 & 4 yr olds)									
100	Salaries	-	131,232	-	-	-	-	-	-	131,232
200	Employee benefits	-	45,302	-	-	-	-	-	-	45,302
400	Supplies and materials	-	153	-	-	-	-	-	-	153
137	Pre-school handicapped self-contained (3 & 4 yr olds)									
100	Salaries	-	-	86,099	-	-	-	17,065	-	103,164
200	Employee benefits	-	-	30,058	-	-	-	-	-	39,958
139	Early childhood programs									
100	Salaries	244,285	28,579	-	-	-	-	-	-	272,864
200	Employee benefits	77,750	10,684	-	-	-	-	-	-	88,434

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule B-2

		Title I (201/202) (235)	IDEA (203)	Preschool Handi- capped (215)	Occupational Education (207)	Drug & Violence Prevention (209)	* Adult Education	* Other Restricted State Grants	*Other Special Revenue Programs	Total
<b>EXPENDITURES, continued</b>										
100	Instruction, continued									
140	Special programs									
	141	Gifted and talented - academic								
	100		16							16
	100									
160	Other exceptional programs									
	161	Autism								
	100								72,356	72,356
	200								35,483	35,483
170	Summer school programs									
	171	Primary summer school								
	100							121,382		121,382
	200							22,423		22,423
	300							1,300		1,300
	400							82,791		82,791
	500							16,818		16,818
	172	Elementary summer school								
	100							129,376		129,376
	200							23,703		23,703
	400							13,699		13,699
	175	Instructional programs beyond regular school day								
	100	50,203						60,986	783,821	895,010
	200	19,608						12,574	143,180	175,362
	300	3,402						189	22,000	25,791
	400							7,481	83,637	91,118
	600								49	49
180	Adult/continuing educational programs									
	181	Adult basic education programs								
	100						44,964			44,964
	200						10,292			10,292
	400						6,010			6,010
	182	Adult secondary education programs								
	100						112,318			112,318
	200						17,977			17,977
	300						1,480			1,480
	400						2,905			2,905
	183	Adult English literacy - ESL								
	100						62,824			62,824
	200						16,269			16,269
	400						2,208			2,208



BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule D-2

		Title I (201/202) (235)	IDEA (203)	Prose <sup>1</sup> ... Handi- capped (205)	Occupational Education (207)	Drug & Violence Prevention (208)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
EXPENDITURES, continued										
100 Instruction, continued										
180 Adult/continuing educational programs, continued										
188	Parenting/family literacy									
100	Salaries	117,134	-	-	-	-	-	58,038		175,172
200	Employee benefits	40,619	-	-	-	-	-	17,132		57,751
300	Purchased services	38,471	-	-	-	-	5,719	11,464		55,654
400	Supplies and materials	12,262	-	-	-	-	33,829	16,554		62,645
600	Other objects	372	-	-	-	-	-	73		450
	<b>Total instruction</b>	<b>2,944,870</b>	<b>1,532,205</b>	<b>167,750</b>	<b>187,857</b>	<b>-</b>	<b>315,993</b>	<b>2,349,598</b>	<b>4,403,150</b>	<b>12,101,683</b>
200 Support services										
210 Pupil services										
211 Attendance and social work services										
100	Salaries	-	45,452	-	-	-	-	238,831		284,289
200	Employee benefits	-	18,560	-	-	-	-	54,494		73,054
300	Purchased services	-	125,480	72	-	-	-	20,556		146,108
400	Supplies and materials	-	2,842	-	-	-	-	1,837		4,079
500	Capital outlay	-	13,011	-	-	-	-	-		13,011
212 Guidance services										
100	Salaries	-	-	-	30,739	-	-	-		30,739
200	Employee benefits	-	-	-	12,713	-	-	-		12,713
300	Purchased services	-	-	-	-	47,716	-	-		47,716
400	Supplies and materials	-	-	-	-	25,128	-	-		25,128
213 Health services										
100	Salaries	-	4,675	-	-	-	-	21,791		26,466
200	Employee benefits	-	267	-	-	-	-	3,117		3,384
300	Purchased services	1,153	53,572	-	-	22,173	-	12,557		80,460
400	Supplies and materials	-	-	-	-	-	-	8,677		8,677
500	Capital outlay	-	-	-	-	-	-	11,660		11,660
214 Psychological services										
100	Salaries	-	495,317	-	-	-	-	-		495,317
200	Employee benefits	-	140,560	-	-	-	-	-		140,560
300	Purchased services	-	7,350	-	-	-	-	-		7,350
400	Supplies and materials	-	4,637	-	-	-	-	-		4,637
215 Exceptional Programs										
100	Salaries	-	5,513	-	-	-	-	-		5,513
200	Employee benefits	-	1,071	-	-	-	-	-		1,071
300	Purchased services	-	3,026	-	-	-	-	-		3,026
220 Instructional staff services										
221 Improvements of instruction - curriculum development										
100	Salaries	22,369	264,794	-	-	-	-	590,959	61,882	940,004
200	Employee benefits	7,557	154,269	-	-	-	-	153,919	14,471	330,216
300	Purchased services	-	-	-	-	726	-	44,496	107,097	151,819
400	Supplies and materials	-	-	-	-	161	-	396	115,007	116,564
600	Other objects	-	-	-	-	-	-	-	1,800	1,800

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule 0-2

		Title I (201,502) (235)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug & Violence Prevention (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
EXPENDITURES, continued										
200	Support services, continued									
	222 Library and media									
	100 Salaries	-	-	-	-	-	-	-	1,597	1,597
	200 Employee benefits	-	-	-	-	-	-	-	310	310
	300 Purchased services	-	-	-	-	-	-	-	3,744	3,744
	400 Supplies and materials	-	-	-	-	-	-	-	5,167	5,167
	223 Supervision of special programs									
	100 Salaries	52,160	156,414	-	-	-	92,960	-	111,466	413,000
	200 Employee benefits	13,680	47,007	-	-	-	20,645	-	31,396	112,724
	300 Purchased services	1,342	36,948	-	-	-	6,233	-	17,007	62,280
	400 Supplies and materials	2,822	77,234	-	-	-	-	-	6,601	84,071
	500 Capital outlay	-	317,241	-	-	-	14	-	1,598	318,839
	600 Other objects	-	217	-	-	-	-	-	-	217
	224 Improvement of instruction - inservice and staff training									
	100 Salaries	35,740	-	-	-	-	-	28,346	14,110	78,196
	200 Employee benefits	2,998	-	-	-	-	-	902	-	5,808
	300 Purchased services	256,882	224	-	2,246	117	-	100,704	270,875	630,832
	400 Supplies and materials	4,196	-	-	-	-	-	1,566	36,569	42,331
	500 Capital outlay	-	-	-	-	-	-	-	8,689	8,689
250	Finance and operations services									
	251 Federal student transportation									
	100 Salaries	6,198	-	-	-	-	-	-	-	6,198
	200 Employee benefits	512	-	-	-	-	-	-	-	512
	300 Purchased services	76,776	-	-	-	-	-	2,275	78,301	157,352
	253 Facilities acquisition and construction									
	500 Capital outlay	-	-	-	-	-	-	31,964	-	31,964
	254 Operation and maintenance of plant									
	100 Salaries	-	-	-	-	-	-	-	37,639	37,639
	200 Employee benefits	-	-	-	-	-	-	-	5,420	5,420
	300 Purchased services	4,180	-	-	-	-	-	-	-	4,180
	255 Student transportation									
	100 Salaries	-	-	-	-	-	-	-	4,590	4,590
	200 Employee benefits	-	-	-	-	-	-	-	902	902
	300 Purchased services	1,684	10,865	-	-	-	-	13,319	42,551	69,448
	258 Security									
	300 Purchased services	-	-	-	-	-	-	260,974	-	260,974
260	Central support services									
	266 Technology/Data processing									
	400 Supplies and materials	-	-	-	-	-	-	1,342	-	4,663
	500 Capital outlay	-	-	-	-	-	-	-	1,342	16,342

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule B-2

	Title I (201/202) (235)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug & Violence Prevention (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
EXPENDITURES, continued									
200 Support services, continued									
271 Pupil service activities									
600 Other objects	29,080	-	-	-	-	-	-	35,292	64,372
Total support services	519,854	1,083,942	72	45,696	95,021	119,852	1,251,080	1,389,844	5,405,363
300 Community services									
350 Custody and care of children									
100 Salaries	-	-	-	-	-	-	-	352,200	352,200
200 Employee benefits	-	-	-	-	-	-	-	85,416	85,416
300 Purchased services	-	-	-	-	-	-	-	2,509	2,509
400 Supplies and materials	-	-	-	-	-	-	-	8,428	8,428
370 Non-Public school services									
300 Purchased services	-	-	-	-	645	-	-	-	645
Total community services	-	-	-	-	645	-	-	448,552	449,198
EXPENDITURES, continued									
410 Intergovernmental expenditures									
412 Payments to other governmental units									
720 Transfers	-	-	-	-	-	-	237,489	4,832	238,321
Total intergovernmental expenditures	-	-	-	-	-	-	237,489	4,832	238,321
Total expenditures	3,464,684	3,516,147	167,822	233,555	95,666	435,845	4,034,167	6,246,679	18,194,565
Interfund transfers from (to) other funds									
5210 Transfer from general fund								393,123	393,123
422 710 Transfer to special revenue EIA fund							(796,200)	-	(796,200)
431-790 Special revenue fund indirect costs	(82,703)	(73,402)	(4,061)	-	(2,315)	(1,774)	-	(26,627)	(200,882)
Total other financing sources (uses)	(82,703)	(73,402)	(4,061)	-	(2,315)	(1,774)	(796,200)	356,496	(603,959)
Excess of revenues and other financing sources over (under) expenditures and other financing uses									
	-	-	-	-	-	1,071	-	-	1,071
FUND BALANCE, JULY 1, 2004	-	-	-	-	-	9,502	-	-	9,502
FUND BALANCE, JUNE 30, 2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,573	\$ -	\$ -	\$ 10,573

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 SPECIAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule B-2

\* Adult Education

- 243 Adult Ed.
- 818 Adult Ed. - Local Program
- 914 Adult Ed. - Literacy
- 918 Adult Ed. - Basic

\* Restricted State Grants

- 901 Increase High School Diploma Requirements
- 908 Refurbishment of K-4 Science Kits
- 911 School Technology Initiative
- 916 ADEPT
- 917 Preschool Programs for Children with Disabilities
- 921 Governor's Workforce Initiative
- 923 Alternative Schools Program
- 929 EAA Reduce Class Size Grades 1-3
- 931 EAA Summer School
- 932 EAA Comprehensive Remediation
- 933 School Safety Officers
- 934 Excellence in Middle Schools
- 960 K-5 Enhancement
- 961 EAA Teacher Specialist
- 962 EAA Principal Specialist
- 963 EAA Homework Center Awards
- 964 EAA Retraining Funds
- 965 EAA Palmetto Gold and Silver Awards

\* Other Special Revenue Programs

- 211 IDEA Capacity Building and Improvement
- 213 Personnel Development
- 218 SC Reading First
- 220 Before/After School Day Care
- 224 21st Century Comm. Learning
- 235 Title I Migrant Education
- 237 Title I School Improvement
- 241 Promoting Informed Parental Choice and Innovative Programs, Title VI
- 242 Even Start Family Literacy
- 248 CDC State and Local Coordinated School Health Programs
- 250 NCLB Community Service Learning
- 253 Enhancing Education through Technology
- 261 Comprehensive School Reform
- 264 Language Instruction for Limited English Proficient and Immigrant Students, Title III
- 267 Improving Teacher Quality
- 269 East Coast Migrant (04-05)
- 274 Success By Six
- 280 100 Schools Challenge
- 285 Term Comparison
- 286 Medicaid
- 287 Medicaid/Health Services
- 289 ROTC
- 291 Twenty-first Century Community Learning Center
- 298 Technology Today

- 801 Miscellaneous State Revenue
- 804 SC Humanities Council
- 805 AED Project
- 806 Flight Schools Program
- 807 Project Lead the Way
- 809 Bi-Lo Charities
- 817 Early Childhood Coalition
- 820 SAT/ACT Improvement
- 835 Academy of Finance Scholarship
- 842 CS Personnel Development
- 850 ABC/RPM
- 855 First Steps
- 865 Miscellaneous Arts
- 866 ATEABC
- 880 G-CAP

BEAUFORT COUNTY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF DESIGNATED STATE RESTRICTED GRANTS  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2005

Schedule B-3

Subfund	Revenue	Programs	Revenues	Expenditures	Transfers In/(Out)
901	3122	Increase High School Diploma Requirements	\$ 612,101	\$ 612,101	\$ -
908	3126	Refurbishment of K-8 Science Kits	29,108	29,108	-
911	3198	School Technology Initiative	92,545	92,545	-
914	3152	Adult Education Literacy	50,000	50,000	-
916	3991	ADEPT	57,898	57,898	-
917	3135	Preschool Handicapped	17,065	17,065	-
918	3151	Adult Education Basic	191,335	191,335	-
921	3151	Governor's Workforce Initiative	2,000	2,000	-
923	3123	Alternative Schools Program	174,141	174,141	-
929	3129	EAA Reduce Class Size Grades 1-3	796,200	-	(796,200)
931/932	3121	EAA Summer School/ Comprehensive Remediation	559,392	559,392	-
933	3192	School Safety Officers	137,532	137,532	-
934	3191	Excellence in Middle Schools	123,442	123,442	-
960	3610	K-5 Competitive Grants	997,820	997,820	-
961	3601	EAA Teacher Specialist	756,412	756,412	-
962	3602	EAA Principal Specialist	127,011	127,011	-
963	3603	EAA Homework Center Grants	87,232	87,232	-
964	3604	EAA Retraining Grant	138,457	138,457	-
965	3605	EAA Palmetto Gold and Silver	30,501	30,501	-

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2005

Schedule B-4

		Total
<b>REVENUES</b>		
1000	Revenue from Local Sources	
1900	Miscellaneous Local Revenue	
1999	Revenue from Other Local Sources	\$ 28,146
	Total local sources	28,146
3000	Revenue from State Sources	
3500	Education Improvement Act:	
3507	School Innovation Funds	385,771
3509	Arts in Education	14,013
3513	Parenting/Family Literacy	143,351
3515	Advanced Placement Courses	9,834
3517	Advanced Placement Courses - Singleton	30,885
3520	Gifted and Talented - Academic	889,444
3522	Gifted and Talented - Artistic	61,960
3523	Junior Scholars Programs	995
3525	Career and Technology Education Equipment	100,346
3527	Critical Teaching Needs	7,514
3529	EAA Retraining Grant	30,825
3530	Trainable and Profoundly Mentally Disabled Student Services	74,376
3532	National Board Certification	782,760
3533	Teacher of the Year Awards	1,077
3534	Professional Development on Standards	166,847
3535	Governor's Institute of Reading	6,444
3540	Four-Year Old Early Childhood Program	296,771
3546	Academic Assistance K-3	1,106,858
3548	Academic Assistance 4-12	1,095,829
3549	Academic Assistance Reading Recovery	175,251
3550	Teacher Salary Increase	6,529,345
3553	Adult Education - Remedial	34,246
3555	School Employer Contributions	1,214,458
3570	Technology Staff Development	34,887
3575	Competitive Teacher Grants	5,405
3577	Teacher Supplies	275,600
3582	Principal Salary/Fringe Increase	79,759
3588	EAA Palmetto Gold and Silver Awards	11,867
3592	School to Work Transition	30,286
3595	EAA Homework Center Grants	1,161
3598	Bus Driver Salary Supplement	11,258
3599	Other ELA	10,709
	Total state sources	13,620,132
	Total revenue all sources	13,648,278

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2005

Schedule B-4

EXPENDITURES	<u>Total</u>
100 Instruction	
110 General instruction	
111 Kindergarten programs	
100 Salaries	12,025
200 Employee benefits	7,579
400 Supplies and materials	3,887
	<u>23,491</u>
112 Primary programs	
100 Salaries	1,416,915
200 Employee benefits	461,921
300 Purchased services	19,789
400 Supplies and materials	37,646
600 Other objects	1,090
	<u>1,937,361</u>
113 Elementary programs	
100 Salaries	850,266
200 Employee benefits	211,984
300 Purchased services	7,311
400 Supplies and materials	341,828
500 Capital outlay	89,969
	<u>1,501,358</u>
114 High school programs	
100 Salaries	439,157
200 Employee benefits	112,754
300 Purchased services	23,938
400 Supplies and materials	168,679
500 Capital outlay	119,936
	<u>864,464</u>
115 Vocational programs	
400 Supplies and materials	61,282
500 Capital outlay	39,063
	<u>100,345</u>
120 Exceptional programs	
122 Trainable mentally handicapped	
100 Salaries	51,119
200 Employee benefits	23,257
	<u>74,376</u>
130 Pre-school programs	
139 Early childhood programs	
100 Salaries	177,016
200 Employee benefits	119,673
400 Supplies and materials	1,350
	<u>298,039</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2005

Schedule B-4

	Total
EXPENDITURES, continued	
100 Instruction, continued	
140 Special programs	
141 Gifted and talented-academic	
100 Salaries	674,414
200 Employee benefits	179,674
300 Purchased services	267
400 Supplies and materials	35,089
	889,444
143 Advanced placement	
400 Supplies and materials	35,530
	35,530
148 Gifted and talented - artistic	
100 Salaries	23,900
200 Employee benefits	4,643
300 Purchased services	28,699
400 Supplies and materials	17,341
	74,583
170 Summer school program	
173 High school summer school	
100 Salaries	6,698
200 Employee benefits	1,194
	7,892
175 Instructional programs beyond regular school day	
100 Salaries	100,876
200 Employee benefits	19,759
300 Purchased services	271
400 Supplies and materials	4,575
500 Capital outlay	7,005
	132,486
180 Adult/continuing educational programs	
187 Adult education - remedial	
100 Salaries	28,983
200 Employee benefits	4,492
300 Purchased services	57
400 Supplies and materials	714
	34,246
188 Parenting/family literacy	
100 Salaries	122,997
200 Employee benefits	40,937
300 Purchased services	21,968
400 Supplies and materials	17,143
500 Capital outlay	13,236
	216,281
	6,189,896
Total instruction	



BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2005

Schedule B-4

	<u>Total</u>
EXPENDITURES, continued	
200 Support services	
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
300 Purchased services	1,788
400 Supplies and materials	7,318
600 Other objects	880
	<u>9,986</u>
223 Supervision of special programs	
100 Salaries	73,686
200 Employee benefits	18,466
300 Purchased services	13,357
400 Supplies and materials	4,642
	<u>110,151</u>
224 Improvement of instruction - inservice and staff training	
100 Salaries	10,214
200 Employee benefits	749
300 Purchased services	215,073
400 Supplies and materials	35,085
	<u>261,121</u>
230 General administration services	
233 School administration	
100 Salaries	79,759
	<u>79,759</u>
250 Finance and operations services	
255 Student transportation	
100 Salaries	11,258
	<u>11,258</u>
270 Support services - pupil activity	
271 Pupil service activities	
660 Supporting services pupil activity	38,504
	<u>38,504</u>
Total support services	<u>510,779</u>
Total expenditures	<u>6,700,675</u>
OTHER FINANCING USES	
Interfund transfers, from (to) other funds	
5220 Transfer from special revenue fund	796,200
420-710 Transfer to general fund	(7,743,803)
Total other financing uses	<u>(6,947,603)</u>
Excess of revenues over expenditures and other financing uses	-
FUND BALANCE, JULY 1, 2004	<u>-</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ -</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
SUMMARY SCHEDULE BY PROGRAM  
EDUCATION IMPROVEMENT ACT FUND  
For the fiscal year ended June 30, 2005

Schedule B-5

	Revenues	Expenditures	Transfers In/(Out)	Deferred Revenue
3500 Education Improvement Act				
3507 School Innovation Funds	\$ 385,771	\$ 385,771	\$ -	\$ -
3509 Arts in Education	14,013	14,013	-	-
3513 Parenting/Family Literacy	143,351	143,351	-	3,375
3515 Advanced Placement Courses	9,834	9,834	-	53,975
3517 Advanced Placement - Singleton	30,885	30,885	-	-
3520 Gifted and Talented - Academic	889,444	889,444	-	351,430
3522 Gifted and Talented - Artistic	61,960	61,960	-	30,083
3523 Junior Scholars Programs	995	995	-	-
3525 Career and Technology Education Equipment	100,346	100,346	-	83,986
3527 Critical Teaching Needs	7,514	7,514	-	6,000
3529 EAA Retraining Grant	30,825	30,825	-	44,059
3530 Trainable & Profoundly Mentally Disabled Student Services	74,376	74,376	-	-
3532 National Board Certification	782,760	782,760	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-
3534 Professional Development on Standards	166,847	166,847	-	51,676
3535 Governor's Institute of Reading	6,444	6,444	-	43,556
3540 Four-Year Old Early Childhood	296,771	296,771	-	180,000
3546 Academic Assistance K-3	1,106,858	1,903,058	796,200	275,576
3548 Academic Assistance 4-12	1,095,829	1,095,829	-	422,355
3549 Academic Assistance Reading Recovery	175,251	175,251	-	52,731
3550 Teacher Salary Increase	6,529,345	-	(6,529,345)	-
3553 Adult Education - Remedial	34,246	34,246	-	-
3555 School Employer Contributions	1,214,458	-	(1,214,458)	-
3570 Technology Staff Development	34,887	34,887	-	-
3573 Competitive Teacher Grants	5,405	5,405	-	3,563
3577 Teacher Supplies	275,600	275,600	-	-
3582 Principal Salary/Fringe Increase	79,759	79,759	-	-
3588 EAA Palmetto Gold and Silver Awards	11,867	11,867	-	-
3592 School-To-Work Transition	30,286	30,286	-	-
3595 EAA Homework Center Awards	1,161	1,161	-	-
3598 Bus Driver Salary Supplement	11,258	11,258	-	-
3599 Other EIA	10,709	10,709	-	81,900
<b>Total</b>	<b>\$ 13,620,132</b>	<b>\$ 6,672,529</b>	<b>\$ (6,947,603)</b>	<b>\$ 1,684,265</b>

SCHEDULE C

DEBT SERVICE FUND

The Debt Service Fund is used to record payments of interest and principal on long-term general obligation debt from tax proceeds and earnings on temporary investments.

BEAUFORT COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
DEBT SERVICE FUND  
JUNE 30, 2005

Schedule C-1

ASSETS

ASSETS

Deposits with Beaufort County Treasurer	\$ 9,522,963
Taxes receivable, net of allowance of \$41,515	<u>419,766</u>
Total assets	<u>\$ 9,942,729</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Property tax refunds payable	240,628
Deferred revenue	<u>63,323</u>
Total liabilities	<u>303,951</u>

FUND BALANCE

Reserved for debt service	<u>9,638,778</u>
Total fund balance	<u>9,638,778</u>
Total liabilities and fund balance	<u>\$ 9,942,729</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 DEBT SERVICE FUND  
 For the fiscal year ended June 30, 2005

Schedule C-2

REVENUES		
1000	Revenue from local sources	
	1200 Revenue from local governmental units other than LEAs	
	1210 Ad valorem taxes-including delinquent	\$ 26,793,926
	1240 Penalties and interest on taxes	150,723
	1280 Revenue in lieu of taxes	<u>5,363</u>
		26,950,012
	1500 Earnings on investments	
	1510 Interest on investments	<u>217,382</u>
	Total local sources	<u>27,167,394</u>
3000	Revenue from state sources	
	3800 State revenue in lieu of taxes	
	3820 Homestead exemption	422,202
	3830 Merchant's inventory tax	85,989
	3890 Other state property tax revenues	<u>19,694</u>
	Total state sources	<u>527,885</u>
	Total revenue all sources	<u>27,695,279</u>
EXPENDITURES		
500	Debt service	
	610 Redemption of principal	17,895,000
	620 Interest	11,423,367
	690 Other objects	<u>614,847</u>
	Total expenditures	<u>29,933,214</u>
OTHER FINANCING SOURCES (USES)		
	5110 Premium on bonds sold	10,436,780
	5130 Proceeds of refunding debt	128,480,000
	441-720 Payment to refunded debt escrow agent	<u>(137,520,500)</u>
	Total other financing sources (uses)	<u>1,396,280</u>
	Excess of expenditures over revenues and other financing sources (uses)	(841,655)
	FUND BALANCE, JULY 1, 2004	<u>10,480,433</u>
	FUND BALANCE, JUNE 30, 2005	<u>\$ 9,638,778</u>

SCHEDULE D

CAPITAL PROJECTS FUND

The capital projects fund, also referred to as the "building fund", is used to record the proceeds from the sale of long-term general obligation bonds and other revenues used for facilities acquisitions and construction. The fund balance is encumbered for the completion of specific projects.

BEAUFORT COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
CAPITAL PROJECTS FUND  
JUNE 30, 2005

Schedule D-1

ASSETS

ASSETS

Interest receivable	\$ 492,685
Deposits with Beaufort County Treasurer	11,713,913
Accounts receivable - other	305,183
Due from general fund	47,552,765
Due from other governmental units	<u>984,566</u>
Total assets	<u>\$ 61,049,112</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,119,866
Retainage payable	<u>1,271,964</u>
Total liabilities	<u>3,391,830</u>

FUND BALANCE

Reserved for capital projects	<u>57,657,282</u>
Total fund balance	<u>57,657,282</u>
Total liabilities and fund balance	<u>\$ 61,049,112</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 CAPITAL PROJECTS FUND  
 For the fiscal year ended June 30, 2005

Schedule D-2

REVENUES

1000	Revenue from local sources	
	1500 Earnings on investments	
	1510 Interest on investments	\$ 1,007,102
	1900 Other revenue from local sources	
	1993 Receipt of insurance proceeds	<u>280,633</u>
	Total local sources	<u>1,287,735</u>
3000	Revenue from state sources	
	3170 State School Building Fund	89,196
	3172 Children's Education Endowment	<u>530,776</u>
	Total state sources	<u>619,972</u>
4000	Revenue from federal sources	
	4999 Other Federal Sources	<u>114,950</u>
	Total federal sources	<u>114,950</u>
	Total revenues all sources	<u>2,022,657</u>

EXPENDITURES

250	Finance and operations	
	253 Facilities acquisition and construction:	
	200 Employee benefits	167
	300 Purchased services	2,634,556
	400 Supplies and materials	291,218
	500 Capital outlay	
	520 Construction services	15,119,095
	530 Improvements other than buildings	1,227,621
	540 Equipment	1,900,758
	545 Technology, equipment and software	2,838,929
	580 Mobile classrooms	771,030
	690 Other objects	<u>226,498</u>
	Total expenditures	<u>25,009,872</u>

OTHER FINANCING SOURCES

5110	Premium on bonds sold	28,230
5120	Proceeds of General Obligation Bonds	54,000,000
5500	Capital leases	<u>723,748</u>
	Total other financing sources	<u>54,751,978</u>

Excess of revenues and other financing sources over expenditures	31,764,763
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FUND BALANCE, JULY 1, 2004	<u>25,892,519</u>
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FUND BALANCE, JUNE 30, 2005	<u>\$ 57,657,282</u>
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SCHEDULE E

ENTERPRISE FUND

The enterprise fund records the financing, operation and maintenance of the food service fund. The food service fund operates in a manner similar to a private business enterprise. The fund's purpose is to provide balanced nutritional meals to School District students, some of which are free and reduced meals under the United States Department of Agriculture school breakfast and lunch programs.

BEAUFORT COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
ENTERPRISE FUND - FOOD SERVICE  
JUNE 30, 2005

Schedule E-1

ASSETS

CURRENT ASSETS

Cash and investments	\$	725
Deposits with Beaufort County Treasurer		1,754,140
Due from other governmental units		7,640
Accounts receivable		112,702
Due from other funds		1,297,327
Due from pupil activity funds		10,197
Inventories		<u>249,450</u>
 Total current assets		 <u>3,432,181</u>

NON-CURRENT ASSETS

Equipment		2,349,988
Less: accumulated depreciation		<u>(1,754,460)</u>
 Total noncurrent assets		 <u>595,528</u>

Total assets	\$	<u>4,027,709</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	671,846
Accrued salaries and benefits		63,283
Deferred revenue		74,952
Accrued compensated absences		<u>337</u>
 Total current liabilities		 <u>810,418</u>

NON-CURRENT LIABILITIES

Accrued compensated absences		<u>10,557</u>
 Total non-current liabilities		 <u>10,557</u>

NET ASSETS

Invested in capital assets		595,528
Unrestricted		<u>2,611,206</u>
 Total net assets		 <u>3,206,734</u>
 Total liabilities and net assets	\$	 <u>4,027,709</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - FOOD SERVICE  
 ENTERPRISE FUND

Schedule E-2

For the fiscal year ended June 30, 2005

REVENUES		
1000	Revenue from local sources	
	1500 Earnings on investments	
	1510 Interest on investments	\$ 17,831
	1600 Food service	
	1610 Lunch sales to pupils	1,027,112
	1620 Breakfast sales to pupils	58,037
	1630 Special sales to pupils	479,008
	1640 Lunch sales to adults	88,986
	1650 Breakfast sales to adults	5,248
	1660 Special sales to adults	29,673
	1900 Other revenue from local sources	
	1910 Rentals	2,303
	1999 Revenue from other local sources	<u>307,896</u>
	Total local sources	<u>2,016,094</u>
3000	Revenue from state sources	
	3140 School lunch	
	3142 Program aid	<u>10,222</u>
	Total state sources	<u>10,222</u>
4000	Revenue from federal sources	
	4800 USDA reimbursement	
	4810 School lunch and after school snacks program	2,926,359
	4830 School breakfast program	776,821
	4900 Other federal sources	
	4991 USDA commodities	<u>390,224</u>
	Total federal sources	<u>4,093,404</u>
	Total revenue all sources	<u>6,119,720</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - FOOD SERVICE  
 ENTERPRISE FUND

Schedule E-2

For the fiscal year ended June 30, 2005

EXPENSES		
256	Food service	
100	Salaries	1,159,397
200	Employee benefits	213,063
300	Purchased services	
323	Repairs and maintenance services	8,524
325	Rental	721
332	Travel	26,264
350	Advertising	1,579
390	Other purchased services	1,205,744
400	Supplies and materials	
410	Supplies	408,541
460	Food	2,053,713
461	USDA commodities	390,224
462	Commodity distribution charge	9,724
500	Capital outlay	
570	Depreciation	115,866
600	Other objects	
640	Organization membership dues and fees	29,757
650	Liability/Tort Insurance	47,277
670	Sales tax on adult meals	5,883
690	Other objects	<u>10,927</u>
	Total expenses	<u>5,687,204</u>
OTHER FINANCING USES		
432-791	Food service fund indirect costs	<u>(215,124)</u>
	Total other financing uses	<u>(215,124)</u>
	Net income	217,392
NET ASSETS, JULY 1, 2004		<u>2,989,342</u>
NET ASSETS, JUNE 30, 2005		<u>\$ 3,206,734</u>

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Exhibit 6.

SCHEDULE F

FIDUCIARY FUND TYPE

The agency fund is used to record the receipts and disbursements of monies from various student activity organizations. These organizations exist at the explicit approval of the Board of Education. The approval may be revoked. The fund accounting reflects the School District's agency relationship with the student activity organizations. Since the agency fund is custodial, no fund balances exist.

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 For the fiscal year ended June 30, 2005

Schedule F-1

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>ASSETS</b>				
Cash	\$ 29,500	\$ -	\$ -	\$ 29,500
Due from general fund	<u>1,131,987</u>	<u>3,484,603</u>	<u>3,494,528</u>	<u>1,122,062</u>
 Total assets	 <u>\$ 1,161,487</u>	 <u>\$ 3,484,603</u>	 <u>\$ 3,494,528</u>	 <u>\$ 1,151,562</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 104,243	\$ 111,609	\$ 104,243	\$ 111,609
Accrued salaries and benefits	23,039	33,307	23,039	33,307
Due to other funds	54,930	60,601	54,930	60,601
Due to student organizations	<u>979,275</u>	<u>2,530,780</u>	<u>2,564,010</u>	<u>946,045</u>
 Total liabilities	 <u>\$ 1,161,487</u>	 <u>\$ 2,736,297</u>	 <u>\$ 2,746,222</u>	 <u>\$ 1,151,562</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES  
 IN DUE TO STUDENT ORGANIZATIONS  
 AGENCY FUNDS - SCHOOL ACTIVITIES  
 For the fiscal year ended June 30, 2005

Schedule F-2

RECEIPTS		
1000	Receipts from local sources	
	1500 Earnings on investments	
	1510 Interest on investments	\$ 20,346
	1700 Pupil activities	
	1730 Pupil organization membership dues and fees	229,316
	1900 Other revenue from local sources	
	1920 Contributions and donations private sources	33,121
	1999 Revenue from other local sources	<u>2,687,937</u>
	Total receipts all sources	<u>2,970,720</u>
DISBURSEMENTS		
	190 Instructional pupil activity	
	660 Pupil activity	212,527
	270 Support services pupil activity	
	271 Pupil service activities	
	660 Supporting services pupil activity	1,912,174
	272 Enterprise activities	
	660 Pupil activity	814,526
	273 Trust and agency activities	
	660 Enterprise activities	<u>64,723</u>
	Total disbursements	<u>3,003,950</u>
	Excess of disbursements over receipts	(33,230)
	DUE TO STUDENT ORGANIZATIONS, JULY 1, 2004	<u>979,275</u>
	DUE TO STUDENT ORGANIZATIONS, JUNE 30, 2005	<u>\$ 946,045</u>

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Schedule F-1.

SCHEDULE G

OTHER SUPPLEMENTAL SCHEDULES

Attached are schedules required by the South Carolina Department of Education which detail amounts due to the State Department of Education, deferred revenue in the Education Improvement Act Fund and the Financial Analysis Model Location Reconciliation Schedule as of and for the year ended June 30, 2005.



BEAUFORT COUNTY SCHOOL DISTRICT  
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/  
 FEDERAL GOVERNMENT  
 JUNE 30, 2005

Schedule G-1

Program	Grant or Project Number	Revenue & Subfund Codes	Description	Amount due to State Department of Education
Teacher Supply Reimbursement	N/A	3577/377	Teacher supplies	\$ 1,400

BEAUFORT COUNTY SCHOOL DISTRICT  
 DETAILED SCHEDULE OF DEFERRED REVENUE  
 IN THE SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

Schedule G-2

Program/Strategy	Revenue Code	Amount recorded as Deferred Revenue
Special Projects Fund:		
EAA Summer School/Comprehensive Remediation	3121	\$ 463,376
Education License Plates	3193	4,867
School Technology Initiative	3198	80,227
Extended School Year	3199	435
EAA Homework Center Awards	3603	119,994
EAA Retraining Funds	3604	174,928
Palmetto Gold & Silver	3605	14,199
K 6-8 Enhancement	3607	47,400
K-5 Enhancement	3610	61,980
K-5 Field Trips	3699	11,700
ADEPT	3991	1,495
ABC/RPM	3999	23,690
Enhancing Education Through Technology, Title II Before/After School	4331 4998	36,280 20,612
Other state and local	Various	468,030
		<u>\$ 1,529,213</u>
Education Improvement Act:		
Parenting/Family Literacy	3513	\$ 3,375
Advanced Placement Courses	3515	53,975
Gifted and Talented - Academic	3520	351,430
Gifted and Talented - Artistic	3522	30,083
Career and Technology Education Equipment	3525	83,986
Critical Teaching Needs	3527	6,000
EAA Retraining Grant	3529	44,059
Professional Development on Standards	3534	51,676
Governor's Institute of Reading	3535	42,556
Four-year old Early Childhood	3540	180,000
Academic Assistance K-3	3546	275,576
Academic Assistance 4-12	3548	422,355
Academic Assistance Reading Recovery	3549	52,731
Competitive Teacher Grants	3575	3,563
Other EIA	3599	81,900
		<u>\$ 1,684,265</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 FINANCIAL ANALYSIS MODEL  
 LOCATION RECONCILIATION SCHEDULE  
 For the fiscal year ended June 30, 2005

Schedule G-3

Location ID	Description	Education Level	Cost Type	Expenditures
01	District Office	Non-Schools	Central	\$ 63,861,880
02	District Service Center	Non-Schools	Central	184,209
09	Project Soar	Alternative Schools	School	924,290
10	Academy for Career Excellence	Other Schools	School	2,504,101
15	St Helena Early Childhood	Other Schools	School	1,117,117
17	Hilton Head Early Childhood	Other Schools	School	5,564,516
33	Beaufort Elementary	Elementary Schools	School	4,943,750
34	Coosa Elementary	Elementary Schools	School	3,850,980
35	Lady's Island Elementary	Elementary Schools	School	3,268,891
37	Mossy Oaks Elementary	Elementary Schools	School	5,119,964
38	Port Royal Elementary	Elementary Schools	School	1,976,407
39	St Helena Elementary	Elementary Schools	School	4,278,785
40	Broad River Elementary	Elementary Schools	School	3,838,012
42	Shell Point Elementary	Elementary Schools	School	5,364,552
44	Joseph S. Shanklin Elementary	Elementary Schools	School	3,174,223
52	James J. Davis Elementary	Elementary Schools	School	3,286,603
54	Whale Branch Elementary	Elementary Schools	School	3,311,557
60	Daufuskie Elementary	Elementary Schools	School	237,148
62	Hilton Head Elementary	Elementary Schools	School	16,272,104
70	Bluffton Elementary	Elementary Schools	School	4,497,347
72	Okatie Elementary	Elementary Schools	School	3,924,168
74	Michael C. Riley Elementary	Elementary Schools	School	4,567,328
80	Beaufort Middle	Middle Schools	School	4,695,805
81	Lady's Island Middle	Middle Schools	School	5,937,739
83	Robert Smalls Middle	Middle Schools	School	4,895,235
85	Whale Branch Middle	Middle Schools	School	4,190,192
87	Hilton Head Middle	Middle Schools	School	7,044,268
88	McCracken Middle	Middle Schools	School	5,157,523
90	Beaufort High	High Schools	School	9,281,691
92	Battery Creek High	High Schools	School	9,017,891
94	North Area High School	High Schools	School	407,322
96	Hilton Head High	High Schools	School	7,996,050
98	Bluffton High	High Schools	School	10,749,206
Total expenditures/disbursements for all funds				<u>\$ 215,440,854</u>

The below expenditures are reconciled to the School District's financial statements as follows:

General Fund (Subfund 100's)	\$ 126,911,374
Special Revenue Fund (Subfunds 200's, 800's, 900's)	18,194,565
Special Revenue EFA Fund (Subfund 300's)	6,700,675
Debt Service Fund (Subfund 400's)	29,933,214
Capital Projects Fund (Subfund 500's)	25,009,872
Proprietary Fund (Subfund 600's)	5,687,204
Agency Fund (Pupil Activity) (Subfund 700's)	<u>3,003,950</u>
	<u>\$ 215,440,854</u>

CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS

BEAUFORT COUNTY SCHOOL DISTRICT  
 CAPITAL ASSETS USED IN THE OPERATION  
 OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 JUNE 30, 2005

Schedule H-1

Governmental funds capital assets:	
Land	\$ 11,405,292
Improvements	73,606,885
Buildings	262,585,435
Equipment	21,054,566
Construction-in-progress	<u>25,249,177</u>
Total governmental fund capital assets	<u>\$ 393,901,355</u>
Investments in governmental fund assets by source.	
General fund	\$ 28,540,639
Special revenue fund	2,142,723
Capital projects fund	<u>363,217,993</u>
Total governmental fund capital assets	<u>\$ 393,901,355</u>

STATISTICAL SECTION

(UNAUDITED)

The following statistical tables reflect social, economic, financial and demographic data.

BEAUFORT COUNTY SCHOOL DISTRICT  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
Last ten fiscal years  
(Unaudited)

Table 1

	1996 *	1997 *	1998 *	1999 *	2000 *	2001 *	2002	2003	2004	2005
INSTRUCTION	\$ 41,524,154	\$ 46,025,877	\$ 51,697,868	\$ 56,950,509	\$ 61,994,838	\$ 69,897,695	\$ 77,728,082	\$ 81,954,029	\$ 88,705,452	\$ 93,767,463
SUPPORTING SERVICES	26,753,493	28,449,171	31,111,223	35,200,357	40,129,646	43,930,888	61,094,521	63,965,451	72,379,072	76,264,488
COMMUNITY SERVICES	791,189	506,921	424,043	369,674	449,036	949,857	1,075,093	776,659	772,656	678,798
INTERGOVERNMENTAL	49,193	1,557,345	59,809	353,657	64,559	114,994	18,559	14,865	239,549	245,569
CAPITAL OUTLAY *	7,749,978	18,833,177	33,925,396	51,506,215	33,021,781	22,834,332	N/A	N/A	N/A	N/A
INTEREST AND OTHER CHARGES	<u>12,177,253</u>	<u>24,628,093</u>	<u>15,067,753</u>	<u>15,631,838</u>	<u>18,430,594</u>	<u>19,938,781</u>	<u>10,536,793</u>	<u>10,359,493</u>	<u>11,071,944</u>	<u>11,941,447</u>
	<u>\$ 89,045,260</u>	<u>\$ 120,000,584</u>	<u>\$ 132,286,092</u>	<u>\$ 160,012,250</u>	<u>\$ 154,090,454</u>	<u>\$ 157,666,547</u>	<u>\$ 150,453,048</u>	<u>\$ 157,070,497</u>	<u>\$ 173,168,673</u>	<u>\$ 182,897,765</u>

Notes:

The general government includes expenditures for the general, special revenue, debt service and capital projects funds

\* For comparative purposes, expenditure data for the fiscal years 1995 through 2001 has not been restated for the effects of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which impacted governmental expenditures shown for the fiscal years 2002 and thereafter

BEAUFORT COUNTY SCHOOL DISTRICT  
GENERAL GOVERNMENTAL REVENUES BY SOURCE  
Last ten fiscal years  
(Unaudited)

Table 2

Year ended June 30,	Total				Percent			
	Local	State	Federal	Total	Local	State	Federal	Total
1996 *	\$ 53,629,698	\$ 29,645,717	\$ 3,865,780	\$ 87,141,195	61.6	34.0	4.4	100
1997 *	\$ 56,310,654	\$ 33,774,606	\$ 3,744,817	\$ 93,830,077	60.0	36.0	4.0	100
1998 *	\$ 62,984,952	\$ 34,450,686	\$ 4,318,019	\$ 101,753,657	61.9	33.9	4.2	100
1999 *	\$ 70,966,594	\$ 36,298,821	\$ 4,671,322	\$ 111,936,737	63.4	32.4	4.2	100
2000 *	\$ 83,737,763	\$ 38,801,279	\$ 5,851,999	\$ 128,391,041	65.2	30.2	4.6	100
2001 *	\$ 93,562,036	\$ 45,404,558	\$ 9,017,774	\$ 147,984,368	63.2	30.7	6.1	100
2002	\$ 98,587,322	\$ 46,151,236	\$ 9,084,601	\$ 153,823,159	64.1	30.0	5.9	100
2003	\$ 109,090,848	\$ 39,395,215	\$ 9,767,086	\$ 158,253,149	68.9	24.9	6.2	100
2004	\$ 113,317,033	\$ 43,439,239	\$ 11,355,430	\$ 168,111,702	67.4	25.8	6.8	100
2005	\$ 128,705,439	\$ 41,816,133	\$ 13,822,441	\$ 184,344,013	69.8	22.7	7.5	100

Notes:

The general government includes revenue for the general, special revenue, debt service and capital projects funds.

\* For comparative purposes, revenue data for the fiscal years 1995 through 2001 has not been restated for the effects of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which impacted governmental revenues shown for the fiscal years 2002 and thereafter.



BEAUFORT COUNTY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND  
COLLECTIONS FOR SCHOOL PURPOSES  
Last ten fiscal years  
(Unaudited)

Table 3

Fiscal Year	Tax Levy	Collected	Delinquent Tax Collected	Total Collected
* 1996	\$ 36,668,734	\$ 35,997,960	\$ 2,210,936	\$ 38,208,896
1997	\$ 41,584,624	\$ 38,414,715	\$ 2,345,651	\$ 40,760,366
1998	\$ 51,451,140	\$ 40,815,752	\$ 2,289,609	\$ 43,105,361
** 1999	\$ 53,902,500	\$ 45,370,765	\$ 2,421,151	\$ 47,791,916
2000	\$ 66,334,354	\$ 55,504,116	\$ 4,842,782	\$ 60,346,898
2001	\$ 71,386,400	\$ 64,069,174	\$ 5,719,562	\$ 69,788,736
2002	\$ 75,626,881	\$ 70,297,966	\$ 3,964,674	\$ 74,262,640
2003	\$ 85,422,345	\$ 80,857,760	\$ 3,554,474	\$ 84,412,234
2004	\$ 91,239,397	\$ 84,256,382	\$ 4,961,965	\$ 89,218,347
2005	\$ 95,533,047	\$ 93,471,145	\$ 4,603,637	\$ 98,074,782

\* Reduction is due to 1996 Property Tax Relief Legislation

\*\* Reassessment

BEAUFORT COUNTY SCHOOL DISTRICT  
 ASSESSED AND ESTIMATED MARKET VALUE  
 OF TAXABLE PROPERTY  
 Last ten fiscal years  
 (Unaudited)

Table 4

<u>Year Ended June 30,</u>	<u>Assessed Value</u>	<u>Market Value</u>	<u>Ratio of Total Assessed to Total Estimated Market Value</u>
1996	\$ 459,639,525	\$ 7,257,646,545	0.063
1997	\$ 483,644,328	\$ 7,614,171,510	0.064
1998	\$ 527,703,726	\$ 8,514,565,830	0.062
1999*	\$ 718,699,964	\$ 13,559,033,302	0.053
2000	\$ 753,813,529	\$ 14,272,259,342	0.053
2001	\$ 804,879,297	\$ 14,671,923,440	0.055
2002	\$ 860,859,973	\$ 14,622,352,762	0.059
2003	\$ 882,522,438	\$ 15,704,793,396	0.056
2004	\$ 924,855,697	\$ 17,547,339,153	0.053
2005*	\$ 1,500,023,516	\$ 28,460,204,075	0.053

\* Reassessment

BEAUFORT COUNTY SCHOOL DISTRICT  
PROPERTY TAX MILLAGE RATES -  
DIRECT AND OVERLAPPING GOVERNMENTS  
Last ten fiscal years  
(Unaudited)

Table 5

<u>Fiscal Year</u>	<u>School District</u>	<u>County</u>	<u>Special Districts</u>
1995-96	127.40	68.40	149.30
1996-97	126.80	64.00	173.90
1997-98	128.10	63.80	179.90
1998-99*	98.60	51.10	162.50
1999-00	108.40	58.30	174.80
2000-01	119.80	58.10	181.80
2001-02	119.80	56.60	186.80
2002-03	129.20	60.00	238.70
2003-04	130.40	64.00	265.00
2004-05*	94.20	48.60	346.40

Source: County Treasurer

\*Reassessment

BEAUFORT COUNTY SCHOOL DISTRICT  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA

Table 6

Last ten fiscal years  
 (Unaudited)

Fiscal Year	(1) Estimated Population	(2) Assessed Valuation	Net Outstanding Bonded Debt	Percent Debt to Valuation	Per Capita Debt	Debt Limitations
95/96	99,841	\$ 459,639,525	\$ 61,205,942	13.3	613	\$ 36,771,162
96/97	102,735	\$ 483,644,328	\$ 76,494,808	15.8	745	\$ 38,691,546
97/98	103,019	\$ 527,703,726	\$ 116,336,930	22.0	1,129	\$ 42,216,298
98/99	108,979	\$ 718,699,964	\$ 157,962,515	22.0	1,449	\$ 57,495,997
99/00	112,973	\$ 753,813,529	\$ 145,433,135	19.3	1,287	\$ 60,305,082
00/01	120,937	\$ 804,879,297	\$ 209,539,315	26.0	1,733	\$ 64,390,344
01/02	125,212	\$ 860,859,973	\$ 199,133,498	23.1	1,590	\$ 68,868,798
02/03	129,594	\$ 882,522,438	\$ 238,119,725	27.0	1,837	\$ 70,601,795
03/04	132,889	\$ 924,855,697	\$ 224,654,567	24.3	1,691	\$ 73,988,456
04/05	135,725	\$ 1,500,023,516	\$ 229,196,222	15.3	1,689	\$ 120,001,881

Source: (1) U.S. Bureau of Census  
 (2) Beaufort County Auditor

BEAUFORT COUNTY SCHOOL DISTRICT  
 OUTSTANDING GENERAL OBLIGATION BONDS DIRECT AND OVERLAPPING DEBT  
 (Unaudited)

Table 7

Name of Unit	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Beaufort County Schools	\$ 51,545,000	\$ 77,540,000	\$ 118,085,000	\$ 163,320,000	\$ 152,515,000	\$ 215,905,000	\$ 207,010,000	\$ 247,830,000	\$ 235,135,000	\$ 238,835,000
Total direct debt	<u>51,545,000</u>	<u>77,540,000</u>	<u>118,085,000</u>	<u>163,320,000</u>	<u>152,515,000</u>	<u>215,905,000</u>	<u>207,010,000</u>	<u>247,830,000</u>	<u>235,135,000</u>	<u>238,835,000</u>
Beaufort County	33,180,000	32,105,000	27,790,000	33,725,000	40,325,000	56,685,000	65,790,000	86,000,000	80,960,000	106,175,000
City of Beaufort	1,319,003	16,025,736	11,266,832	12,137,803	449,921	360,000	295,000	230,000	-	85,000
Fripp Island Public Service District	410,000	595,000	825,010	775,010	700,917	885,917	661,120	626,120	575,570	512,570
Hilton Head Public Service District	2,750,000	2,425,000	2,425,000	2,150,000	2,000,000	1,825,000	1,650,000	1,450,000	795,000	530,000
South Beach Public Service District	2,870,000	6,369,399	2,247,500	2,122,500	1,890,000	1,635,000	1,370,000	1,095,000	810,000	490,000
Town of Hilton Head	10,940,000	12,205,000	12,855,000	17,350,000	22,045,000	21,275,000	20,350,000	19,260,000	63,730,000	74,705,000
Lady's Island Fire District	805,802	781,327	805,802	1,075,640	872,661	932,196	578,432	314,238	393,483	1,108,108
Broad Creek Public Service District	1,435,000	1,210,000	1,085,000	6,500,000	6,500,000	6,480,000	6,460,000	6,440,000	6,420,000	6,400,000
Burton Fire District	1,130,505	1,087,571	1,130,505	964,824	741,874	658,714	511,604	252,690	1,517,520	2,403,473
Bluffton Fire District	228,352	856,447	368,000	297,190	764,061	2,970,815	2,629,236	2,491,814	2,324,023	2,207,472
Town of Port Royal	462,840	350,120	614,800	271,418	241,847	*	-	-	-	-
Sheldon Fire District	138,193	120,851	86,997	54,824	190,228	135,491	261,535	352,185	316,112	280,581
Daufuskie Island Fire District	-	-	544,043	509,585	473,453	435,564	395,834	353,015	258,420	210,256
Total overlapping debt	<u>55,669,695</u>	<u>74,131,451</u>	<u>62,044,489</u>	<u>77,913,794</u>	<u>77,194,962</u>	<u>94,278,697</u>	<u>100,952,761</u>	<u>118,865,062</u>	<u>158,100,128</u>	<u>195,107,460</u>
	<u>\$ 107,214,695</u>	<u>\$ 151,671,451</u>	<u>\$ 180,129,489</u>	<u>\$ 241,233,794</u>	<u>\$ 229,709,962</u>	<u>\$ 310,183,697</u>	<u>\$ 307,962,761</u>	<u>\$ 366,695,062</u>	<u>\$ 393,235,128</u>	<u>\$ 433,942,460</u>

\* Data unavailable

BEAUFORT COUNTY SCHOOL DISTRICT  
 RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
 TO TOTAL GENERAL FUND EXPENDITURES  
 Last ten fiscal years  
 (Unaudited)

Table 8

<u>Fiscal Year</u>	<u>Debt Service</u>	<u>General Fund Expenditures</u>	<u>Ratio</u>
1996	\$ 12,177,253	\$ 60,822,500	0.200
1997	\$ 24,628,093	\$ 67,577,257	0.364
1998	\$ 15,067,753	\$ 73,101,832	0.206
1999	\$ 15,631,838	\$ 80,944,175	0.193
2000	\$ 18,433,894	\$ 88,922,498	0.207
2001	\$ 19,938,781	\$ 97,889,925	0.204
2002	\$ 19,434,461	\$ 109,080,256	0.178
2003	\$ 23,112,854	\$ 115,179,645	0.201
2004	\$ 23,308,141	\$ 121,097,373	0.192
2005	\$ 29,933,214	\$ 126,911,374	0.236

BEAUFORT COUNTY SCHOOL DISTRICT  
 PRINCIPAL BEAUFORT COUNTY TAXPAYERS  
 (Unaudited)

Table 9

The ten largest taxpayers in Beaufort County and the Beaufort County taxes paid by each for the year 2004 are as follows:

Name of Taxpayer	2004 taxes paid	Percentage of total assessed value
Marriott Ownership Resorts	\$ 3,017,106	0.16
S.C. Electric and Gas	2,153,467	0.18
Palmetto Electric Co-Op, Inc.	1,233,429	0.17
Dunes Hotel Associates	683,667	0.18
SCG Hilton Head Property, LLC.	626,014	0.17
Smith Lynn Press	534,007	0.17
Sea Pines Plantation	476,568	0.14
Greenwood Development Corp.	455,942	0.05
M & M Multi Services	423,716	0.17
Renwar Industries	<u>416,811</u>	0.17
Total taxes paid	<u>\$ 10,020,727</u>	0.15

The above figures include only County and School District taxes levied by Beaufort County for operations and debt service.

BEAUFORT COUNTY SCHOOL DISTRICT  
 DEMOGRAPHIC STATISTICS  
 Last ten fiscal years  
 (Unaudited)

Table 10

<u>Year</u>	<u>Population (A)</u>	<u>Per Capita Income (B)</u>	<u>Unemployment Rate (C)</u>
1995	99,841	\$ 25,896	5.1%
1996	102,735	\$ 27,232	3.3%
1997	103,019	\$ 29,765	4.5%
1998	108,979	\$ 30,765	2.1%
1999	112,973	\$ 32,699	2.3%
2000	120,937	\$ 32,112	2.1%
2001	125,212	\$ 33,943	2.7%
2002	129,594	\$ 34,935	2.8%
2003	132,889	\$ 34,814	2.9%
2004	135,725	*	3.2%

(A) Population provided by Census of Population, U.S. Bureau of Census, and the Beaufort County Joint Planning Commission

(B) Per Capita Income provided by the U.S. Department of Commerce, Bureau of Economic Analysis

(C) Unemployment rate provided by the S.C. Employment Security Commission

\* Unavailable



BEAUFORT COUNTY SCHOOL DISTRICT  
 GROWTH FIGURES OF NEW AND EXPANDED INDUSTRIES AND  
 CAPITAL INVESTMENT SUMS EXPENDED IN BEAUFORT COUNTY

Table 11

Last ten years  
 (Unaudited)

<u>Calendar Year</u>	<u>New Plants/ Additional Plants</u>	<u>New Investment</u>	<u>New Employment</u>
1995	13	\$ 4,387,000	78
1996	14	\$ 3,841,000	43
1997	17	\$ 1,920,900	91
1998	15	\$ 9,982,000	80
1999	14	\$ 8,080,950	39
2000	7	\$ 6,310,000	87
2001	5	\$ 94,083	2
2002	2	\$ 40,000	1
2003	*	*	*
2004	*	*	*

Sources: South Carolina Development Board/Beaufort County Development Board

\* Data unavailable

BEAUFORT COUNTY SCHOOL DISTRICT  
 STUDENT ENROLLMENT  
 Last ten fiscal years  
 (Unaudited)

Table 12

<u>Year</u>	<u>Enrollment</u>	<u>Increase (Decrease)</u>	<u>Average Daily Attendance</u>	<u>Increase (Decrease)</u>
1996	15,008	52 - 0.3%	13,356	78 - 0.6%
1997	15,708	700 - 4.6%	13,968	612 - 4.6%
1998	16,131	423 - 2.6%	14,577	609 - 4.4%
1999	16,597	466 - 2.8%	15,070	493 - 3.3%
2000	16,389	(208) - 1.0%	15,127	57 - 0.3%
2001	16,648	259 - 2.0%	15,394	267 - 1.8%
2002	17,114	466 - 2.8%	15,667	273 - 1.9%
2003	17,604	490 - 2.9%	15,861	194 - 1.2%
2004	17,911	307 - 1.7%	16,640	779 - 4.7%
2005	18,364	453 - 2.5%	17,115	475 - 2.9%

BEAUFORT COUNTY SCHOOL DISTRICT  
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
Last ten fiscal years  
(Unaudited)

Table 13

Fiscal Year	(1) Bank Deposits	(2) New Construction	(3) Market Value
1996	\$ 830,556,000	\$ 278,584,493	\$ 7,257,646,545
1997	\$ 817,116,000	\$ 304,672,988	\$ 7,614,171,510
1998	\$ 878,116,000	\$ 334,094,632	\$ 8,514,565,830
*1999	\$ 1,043,844,000	\$ 378,422,256	\$ 13,559,033,302
2000	\$ 1,243,704,000	\$ 435,404,196	\$ 14,272,259,342
2001	\$ 1,832,106,000	\$ 127,972,366 **	\$ 14,671,923,440
2002	\$ 1,983,000,000	\$ 187,472,512 **	\$ 14,622,352,762
2003	\$ 2,064,496,000	\$ 182,489,512 **	\$ 15,704,793,396
2004	\$ 2,287,000,000	\$ 458,693,882 **	\$ 17,547,339,153
*2005	\$ 2,363,000,000	***	\$ 28,460,204,075

(1) Source: Federal Deposit Insurance Corporation

(2) Source: South Carolina Development Board

(3) Source: Beaufort County Government

\* Reassessment

\*\* New residential only

\*\*\* Unavailable

BEAUFORT COUNTY SCHOOL DISTRICT  
 COMPUTATION OF LEGAL DEBT MARGIN  
 JUNE 30, 2005  
 (Unaudited)

Table 14

Total assessed value - 2004 Tax year (Fiscal year 2005)		<u>\$ 1,500,023,516</u>
Constitutional debt limit - 8% of total assessed value		\$ 120,001,881
Amount of current debt applicable to debt limit		
Total bonded debt	\$ 238,835,000	
Less:		
Outstanding debt specifically excluded from the debt limit by referendum (See Note 5 in the notes to the financial statements)	<u>170,988,583</u>	
Total amount of debt applicable to the debt limit		<u>67,846,417</u>
Legal debt margin		<u>\$ 52,155,464</u>

BEAUFORT COUNTY SCHOOL DISTRICT  
 MISCELLANEOUS STATISTICS  
 JUNE 30, 2005  
 (Unaudited)

Table 15

Beaufort County was created by Legislative Act in 1785.

Form of Government: County Council consisting of eleven elected members with an appointed full-time County Administrator

Board of Education: Consisting of eleven elected members with an appointed Superintendent.

Area: 588 square miles

Enrollment: 18,364

Number of schools and centers:	Elementary (K-5)	16
	Middle (6-8)	6
	High (9-12)	4
	Special Schools	3
	Career Education Center	1

Number of Employees:	Teachers	1,486
	Others	1,570

Average Bi-Weekly Payroll: \$3,520,284

Accreditation:

State of South Carolina All Schools Accredited

Southern Association of Schools and Colleges All Schools Accredited

SINGLE AUDIT SECTION

BEAUFORT COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended June 30, 2005

LEA Subfund Fund Code	Fed. Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct programs				
297	21st Century Community Learning Center	84.287A	N992871	\$ 601,374
298	Technology Today	N/A	U215K040259	92,265
100	Impact Aid	84.041	N/A	276,038
Passed through S.C. Department of Education				
201	Title I - Prior Year	84.010	04BA014	113,649
202	Title I - Current Year	84.010	05BA014	3,433,738
203	Children with Disabilities IDEA - Current Year	84.027	05CA014	3,589,549
205	IDEA Pre-school Grants Current Year-Handicapped Capacity	84.173	05CG014	171,883
207	Occupational Education Current Year	84.048	05VA014	233,555
209	Drug and Violence Prevention Programs	84.186A	05FQ014	97,981
211	IDEA Capacity Building & Improvement - Handicapped	84.027A	05CR014	8,333
213	IDEA Personnel Development	84.027A	05CS014	10,686
218	SC Reading First	84.357A	05RC014-01	720,453
224	21st Century Community Learning Center-Community in Schools	84.186A	05CL014	475,000
235	Title I - Migrant Education	84.011	05BG014	106,208
237	Title I - Migrant School Improvement	84.011	05BJ014	26,533
241	Title V-Promoting Informed Parental Choice & Innovative Programs	84.298	05BB014	29,814
242	Even Start Family Literacy	84.213	05EK014	117,275
243	Adult Education	84.002	05EA014	109,758
248	CDC State & Local Coordinated School Health Programs	N/A	N/A	155
250	No Child Left Behind Community Serv Learning	84.184C	05CS014	26,350
253	Title II - Enhancing Education Through Technology	84.318	05ET014	121,277
263	Comprehensive School Reform	84.332A	05BF014	308,753
264	Title III-Language Instr for Limited English Proficient & Immigrant Students	84.365A	05BP014	374,382
267	Improving Teacher Quality	84.367A	05TQ014	965,153
267	Improving Teacher Quality	84.367.A	05FI014	200,000
Total of U.S. Department of Education				<u>12,210,162</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Passed through East Coast Migrant Headstart Project				
269	East Coast Migrant (04/05)	93.600	N/A	266,767
Passed through United Way of Beaufort County				
880	G-CAP	93.230	05SP09015	<u>76,375</u>
Total U.S. Department of Health and Human Services				<u>343,142</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through S.C. Department of Education				
600	USDA Commodities	10.550	N/A	390,224
600	School Breakfast Program	10.553	N/A	776,821
600	School Lunch Program	10.555	N/A	<u>2,926,359</u>
Total U.S. Department of Agriculture				<u>4,093,404</u>
OTHER FEDERAL AWARDS				
U.S. Department of Defense Direct Program				
295	ROTC	N/A	N/A	<u>251,494</u>
Total other federal awards				<u>251,494</u>
Total federal awards				<u>\$ 16,898,202</u>

Footnotes: The accounting policies of the School District conform to generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant policies can be found in the notes to the financial statements of the School District's basic financial statements for the year ended June 30, 2005. All expenditures reported on the above Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting as applicable to governmental funds, except for the expenditures of programs under CFDA Numbers 10.550, 10.553 and 10.555, which are reported under the full accrual basis of accounting as applicable to enterprise funds.

The accounting system used by South Carolina LEA's does not allow for the segregation of expenditures by fund sources in the Food Service Fund. Total expenses of the Food Service Fund were \$5,902,328. The detailed schedule of food service may be found on "Schedule E" of this report.



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# ElliottDavis

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

Beaufort County Board of Education  
Beaufort County School District  
Beaufort, South Carolina

We have audited the financial statements of Beaufort County School District as of and for the year ended June 30, 2005, and have issued our report thereon dated October 6, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### COMPLIANCE

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the School District's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the School District in a separate letter dated October 6, 2005.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 controls over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management of the School District in a separate letter dated October 6, 2005.



This report is intended for the information of the audit committee, the Board of Education, management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Elliott Davis, LLC*

October 6, 2005



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER COMPLIANCE FOR MAJOR PROGRAMS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Beaufort County Board of Education  
Beaufort County School District  
Beaufort, South Carolina

## COMPLIANCE

We have audited the compliance of Beaufort County 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 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 of the School District's compliance with those requirements.

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

## INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. 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 for the information of the audit committee, the Board of Education, management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Ernest Davis, LLC*

October 6, 2005

BEAUFORT COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2005

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- A) An unqualified opinion has been issued on the basic financial statements of Beaufort County School District for the year ended June 30, 2005.
- B) No reportable conditions in internal controls were disclosed by the audit of the financial statements.
- C) The audit disclosed no instances of noncompliance which are material to the basic financial statements.
- D) No reportable conditions in internal controls over major programs were identified.
- E) The report on compliance for major programs expressed an unqualified opinion.
- F) All findings for which the auditor is required to report are noted herein.
- G) For the year ended June 30, 2005, the following programs were considered to be major programs: USDA Commodities Program (CFDA 10.550), National School Breakfast Program and National School Lunch Program (CFDA 10.553 and 10.555), Twenty-First Century Community Learning Center (CFDA 84.287), SC Reading First (CFDA 84.357).
- H) For purposes of determining major programs, a \$506,946 threshold of expenditures was used.
- I) The District was determined to be a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported in the current fiscal year and there were no matters reported in the prior year.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported in the current fiscal year and there were no matters reported in the prior year.