

Beaufort County School District

Beaufort, South Carolina

Comprehensive Annual Financial Report



For Fiscal Year Ended
June 30, 2012

Dr. Jacqueline Rosswurm, Acting Superintendent • www.beaufort.k12.sc.us

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA

FOR THE
YEAR ENDED JUNE 30, 2012

PREPARED BY:
The Finance Department
Dr. Jacqueline M. Rosswurm, Acting Superintendent

Introductory Section



**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2012**

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BEAUFORT, SOUTH CAROLINA
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BEAUFORT, SOUTH CAROLINA
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Board Members



Fred S. Washington, Jr.,
Chairman
District 11-Beaufort/Port
Royal (843) 694-3396



George Wilson, Vice-
Chairman
District 10-
Bluffton/Okatie (843)
987-1234



Laura A. M. Bush, Board
Secretary
District 4-
Bluffton/Daufuskie (843)
757-2638



Julie C. Bell
District 2 - Hilton Head
(843) 247-2914



Herbert Burnes
District 8-Burton
(843) 846-4456



Earl Campbell
District 6-
Lobeco/Dale/Sheldon (843)
846-4531



Dr. Wayne Carbiener
District 3-Hilton Head
Island (843) 363-2113



Bill Evans
District 7-Beaufort
(843) 301-6858



Steven Morello
District 1-Hilton Head
Island (843) 290-4660



Michael F. Rivers, Sr.
District 5-St. Helena Island (843) 263-8467



Ronald F. Speaks
District 9-Burton 2 (843) 525-1163

BEAUFORT COUNTY SCHOOL DISTRICT

Administrative Staff

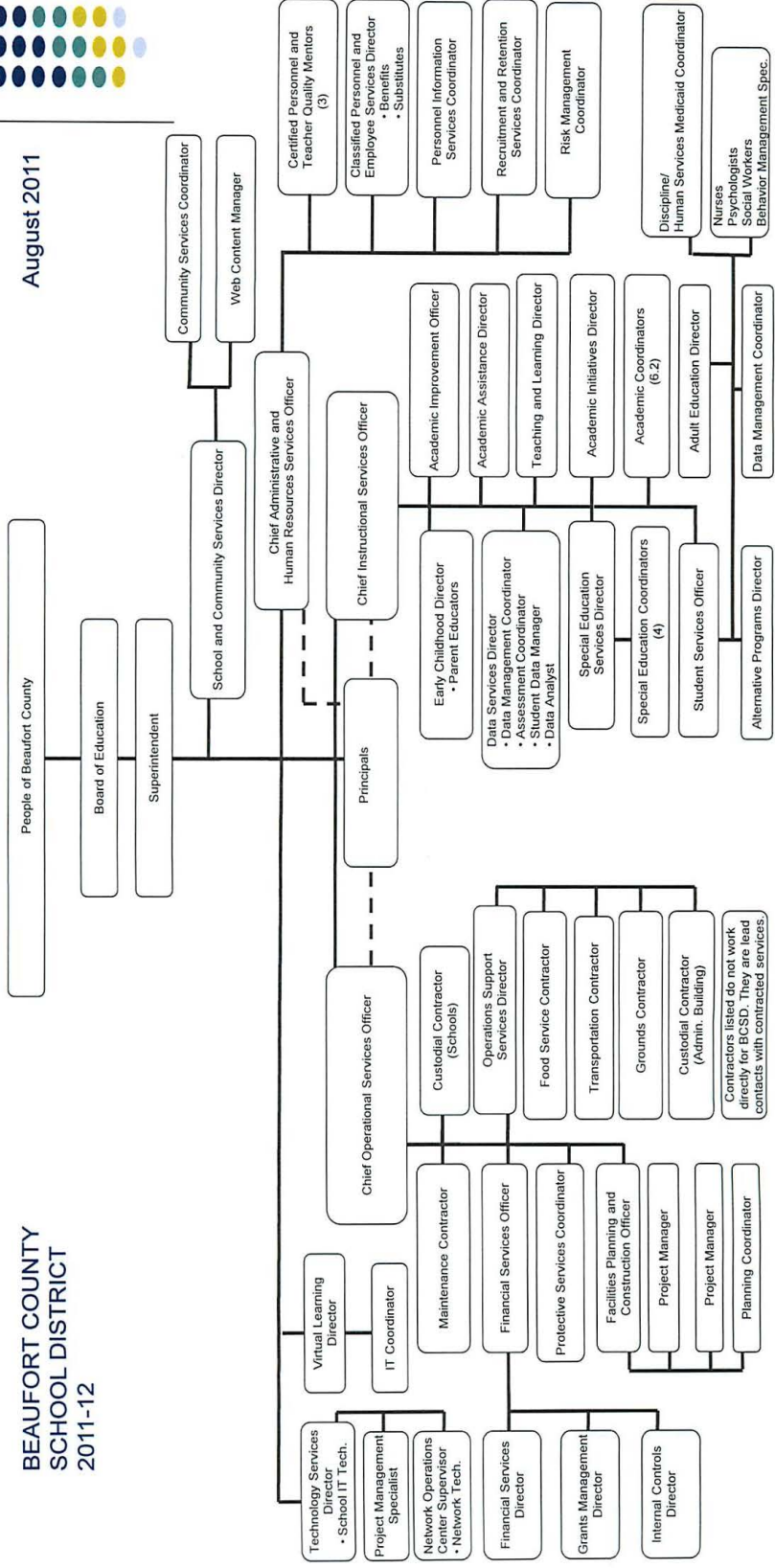
June 30, 2012

Superintendent	Dr. Valerie Truesdale (through 10/1/12)
Chief Instructional Services Officer	Dr. Dereck Rhoads
Chief Operational Services Officer	Mrs. Phyllis S. White
Chief Administrative and Human Resource Services Officer	Dr. Jacqueline M. Rosswurm
Student Services Officer	Dr. Cynthia Hayes
Academic Improvement Officer	Dr. Melissa Sheppard
Facilities Planning and Construction Officer	Mr. Robert Oetting
Financial Services Officer	Mrs. Tonya Crosby
Instructional Technology Services Officer	Vacant



August 2011

BEAUFORT COUNTY
SCHOOL DISTRICT
2011-12





November 30, 2012

To the Members of the Beaufort County Board of Education
And Citizens of Beaufort County, South Carolina:

We are pleased to present the Comprehensive Annual financial Report of the Beaufort County School District (BCSD) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management has established a comprehensive internal control framework. Internal accounting controls are designed to provide reasonable assurance that assets are properly safeguarded and accounted for, and to ensure the reliability of accounting information for preparing financial statements in conformity with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by WebsterRogers LLP, an independent firm of certified public accountants. The independent auditors' report is presented as the first component of the financial section of this report. The District also is required to undergo a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. In addition to reporting on the fair presentation of the financial statements, the single audit places special emphasis on internal controls and legal requirements involved in the administration of federal awards. These reports are available in the District's separately issued Single Audit Report located in the Single Audit Section of this document.

GAAP requires that 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 the MD&A and should be read in conjunction with it. BCSD's MD&A can be found immediately following the report of independent auditors.

Relevant Financial Policies

The majority of the District's financial policies endorsed by the Board of Education policies and regulations remain unchanged: organize and optimize resources for improved academic results; deliver high academic results at a low student cost; evaluate the use of resources for applicability to goals of the Board of Education's strategic plan; provide financial accountability and transparency to the citizens of Beaufort County; and carefully manage indebtedness and debt service. The Board of Education adopted a modification to the fund balance policy to comply with Government Accounting Standards Board (GASB) 54.

The District uses zero-based budgeting as a tool to manage its exposure to rising costs and to assure spending efficiencies. Innovative approaches to continuous improvement are employed to streamline processes and eliminate waste, and to measure process performance in meeting the goals of the Board of Education's strategic plan.

Profile of the District

Beaufort County School District serves slightly over 20,000 students. Located along the Atlantic Ocean, its area covers 588 square miles including 64 major islands and thousands of small islands in the state's southeastern corner. Beaufort County is characterized by isolated small towns, islands, and farming communities.

Beaufort County School District has 17 elementary schools, 7 middle schools, 5 high schools, 3 special schools, and 1 career center shared with neighboring Jasper County. It serves students in pre-kindergarten through grade 12 and includes programs such as: alternative education programs, English for Speakers of Other Languages (ESOL), vocational education, adult education, Science Technology Engineering and Math (STEM), Junior ROTC, and aeronautical engineering among others. In addition, two magnet programs, Advanced Math, Engineering and Science (AMES), have been established within two of our elementary schools, as well as a dual high school and college program at Whale Branch Early College High School.

In September of 2012, our Superintendent, Valerie P. Truesdale, Ph.D., retired from our district. She had been our Superintendent for slightly over 5 years leading us to tremendous increases in our academic achievement as noted later in this transmittal letter. The Board of Education appointed an internal staff member, Jacqueline M. Rosswurm, Ph.D., who is the Chief Administrative and Human Resources Officer, to assume the role of Acting Superintendent.

The School District is governed by the Board of Education (the "Board") which consists of eleven members elected from single member districts. The chief executive officer is the Superintendent of Schools, appointed by and responsible to the Board. An updated organizational chart of the management of the District is included in the Introductory Section.

The District does not have fiscal autonomy from Beaufort County. The County Council (an eleven member council) reviews our budget requests for reasonableness and levies the mills necessary in compliance with State Act 388 to insure sufficient tax revenue is generated. Funds are appropriated on an annual basis for the general operating fund.

Factors Affecting Financial Conditions

Local Economy - The School District receives approximately 69% of its operating budget from Beaufort County. The remaining 31% is received from the State; 76% of which is funded through sales tax. Therefore, any fluctuations in the economy have a direct impact on educational funding. Because of this, it continues to be important to pay close attention to revenue streams in fiscal year 2013 and future years to determine whether or not cost reductions will be required in the event revenues drop below budget.

Approximately 60% of the District's tax base is composed of Hilton Head Island, a popular destination for repeat annual visitors who either own a second home or consistently vacation on the island over consecutive years. The area is also home of the Heritage Golf Tournament, which attracts nearly 50,000 visitors annually.

The District also continues to derive economic benefits from the presence and expansion of military facilities, including the U.S. Marine Corps Recruit Depot, the Marine Corps Air Station (1,620 employees combined) and the Beaufort Naval Hospital. The military facilities provide steady employment despite the poor economic times. 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 County. These locations have benefited by the Department of Defense closing certain other military bases in the nation. In 2007, there were 6,988 active military and 926 civilians working for the Department of Defense at the Recruit Depot alone. In 2009, Beaufort City Council signed a resolution supporting the Department of Defense's proposal to locate up to 11 joint strike fighter jets at the Air Station beginning in 2013.

Commercial development continues to occur in the southern portion of the county despite the poor economic conditions. Housing sales have increased; albeit the sales prices of homes have decreased.

The county's unemployment rate at 8.8% remains below the State of South Carolina's rate of 9.4% but above the U.S. rate of 8.2% as of June 2012. This rate has remained steady over the past year, the presence of the military bases and lack of industrial based companies contribute to this low rate.

There have not been any changes in the major taxpayers in the County. The top ten taxpayers include four local utility companies and with the remaining being major resorts. The County's assessed value has continued to grow until this past year. This is a direct result of poor economic times.

The County has a median family income of \$56,091 for calendar year 2011. This income level continually ranks the County as one of the highest in the State. The table below shows the median family income for a family of four in the County, State and the United States for the last five years:

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2007	\$54,294	\$63,016	\$72,695
2008	71,640	64,565	75,232
2009	68,558	61,055	72,793
2010	58,837	61,812	72,066
2011	56,091	58,836	73,621

Despite having a very high median family income, many of our students' families have been affected by the recent downturn in the economy. The number of students eligible for free and reduced price meals have increased from 52% to 59% since 2007. In addition, the number of homeless students has increased from 38 students in 2007 to 98 students in

2012, down from a peak of 120 in 2011. These conditions put an increased financial burden on our community and schools.

Long-Term Financial Planning - The Board's fund balance policy requirements are the guide for long-term financial planning. The Board requires our fund balance stay within 13% to 15% of the next year's expenditures. This guidance is a critical component for long-range financial planning.

Five-year operating budget projections are updated each year, used as a starting point for discussion and planning, and revised each year to reflect trends and factors affecting enrollment. In addition, five-year capital and debt plans are revised more frequently than an annual basis to insure the District's financial stability during these uncertain economic times.

Major Initiatives - Included in these long-range projections are anticipated budget cuts, conservative increases in salaries and benefits as mandated by the State, as well as initiatives such as the Teacher Advancement Program (TAP) and Extended Learning Time (ELT). These initiatives focus on improving the academic progress of our students and schools.

Enrollment - Student enrollment has been on the rise since 2009 after experiencing a year of decline. The growth has been slight as a result of a weak housing market. Current enrollment has reached over 20,000 students, an increase of over 400 students since the prior year.

Accomplishments and Awards

Academic Progress - Beaufort County schools showed improvement on South Carolina School Report Cards during the 2010-2011 academic year. Based on student test scores, each school and district receives one of the following Absolute ratings: Excellent, Good, Average, Below Average or At Risk. Report cards also contain Growth ratings that show improvement by comparing student test scores from one year to the next. These ratings are based on mathematical formulas set by the South Carolina Education Oversight Committee (EOC).

No Child Left Behind objectives met improved from 22 of 33 in 2007 to 31 of 33 in 2011. The system was revised in 2012 giving schools A-F letter grades, and 87 percent were rated A-C with nearly half receiving an A.

In 2012, 81.4 percent of Beaufort County students passed both sections of the state's high school exit exam on their first attempt which represented an improvement over 2007's passing rate of 70.3 percent.

In 2007, 59 percent of Beaufort County's schools were rated Excellent, Good or Average on state School Report Cards. In 2011, 93 percent were rated Excellent, Good or Average. For the first time since Report Cards were first published more than 10 years ago, no Beaufort County school was rated At-Risk.

The number of Palmetto Gold and Silver award-winning schools increased significantly. In 2007, 3 schools earned either a Gold or Silver award. In 2012, a record 27 of 30

schools earned awards of which 6 were gold and 26 silver. In addition, two of our schools were awarded the highest honor in the state. The Palmetto's Finest Award was presented to Beaufort Middle School and Hilton Head Island High School naming the best middle school and high school in the state.

Financial Reporting Award – 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 Report for the past twenty-one 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.

In addition to the award for excellence in financial reporting, the District has earned the Distinguished Budget Presentation Award from the GFOA for the past five fiscal years.

Acknowledgements

We wish to express our appreciation to the entire staff of the Finance Department whose dedicated efforts have enabled this report to be prepared on a timely basis.

In closing, sincere gratitude is expressly to the Board of Education for their leadership and dedication to the Beaufort County School District, its taxpayers, employees, and most importantly, its students. To the citizens of the Beaufort County School District, please accept our gratitude for your support of our successful school district.

Respectfully submitted,



Jacqueline M. Rosswurm, Ph.D.
Acting Superintendent



Phyllis S. White, CPA, CGFO
Chief Operational Services Officer



Tonya V. Crosby, CPA, CGFO
Financial Services Officer

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, 2011

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Finacial Section



Independent Auditors' Report

Board of Trustees
Beaufort County School District
Beaufort, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of **Beaufort County School District** (the School District) as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Beaufort County School District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Riverview Charter School, a component unit, which reflect total net assets of \$559,353 as of June 30, 2012, and total revenues of \$3,671,726 for the year then ended (represents 100% of the net assets and revenues of the discretely presented component units). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Riverview Charter School is based solely on the report of the other auditors.

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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Beaufort County School District, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows 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 November 30, 2012, on our consideration of the Beaufort County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15 through 25 and 62 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beaufort County School District's financial statements as a whole. The introductory section, combining and individual fund schedules, other supplemental schedules, component unit schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, which excludes \$99,793 of expenditures relating to the discretely presented component unit that was audited by other auditors, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial schedules, other supplemental schedules, component unit schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to the discretely presented component unit is based on the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Summerville, South Carolina
November 30, 2012

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Beaufort County School District Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

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, 2012. Management encourages the readers to consider the information presented in this discussion in conjunction with additional information that is presented as part of this report. Readers are directed to the transmittal letter, financial statements, notes to the financial statements, other supplementary information and statistical information to enhance their understanding of the School District's financial performance.

Financial Highlights

- General revenues accounted for \$216 million in revenue or 79.5 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$55.6 million or 20.5 percent of total revenues of \$271.6 million.
- The assets of the Beaufort County School District exceeded its liabilities at the close of the most recent fiscal year by \$181.7 million (total net assets). Of this amount, \$32 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The School District had \$239.5 million in expenses related to governmental activities; only \$46.7 million (19.5%) of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$216.1 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 \$75.6 million, a decrease of \$5.5 million in comparison with the prior year. The decrease was primarily in the Capital Projects Fund due to the completion of numerous construction projects.
- Among the major funds, the general fund had \$172.7 million in revenues and other financing sources and \$173.7 million in expenditures and other financing uses. The general fund's fund balance increased to \$28.1 million from \$26.5 million. A contributing factor was a lawsuit settlement in the amount of \$2.65 million.
- While it appears local tax collections in the General Fund exceeded the budget by \$795,752, these excess funds were offset by a reduction in state revenue of \$1 million. This is a result of a change in the calculation methodology by the County Treasurer's Office of the revenues due to the tax increment financing (TIF) bond fund. Without this change in practice, collections would have been \$1.3 million below budget.
- Overall, state revenues fell short of the budget by \$1 million due primarily to the effect of the receipt of tax increment financing (TIF) payments in the amount of \$2 million which offset Reimbursements for Property Tax Relief as noted above. However, without this adjustment, state revenues would have been over budget, primarily due to retiree insurance funds and school bus drivers' funds from the state for a total amount \$895,000.
- The budget was designed with a planned use of fund balance in the amount of \$2 million; however, due to the unanticipated \$2.65M received as a settlement in an ongoing lawsuit and additional state revenue, no use of fund balance was needed.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$27.2 million or 15.7 percent of the total FY 2012 general fund expenditures.
- Revenues from federal sources exceeded the budget by \$610,577 as a result of multi-year E-rate and impact aid reimbursements being received in current year. The E-rate reimbursements are dependent upon the release of federal funds; and therefore, very unpredictable and difficult to budget.

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, capital projects, and the internal service fund. The business-type activities of the School District include the food service fund.

The government-wide financial statements can be found on pages 26 and 27 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 and the internal service fund are the only proprietary funds.
- **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 36 to 61.

Other supplementary 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.

Government-Wide Financial Analysis

The condensed statement of net assets describes the financial position of the School District on June 30, 2012. In the case of the School District's Primary Government, assets exceeded liabilities by \$181.7 million.

The largest portion of the School District's net assets (72.3%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The increase in investment in capital assets (net of related debt) of \$17.8 million (15.7%) is attributable, primarily, to the decrease in long term debt and the elimination of assets under the School District's capitalization threshold.

Restricted net assets decreased by \$8.9 million (32.7%) during the current fiscal year reflecting a reduction in the resources remaining for the completion of construction projects. Unrestricted Net Assets, the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased 7.4% from \$29.8 million at June 30, 2011 to \$32 million at June 30, 2012. The increase is primarily due to the reduction in liabilities.

All three components of net assets show positive balances. The same situation held true for the prior fiscal year. A summary of the School District's net assets for 2012 compared to 2011 is presented below:

Condensed Statement of Net Assets							
	Governmental activities		Business-type activities		Total School District		Percent
	2011	2012	2011	2012	2011	2012	change
Current and other assets	\$ 114,038,729	\$ 109,737,223	\$ 3,038,905	\$ 2,754,921	\$ 117,077,634	\$ 112,492,144	-3.9%
Capital assets	482,560,002	465,869,775	841,301	1,166,399	483,401,303	467,036,174	-3.4%
	596,598,731	575,606,998	3,880,206	3,921,320	600,478,937	579,528,318	-3.5%
Long-term debt outstanding	398,879,361	371,257,923	7,711	675	398,887,072	371,258,598	-6.9%
Other liabilities	30,573,491	25,876,238	428,098	666,306	31,001,589	26,542,544	-14.4%
Total liabilities	429,452,852	397,134,161	435,809	666,981	429,888,661	397,801,142	-7.5%
Net assets							
Invested in capital assets, net of related debt	112,669,995	130,188,153	841,301	1,166,399	113,511,296	131,354,552	15.7%
Restricted	27,269,678	18,365,513	-	-	27,269,678	18,365,513	-32.7%
Unrestricted	27,206,206	29,919,171	2,603,096	2,087,940	29,809,302	32,007,111	7.4%
Total net assets	167,145,879	178,472,837	3,444,397	3,254,339	170,590,276	181,727,176	6.5%
Total liabilities and net assets	\$ 596,598,731	\$ 575,606,998	\$ 3,880,206	\$ 3,921,320	\$ 600,478,937	\$ 579,528,318	-3.5%

The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2012:

Changes in Net Assets							
	Governmental activities		Business-type activities		Total School District		Total percent change 2011-12
	2011	2012	2011	2012	2011	2012	
REVENUES							
<u>Program revenues</u>							
Charges for sales and services	\$ 28,356	\$ 20,696	\$ 2,513,671	\$ 2,222,104	\$ 2,542,027	\$ 2,242,800	-11.8%
Operating grants and contributions	37,138,934	46,718,415	6,168,471	6,631,099	43,307,405	53,349,514	23.2%
<u>General revenues</u>							
Property taxes	158,346,619	170,068,590	-	-	158,346,619	170,068,590	7.4%
Federal and state formula aid	55,697,820	42,858,873	-	-	55,697,820	42,858,873	-23.1%
Other	1,214,385	407,465	-	20,579	1,214,385	428,044	-64.8%
Total revenues	252,426,114	260,074,039	8,682,142	8,873,782	261,108,256	268,947,821	3.0%
EXPENSES							
Instruction	126,985,171	123,081,889	-	-	126,985,171	123,081,889	-3.1%
Support services	99,083,949	102,881,123	-	-	99,083,949	102,881,123	3.8%
Community services	300,567	402,698	-	-	300,567	402,698	34.0%
Intergovernmental	2,980,553	-	-	-	2,980,553	-	0.0%
Interest and other charges	12,844,112	13,165,550	-	-	12,844,112	13,165,550	2.5%
Food service	-	-	8,842,845	8,880,026	8,842,845	8,880,026	0.4%
Total expenses	242,194,352	239,531,260	8,842,845	8,880,026	251,037,197	248,411,286	-1.0%
Excess (deficiency) before transfers	10,231,762	20,542,779	(160,703)	(6,244)	10,071,059	20,536,535	103.9%
Transfers	125,845	122,139	(125,845)	(122,139)	-	-	0.0%
Special Item	-	2,650,000	-	-	-	2,650,000	100.0%
Increase in net assets	10,357,607	23,314,918	(286,548)	(128,383)	10,071,059	23,186,535	130.2%
NET ASSETS, July 1, 2011*	156,788,272	155,157,919	3,730,945	3,382,722	160,519,217	158,540,641	-1.2%
NET ASSETS, June 30, 2012	167,145,879	178,472,837	3,444,397	3,254,339	170,590,276	181,727,176	6.5%

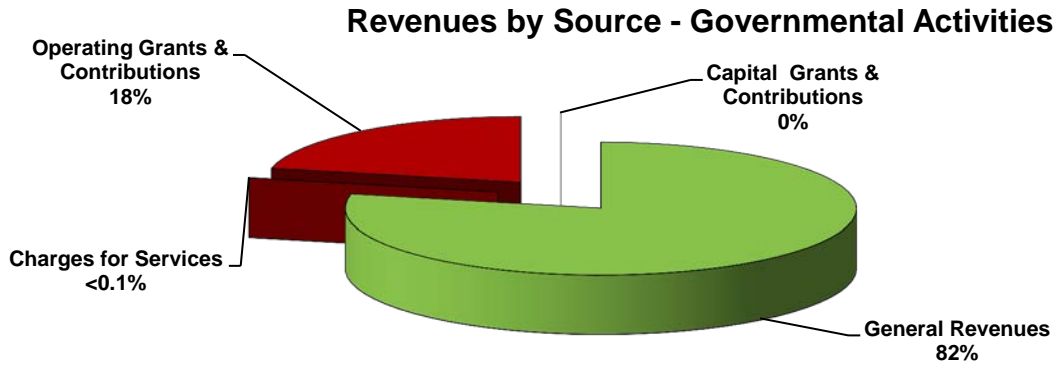
* As restated, see Note III.L.

Governmental Activities. Governmental activities increased the School District's net assets by \$23.3 million, thereby accounting for 15% of the total growth in the net assets. Key elements of the increase are as follows:

- Capital Assets decreased by \$16.7 million as the School District made a change in its fixed assets accounting policy, eliminating \$20 million of assets (\$11 million of capital assets, net of accumulated depreciation) with values of less than \$5,000. After the completion of the majority of the referendum approved new facilities in the last few years, the construction program has slowed. With that and the downturn in the economy, the focus has been on only high priority improvements that qualify as life/safety and asset protection issues.
- Long-term debt outstanding decreased by \$27.6 million (6.9%). This decrease is due primarily to \$40.1 million in principal payments, and the addition of only \$16.2 million in new general obligation bonds to finance ongoing projects.
- In addition, there was an increase in delinquent property tax revenue recognized in comparison to prior years. This increase coupled with the change in the County's allocation of TIF revenues has increased property taxes and contributed to the decrease in state revenues.

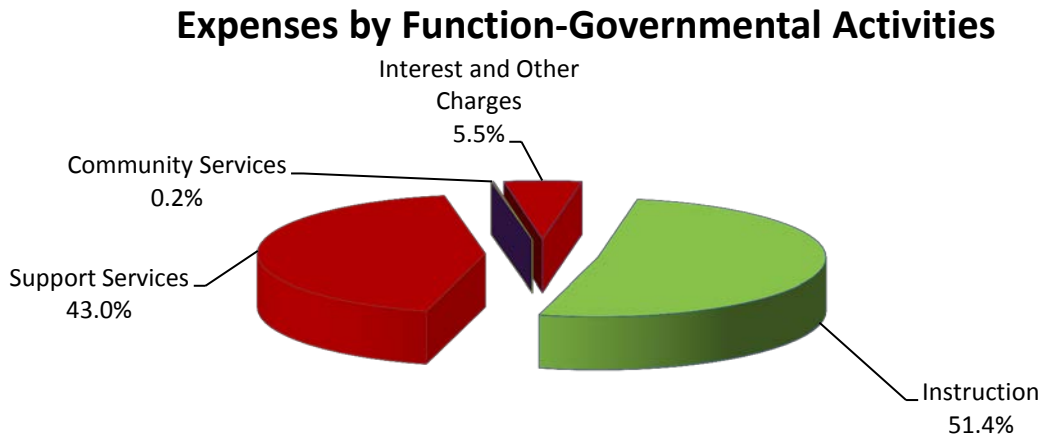
The School District's student enrollment continues to increase after experiencing a slight decline in 2009. Despite this increase, the School District continues without an increase in funding on the local and state levels. The state's primary funding formula, the Education Finance Act (EFA), uses a county wealth index based on real estate values to determine the amount of required local support. Because of the County's close proximity to the coast, property values are high; therefore, the index used by the State indicates Beaufort County as the wealthiest county in the state causing our District to have the lowest state support of all 85 school districts in the state.

The School District's dependence on local and state tax revenues for governmental activities is apparent as is demonstrated below. Eighty-two percent of all revenues are provided by general revenues which include local property taxes and non-restricted federal and state aid. The majority of these general revenues are local property taxes because as stated earlier, our District receives the lowest amount of funding from the state.



The total cost of governmental activity programs and services fell 1.1% to \$239.5 million. Instructional expenses decreased \$3.9 million and support expenses decreased by \$3.8 million, to \$123 million and \$102.9 million, respectively. Budget cuts resulted in a reduction of 80 positions, which contributed to the decrease in instructional expenses. In addition, programs have been eliminated due to the discontinuation of federal stimulus funding. Increases in fuel, food, utilities, contractual costs and debt payments have resulted in increased support expenses.

The figure below represents the cost of four major School District activities: instruction, support services, community services, and interest and other charges.



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.

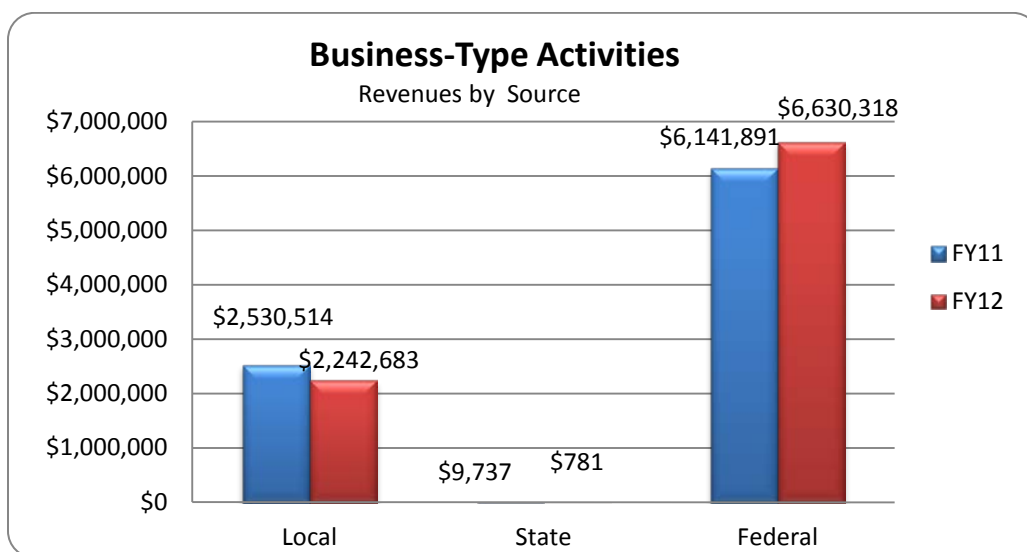
Net Cost of Governmental Activities						
	Total cost of services		Total percent change	Net cost of services		Total percent change
	2011	2012	2011-12	2011	2012	2011-12
Instruction	\$ 126,985,171	\$ 123,081,889	-3.1%	\$ 102,928,545	\$ 96,067,286	-6.7%
Support Services	99,083,949	102,881,123	3.8%	85,973,285	83,210,260	-3.2%
Community Services	300,567	402,698	34.0%	300,567	349,053	16.1%
Intergovernmental	2,980,553	-	-100.0%	2,980,553	-	-100.0%
Other	12,844,112	13,165,550	2.5%	12,844,112	13,165,550	2.5%
Total	\$ 242,194,352	\$ 239,531,260	-1.1%	\$ 205,027,062	\$ 192,792,149	-6.0%

- The cost of all governmental activities this year was \$239.5 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$46.7 million).
- Most of the School District's costs (\$192.8 million), however, were financed by School District and state taxpayers.
- This portion of governmental activities was financed with \$170 million in property taxes, \$42.9 million from unrestricted grants and contributions, \$407,465 of unrestricted revenue and investment earnings.

Business Type Activities. The Net Assets of business-type activities decreased by \$128,383 from June 30, 2011 to June 30, 2012. Key elements of the decrease include:

- The numbers of students qualifying for free and reduced meals rose by 139 students from FY 2011 to FY 2012, thereby decreasing operating revenues and increasing federal reimbursements.
- Charges for services, 71% of which are proceeds from meal sales, decreased by 11.6% to \$2.2 million.
- USDA reimbursements increased by 11.7% to \$6.2 million, resulting in an increase in operating grants and contributions of 7.7%.
- Overall expenses increased by 0.3% to \$9 million due primarily to an increase in number of meals.
- Food service operations produced a net loss of \$128,383 compared to the prior year's net loss of \$286,548. This is a result of increased USDA reimbursements due to increased numbers of students qualifying for free and reduced meals.

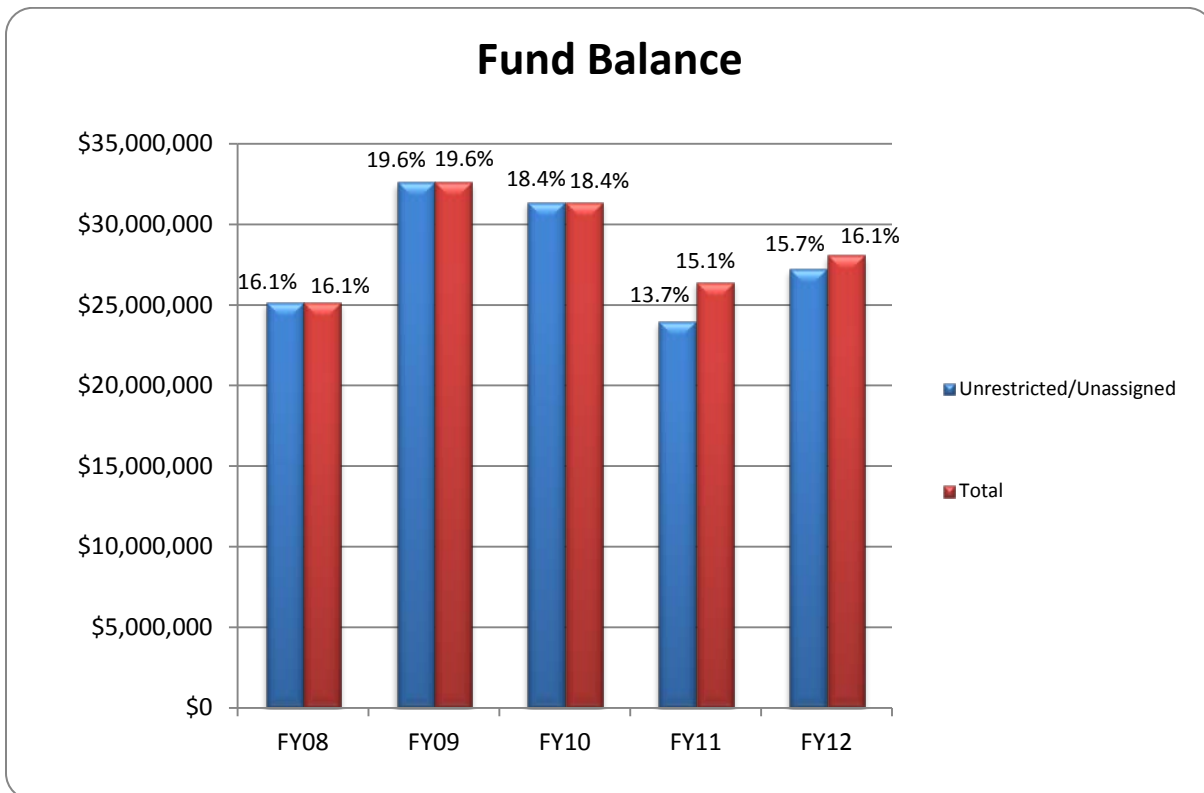
This operation receives no support from tax revenues. As demonstrated below, the majority of the revenue received (74.7%) is from federal sources, an increase of 4% from the prior year.



Financial Analysis of the District's Funds

Governmental Funds. Information about the School District's major funds begins on page 28. These funds are accounted for using the modified accrual basis of accounting and include the following funds: General Fund, Special Revenue, Special Revenue-EIA, Debt Service, Debt Service-EFC and Capital Projects. As the School District completed the year, its governmental funds reported combined fund balances of \$75.6 million; a \$5.5 million reduction from last year's ending fund balances. The net change in fund balance was most significant in the capital projects fund (\$4.5 million) and is attributable to the completion of ongoing construction projects during the year. Cash on hand from prior year bond issues was used for capital outlay.

The general fund is the chief operating fund of the School District. The following graph shows the general fund unassigned fund balance as a percentage of expenditures.



The graph above can be used to measure the overall financial health of the School District. The unassigned fund balance of \$27,226,370 at June 30, 2012 represents 15.7% of annual FY 2012 expenditures or approximately fifty-seven days of operations. The District deferred a transfer to the debt service fund in FY 2009 and implemented other cost savings measures in order to position the School District's fund balance to a level that would be able to support the opening of 6 new facilities between FY 2009 and FY 2011. The School District anticipated an increase in the operating costs associated with those facilities and planned to use fund balance in the amount of \$1.5 million in FY 2010. The School District was able to limit that use of fund balance to \$1.2 million through various cost cutting measures. In FY 2011, the anticipated use of fund balance was \$2.8 million, yet a shortfall in local tax collections resulted in a \$4.9 million use of fund balance. A \$2.6 million legal settlement in FY 2012 resulted in an increase in fund balance of \$1.6 million, despite a planned use of fund balance of \$2 million.

The School District's Special Revenue Funds and EIA are used to account for revenues derived from the State of South Carolina and the Federal Government. Most Special Revenue Funds do not have fund balances as revenues should be expended, deferred or returned to the grantor. Federal stimulus revenues are reflected in the Special Revenue Funds and have allowed the School District to increase instructional time to targeted groups of students. Although carryover funds have decreased in the current economic climate, the School District continues to maintain an adequate balance to offset potential reductions in state and federal allocations.

The Debt Service Fund shown in the accompanying financial statements of the School District includes the regular School District Debt Service Fund and the EFC (Educational Facilities Corporation) Debt Service Fund. Both funds are used to account for the accumulation of funds for debt retirement. The debt millage rate increased from 26.3 mills in FY 2011 to 28 mills in FY 2012. As a result of a rollback during the 2009 reassessment, the mills have been incrementally raised over a period of two years to allow the School District to return to the pre-rollback rate of 28 mills in FY 2012, the rate that supports the District's scheduled debt payments.

The School District uses Capital Projects Funds to account for school construction and improvement projects which are primarily financed through bond referenda or 8% debt issues.

Proprietary Funds. The School District's proprietary funds consist of the School District's food service operations and the Internal Service Fund. The proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Food Service operations, which are outsourced to an external vendor, are business-type activities, while the other proprietary fund, the Internal Service Fund, is a governmental activity. The Internal Service Fund was established at the end of FY 2006 for insurance and risk management services to include:

- payment of claims (under \$25,000 deductible per claim),
- obtain services or programs to enable the School District to maintain insurance or purchase additional coverage,
- provide services or programs aimed at reducing hazards or exposures thereby reducing the cost of insurance, and
- utilize actuarial or other consulting services related to our commercial insurance programs that will benefit the program.

Net assets in the Internal Service Fund increased from \$276,335 at June 30, 2011, to \$583,691 at June 30, 2012. Beginning net assets were restated to recognize claims payable of \$971,582. See Note III.L. The current year increase in net assets is as a result of changes in estimated claims payable from June 30, 2011, to June 30, 2012.

General Fund Budgetary Highlights

The FY 2012 budget was developed utilizing a long-term approach, while balancing the challenges of student performance, growth in enrollment, increasing student/teacher ratios, and diminishing local funding for education while maintaining an adequate fund balance reserve to ensure financial stability. The School District's FY 2012 general fund expenditure budget in the amount of \$174 million, a \$1.3 million decrease from FY 2011, was certified by the Board of Education and approved by the Beaufort County Council in June 2011.

The key revenue highlights for FY 2012 are as follows:

- Total actual property tax revenues for the General Fund of \$112 million exceeded final budgeted revenues of \$111.2 million.
- The District received \$2.65 million in a legal settlement. This unbudgeted revenue is reported as a special item. See Note III.K.
- Total collected tax revenues exceeded the prior year by \$1.1 million primarily due to a change by the County Treasurer in the allocation of increment financing (TIF) revenues increasing tax revenue by \$2 million; however, decreasing state revenues by the same amount as the offsetting entry.
- Tax revenues continue to be below FY 2009 levels by over \$4 million. This is due to the effects of a 2010 County-wide reassessment, whereby the County rolled back the School District's millage rate to a level that produced a significant reduction in tax revenue.
- State retiree insurance ended the year with a \$0.7 million positive variance. Original estimates indicated revenues of \$2.6 million, while mid-year state budget adjustments provided additional revenues.
- Market conditions have resulted in a decline in interest on investments over the last three years. The District has seen a decline of \$441,081 since FY 2009, resulting in actual income of \$142,457 in FY 2012.
- State revenues are 98.1% of the budget at the end of the year. Prior year revenues were 102.3%. As stated above, this is primarily due to the change in recording of tax increment finance (TIF) payments.
- Federal revenues increased 132% due to multi-year E-rate and impact aid reimbursements. FY 2010 and FY 2011 payments were received during this fiscal year, representing reimbursements for telecommunications upgrades, wireless access points and other technology infrastructure. The E-rate reimbursements are dependent upon the release of federal funds; therefore, the revenue is very unpredictable and difficult to budget.

- A tax anticipation note (TAN) in the amount of \$12.5 million was drawn down in October 2011 and repaid in February 2012. The School District continues to be dependent on borrowing since our current fund balance is inadequate to carry us through to the time when our tax collections become sufficient enough for the School District to operate.

On the expenditure side, the key highlights are as follows:

- Total spending in the General Fund is reported at 99.8% of the \$174 million budget. This represents under spending in the amount of \$282,518.
- The School District's first charter school opened in FY 2010. Budgeted expenditures increased by \$120,428 to \$3 million in FY 2012 due to an increase in enrollment. Actual expenditures increased by \$329,977 to \$3 million. Payments to the charter school are expected to increase by \$1 million in FY 2013 due to an unusually large increase in enrollment as a result of a lawsuit filed by the charter school.
- Transportation services exceeded the budget by \$776,512 due to increased numbers of routes for specialized programs.
- TAN interest was budgeted at \$70,000, and the School District realized savings of \$26,983 due to favorable interest rates.

Capital Asset and Debt Administration

Capital Assets - At the end of 2012, the School District had \$466 million invested in a broad range of capital assets, including school buildings, athletic facilities, and various types of equipment necessary to operate the School District's schools and an administrative office. This amount represents a decrease of \$5.7 million from the prior year (more detailed information about capital assets can be found in Note III D to the financial statements). A change in accounting policy allowed the School District to eliminate assets below the School District's capitalization threshold. The District also managed a schedule of summer building improvements totaling \$13.5 million. Total depreciation expense for the year was \$21 million.

Capital Assets (net of accumulated depreciation)					
	Governmental activities		Business-type activities		Percent change
	2011*	2012	2011*	2012	2011-12
Land	\$ 39,822,383	\$ 41,367,170	\$ -	\$ -	3.9%
Improvements	120,644,777	130,982,934	-	-	8.6%
Buildings	281,568,781	271,610,764	-	-	-3.5%
Equipment and vehicles	19,288,569	16,489,583	779,626	1,166,399	-14.5%
Construction in progress	10,219,114	5,419,324	-	-	-47.0%
Total	\$ 471,543,624	\$ 465,869,775	\$ 779,626	\$ 1,166,399	-1.2%

* As restated, see note III.D

In the past several years, the School District has undergone an active construction schedule, which has resulted in the successful construction of six new facilities. The 2011-12 school year consisted mostly of minor renovations and preventive maintenance of existing facilities focusing on safety. Among the approximately \$15 million spent on capital projects, \$2.3 million was used to complete ongoing referendum projects, while the remainder was used on 8% and other projects. Some of the major capital asset events during the fiscal year included the following:

- Roof repairs-\$0.4 million
- Painting school facilities-\$0.5 million
- Technology infrastructure upgrades-\$0.5 million
- Building security upgrades-\$0.5 million
- Athletic facilities improvements-\$1 million
- School computer upgrades-\$1.5 million
- Land purchase for athletic facilities at Bluffton Middle School-\$1.5 million
- HVAC system replacements-\$1.9 million

Although no new school facilities are anticipated in the immediate future, the School District continues to develop and update an annual 5-year capital improvement plan to cover the School District's prioritized capital renewal needs. Project

priorities should ensure the health and safety of children and staff, adequacy of facilities for effective learning, reduce school overcrowding, and the completion of phased renovations and building modifications.

Long-Term Debt - At year-end, the School District had \$349,569,621 in bonds outstanding (excluding deferred charges and unamortized premiums), a decrease of \$27 million. The significant decrease can be attributed to the principal payments exceeding the amounts borrowed in FY 2012. With our new construction program nearing an end, it will allow the District to continue this reduction. More detailed information about long-term debt can be found in Note III H of the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent (8%) of its total assessed valuation. The current debt limitation for the School District is \$146,447,705 which is in excess of the School District's applicable outstanding debt of \$69,069,621, leaving capacity of \$77,378,084.

Outstanding Long-Term Debt			
	2011	2012	% Change
General Obligation Debt Related to Referenda	\$ 252,670,000	\$ 245,275,000	-2.9%
General Obligation Debt Subject to 8% Limit	87,593,303	69,069,621	-21.1%
Installment Purchase Revenue Bonds	36,245,000	35,225,000	-3%
Total Outstanding Debt	<u>\$ 376,508,303</u>	<u>\$ 349,569,621</u>	<u>-7.2%</u>

Bond Ratings - The School District maintains an "Aa1" underlying rating from Moody's Investor Service and an "AA" rating from Standard & Poor's for general obligation debt. Additional security is provided by the South Carolina School District Credit Enhancement Program (Government Obligations Rated Aa1), which applies to all of the School District's outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

The latest Beaufort County projections show low to modest level of growth in the Beaufort County area. As the local economy continues to recover, the growth rate of the area will need to be continuously monitored to assess the impact of the economic changes. Beaufort County has in the past grown at nationally recognized rates. The ability for the local market to return to these pre-recession growth trends is unlikely.

Following a year of significant shortfalls in tax collections, FY 2012 collections improved; however, collections are still falling below budget when taking into consideration the adjustment for the tax increment financing (TIF) amounts. Despite weak economic conditions, Beaufort County School District continues to preserve its stable financial position by making significant reductions in costs (\$21 million over the past four years) as well as continuing to find more efficient methods of operations. The general fund unassigned fund balance increased from 13.7% to 15.7% of general fund expenditures, primarily due to proceeds from a \$2.65 million legal settlement. This increase in fund balance provides additional assistance to stabilize our School District in a slow economic period.

While the national economic downturn has had an impact on Beaufort County, the County's position has stabilized showing slight increases in home sales and significant decreases in foreclosures. Commercial development continues to grow slightly in the northern part of the county to include an expansion to the local not-for-profit hospital. Significant commercial growth has occurred in the southern area, particularly Bluffton, and it shows signs of continued expansion. Much of the stability in our county can be contributed to the two major military bases, as well as the other governmental organizations. Another major industry is tourism which remains somewhat constant due to the military bases.

Despite the weak housing market and poor economic conditions, student enrollment as of the 45th day has increased by 420 students to 20,568. The School District's student enrollment projections, as well as county growth projections indicate that the growth in the southern portion of our county, in particular the Bluffton area, will continue. There are significant building permits for housing approved which stand ready for construction to begin as soon as the economy improves.

The FY 2013 General Fund budget was approved in the amount of \$178 million, an increase of 2.3% from the FY 2012 budget of \$174 million. The primary reason for the increase was the state mandated teacher salary increase and step increase equating to \$3.3 million. A two percent (2%) cost of living increase was also provided to all employees since it

has been three years since one was provided. These increases were much needed since living costs have increased and our county has the highest cost of living in the state. In addition, in order to better prepare our students to compete globally in the highly technical world, \$1.8 million was budgeted to provide iPads to students at our middle and high schools in core subject areas. As occurred in the previous three years, additional reductions were made to offset these increases; however, our staffing levels would not allow sufficient reductions to offset a need for additional revenue. Even the decision by the Board of Education in October 2011 to consolidate one of our elementary schools into others did not generate a sufficient amount of savings. As a result, in order to support these efforts, Beaufort County Council voted to approve a 1 mill increase to 91.26 mills, the first millage increase in 3 years.

During tax year 2013 (Fiscal Year 2014), the County will be undergoing a mandatory reassessment. Preliminary results indicate a drop in overall assessed values by 15%. The District has been working with the County in preparing for such a change and necessary modifications to our long-range plans in operations and capital debt have been made to ensure continuity of the District's excellent bond rating which ultimately saves interest costs for the taxpayers of Beaufort County.

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, 2900 Mink Point Blvd, P.O. Drawer 309, Beaufort, South Carolina 29901. In addition, this Comprehensive Annual Financial Report may be found on the District's website at <http://www.beaufort.k12.sc.us>.

Basic Financial Statements

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Exhibit 1

	Primary Government			Component Unit
	Governmental	Business-type	Total	Riverview
	Activities	Activities		Charter School
ASSETS				
Cash and cash equivalents	\$ 10,068,556	\$ 801,269	\$ 10,869,825	\$ 237,788
Cash and Investments with County Treasurer	74,380,136	219,176	74,599,312	-
Taxes receivable	10,501,309	-	10,501,309	-
Due from other governmental units	11,607,541	976,835	12,584,376	6,587
Other receivables	74,520	573,109	647,629	-
Internal balances	(12,955)	12,955	-	-
Inventories and prepaid expenses	342,945	171,577	514,522	1,223
Other assets	-	-	-	29,256
Temporarily restricted				
cash and cash equivalents	1,047,382	-	1,047,382	-
Deferred charges	1,727,789	-	1,727,789	-
Capital assets, not being depreciated	46,786,494	-	46,786,494	-
Capital assets, net of accumulated depreciation	419,083,281	1,166,399	420,249,680	330,522
TOTAL ASSETS	575,606,998	3,921,320	579,528,318	605,376
LIABILITIES				
Accounts payable and other current liabilities	5,045,607	355,969	5,401,576	46,023
Accrued salaries and benefits	10,217,624	43,114	10,260,738	-
Retainage payable	148,296	-	148,296	-
Claims payable	664,226	-	664,226	-
Accrued interest	2,140,494	-	2,140,494	-
Unearned revenue	7,659,991	267,223	7,927,214	-
Noncurrent liabilities				
Due within one year	32,700,962	675	32,701,637	-
Due in more than one year	338,556,961	-	338,556,961	-
TOTAL LIABILITIES	397,134,161	666,981	397,801,142	46,023
NET ASSETS				
Invested in capital assets, net of related debt	130,188,153	1,166,399	131,354,552	330,522
Restricted for				
Capital projects	3,183,152	-	3,183,152	-
Debt service	15,182,361	-	15,182,361	-
Unrestricted	29,919,171	2,087,940	32,007,111	228,831
TOTAL NET ASSETS	\$ 178,472,837	\$ 3,254,339	\$ 181,727,176	\$ 559,353

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Riverview Charter School
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
Instruction	\$ 123,081,889	\$ 20,696	\$ 26,993,907	\$ -	\$ (96,067,286)	\$ -	\$ (96,067,286)	\$ -
Support services	102,881,123	-	19,670,863	-	(83,210,260)	-	(83,210,260)	-
Community services	402,698	-	53,645	-	(349,053)	-	(349,053)	-
Interest and other charges	13,165,550	-	-	-	(13,165,550)	-	(13,165,550)	-
Total governmental activities	239,531,260	20,696	46,718,415	-	(192,792,149)	-	(192,792,149)	-
Business-type activities								
Food services	8,880,026	2,222,104	6,631,099	-	-	(26,823)	(26,823)	-
Total business-type activities	8,880,026	2,222,104	6,631,099	-	-	(26,823)	(26,823)	-
Total primary government	\$ 248,411,286	\$ 2,242,800	\$ 53,349,514	\$ -	(192,792,149)	(26,823)	(192,818,972)	-
Component unit:								
Charter School	\$ 3,838,963	\$ 59,285	\$ 3,263,454	\$ -				\$ (516,224)
General revenues								
Property taxes levied for								
General purposes								
					119,423,876	-	119,423,876	-
Debt service								
					50,644,714	-	50,644,714	-
Grants and contributions not restricted to specific programs								
					42,858,873	-	42,858,873	-
Unrestricted revenue from use of money and property								
					406,888	20,579	427,467	-
Miscellaneous								
					577	-	577	348,987
Transfers								
					122,139	(122,139)	-	-
Special item								
Proceeds from settlement of lawsuit								
					2,650,000	-	2,650,000	-
TOTAL GENERAL REVENUES								
SPECIAL ITEMS AND TRANSFERS								
					216,107,067	(101,560)	216,005,507	348,987
CHANGE IN NET ASSETS								
					23,314,918	(128,383)	23,186,535	(167,237)
NET ASSETS								
July 1, 2011 as restated								
					155,157,919	3,382,722	158,540,641	726,590
June 30, 2012								
					\$ 178,472,837	\$ 3,254,339	\$ 181,727,176	\$ 559,353

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

Exhibit 3

	General Fund	Special Projects Funds	EIA Fund	Capital Projects	Debt Service Fund District	Debt Service Fund EFC	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 4,349,698	\$ -	\$ 2,940	\$ 2,448,394	\$ 2,014,472	\$ -	\$ 8,815,504
Deposits with Beaufort County Treasurer	26,455,090	76,875	5,530,737	32,758,147	9,559,287	-	74,380,136
Receivables							
Property taxes, net of allowance	7,939,587	-	-	-	2,561,722	-	10,501,309
Due from other governments	4,680,128	6,184,229	743,184	-	-	-	11,607,541
Other	44,020	-	-	30,500	-	-	74,520
Prepaid items	291,356	51,589	-	-	-	-	342,945
Due from other funds	3,184,385	-	-	-	-	-	3,184,385
Temporarily restricted							
cash and cash equivalents	-	-	-	-	-	1,047,382	1,047,382
TOTAL ASSETS	<u>\$ 46,944,264</u>	<u>\$ 6,312,693</u>	<u>\$ 6,276,861</u>	<u>\$ 35,237,041</u>	<u>\$ 14,135,481</u>	<u>\$ 1,047,382</u>	<u>\$ 109,953,722</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 3,808,936	\$ 328,071	\$ 56,254	\$ 843,960	\$ 502	\$ -	\$ 5,037,723
Accrued salaries and benefits	8,726,925	1,091,330	384,508	14,861	-	-	10,217,624
Retainage payable	-	-	-	148,296	-	-	148,296
Due to other governments	-	-	2,749	-	-	-	2,749
Due to other funds	130,689	3,064,227	2,424	-	-	-	3,197,340
Deferred revenue	6,192,641	1,829,065	5,830,926	-	1,855,762	-	15,708,394
TOTAL LIABILITIES	<u>18,859,191</u>	<u>6,312,693</u>	<u>6,276,861</u>	<u>1,007,117</u>	<u>1,856,264</u>	<u>-</u>	<u>34,312,126</u>
FUND BALANCES							
Fund balance							
Nonspendable	291,356	51,589	-	-	-	-	342,945
Restricted	-	-	-	3,183,152	12,279,217	1,047,382	16,509,751
Committed	-	-	-	30,896,772	-	-	30,896,772
Assigned	568,601	-	-	150,000	-	-	718,601
Unassigned	27,225,116	(51,589)	-	-	-	-	27,173,527
TOTAL FUND BALANCES	<u>28,085,073</u>	<u>-</u>	<u>-</u>	<u>34,229,924</u>	<u>12,279,217</u>	<u>1,047,382</u>	<u>75,641,596</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,944,264</u>	<u>\$ 6,312,693</u>	<u>\$ 6,276,861</u>	<u>\$ 35,237,041</u>	<u>\$ 14,135,481</u>	<u>\$ 1,047,382</u>	<u>\$ 109,953,722</u>

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Exhibit 3a

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 75,641,596

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

Property tax revenue is recognized in the period for which levied rather than when "available." A portion of the deferred property tax revenue is not available. 8,048,403

Bond issue costs are reported as an expenditure in the governmental funds. The cost is deferred in the statement of net assets. 1,727,789

The internal service fund is used to fund insurance and risk management of the School District. The assets and liabilities of the internal service fund are included with governmental activities on the Statement of Net Assets. 583,691

Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$681,446,743 and the accumulated depreciation is \$215,576,968. 465,869,775

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Leases payable	\$	(181,683)	
Bonds payable		(349,569,621)	
Less: issuance premium		(22,165,537)	
Plus: deferred cost on refunding		2,029,775	
Compensated absences payable		(1,370,857)	
Accrued interest payable		<u>(2,140,494)</u>	
			<u>(373,398,417)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 178,472,837

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

Exhibit 4

	General Fund	Special Projects Fund	EIA	Capital Projects	Debt Service Fund District	Debt Service Fund EFC	Total Governmental Funds
REVENUES							
Local							
Property taxes	\$ 112,964,897	\$ -	\$ -	\$ -	\$ 50,644,714	\$ -	\$ 163,609,611
Interest	142,457	-	-	96,136	26,330	141,963	406,886
Other	1,342,155	963,462	-	182,967	-	-	2,488,584
Total local	114,449,509	963,462	-	279,103	50,671,044	141,963	166,505,081
State	53,901,907	2,691,182	10,091,741	-	973,889	-	67,658,719
Federal	1,010,577	18,424,112	-	16,571	-	-	19,451,260
Total revenues	169,361,993	22,078,756	10,091,741	295,674	51,644,933	141,963	253,615,060
EXPENDITURES							
Current							
Instruction	97,238,970	12,850,234	6,884,948	-	-	-	116,974,152
Support services	72,366,479	7,928,058	1,284,807	3,583,730	-	-	85,163,074
Community services	-	232,461	-	-	-	-	232,461
Intergovernmental	3,060,837	154,802	102,970	-	-	-	3,318,609
Debt service							
Principal	77,736	-	-	-	39,115,000	1,020,000	40,212,736
Interest	43,017	-	-	-	15,081,501	1,808,046	16,932,564
Fees	-	-	-	497,092	30,698	9,155	536,945
Capital outlay	424,513	27,742	5,984	14,947,223	-	-	15,405,462
Total expenditures	173,211,552	21,193,297	8,278,709	19,028,045	54,227,199	2,837,201	278,776,003
Excess (deficiency) of revenues over (under) expenditures	(3,849,559)	885,459	1,813,032	(18,732,371)	(2,582,266)	(2,695,238)	(25,160,943)
OTHER FINANCING SOURCES (USES)							
Transfers in	3,296,710	476,080	772,000	-	-	1,730,727	6,275,517
Transfers out	(476,080)	(1,361,539)	(2,585,032)	-	(1,730,727)	-	(6,153,378)
Sale of capital assets	-	-	-	42,308	-	-	42,308
Payments to refunded debt escrow agent	-	-	-	(38,991,369)	-	-	(38,991,369)
Premium on general obligation bonds	-	-	-	5,205,897	20,791	-	5,226,688
Capital lease	-	-	-	-	-	-	-
Refunding bond proceeds	-	-	-	34,350,000	-	-	34,350,000
General obligation bonds issued	-	-	-	13,622,318	2,639,000	-	16,261,318
Total other financing sources (uses)	2,820,630	(885,459)	(1,813,032)	14,229,154	929,064	1,730,727	17,011,084
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,028,929)	-	-	(4,503,217)	(1,653,202)	(964,511)	(8,149,859)
SPECIAL ITEM							
Proceeds from settlement of lawsuit	2,650,000	-	-	-	-	-	2,650,000
Net change in fund balances	1,621,071	-	-	(4,503,217)	(1,653,202)	(964,511)	(5,499,859)
FUND BALANCES, BEGINNING OF YEAR	26,464,002	-	-	38,733,141	13,932,419	2,011,893	81,141,455
FUND BALANCES, END OF YEAR	\$ 28,085,073	\$ -	\$ -	\$ 34,229,924	\$ 12,279,217	\$ 1,047,382	\$ 75,641,596

The accompanying notes to the financial statement are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Exhibit 4a

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ (5,499,859)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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 decreased by this amount during the year. 6,458,979

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 capital outlay (\$15,405,462) was less than depreciation expense (\$20,984,266) in the period. (5,578,804)

An internal service fund is used to fund insurance and risk management of the School District. The change in net assets of the internal service fund is reported with governmental activities in the Statement of Activities. 307,356

In the statement of activities, only the gain or loss on the sale or disposal of assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources and the loss decreases financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the capital asset.
Net book value of assets sold (95,045)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, 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. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Issuance of long term debt			
General obligation and refunding bonds proceeds		\$ (50,611,318)	
Bond premiums		(5,226,688)	
Payments to refund general obligation debt		38,991,369	
Bond issuance costs incurred		333,267	
Principal repayments:			
Capital leases payable		77,736	
Bonds payable		40,135,000	
Amortization of bond premiums		4,168,037	
Amortization of deferred refunding costs		(285,524)	
Amortization of bond issuance costs		(229,226)	
			27,352,653

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:

Compensated absences payable			
Current year		\$ (1,370,857)	
Prior year		1,581,579	
Accrued interest payable			
Current year		(2,140,494)	
Prior year		2,299,410	
			369,638

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 23,314,918

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
JUNE 30, 2012**

Exhibit 5

	Business-type Activities	Governmental Activities
	Food Service Program	Internal Service Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 801,269	\$ 1,253,052
Cash and investments with County Treasurer	219,176	-
Due from other governmental units	976,835	-
Due from other funds	136,348	-
Other receivables	573,109	-
Inventories	171,577	-
Total current assets	2,878,314	1,253,052
Noncurrent assets		
Equipment	3,493,415	-
Less accumulated depreciation	(2,327,016)	-
Total noncurrent assets	1,166,399	-
TOTAL ASSETS	\$ 4,044,713	\$ 1,253,052
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 355,969	\$ 5,135
Claims payable	-	664,226
Accrued salaries	43,114	-
Due to other funds	123,393	-
Deferred revenue	267,223	-
Compensated absences payable	675	-
Total current liabilities	790,374	669,361
Net assets		
Invested in capital assets	1,166,399	-
Unrestricted	2,087,940	583,691
Total net assets	3,254,339	583,691
TOTAL LIABILITIES AND NET ASSETS	\$ 4,044,713	\$ 1,253,052

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

Exhibit 6

	Business-type Activities	Governmental Activities
	Food Service Program	Internal Service Fund
OPERATING REVENUES		
Proceeds from sale of meals	\$ 1,583,866	\$ -
Miscellaneous	638,238	881,790
TOTAL OPERATING REVENUES	2,222,104	881,790
OPERATING EXPENSES		
Food costs	455,264	-
Salaries, wages and benefits	555,180	417,564
Depreciation	129,673	-
Contracted services	134,402	156,870
Other operating costs	7,597,944	-
TOTAL OPERATING EXPENSES	8,872,463	574,434
OPERATING INCOME (LOSS)	(6,650,359)	307,356
NONOPERATING REVENUES (EXPENSES)		
USDA reimbursements	6,195,371	-
Commodities received from USDA	434,947	-
Other state aid	781	-
Interest	20,579	-
Loss on disposal of fixed assets	(7,563)	-
TOTAL NONOPERATING REVENUES	6,644,115	-
INCOME BEFORE TRANSFERS	(6,244)	307,356
TRANSFERS OUT		
Transfers out	(122,139)	-
TOTAL TRANSFERS OUT	(122,139)	-
CHANGES IN NET ASSETS	(128,383)	307,356
NET ASSETS		
Beginning of year, as restated	3,382,722	276,335
End of year	\$ 3,254,339	\$ 583,691

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

Exhibit 7

	Business-type Activities	Governmental Activities
	Food Service Program	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating cash receipts from customers and users	\$ 2,358,390	\$ -
Insurance proceeds	-	-
Charges from other funds	-	881,790
Payments to and on behalf of employees	(599,374)	(724,920)
Payments to supplies for goods and services	(7,764,803)	(200,077)
Net cash used by operating activities	(6,005,787)	(43,207)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
USDA Reimbursements	5,394,079	-
Other nonoperating grants	27,292	-
Payments from County Treasurer	12,109,509	-
Deposits with County Treasurer	(11,710,744)	-
Advances between funds	-	1,151,654
Transfers (to) from other funds	(14,544)	-
Net cash provided by noncapital financing activities	5,805,592	1,151,654
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(524,008)	-
Net cash used by capital and related financing activities	(524,008)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	20,579	-
Net cash provided by investing activities	20,579	-
Net decrease in cash and cash equivalents	(703,624)	1,108,447
Cash and cash equivalents		
Beginning of year	1,504,893	144,605
End of year	\$ 801,269	\$ 1,253,052
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (6,650,359)	\$ 307,356
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	129,673	-
Non-cash commodities used	434,947	-
Changes in assets and liabilities:		
Accounts receivable	(21,538)	-
Inventory	(129,681)	-
Accounts payable	117,541	(43,207)
Accrued salaries	(37,158)	-
Accrued compensated absences	(7,036)	-
Claims payable	-	(307,356)
Deferred revenue	157,824	-
Net cash used by operating activities	\$ (6,005,787)	\$ (43,207)

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
JUNE 30, 2012**

Exhibit 8

ASSETS	
Cash and cash equivalents	\$ 1,191,188
Accounts receivable and prepaid items	35,483
	<hr/>
TOTAL ASSETS	\$ 1,226,671
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 126,581
Accrued salaries and related benefits	23,745
Due to student organizations	1,076,345
	<hr/>
TOTAL LIABILITIES	\$ 1,226,671
	<hr/> <hr/>

The accompanying notes to financial statements are an integral part of this financial statement.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Beaufort County School District (the School District) operates 17 elementary schools, 7 middle schools, 5 high schools, 3 special schools, and one career center within the limits of Beaufort County.

A. The Reporting Entity

The School District is governed by an eleven member elected Board of Education (the Board). The School District provides regular and exceptional education for students in pre-school through grade twelve and funds two-thirds of the Beaufort Jasper Academy for Career Excellence 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 government-wide and proprietary-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.

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. Local board members have decision-making authority.

The School District follows GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which 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 is one support entity that meets the requirements for inclusion as a blended component unit, and one as a discretely presented component unit under GASB No. 39.

Blended Component Unit. SCAGO Educational Facilities Corporation for Beaufort County School District (EFC) was incorporated on December 11, 2006, for educational and charitable purposes, specifically to undertake certain obligations with respect to the acquisition or sale of real and/or personal property in connection with the design, construction, operation, financing, and refinancing of education facilities to be used by the School District and such other projects located in and for the benefit of the School District as may be permitted by applicable law. The EFC is organized and shall be operated exclusively for the charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The EFC has five board members; three are appointed by the board of directors of the South Carolina Association of Governmental Organizations (SCAGO) and two consist of the Superintendent and the Director of Finance (or their equivalents) of the School District. The board of directors of the EFC may increase from a minimum of five to a maximum of 10; however, in all events, less than 50% of the members of the board of directors shall be representatives of or controlled by the School District. The EFC meets the criteria of a blended component unit and therefore, the operations of the EFC are blended with the operations of the School District as required by accounting principles generally accepted in the United States of America.

Discretely Presented Component Unit. Riverview Charter School provides education to students Kindergarten through eighth grade in an experiential-based learning environment. The school is owned and operated by a non-profit corporation. It operates under an agreement with the Beaufort County School District and began operations August 2009. The agreement is governed by state statutes which, as interpreted by the State Department of Education, require the inclusion of charter schools as discretely presented component units of the sponsoring district. Riverview Charter School is funded by Beaufort County School District and is located within the bounds of the district. Financial statements of Riverview Charter School may be available at the school's administrative offices at 81 Savannah Hwy, Beaufort, SC 29906.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The statements of the School District are presented as follows:

Government-wide 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 supported to a significant extent by fees and charges.

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* and the *modified accrual basis of accounting*. 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 revenues, expenses and 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.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of 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 governmental, proprietary, and fiduciary fund types.

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) *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 - a nonbudgeted fund used to account for the revenues and expenditures associated with the construction of buildings and site improvements.

Debt Service Fund - District - a budgeted fund used to account for annual payments of principal and interest on long-term general obligation debt and related costs for non-EFC obligations.

Debt Service Fund - EFC - a nonbudgeted fund used to account for annual payments of principal and interest on long-term general obligation debt and related costs for the EFC.

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).

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. Nonoperating 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.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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 Student Nutrition 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.

Internal Service Funds - to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District. When services are rendered, charges are made to the users and revenue is accumulated in the Internal Service Funds to cover costs of operations. The School District has one such fund: Insurance Services. This fund accounts for the insurance and risk management services of the School District and services provided are on a cost reimbursement basis. The assets and related liabilities for the Internal Service Fund are included in the governmental activities column on the government-wide statement of net assets.

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. 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. 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.

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.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note III.B). 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: 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, 2012 but which have not met the revenue recognition criteria, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements, including timing requirements, have been 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.

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.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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. Amounts due to and from outside sources are recorded when earned or payable. Allowance for doubtful accounts are recorded, when necessary, to account for monies that may not be collected.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

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, 2012 has been recorded at fair value as provided by the USDA.

Prepays - Payments made to vendors for services benefiting future periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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. During 2012 the School District changed its accounting policy to exclude groups of assets for which the aggregated cost exceeded \$5,000, but for which the individual assets were valued at less than \$5,000. The effect of such changes may be found at notes III.D and III.L. 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.

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
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. Compensated absences will be paid from the fund where the employee's salary is paid; typically this would include the general, special revenue and food service funds.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, unused reimbursable leave still outstanding following an employee's resignation or retirement. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund as the benefits accrue to employees.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

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.

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 period in which the underlying debt was issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balances, Equity, and Net Assets - Government-wide Statements: 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 enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Fund Balances, Equity, and Net Assets - Fund Statements: The nonspendable fund balance classification represent portions of fund balances which are inherently nonspendable because of their form (such as inventory) or which are required to be maintained intact. The restricted fund balance classification represents externally imposed restrictions on use by their providers (such as grantors, bondholders, and higher levels of government), through contractual or constitutional provisions or by enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. Assigned portions represent amounts the School District intends to use for a specific purpose. Intent can be expressed by the School District, Board of Education, or by an official or body to which the School District or Board of Education delegates the authority. The Board of Education has the authority to assign fund balance. Unassigned fund balance represents amounts that are available for any purpose. Positive amounts are reported only in the general fund. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The District permits unrestricted funds to be expended in the following order: Committed, Assigned, and Unassigned. The District has adopted a minimum fund balance policy for the General Fund which requires the unassigned fund balance at year end to be no less than 10% of next year's budgeted expenditures. At June 30, 2012, the District's unassigned fund balance was 15.3% of 2013 budgeted expenditures. Proprietary fund equity is classified the same as in government-wide statements.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

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 activities 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, Special Revenue Funds, and Debt Service Fund – District 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 required supplementary information accompanying these financial statements.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2012 Beaufort County School District had the following deposits and investments:

	Fair Value	Rating
Money Market Funds consisting of commercial paper, certificates of deposits, floating/variable rate bonds, time deposits, repurchase agreements, municipal bonds, and short term corporate bonds.	\$ 134,523	Aaa / A-1+
Federal National Mortgage	2,763,143	Aaa / AAA
	2,897,666	
<u>Cash and cash equivalents</u>		
Carrying value of cash in banks and on hand	10,210,729	
	\$ 13,108,395	

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. Deposits of the School District are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. In accordance with the aforementioned statute, the School District's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. At June 30, 2012 the carrying amount of the School District's deposits was \$10,210,729 and the bank balance was \$12,019,989. All of these deposits were fully collateralized with securities held by the pledging financial institution's trust department in the School District's name or insured by the Federal Deposit Insurance Corporation. Information was not available regarding the custodial risk of deposits with the Beaufort County Treasurer of \$74,599,312.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a formal investment policy to address custodial credit risk but follows the investment policy strategy of the State of South Carolina.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District contracts with a banking institution for a guaranteed interest rate. The District does not have a formal investment policy that limits investment maturities to reduce its exposure to fair value losses arising from increasing interest rates, but follows the investment policy strategy of the State of South Carolina.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has adopted an investment policy in accordance with state statutes, which authorize the School District to invest in the following:

- (1) Obligations of the United States and agencies thereof;
- (2) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
- (3) General obligations of the State of South Carolina or any of its political units;
- (4) Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

- (5) Certificates of deposit and repurchase agreements collateralized 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 certificates of deposit and repurchase agreements so secured, including interest; and
- (6) No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the School District to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. The fair value of the School District's position in the LGIP approximates the same value of the School District's LGIP shares. The LGIP's complete financial statements may be obtained by writing the following address:

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

B. Property Taxes

Property taxes attach as an enforceable lien on January 1 on property values assessed as of the same date. The School District's property tax is levied and billed 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. Taxes are delinquent on March 15, the collection date, following the October 1 levy date. If not paid by the following October 1, the property is subject to sale by the delinquent tax office. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The taxpayer must provide proof of payment to the Highway Department before that agency will renew the vehicle license. Total tax collections, which include delinquent tax collections and penalties, equaled approximately 97% of the current tax levy for the year ended June 30, 2012.

The assessed value of real and other personal property, exclusive of vehicles (valued at \$71,519,656), is \$1,759,076,652. The general operations millage is 90.26 mills (\$9.026 per \$100 assessed valuation), and debt service fund millage is 28.00 mills (\$2.80 per \$100 assessed valuation).

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.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Receivables

Receivables at June 30, 2012 consisted of taxes, intergovernmental grants, and reimbursements. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Projects	EIA	Capital Projects	Debt Service- District	Food Service Program
Receivables						
Property taxes	\$ 9,602,847	\$ -	\$ -	\$ -	\$ 3,130,475	\$ -
Intergovernmental	4,680,128	6,184,229	743,184	-	-	976,835
Other	44,020	-	-	30,500	-	573,109
Gross receivables	14,326,995	6,184,229	743,184	30,500	3,130,475	1,549,944
Less allowance for uncollectible property tax	(1,663,260)	-	-	-	(568,753)	-
Net receivables	<u>\$ 12,663,735</u>	<u>\$ 6,184,229</u>	<u>\$ 743,184</u>	<u>\$ 30,500</u>	<u>\$ 2,561,722</u>	<u>\$ 1,549,944</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance, June 30, 2011	Change in Accounting Policy *	June 30, 2011 As restated	Additions/ Transfers	Decrease/ Transfers	Balance, June 30, 2012
Governmental Activities						
Capital assets not being depreciated						
Land	\$ 39,822,383	\$ -	\$ 39,822,383	\$ 1,544,787	\$ -	\$ 41,367,170
Construction in progress	10,219,114	-	10,219,114	1,080,293	(5,880,083)	5,419,324
Total capital assets not being depreciated	<u>50,041,497</u>	<u>-</u>	<u>50,041,497</u>	<u>2,625,080</u>	<u>(5,880,083)</u>	<u>46,786,494</u>
Capital assets, being depreciated						
Improvements	165,238,561	(126,319)	165,112,242	17,318,092	-	182,430,334
Buildings	409,937,721	(3,064)	409,934,657	93,739	(337,971)	409,690,425
Equipment	63,939,265	(21,791,922)	42,147,343	1,248,634	(856,487)	42,539,490
Total other capital assets being depreciated	<u>639,115,547</u>	<u>(21,921,305)</u>	<u>617,194,242</u>	<u>18,660,465</u>	<u>(1,194,458)</u>	<u>634,660,249</u>
Totals at historical cost	<u>689,157,044</u>	<u>(21,921,305)</u>	<u>667,235,739</u>	<u>21,285,545</u>	<u>(7,074,541)</u>	<u>681,446,743</u>
Less accumulated depreciation						
Improvements	44,499,664	(32,199)	44,467,465	6,979,935	-	51,447,400
Buildings	128,365,968	(92)	128,365,876	10,006,569	(292,784)	138,079,661
Equipment	33,731,410	(10,872,636)	22,858,774	3,997,762	(806,629)	26,049,907
Total accumulated depreciation	<u>206,597,042</u>	<u>(10,904,927)</u>	<u>195,692,115</u>	<u>20,984,266</u>	<u>(1,099,413)</u>	<u>215,576,968</u>
Total capital assets, being depreciated	<u>432,518,505</u>	<u>(11,016,378)</u>	<u>421,502,127</u>	<u>(2,323,801)</u>	<u>(95,045)</u>	<u>419,083,281</u>
Governmental activities capital assets, net	<u>\$ 482,560,002</u>	<u>\$ (11,016,378)</u>	<u>\$ 471,543,624</u>	<u>\$ 301,279</u>	<u>\$ (5,975,128)</u>	<u>\$ 465,869,775</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Balance, June 30, 2011	Change in Accounting Policy *	June 30, 2011 As restated	Additions/ Transfers	Decrease/ Transfers	Balance, June 30, 2012
Business-type Activities						
(Food Service Program)						
Capital assets being depreciated						
Buildings	\$ 15,074	\$ -	\$ 15,074	\$ -	\$ (15,074)	\$ -
Equipment	3,008,974	(159,857)	2,849,117	446,319	(39,838)	3,255,598
Vehicles	160,127	-	160,127	77,690	-	237,817
	<u>3,184,175</u>	<u>(159,857)</u>	<u>3,024,318</u>	<u>524,009</u>	<u>(54,912)</u>	<u>3,493,415</u>
Less accumulated depreciation						
Buildings	15,074	-	15,074	-	(15,074)	-
Equipment	2,245,664	(98,182)	2,147,482	112,618	(32,275)	2,227,825
Vehicles	82,136	-	82,136	17,055	-	99,191
	<u>2,342,874</u>	<u>(98,182)</u>	<u>2,244,692</u>	<u>129,673</u>	<u>(47,349)</u>	<u>2,327,016</u>
Business-type activities capital assets, net	<u>\$ 841,301</u>	<u>\$ (61,675)</u>	<u>\$ 779,626</u>	<u>\$ 394,336</u>	<u>\$ (7,563)</u>	<u>\$ 1,166,399</u>

Included in the totals above is equipment acquired under capital leases as follows at June 30, 2012:

Capitalized cost	\$ 517,125
Less accumulated depreciation	<u>(134,452)</u>
	<u>\$ 382,673</u>

Depreciation expense was charged to functions of the School District as follows:

Governmental activities:	
Instruction	\$ 2,541,199
Support services	18,272,829
Community services	<u>170,238</u>
Total depreciation expense	<u>\$ 20,984,266</u>

* See notes I.D. and III.L.

E. Deferred Revenues

Governmental funds report deferred revenue in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2012, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

	Fund Statement	Government- wide
Deferred		
Property taxes receivable	\$ 8,048,403	\$ -
Unearned		
Grant revenue	<u>7,659,991</u>	<u>7,659,991</u>
	<u>\$ 15,708,394</u>	<u>\$ 7,659,991</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Transfers from (to) Other Funds

Transfers from (to) other funds for the year ended June 30, 2012, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,296,710	\$ 476,080
Special Projects Fund	476,080	1,361,539
Education Improvement Act Fund	772,000	2,585,032
Debt Service Fund - District	-	1,730,727
Debt Service Fund - EFC	1,730,727	-
Total governmental funds	<u>6,275,517</u>	<u>6,153,378</u>
Food Service Fund	-	122,139
Total proprietary funds	<u>-</u>	<u>122,139</u>
Total Transfers	<u><u>\$ 6,275,517</u></u>	<u><u>\$ 6,275,517</u></u>

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for the other funds in accordance with budgetary authorizations.

G. Interfund Receivables and Payables

Interfund balances at June 30, 2012, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,184,385	\$ 130,689
Special Projects Fund	-	3,064,227
Education Improvement Act Fund	-	2,424
Total governmental funds	<u>3,184,385</u>	<u>3,197,340</u>
Food Service Fund	136,348	123,393
Total proprietary funds	<u>136,348</u>	<u>123,393</u>
Total Transfers	<u><u>\$ 3,320,733</u></u>	<u><u>\$ 3,320,733</u></u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Debt

Changes in long-term obligations for the year ended June 30, 2012 were as follows:

	Principal outstanding July 1, 2011	Additions	Reductions	Principal outstanding June 30, 2012	Amounts due in one year
Governmental activities					
General Obligation Bonds	\$ 340,263,303	\$ 50,611,318	\$ 76,530,000	\$ 314,344,621	\$ 31,339,000
IPRR bonds	36,245,000	-	1,020,000	35,225,000	1,070,000
Total bonded indebtedness	376,508,303	50,611,318	77,550,000	349,569,621	32,409,000
Deferred Charges					
Deferred charges on refunding	(1,098,099)	(1,217,200)	(285,524)	(2,029,775)	-
Unamortized bond premiums	21,628,159	5,226,688	4,689,310	22,165,537	-
Total bonds payable	397,038,363	54,620,806	81,953,786	369,705,383	32,409,000
Capital lease obligations	259,419	-	77,736	181,683	56,265
Compensated absences	1,581,579	860,283	1,071,005	1,370,857	235,697
Total governmental activities Long-term liabilities	<u>\$ 398,879,361</u>	<u>\$ 55,481,089</u>	<u>\$ 83,102,527</u>	<u>\$ 371,257,923</u>	<u>\$ 32,700,962</u>
Business-type activities					
Compensated absences	<u>\$ 7,711</u>	<u>\$ 964</u>	<u>\$ 8,000</u>	<u>\$ 675</u>	<u>\$ 675</u>

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition, construction, and major improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 5 to 25 year serial bonds with principal maturing each year.

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.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Debt (Continued)

General obligations bonds payable at June 30, 2012 are comprised of the following:

Date of Issue	Series	Interest Rates	Payment Dates	Maturity	Original Issue	Outstanding at June 30, 2012
October 1, 2004	2004A	* 3.0 - 4.75%	Oct./April	2024	\$ 13,000,000	\$ 700,000
October 1, 2004	2004B	3.0 - 4.75	Oct./April	2024	11,000,000	595,000
March 1, 2005	2005A	* 4.5 - 5.0	Sept./Mar.	2021	72,275,000	30,155,000
February 21, 2007	2007A	* 4.0 - 5.0	Sept./Mar.	2032	30,000,000	29,700,000
December 13, 2007	2007C	* 4.5 - 6.5	Sept./Mar.	2032	43,660,000	42,510,000
April 2, 2009	2009A	2.0 - 4.0	Mar./Sept.	2014	19,775,000	7,725,000
August 27, 2009	2009B	3.0-5.0	Sept./Mar.	2014	47,675,000	20,260,000
October 14, 2009	2009D	* 3.0-5.0	Sept./Mar.	2024	62,155,000	62,155,000
December 1, 2009	2009E	* 1.05	Sept./Mar.	2026	10,000,000	10,000,000
December 8, 2009	2009F	* 4.125-5.7	Sept./Mar.	2029	21,730,000	21,730,000
May 18, 2010	2010A	5	Sept./Mar.	2015	33,000,000	24,090,000
May 18, 2010	2010B	* 3.0-5.0	Sept./Mar.	2019	21,710,000	21,660,000
March 31, 2011	2011A	5.08	Mar./Sept.	2021	1,553,303	1,553,303
December 22, 2011	2011C	4.19	Sept./Mar.	2021	2,622,318	2,622,318
December 22, 2011	2011D	*† 3.0-5.0	Sept./Mar.	2020	28,770,000	21,470,000
March 28, 2012	2012A	2	Sept./Mar.	2013	839,000	839,000
April 24, 2012	2012B	*‡ 3.0-5.0	Sept./Mar.	2024	16,580,000	16,580,000
					<u>\$ 436,344,621</u>	<u>\$ 314,344,621</u>

*Approved in whole or in part by bond referendum; not subject to assessed value issuance restrictions.

† Includes \$3,780,000 of non-referendum debt.

‡ Includes \$7,605,000 of non-referendum debt.

On April 12, 2008, the voters of Beaufort County approved a \$162,700,000 bond referendum. The bonds will pay for the construction of two early childhood centers, two elementary schools, several building additions, land for future schools, and a performing arts center. Debt outstanding at June 30, 2012 against the \$162,700,000 in General Obligation Bonds totaled \$157,325,000.

During May 2006, a \$43,660,000 bond referendum was passed. In this referendum, the following facilities were approved: an elementary school, a middle school, land for a high school, and additional funding for the completion of a high school. During December 2007, the School District issued \$43,660,000 in general obligation bonds under the referendum, with an annual interest rate ranging from 4.5% to 6.5%. Debt outstanding at June 30, 2012 against the \$43,660,000 in general obligation bonds totaled \$42,510,000.

In March 2000 and May 1995, School District referendums (Facilities 2005 and 2000 programs) were passed approving the issuance of \$120,000,000 and \$122,000,000, respectively, in general obligation capital improvement bonds. Debt outstanding at June 30, 2012 against these bonds totaled \$69,530,000.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Debt (Continued)

The total debt outstanding against the 2000 referendum general obligation bonds, the 1995 referendum general obligation bonds, the 2006 referendum general obligation bonds, and the 2008 referendum Bond Anticipation Note, not subject to the 8% limitation, was \$245,275,000 at June 30, 2012. In addition, the EFC IPRR bonds of \$35,225,000 referenced below are not subject to the 8% limitation.

The December 1, 2006, IPRR Bonds are not an obligation of the School District; however, as the EFC is blended with the operations of the School District, the debt of the EFC is included with the School District's other obligations as required by accounting principles generally accepted in the United States of America.

The EFC executed a trust agreement in connection with the IPRR Bonds and established several accounts as follows:

Reserve Account - Account established to provide for any reserve requirements with respect to any additional bonds. The total in this account was \$2,888,879 at June 30, 2012.

Renewal and Replacement Fund - Fund established for the purpose of building a reserve for the depreciation of the facilities or otherwise for the purpose of restoring or replacing depreciated or obsolete items of the facilities. The total in this fund was \$4,589 at June 30, 2012.

Non-Profit Corporation Expense Account - Account established to provide for administrative expenses related to activities of the Corporation. The total in this account was \$96,439 at June 30, 2012.

The accounts established by the trust agreement are in compliance with the agreement.

The IPRR Bonds were issued pursuant to a Facilities Agreement between the School District and the EFC and evidence proportionate interests of the owners in certain rental payments be made by the School District under the terms of a Base Lease Agreement between the School District and the EFC. These agreements were authorized by the Board of Education of the School District on December 5, 2006. The School District will purchase the facilities from the EFC pursuant to the Facilities Agreement, which will obligate the School District to make installment payments of purchase price (lease rental payments) to the EFC in amounts calculated to be sufficient to enable the EFC to pay the principal and interest on the outstanding bonds.

The School District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the installment payments of purchase price due in such fiscal year. However, the School District would forfeit possession of the facilities for the remainder of the term of the lease.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Debt (Continued)

The annual requirements to amortize all bonds outstanding at June 30, 2012, including interest payments over the life of the debt are summarized as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 32,409,000	\$ 15,829,864	\$ 48,238,864
2014	30,780,000	14,379,892	45,159,892
2015	31,695,000	12,911,079	44,606,079
2016	20,790,000	11,311,692	32,101,692
2017	22,210,000	10,275,784	32,485,784
2018-2022	93,590,621	36,631,157	130,221,778
2023-2027	69,645,000	18,332,133	87,977,133
2028-2032	48,450,000	6,012,474	54,462,474
	<u>\$ 349,569,621</u>	<u>\$ 125,684,075</u>	<u>\$ 475,253,696</u>

Repayment of the general obligation bonds is funded by the District Debt Service Fund, while repayment of the IPRR bonds is funded by the EFC Debt Service Fund.

Short Term Debt Issuance - The District authorized the issuance of Tax Anticipation Notes totaling \$12,500,000 during the fiscal year, which was repaid by June 30, 2012, as follows:

Principal outstanding July 1, 2011	Additions	Reductions	Principal outstanding June 30, 2012
\$ -	\$ 12,500,000	\$(12,500,000)	\$ -

Capital Leases Payable

The School District has entered into lease agreements as lessee for lighting systems at four schools, band equipment 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. Capital lease obligations will be paid from the general fund.

Year ending June 30	
2013	\$ 65,848
2014	65,848
2015	65,848
	<u>197,544</u>
Less amounts representing interest	<u>(15,861)</u>
Present value of future minimum lease payments	<u>\$ 181,683</u>

Authorized, unissued debt –

- June 5, 2012 the Board approved the issuance of Tax Anticipation Note not to exceed \$17,000,000.
- August 16, 2012 the Board approved the issuance of General Obligation Bonds not to exceed \$13,160,000. See note IV.G.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Long Term Debt (Continued)

*Advance Refunding
Series 2011D*

On December 22, 2011, the District issued \$28,770,000 of General Obligation and Refunding Bonds, Series 2011D, with an average interest rate of 4.67%. The bonds consist of serial bonds bearing various fixed interest rates ranging from 3% to 5% with annual maturities from March 2012 through March 2020.

Of the net proceeds of \$31,644,822 (after issuance costs of \$131,075, plus premium of \$3,005,897), \$20,383,312 was used to advance refund the GOB 2004D series, with a total principal amount of \$19,510,000 and an average interest rate of 4.72%. The remaining proceeds of \$11,261,509 are to be used for capital projects.

The net refunding proceeds were used to purchase U.S. Government State and Local Government Series securities (SLGS) and deposited into an irrevocable trust with an escrow agent to provide future debt service payments on the refunded bonds. As a result the bonds are considered defeased, and the related liability for the bonds has been removed from the District's liabilities on the government-wide financial statements.

The advance refunding was done in order to take advantage of more favorable interest rates and save taxpayers money. The refunding decreased the District's total debt payments by approximately \$2,460,000. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately \$2,380,000.

Series 2012B

On April 24, 2012, the District issued \$16,580,000 of General Obligation Refunding Bonds, Series 2012B, with an average interest rate of 3.82%. The bonds consist of serial bonds bearing various fixed interest rates ranging from 3% to 5% with annual maturities from March 2014 to March 2024.

Of the net proceeds of \$18,608,057 (after issuance costs of \$91,030, plus premium of \$2,119,087), \$10,075,680 was used to advance refund the GOB 2004A series, with a total principal amount of \$9,695,000 and an average interest rate of 4.07%. The remaining \$8,532,377 was used to advance refund the GOB series 2004B, with a total principal amount of \$8,210,000 and an average interest rate of 4.07%.

The net proceeds of \$18,608,057 were used to purchase U.S. Government State and Local Government Series securities (SLGS) and deposited into an irrevocable trust with an escrow agent to provide future debt service payments on the refunded bonds. As a result of the refundable bonds, the refundable portion is considered defeased, and the related liability for the bonds has been removed from the District's liabilities on the government-wide financial statements. The remaining portions of the 2004A and 2004B are \$700,000 and \$595,000 respectively and will be paid off during 2013.

The advance refunding was done in order to take advantage of more favorable interest rates and save taxpayers money. The refunding decreased the District's total debt payments by approximately \$2,210,000. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately \$1,940,000.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. 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 - Nonspendable – The District's inventory and prepaid items totaling \$342,945 are classified as nonspendable.

Fund balances - Restricted – The District had a total of \$16,509,751 in restricted fund balance, \$13,326,599 of which is restricted for payment of debt, and \$3,183,152 for capital projects.

Fund balances - Committed - The District had \$30,896,772 committed for capital projects.

Fund balances - Assigned – In the 2013 Budget Resolution, the Board of Education has assigned \$718,601 to be used for next year's expenditures.

Fund balances - Unassigned – The District has an unassigned fund balance of \$27,173,527.

Government-wide and proprietary fund financial statements.

Invested in capital assets - represents the net cost less accumulated depreciation and outstanding debt less unexpended proceeds 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.

Unrestricted - represents the remainder of the School District's net assets in government-wide and business-type activities.

J. Food Service

Federal Guidelines

The School District's Food Service Fund administers the lunch programs in accordance with the United States Department of Agriculture (USDA) guidelines. Revenues are provided from USDA reimbursements and cash collections. The meals served to pupils are classified as regular, reduced, or free lunches by the Food Service Program. The type of meal served determines the amount of reimbursement from the USDA. Reimbursements may be in the form of cash or commodities. The food service expenditures are inclusive of \$434,947 of commodities consumed during the year ended June 30, 2012.

Administrative Costs

The General Fund performs certain administrative functions and pays for certain costs of the Food Service Fund. The School District's accounting policies for food service operations reflect these expenditures in the General Fund.

K. Special Item

The District received \$2,650,000 in settlement of a lawsuit regarding a contractual matter pertaining to insurance coverage. The settlement is not included in the general fund budget since receipt could not be assured. The filing and settlement of the lawsuit was an infrequently occurring transaction within management's control, and is therefore reported as a special item in both the fund statements and the statement of activities.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

L. Restatement of Net Assets

Change in Accounting Policy

During 2012 the District changed an accounting policy related to the capitalization of assets. Previously, in addition to capitalizing individual assets over the \$5,000 threshold, the District was capitalizing groups of assets that, when aggregated, met the threshold. Accordingly, the District removed all assets for which the individual cost was under the \$5,000 threshold, see notes I.D. and III D.

Correction of an Error

An error was discovered in the current year which resulted in the understatement of claims payable and the related cost for workers' compensation insurance. The beginning balances of the affected accounts at July 1, 2011 have been restated to correct those balances. The effect on specific lines of the statements of net assets of the government-wide and proprietary fund statements is as follows.

	Government- Wide Statement of Net Assets	Proprietary Fund	
		Food Service - Business-type Activities	Internal Service Fund - Governmental Activities
As originally presented	\$ 167,145,879	\$ 3,444,397	\$ 1,247,917
Change in accounting policy - capital assets	(11,016,378)	(61,675)	-
Correction of error - claims payable	(971,582)	-	(971,582)
As restated	<u>\$ 155,157,919</u>	<u>\$ 3,382,722</u>	<u>\$ 276,335</u>

IV. OTHER INFORMATION

A. South Carolina Retirement System

Plan Description

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 ad-hoc 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.

Funding Policy

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 6.5% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 9.385% of annual covered payroll. In addition, the School District contributes 0.15% of payroll to a group life insurance benefit for its participants and 4.3% 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, 2012, 2011, and 2010, were \$14,632,558, \$14,396,393, and \$13,843,342, respectively, which are equal to the required contributions for each year.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

IV. OTHER INFORMATION (CONTINUED)

A. South Carolina Retirement System (Continued)

Normal retirement age is defined as 28 years of service or age 65 with five years of earned service. Plan members who are at least age 55 with 25 years of service or age 60 with five years of earned service may elect early retirement with reduced benefits from the retirement system.

Employees eligible for service retirement may participate in the Teacher and Employee Retention Incentive Program (TERI). TERI 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 TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. They are, however, required to contribute 6.5% of their annual covered salary to the SCRS.

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, 6.5% of their annual covered salary in fiscal year 2012. The School District is required to contribute at an actuarially determined rate. The current rate is 4.535% plus the retiree surcharge of 4.3% of annual covered payroll. For the years ended June 30, 2012, 2011, and 2010, total contribution requirements to the ORP (excluding the surcharge) were \$629,758, \$660,544, and \$651,990, respectively, from the School District as employer and \$818,793, \$858,713, and \$847,570, respectively, from its employees as plan members.

B. Postemployment Benefits Other than Pensions

Plan Description - The District contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). The RMP and LTDP were established in accordance with the South Carolina Code of Laws and the annual Appropriations Act to provide postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The State established two trust funds for the purpose of funding and accounting for such costs. The South Carolina Retiree Health Insurance Trust Fund is funded through the payroll surcharge, additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008, and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability benefits (BLTD) are provided to active state, public school district, and participating local government employees approved for disability.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

IV. OTHER INFORMATION (CONTINUED)

B. Postemployment Benefits Other than Pensions (Continued)

Funding Policies - Sections 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by state general fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.3% and 3.9% of annual covered payroll for 2012 and 2011, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District paid \$4,193,457 and \$4,430,273, equal to the required contribution for the fiscal years ended June 30, 2012 and 2011, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years June 30, 2012 and 2011.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

C. Deferred Compensation Plan

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 \$232,047 and \$351,958 respectively, for the year June 30, 2012.

Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust for the contributing employee and are not subject to the claims of the School District's general creditors.

D. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the School District carries commercial insurance. During the year ended June 30, 2012, the School District obtained its general liability 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 and property insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums.

The School District obtains its employee health and life insurance through the South Carolina State Budget and Control Board's Office of Insurance Services which represents all school agencies and most 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. Life insurance is also obtained through the South Carolina State Budget and Control Board's Office of Insurance Services and the carrier is Met Life.

The District is self-insured for Workers' Compensation and the PMA Insurance Group acts as third party administrator. The District's risk management activities related to workers' compensation insurance are recorded in the Insurance Reserve Fund (Internal Service Fund).

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

IV. OTHER INFORMATION (CONTINUED)

D. Risk Management (Continued)

The District establishes an estimated liability for workers' compensation claims and judgments based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Adjustments to claim liabilities are charged or credited to expense in the period in which they are made.

Claims liability in excess of available financial resources is recorded in the Statement of Net Assets. The specific stop-loss and aggregate retention provisions for workers' compensation are \$400,000 and \$1,000,000, respectively.

Changes in the balances of liability for claims and judgments during the last two years were as follows:

Year	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2011	\$ 1,026,386	\$ 376,327	\$ (431,131)	\$ 971,582
2012	\$ 971,582	\$ 268,220	\$ (575,576)	\$ 664,226

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 Department of Employment and Workforce for actual claims paid attributable to service in the employ of the School District. Claims paid during the year ended June 30, 2012 were \$130,473 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.

E. Related Party Transactions

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 each School District. 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, 2012 the School District's expenses related to this agreement were \$2,532,017 as noted in General Fund instruction (Career and Technology Education) expenditures.

Component unit – Allocated funding from the School District to Riverview Charter School during 2012 amounted to \$3,212,440.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

IV. OTHER INFORMATION (CONTINUED)

F. Commitments and Contingent Liabilities

Construction Commitments

The School District has entered into contracts for various construction projects. Outstanding obligations at June 30, 2012, are as follows:

	Contract Amount	Expended as of June 30, 2012	Remaining Commitment
Hilton Head High	\$ 610,805	\$ 135,686	\$ 475,119
Riverview Charter School	347,335	221,224	126,111
Hilton Head IB	93,706	2,889	90,817
Hilton Head SCA	138,655	68,722	69,933
Bluffton Elementary	274,122	96,870	177,252
Okatie Elementary	164,482	12,818	151,664
Mc Riley Elementary	344,947	159,833	185,114
Hilton Head Middle	327,481	72,986	254,495
Bluffton High	1,556,281	835,489	720,792
H.E. McCracken Middle	1,044,415	778,839	265,576
Pritchardville Elementary	17,554,313	17,106,687	447,626
Hilton Head Island ECC	86,976	59,700	27,276
Beaufort Elementary	450,362	75,776	374,586
Ladys Island Elementary	1,286,087	1,093,442	192,645
Mossy Oaks Elementary	895,704	459,373	436,331
St. Helena Elementary	31,296	30,201	1,095
Broad River Elementary	269,404	65,823	203,581
Beaufort Middle	45,183	484	44,699
Ladys Island Middle	394,446	73,212	321,234
Robert Smalls Middle	887,101	693,168	193,933
Beaufort High	704,157	581,183	122,974
Shanklin Elementary	4,478,448	4,174,980	303,468
Whale Branch Elementary	52,321	46,651	5,670
	<u>\$ 32,038,027</u>	<u>\$ 26,846,036</u>	<u>\$ 5,191,991</u>
Total	<u>\$ 32,038,027</u>	<u>\$ 26,846,036</u>	<u>\$ 5,191,991</u>

Litigation

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

Grants

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

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

IV. OTHER INFORMATION (CONTINUED)

F. Commitments and Contingent Liabilities (Continued)

Operating Leases

The School District has entered into non-cancellable operating leases for office machines and exterior lighting at the high schools, which vary in terms from four to ten years. Payments under such leases totaled approximately \$129,011 for the fiscal year ended June 30, 2012. Annual lease commitments are as follows:

Year Ending June 30,	Amount
2013	\$ 143,420
2014	143,420
2015	142,371
2016	139,374
2017	115,356
2018-2021	291,262
	\$ 975,203

G. Subsequent Events

Subsequent to year end, the board awarded various contracts for maintenance agreements totaling approximately \$6,000,000.

In August 2012, the board approved the issuance of General Obligation Bonds not to exceed \$10,000,000 for the annual 8% projects. These bonds were issued October 11, 2012.

In August 2012, the board approved the issuance of General Obligation Bonds not to exceed \$3,160,000, in one of more series and in one or more years, with appropriate series designations including tax-exempt series and taxable series. The proceeds from the bond issuance are to be used by the District for the annual installment payments to the EFC pursuant to the Facilities Agreement (see Note III.H). The first issuance of these bonds were issued September 19, 2012 in the amount of \$1,792,000.

Subsequent events have been evaluated through November 30, 2012, which is the date the financial statements were available to be issued.

H. Pending GASB Statements

GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The School District will implement the new requirements for the 2013 financial statements.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for periods beginning after December 15, 2011, will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The School District will implement the new guidance with the 2013 financial statements.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

IV. OTHER INFORMATION (CONTINUED)

H. Pending GASB Statements (Continued)

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions, effective for periods beginning after December 15, 2011, improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows or resources and their effects on the government's net position. It alleviates uncertainty about reporting those financial statements elements by providing guidance where none previously existed. The School District will implement the new guidance with the 2013 financial statements.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, intends to improve financial reporting by clarifying the appropriate use of the financial statement elements "deferred outflows of resources" and "deferred inflows of resources" to ensure consistency in financial reporting. The statement is effective for financial statements for periods beginning after December 15, 2012. The School District will implement the new guidance with the 2014 financial statements.

GASB Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62, intends to improve financial reporting by resolving conflicting guidance in previous pronouncements regarding the accounting and presentation of risk financing activities, operating leases and certain loan transactions. The statement is effective for financial statements for periods beginning after December 15, 2012. The School District will implement the new guidance with the 2014 financial statements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, intends to improve financial reporting for most governments that provide their employees with pension benefits. The statement is effective for financial statements for periods beginning after June 15, 2014. The School District will implement the new guidance with the 2015 financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Local	\$ 113,569,834	\$ 113,569,834	\$ 117,099,509	\$ 3,529,675
State	54,944,460	54,944,460	53,901,907	(1,042,553)
Federal	400,000	400,000	1,010,577	610,577
Total revenues	<u>168,914,294</u>	<u>168,914,294</u>	<u>172,011,993</u>	<u>3,097,699</u>
EXPENDITURES				
Current				
Instruction	97,369,315	97,369,315	97,271,036	98,279
Support services	73,123,769	73,106,947	72,836,662	270,285
Intergovernmental expenditures				
Payments to other governmental units	2,957,066	2,973,888	3,060,837	(86,949)
Debt service-interest	<u>70,000</u>	<u>70,000</u>	<u>43,017</u>	<u>26,983</u>
Total Expenditures	<u>173,520,150</u>	<u>173,520,150</u>	<u>173,211,552</u>	<u>308,598</u>
Excess of revenues over (under) expenditures	<u>(4,605,856)</u>	<u>(4,605,856)</u>	<u>(1,199,559)</u>	<u>3,406,297</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,013,067	3,013,067	3,296,710	283,643
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(476,080)</u>	<u>(26,080)</u>
Total other financing sources (uses)	<u>2,563,067</u>	<u>2,563,067</u>	<u>2,820,630</u>	<u>257,563</u>
Net change in fund balances	(2,042,789)	(2,042,789)	1,621,071	3,663,860
FUND BALANCES, BEGINNING OF YEAR	<u>26,464,002</u>	<u>26,464,002</u>	<u>26,464,002</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 24,421,213</u>	<u>\$ 24,421,213</u>	<u>\$ 28,085,073</u>	<u>\$ 3,663,860</u>

The accompanying notes to budgetary comparison schedules are an integral part of these schedules.

BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Local	\$ 1,259,611	\$ 1,266,705	\$ 963,462	\$ (303,243)
State	2,626,255	4,017,996	2,691,182	(1,326,814)
Federal	13,958,639	18,536,975	18,424,112	(112,863)
Total revenues	<u>17,844,505</u>	<u>23,821,676</u>	<u>22,078,756</u>	<u>(1,742,920)</u>
EXPENDITURES				
Instruction	9,755,783	13,637,901	12,870,393	767,508
Supporting services	7,220,354	9,108,352	7,935,641	1,172,711
Community services	150,000	228,933	232,461	(3,528)
Intergovernmental expenditures	-	128,122	154,802	(26,680)
Total expenditures	<u>17,126,137</u>	<u>23,103,308</u>	<u>21,193,297</u>	<u>1,910,011</u>
Excess of revenues over (under) expenditures	<u>718,368</u>	<u>718,368</u>	<u>885,459</u>	<u>167,091</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	450,000	476,080	26,080
Transfers out	(1,168,368)	(1,168,368)	(1,361,539)	(193,171)
Total other financing sources (uses)	<u>(718,368)</u>	<u>(718,368)</u>	<u>(885,459)</u>	<u>(167,091)</u>
Net change in fund balances	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to budgetary comparison schedules are an integral part of these schedules.

BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
EDUCATION IMPROVEMENT ACT
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
State	\$ 12,071,205	\$ 15,922,666	\$ 10,091,741	\$ (5,830,925)
Total revenues	<u>12,071,205</u>	<u>15,922,666</u>	<u>10,091,741</u>	<u>(5,830,925)</u>
EXPENDITURES				
Current				
Instruction	8,811,980	11,168,698	6,890,932	4,277,766
Support services	603,560	2,831,568	1,284,807	1,546,761
Intergovernmental governmental	-	109,368	102,970	6,398
Total expenditures	<u>9,415,540</u>	<u>14,109,634</u>	<u>8,278,709</u>	<u>5,830,925</u>
Excess of revenues over (under) expenditures	<u>2,655,665</u>	<u>1,813,032</u>	<u>1,813,032</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	842,000	772,000	70,000
Transfers Out	<u>(2,655,665)</u>	<u>(2,655,032)</u>	<u>(2,585,032)</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>(2,655,665)</u>	<u>(1,813,032)</u>	<u>(1,813,032)</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>

The accompanying notes to budgetary comparison schedules are an integral part of these schedules.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - DISTRICT
YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Local	\$ 51,311,500	\$ 51,311,500	\$ 50,671,044	\$ (640,456)
State	-	-	973,889	973,889
Total revenues	51,311,500	51,311,500	51,644,933	333,433
EXPENDITURES				
Debt Service				
Principal	34,285,000	34,285,000	39,115,000	(4,830,000)
Interest	17,026,500	17,026,500	15,081,501	1,944,999
Fees	-	-	30,698	(30,698)
Total expenditures	51,311,500	51,311,500	54,227,199	(2,915,699)
Excess of revenues over (under) expenditures	-	-	(2,582,266)	(2,582,266)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(1,730,727)	(1,730,727)
Premium on general obligation bonds	-	-	20,791	20,791
General obligation bonds issue	-	-	2,639,000	2,639,000
Total other financing sources (uses)	-	-	929,064	929,064
Net change in fund balances	-	-	(1,653,202)	(1,653,202)
FUND BALANCES, BEGINNING OF YEAR	13,932,419	13,932,419	13,932,419	-
FUND BALANCES, END OF YEAR	\$ 13,932,419	\$ 13,932,419	\$ 12,279,217	\$ (1,653,202)

The accompanying notes to budgetary comparison schedules are an integral part of these schedules.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO BUDGETARY COMPARISON SCHEDULES –
BUDGETED GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

The amounts reported as the original budgeted amounts in the budgetary schedules reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary schedules reflect the amounts in the final amended budget issued during the year ended June 30, 2012. 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 General Fund and Debt Service Fund – District budgets 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 re-appropriated in the ensuing year's budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- (1) 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 review and adjustment.
- (2) 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.
- (3) 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 two public hearings.

The administration has discretionary authority to make transfers between appropriation accounts. The final budget amounts presented in the financial statements are as approved after the millage setting by County Council on August 22, 2011. No adjustments were made to the total General Fund appropriations budget after that date.

The Special Project Fund's budget was amended to increase expenditures by \$5,977,171. The increase was funded by additional grant revenues.

The Education Improvement Act's budget was amended to increase expenditures and transfers out by \$4,693,461. The increase was funded by additional state revenues in the amount of \$3,851,461 and transfers in the amount of \$842,000.

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 assignments of the fund balances at year end for encumbrances.

OTHER SUPPLEMENTARY INFORMATION

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 unassigned fund balance may be appropriated to support operating expenditures in subsequent years.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

Page 1 of 9

REVENUES	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
1000 Revenue from local sources				
1200 Revenue from local governmental units other than LEAs				
1210 Ad valorem taxes-including delinquent	\$ 111,193,370	\$ 111,193,370	\$ 111,989,122	\$ 795,752
1240 Penalties and interest on taxes	900,000	900,000	966,787	66,787
1280 Revenue in lieu of taxes	-	-	8,988	8,988
1300 Tuition				
1320 From other LEAs for regular day school	-	-	20,696	20,696
1500 Earnings on investments				
1510 Interest on investments	200,000	200,000	142,457	(57,543)
1900 Other revenue from local sources				
1920 Contributions/Donations Private	-	-	25	25
1950 Refund of prior year's expenditures	-	-	577	577
1993 Receipt of insurance proceeds	-	-	2,650,000	2,650,000
1999 Revenue from other local sources	1,276,464	1,276,464	1,320,857	44,393
Total local sources	113,569,834	113,569,834	117,099,509	3,529,675
3000 Revenue from state sources				
3130 Special programs				
3131 Handicapped transportation	-	-	1,956	1,956
3132 Home schooling	-	-	1,410	1,410
3160 School bus drivers' salary	664,712	664,712	897,706	232,994
3161 EAA bus driver salary/fringe	-	-	5,276	5,276
3162 Transportation workers' compensation	-	-	74,017	74,017
3181 Retiree insurance	2,650,185	2,650,185	3,312,197	662,012
3300 Education Finance Act				
3385 EFA Direct Aid	-	633,148	596,110	(37,038)
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	2,000,000	2,000,000	2,045,867	45,867
3825 Reimbursement for property tax relief	41,518,075	41,518,075	39,433,155	(2,084,920)
3830 Merchant's inventory tax	332,079	332,079	332,079	-
3890 Other state property tax revenues	110,000	110,000	73,883	(36,117)
3900 Other state revenue				
3999 Revenue from other state sources	633,148	-	91,990	91,990
Total state sources	54,944,460	54,944,460	53,901,907	(1,042,553)
4000 Revenue from federal sources				
4100 Federally impacted areas				
4110 Maintenance & operations, P.L. 81-874	-	-	78,887	78,887
4990 Other federal revenue				
4999 Revenue from other federal sources	400,000	400,000	931,690	531,690
Total federal sources	400,000	400,000	1,010,577	610,577
Total revenue all sources	168,914,294	168,914,294	172,011,993	3,097,699

BEAUFORT COUNTY SCHOOL DISTRICT
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	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES				
100 Instruction				
110 General Instruction				
111 Kindergarten programs				
100 Salaries	\$ 5,703,002	\$ 5,291,002	\$ 5,223,119	\$ 67,883
140 Terminal Leave	-	-	2,185	(2,185)
200 Employee benefits	1,938,167	1,938,167	1,870,514	67,653
300 Purchased services	5,834	27,649	26,690	959
400 Supplies & materials	118,447	176,417	176,102	315
	<u>7,765,450</u>	<u>7,433,235</u>	<u>7,298,610</u>	<u>134,625</u>
112 Primary programs				
100 Salaries	14,947,350	14,351,813	14,204,957	146,856
140 Terminal Leave	-	-	3,796	(3,796)
200 Employee benefits	4,943,291	5,245,328	5,245,113	215
300 Purchased services	346,577	361,042	358,153	2,889
400 Supplies & materials	472,674	777,801	775,681	2,120
500 Capital outlay	-	23,935	23,935	-
600 Other objects	15,400	600	620	(20)
	<u>20,725,292</u>	<u>20,760,519</u>	<u>20,612,255</u>	<u>148,264</u>
113 Elementary programs				
100 Salaries	22,991,940	22,275,840	22,272,474	3,366
140 Terminal Leave	-	-	7,415	(7,415)
200 Employee benefits	7,588,315	7,213,508	7,211,192	2,316
300 Purchased services	219,317	250,199	249,712	487
400 Supplies & materials	537,216	1,647,737	1,788,528	(140,791)
600 Other objects	40,900	29,631	31,047	(1,416)
	<u>31,377,688</u>	<u>31,416,915</u>	<u>31,560,368</u>	<u>(143,453)</u>
114 High School programs				
100 Salaries	14,265,454	14,258,954	14,126,793	132,161
140 Terminal Leave	-	-	9,895	(9,895)
200 Employee benefits	4,608,999	4,607,699	4,540,902	66,797
300 Purchased services	389,354	282,888	616,704	(333,816)
400 Supplies & materials	464,740	480,820	630,319	(149,499)
500 Capital outlay	4,400	10,615	8,131	2,484
600 Other objects	47,851	73,973	62,956	11,017
	<u>19,780,798</u>	<u>19,714,949</u>	<u>19,995,700</u>	<u>(280,751)</u>
115 Career and Technology Education				
100 Salaries	1,093,793	1,093,793	1,133,325	(39,532)
140 Terminal Leave	-	-	900	(900)
200 Employee benefits	340,648	340,648	357,125	(16,477)
300 Purchased services	2,532,617	2,533,661	2,534,698	(1,037)
400 Supplies & materials	41,795	42,264	36,078	6,186
600 Other objects	2,200	2,000	-	2,000
	<u>4,011,053</u>	<u>4,012,366</u>	<u>4,062,126</u>	<u>(49,760)</u>
Total general instruction	<u>83,660,281</u>	<u>83,337,984</u>	<u>83,529,059</u>	<u>(191,075)</u>
120 Exceptional programs				
121 Educable mentally handicapped				
100 Salaries	785,768	767,267	683,570	83,697
200 Employee benefits	267,266	254,675	230,352	24,323
400 Supplies & materials	4,440	2,685	1,720	965
	<u>1,057,474</u>	<u>1,024,627</u>	<u>915,642</u>	<u>108,985</u>

BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
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	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES, Continued				
100 Instruction, Continued				
122 Trainable mentally handicapped				
100 Salaries	\$ 371,662	\$ 371,662	\$ 391,442	\$ (19,780)
200 Employee benefits	153,113	153,113	138,253	14,860
300 Purchased services	197	832	532	300
400 Supplies & materials	4,898	4,345	2,314	2,031
	<u>529,870</u>	<u>529,952</u>	<u>532,541</u>	<u>(2,589)</u>
123 Orthopedically handicapped				
100 Salaries	77,339	126,122	121,567	4,555
200 Employee benefits	36,445	55,939	61,267	(5,328)
400 Supplies & materials	9,001	7,386	4,915	2,471
	<u>122,785</u>	<u>189,447</u>	<u>187,749</u>	<u>1,698</u>
124 Visually handicapped				
100 Salaries	74,563	124,703	124,841	(138)
200 Employee benefits	23,831	41,724	43,814	(2,090)
400 Supplies & materials	100	120	107	13
	<u>98,494</u>	<u>166,547</u>	<u>168,762</u>	<u>(2,215)</u>
125 Hearing handicapped				
100 Salaries	400,710	302,551	268,943	33,608
200 Employee benefits	141,768	103,617	85,670	17,947
300 Purchased services	200	350	192	158
400 Supplies & materials	1,959	1,192	1,028	164
	<u>544,637</u>	<u>407,710</u>	<u>355,833</u>	<u>51,877</u>
126 Speech handicapped				
100 Salaries	958,088	1,013,088	1,009,647	3,441
140 Terminal Leave	-	-	495	(495)
200 Employee benefits	311,222	316,222	312,618	3,604
300 Purchased services	800	55	55	-
400 Supplies & materials	9,149	10,288	8,455	1,833
600 Other objects	450	225	225	-
	<u>1,279,709</u>	<u>1,339,878</u>	<u>1,331,495</u>	<u>8,383</u>
127 Learning disabilities				
100 Salaries	3,190,892	3,055,769	3,045,532	10,237
140 Terminal Leave	-	-	190	(190)
200 Employee benefits	1,074,176	1,069,176	1,020,126	49,050
300 Purchased services	7,452	2,057	1,846	211
400 Supplies & materials	95,240	108,882	108,751	131
600 Other objects	4,000	4,000	423	3,577
	<u>4,371,760</u>	<u>4,239,884</u>	<u>4,176,868</u>	<u>63,016</u>
128 Emotionally handicapped				
100 Salaries	1,205,987	1,149,725	1,140,975	8,750
140 Terminal Leave	-	-	781	(781)
200 Employee benefits	455,786	437,665	432,045	5,620
300 Purchased Services	190	-	-	-
400 Supplies & materials	4,538	2,148	1,745	403
	<u>1,666,501</u>	<u>1,589,538</u>	<u>1,575,546</u>	<u>13,992</u>
Total exceptional programs	<u>9,671,230</u>	<u>9,487,583</u>	<u>9,244,436</u>	<u>243,147</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
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	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES, Continued				
100 Instruction, Continued				
130 Preschool programs				
131 Pre-school handicapped-speech (5 yr. olds)				
100 Salaries	\$ 54,071	\$ 54,071	\$ 54,911	\$ (840)
200 Employee benefits	19,343	19,343	19,614	(271)
	<u>73,414</u>	<u>73,414</u>	<u>74,525</u>	<u>(1,111)</u>
135 Pre-school handicapped -speech (3&4 yr. olds)				
100 Salaries	114,868	114,868	101,421	13,447
200 Employee benefits	40,960	40,960	35,193	5,767
	<u>155,828</u>	<u>155,828</u>	<u>136,614</u>	<u>19,214</u>
137 Pre-school handicapped -self contained (3&4 yr. olds)				
100 Salaries	2,000	105,000	111,560	(6,560)
200 Employee benefits	400	51,906	41,028	10,878
	<u>2,400</u>	<u>156,906</u>	<u>152,588</u>	<u>4,318</u>
139 Early childhood programs				
100 Salaries	1,134,599	1,418,599	1,417,716	883
200 Employee benefits	440,973	493,973	493,267	706
300 Purchased services	-	449	648	(199)
400 Supplies & materials	40,341	39,347	36,044	3,303
600 Other objects	1,500	1,060	1,060	-
	<u>1,617,413</u>	<u>1,953,428</u>	<u>1,948,735</u>	<u>4,693</u>
Total preschool programs	<u>1,849,055</u>	<u>2,339,576</u>	<u>2,312,462</u>	<u>27,114</u>
140 Special programs				
141 Gifted and talented-academic				
100 Salaries	1,160,207	1,160,207	1,233,140	(72,933)
200 Employee benefits	403,968	403,968	400,273	3,695
300 Purchased Services	8,000	3,212	2,199	1,013
400 Supplies & materials	40,855	42,289	47,562	(5,273)
600 Other objects	1,015	783	585	198
	<u>1,614,045</u>	<u>1,610,459</u>	<u>1,683,759</u>	<u>(73,300)</u>
145 Homebound				
100 Salaries	140,000	88,500	82,487	6,013
200 Employee benefits	28,000	28,000	22,880	5,120
300 Purchased services	50,000	34,500	11,272	23,228
	<u>218,000</u>	<u>151,000</u>	<u>116,639</u>	<u>34,361</u>
Total Special programs	<u>1,832,045</u>	<u>1,761,459</u>	<u>1,800,398</u>	<u>(38,939)</u>
160 Other exceptional programs				
161 Autism				
100 Salaries	93,275	111,776	111,116	660
200 Employee benefits	33,999	46,590	43,296	3,294
400 Supplies & materials	2,450	1,134	1,138	(4)
	<u>129,724</u>	<u>159,500</u>	<u>155,550</u>	<u>3,950</u>
Total other exceptional programs	<u>129,724</u>	<u>159,500</u>	<u>155,550</u>	<u>3,950</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
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	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES, Continued				
100 Instruction, Continued				
170 Summer school program				
175 Instructional programs beyond regular school day				
100 Salaries	\$ -	\$ 20,466	\$ 12,136	\$ 8,330
200 Employee benefits	-	4,099	2,530	1,569
600 Other objects	8,000	216	216	-
	<u>8,000</u>	<u>24,781</u>	<u>14,882</u>	<u>9,899</u>
Total summer school program	<u>8,000</u>	<u>24,781</u>	<u>14,882</u>	<u>9,899</u>
180 Adult/Continuing educational programs				
182 Adult Secondary Education				
100 Salaries	-	51,500	51,206	294
200 Employee benefits	-	15,500	15,288	212
	<u>-</u>	<u>67,000</u>	<u>66,494</u>	<u>506</u>
190 Instructional Pupil Activity				
300 Purchased services	-	1,400	300	1,100
400 Supplies & materials	3,000	5,176	6,041	(865)
600 Other objects	215,980	184,856	141,414	43,442
	<u>218,980</u>	<u>191,432</u>	<u>147,755</u>	<u>43,677</u>
Total adult programs	<u>218,980</u>	<u>258,432</u>	<u>214,249</u>	<u>44,183</u>
Total instruction	<u>97,369,315</u>	<u>97,369,315</u>	<u>97,271,036</u>	<u>98,279</u>
200 Support services				
210 Pupil services				
211 Attendance and social work services				
100 Salaries	1,632,464	1,746,464	1,810,489	(64,025)
140 Terminal Leave	-	-	23,141	(23,141)
200 Employee benefits	611,272	640,272	659,212	(18,940)
300 Purchased services	77,688	76,930	44,360	32,570
400 Supplies & materials	29,804	27,863	26,419	1,444
600 Other objects	2,250	2,310	1,426	884
	<u>2,353,478</u>	<u>2,493,839</u>	<u>2,565,047</u>	<u>(71,208)</u>
212 Guidance				
100 Salaries	2,794,604	2,689,604	2,687,333	2,271
140 Terminal Leave	-	-	1,418	(1,418)
200 Employee benefits	854,234	825,234	823,233	2,001
300 Purchased services	62,865	22,260	10,693	11,567
400 Supplies & materials	76,137	62,040	62,370	(330)
600 Other objects	3,150	2,756	1,995	761
	<u>3,790,990</u>	<u>3,601,894</u>	<u>3,587,042</u>	<u>14,852</u>
213 Health Services				
100 Salaries	741,064	741,064	812,924	(71,860)
140 Terminal leave	-	-	900	(900)
200 Employee benefits	235,645	280,645	277,074	3,571
300 Purchased services	8,500	8,500	5,793	2,707
400 Supplies & materials	42,000	42,000	39,336	2,664
600 Other objects	1,000	1,000	40	960
	<u>1,028,209</u>	<u>1,073,209</u>	<u>1,136,067</u>	<u>(62,858)</u>

BEAUFORT COUNTY SCHOOL DISTRICT
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	Budgeted Amounts		Actual	Variance	
	Original	Final		Favorable (Unfavorable)	
EXPENDITURES, Continued					
200 Support services, Continued					
214 Psychological Services					
100	Salaries	\$ 559,937	\$ 559,937	\$ 626,880	\$ (66,943)
200	Employee Benefits	164,541	164,541	197,488	(32,947)
300	Purchased services	7,000	9,206	10,226	(1,020)
400	Supplies & materials	12,000	9,794	8,421	1,373
		<u>743,478</u>	<u>743,478</u>	<u>843,015</u>	<u>(99,537)</u>
	Total pupil services	<u>7,916,155</u>	<u>7,912,420</u>	<u>8,131,171</u>	<u>(218,751)</u>
220 Instructional staff services					
221 Improvement of instruction					
-curriculum development					
100	Salaries	3,587,758	4,135,527	4,133,494	2,033
140	Terminal Leave	-	-	53,577	(53,577)
200	Employee benefits	972,549	1,196,281	1,194,084	2,197
300	Purchased services	153,685	202,901	199,991	2,910
400	Supplies & materials	295,800	382,782	344,838	37,944
500	Capital outlay	40,000	-	-	-
600	Other objects	12,050	45,190	44,422	768
		<u>5,061,842</u>	<u>5,962,681</u>	<u>5,970,406</u>	<u>(7,725)</u>
222 Library and media services					
100	Salaries	2,548,123	2,540,123	2,391,686	148,437
140	Terminal Leave	-	-	2,262	(2,262)
200	Employee benefits	882,257	880,657	838,831	41,826
300	Purchased services	10,659	24,388	23,199	1,189
400	Supplies & materials	414,707	411,385	360,360	51,025
600	Other objects	1,085	2,021	2,567	(546)
		<u>3,856,831</u>	<u>3,858,574</u>	<u>3,618,905</u>	<u>239,669</u>
223 Supervision of special programs					
100	Salaries	152,201	305,620	196,486	109,134
140	Terminal Leave	-	-	17,790	(17,790)
200	Employee benefits	45,423	147,223	67,862	79,361
400	Supplies & materials	-	-	839	(839)
600	Other objects	-	200	200	-
		<u>197,624</u>	<u>453,043</u>	<u>283,177</u>	<u>169,866</u>
224 Improvement of instruction-in-service training					
100	Salaries	20,000	36,763	35,977	786
200	Employee benefits	4,000	7,401	7,295	106
300	Purchased services	317,016	284,659	283,469	1,190
400	Supplies & materials	23,000	20,507	20,494	13
600	Other objects	1,000	1,240	1,228	12
		<u>365,016</u>	<u>350,570</u>	<u>348,463</u>	<u>2,107</u>
	Total instructional staff services	<u>9,481,313</u>	<u>10,624,868</u>	<u>10,220,951</u>	<u>403,917</u>
230 General administration services					
231 Board of Education					
100	Salaries	126,391	126,391	126,578	(187)
200	Employee benefits	31,748	31,748	34,074	(2,326)
300	Purchased services	444,156	444,156	410,578	33,578
318	Audit services	54,100	54,100	49,000	5,100
400	Supplies & materials	12,900	12,900	8,134	4,766
600	Other objects	29,000	29,000	751	28,249
		<u>698,295</u>	<u>698,295</u>	<u>629,115</u>	<u>69,180</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
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	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES, Continued				
200 Support services, Continued				
232 Office of the Superintendent				
100 Salaries	\$ 250,827	\$ 252,027	\$ 251,905	\$ 122
200 Employee benefits	72,757	71,557	70,869	688
300 Purchased services	47,700	47,700	33,871	13,829
400 Supplies & materials	13,700	13,700	8,709	4,991
600 Other objects	7,500	7,500	3,963	3,537
	<u>392,484</u>	<u>392,484</u>	<u>369,317</u>	<u>23,167</u>
233 School Administration				
100 Salaries	8,757,408	8,857,408	8,855,724	1,684
140 Terminal Leave	-	-	33,469	(33,469)
200 Employee benefits	2,737,315	2,812,315	2,807,727	4,588
300 Purchased services	186,100	178,595	175,139	3,456
400 Supplies & materials	299,699	317,370	317,224	146
600 Other objects	16,175	14,230	11,875	2,355
	<u>11,996,697</u>	<u>12,179,918</u>	<u>12,201,158</u>	<u>(21,240)</u>
Total general administration services	<u>13,087,476</u>	<u>13,270,697</u>	<u>13,199,590</u>	<u>71,107</u>
250 Finance and operations services				
252 Fiscal services				
100 Salaries	1,025,257	1,025,257	1,010,735	14,522
140 Terminal Leave	-	-	13,867	(13,867)
200 Employee benefits	313,570	313,570	305,398	8,172
300 Purchased services	65,230	58,730	56,776	1,954
400 Supplies & materials	59,700	66,200	65,851	349
600 Other objects	5,775	5,775	3,800	1,975
	<u>1,469,532</u>	<u>1,469,532</u>	<u>1,456,427</u>	<u>13,105</u>
253 Facilities acquisition and construction				
300 Purchased services	5,950	6,005	2,472	3,533
400 Supplies & materials	10,400	10,315	4,569	5,746
600 Other objects	750	780	418	362
	<u>17,100</u>	<u>17,100</u>	<u>7,459</u>	<u>9,641</u>
254 Operation and maintenance of plant				
100 Salaries	560,632	495,632	493,749	1,883
140 Terminal Leave	-	-	5,772	(5,772)
200 Employee benefits	208,981	297,981	296,924	1,057
300 Purchased services	16,073,533	15,555,666	15,506,293	49,373
321 Utilities	401,682	451,682	450,074	1,608
400 Supplies & materials	813,500	1,163,017	760,226	402,791
470 Energy	6,551,644	5,806,959	5,723,021	83,938
500 Capital outlay	15,000	123,563	77,647	45,916
600 Other objects	187,000	205,772	204,619	1,153
	<u>24,811,972</u>	<u>24,100,272</u>	<u>23,518,325</u>	<u>581,947</u>
255 Student transportation				
100 Salaries	124,117	124,117	133,757	(9,640)
200 Employee benefits	65,732	65,732	68,173	(2,441)
300 Purchased services	4,459,364	4,459,364	5,223,795	(764,431)
	<u>4,649,213</u>	<u>4,649,213</u>	<u>5,425,725</u>	<u>(776,512)</u>
256 Food service				
200 Employee benefits	110,000	110,000	110,000	-
	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

Page 8 of 9

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES, Continued				
200 Support services, Continued				
258 Security				
100 Salaries	\$ 285,227	\$ 285,227	\$ 264,205	\$ 21,022
200 Employee benefits	80,344	80,344	71,843	8,501
300 Purchased services	748,230	747,928	739,503	8,425
400 Supplies & materials	-	302	302	-
600 Other objects	125	125	120	5
	<u>1,113,926</u>	<u>1,113,926</u>	<u>1,075,973</u>	<u>37,953</u>
Total finance and operations services	<u>32,171,743</u>	<u>31,460,043</u>	<u>31,593,909</u>	<u>(133,866)</u>
260 Central support services				
262 Planning, research, development, and evaluation				
100 Salaries	68,309	68,309	68,613	(304)
200 Employee benefits	23,670	23,670	24,083	(413)
300 Purchased services	3,875	3,875	3,176	699
400 Supplies & materials	350	350	274	76
	<u>96,204</u>	<u>96,204</u>	<u>96,146</u>	<u>58</u>
263 Information services				
100 Salaries	207,561	207,561	202,084	5,477
200 Employee benefits	51,987	51,987	55,967	(3,980)
300 Purchased services	38,041	38,041	26,019	12,022
400 Supplies & materials	3,970	3,970	3,792	178
600 Other objects	900	900	53	847
	<u>302,459</u>	<u>302,459</u>	<u>287,915</u>	<u>14,544</u>
264 Staff services				
100 Salaries	1,062,708	1,062,708	1,090,097	(27,389)
140 Terminal leave	-	-	15,319	(15,319)
200 Employee benefits	1,038,559	437,140	435,688	1,452
300 Purchased services	584,505	569,505	499,603	69,902
400 Supplies & materials	77,350	90,350	92,164	(1,814)
500 Capital outlay	3,000	-	-	-
600 Other objects	3,665	8,665	7,400	1,265
	<u>2,769,787</u>	<u>2,168,368</u>	<u>2,140,271</u>	<u>28,097</u>
266 Technology and data processing services				
100 Salaries	1,863,831	1,707,031	1,694,285	12,746
140 Terminal Leave	-	-	3,482	(3,482)
200 Employee benefits	619,536	619,536	539,288	80,248
300 Purchased services	2,212,872	1,706,720	1,690,796	15,924
400 Supplies & materials	66,085	501,782	605,392	(103,610)
500 Capital outlay	124,569	353,174	303,215	49,959
600 Other objects	2,500	1,150	1,194	(44)
	<u>4,889,393</u>	<u>4,889,393</u>	<u>4,837,652</u>	<u>51,741</u>
Total central support services	<u>8,057,843</u>	<u>7,456,424</u>	<u>7,361,984</u>	<u>94,440</u>
270 Support services pupil activity				
271 Pupil services activities				
100 Salaries	966,124	1,005,548	1,004,725	823
200 Employee benefits	203,936	190,095	189,749	346
300 Purchased services	-	41,987	41,282	705
400 Supplies & materials	371,950	345,999	336,222	9,777
500 Capital outlay	-	12,981	11,585	1,396
600 Other objects	867,229	785,885	745,494	40,391
	<u>2,409,239</u>	<u>2,382,495</u>	<u>2,329,057</u>	<u>53,438</u>
Total support services	<u>73,123,769</u>	<u>73,106,947</u>	<u>72,836,662</u>	<u>270,285</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

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	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES, Continued				
400 Other charges				
410 Intergovernmental expenditures				
412 Payments to Other governmental units				
300 Purchased Services	\$ -	\$ 16,822	\$ 57,983	\$ (41,161)
	-	16,822	57,983	(41,161)
416 Payments to Public Charter Schools				
720 Transits	2,957,066	2,957,066	3,002,854	(45,788)
	2,957,066	2,957,066	3,002,854	(45,788)
Total intergovernmental expenditures	2,957,066	2,973,888	3,060,837	(86,949)
500 Debt service				
620 Interest	70,000	70,000	43,017	26,983
	70,000	70,000	43,017	26,983
Total debt service	70,000	70,000	43,017	26,983
Total expenditures	173,520,150	173,520,150	173,211,552	308,598
OTHER FINANCING SOURCES (USES)				
5230 Transfer from Special Rev-EIA	2,650,185	2,650,185	2,585,032	(65,153)
5280 Transfer from Other Funds Indirect Costs	362,882	362,882	711,678	348,796
421-710 Transfer to Special Revenue	(450,000)	(450,000)	(476,080)	(26,080)
Total other financing sources (uses)	2,563,067	2,563,067	2,820,630	257,563
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(2,042,789)	(2,042,789)	1,621,071	3,663,860
FUND BALANCE, BEGINNING OF YEAR	26,464,002	26,464,002	26,464,002	-
FUND BALANCE, END OF YEAR	\$ 24,421,213	\$ 24,421,213	\$ 28,085,073	\$ 3,663,860

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Exhibit 4.

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
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	IDEA (203)	PRE- SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	OTHER DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	Total
REVENUES								
1000 Local sources								
1900 Other revenue from local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60	\$ 60
1920 Contributions and donations private sources	-	-	-	-	-	-	261,620	261,620
1930 Medicaid	-	-	-	-	-	-	-	-
1999 Revenue from other local sources	-	-	-	-	5,978	-	695,804	701,782
Total local sources	-	-	-	-	5,978	-	957,484	963,462
3000 State sources								
3100 Restricted State Funding								
3110 Occupational Education	-	-	-	-	-	570,500	-	570,500
3118 EEDA Career Specialists	-	-	-	-	-	92,606	-	92,606
3120 General Education	-	-	-	-	-	356,879	-	356,879
3123 Formative Assessment	-	-	-	-	-	503,017	-	503,017
3127 Student Health & Fitness - P.E. Teachers	-	-	-	-	-	3,138	4,350	3,138
3130 Special programs	-	-	-	-	-	-	-	-
3136 Student Health & Fitness - Nurses	-	-	-	-	-	53,954	-	53,954
3190 Miscellaneous restricted grants	-	-	-	-	-	1,071,332	-	1,071,332
3193 Education License plates	-	-	-	-	-	-	4,350	4,350
3199 Other restricted state grants	-	-	-	-	-	-	-	-
3600 Education Lottery Act Revenue	-	-	-	-	-	-	-	-
3607 6-8 Enhancement	-	-	-	-	-	-	-	-
3610 K-5 Enhancement	-	-	-	-	-	-	-	-
3990 Other state revenue	-	-	-	-	-	-	-	-
3999 Revenue from other state sources	-	-	-	-	-	2,651,426	35,406	35,406
Total state sources	-	-	-	-	-	2,651,426	39,756	2,691,182

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	IDEA (203)	PRE- SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	OTHER DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	Total
4000 Federal sources								
4200 Occupational education								
4210 Perkins, Title I	\$ -	\$ -	\$ -	\$ 216,180	\$ -	\$ -	\$ -	\$ 216,180
4300 Elementary and Secondary Education Act of 1965								
4310 Title I	5,395,829	-	-	-	-	-	372,429	5,768,258
4325 Math & Science Partnership Program	-	-	-	-	-	-	210,655	210,655
4331 Enhancing Education through Technology	-	-	-	-	-	-	19,428	19,428
4341 Language instruction for limited English proficient and immigrant students, Title III	-	-	-	-	-	-	379,582	379,582
4348 Teacher Incentive Fund Grant	-	-	-	-	-	-	2,471,611	2,471,611
4350 ARRA State Fiscal Stabilization Funds	-	-	-	-	-	-	753,249	753,249
4351 Improving Teacher Quality	-	-	-	-	-	-	972,770	972,770
4400 Adult Education								
4410 Basic adult education	-	-	-	-	292,856	-	-	292,856
4430 State Literacy Resource	-	-	-	-	9,498	-	-	9,498
4500 Programs for children with disabilities								
4510 IDEA	-	5,346,025	-	-	-	-	43,534	5,389,559
4520 Pre-school	-	-	135,343	-	-	-	-	135,343
4540 ARRA 611 IDEA Stimulus	-	-	-	-	-	-	816,389	816,389
4550 ARRA 619 IDEA Preschool	-	-	-	-	-	-	144,102	144,102
4900 Other federal sources								
4924 21st Century community learning centers grant, Title IV	-	-	-	-	-	-	112,950	112,950
4999 Revenues from other federal sources	-	-	-	-	-	-	731,682	731,682
Total federal sources	5,395,829	5,346,025	135,343	216,180	302,354	-	7,028,381	18,424,112
Total Revenue	5,395,829	5,346,025	135,343	216,180	308,332	2,651,426	8,025,621	22,078,756

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	PRE-SCHOOL			CATE (207)	ADULT EDUCATION	OTHER		OTHER SPECIAL REVENUE	PROGRAMS	Total
		IDEA (203)	HANDI- CAPPED (205)	DESIGNATED RESTRICTED STATE GRANTS			OTHER DESIGNATED RESTRICTED STATE GRANTS				
EXPENDITURES											
100 INSTRUCTION											
110 General instruction											
111 Kindergarten programs											
100 Salaries	\$ 103,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,095	\$ 52,398	\$ -	\$ 164,692	
200 Employee benefits	38,877	-	-	-	-	-	5,741	15,944	15,944	60,562	
400 Supplies and materials	31	-	-	-	-	-	-	2,229	2,229	2,260	
112 Primary programs											
100 Salaries	552,042	-	-	-	-	-	765,671	443,055	443,055	1,760,768	
200 Employee benefits	168,699	-	-	-	-	-	244,839	103,362	103,362	516,900	
300 Purchased services	1,199	-	-	-	-	-	91,114	2,650	2,650	94,963	
400 Supplies and materials	18,382	-	-	-	-	-	-	19,271	19,271	37,653	
113 Elementary programs											
100 Salaries	628,048	-	-	-	-	-	119,034	288,364	288,364	1,035,446	
200 Employee benefits	193,364	-	-	-	-	-	38,741	86,282	86,282	318,387	
300 Purchased services	176,621	-	-	-	-	-	-	11,950	11,950	188,571	
400 Supplies and materials	89,244	-	-	-	-	-	32	407,404	407,404	496,680	
500 Capital outlay	5,051	-	-	-	-	-	-	-	-	5,051	
600 Other objects	1,331	-	-	-	-	-	-	2,609	2,609	3,940	
114 High school programs											
100 Salaries	97,492	-	-	-	-	-	44,794	646,078	646,078	788,364	
200 Employee benefits	31,454	-	-	-	-	-	13,561	155,661	155,661	200,676	
300 Purchased services	2,280	-	-	-	-	-	-	3,379	3,379	5,659	
400 Supplies and materials	53,724	-	-	-	-	-	3,422	22,940	22,940	80,086	
500 Capital outlay	133,218	-	-	-	-	-	-	133,186	133,186	266,404	
600 Other objects								6,390	6,390	6,390	
115 Career and Technology Education programs											
100 Salaries	-	-	-	-	55,127	-	-	-	-	55,127	
200 Employee benefits	-	-	-	-	12,373	-	-	-	-	12,373	
300 Purchased services	-	-	-	-	1,000	-	-	-	-	1,000	
400 Supplies and materials	-	-	-	-	54,012	-	-	-	6,586	60,598	

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	PRE-		OTHER				Total
	TITLE I (201/202)	IDEA (203)	SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	DESIGNATED RESTRICTED STATE GRANTS	
EXPENDITURES, Continued							
100 INSTRUCTION, continued							
120 Exceptional programs							
121 Educable Mentally Handicapped							
100 Salaries	\$ -	\$ 309,747	\$ -	\$ -	\$ -	\$ -	\$ 309,747
200 Employee benefits	-	122,701	-	-	-	-	122,701
400 Supplies and materials	-	-	-	-	-	62	62
122 Trainable mentally handicapped							
100 Salaries	-	212,034	-	-	-	-	212,034
200 Employee benefits	-	87,471	-	-	-	-	87,471
300 Purchased services	-	-	-	-	-	1,423	1,423
400 Supplies and materials	-	2,070	-	-	-	3,708	5,778
123 Orthopedically handicapped							
100 Salaries	3,269	86,524	-	-	-	61,438	151,231
200 Employee benefits	1,656	24,831	-	-	-	19,051	45,538
300 Purchased services	-	139,023	-	-	-	13,542	152,565
400 Supplies and materials	-	8,267	-	-	-	26,743	35,010
124 Visually handicapped							
100 Salaries	-	2,133	-	-	-	-	2,133
200 Employee benefits	-	455	-	-	-	-	455
300 Purchased services	-	9,328	-	-	-	-	9,328
400 Supplies and materials	-	9,992	-	-	-	3,039	13,031
500 Capital outlay	-	14,749	-	-	-	5,896	20,645
600 Other objects	-	400	-	-	-	-	400
125 Hearing handicapped							
100 Salaries	4,209	200,311	-	-	-	765	205,285
200 Employee benefits	1,405	71,640	-	-	-	261	73,306
300 Purchased services	-	7,844	-	-	-	1,583	9,427
400 Supplies and materials	-	448	-	-	-	527	975
126 Speech handicapped							
100 Salaries	5,716	132,968	-	-	-	1,039	139,723
200 Employee benefits	1,545	41,094	-	-	-	285	42,924
300 Purchased services	-	209,485	-	-	-	10,525	220,010
400 Supplies and materials	-	5,133	-	-	-	28,514	33,647

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	IDEA (203)	PRE- SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	OTHER		Total
						DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	
EXPENDITURES, Continued								
100 INSTRUCTION, continued								
127 Learning disabilities								
100 Salaries	\$ 22,246	\$ 762,791	\$ -	\$ -	\$ -	\$ -	3,807	\$ 788,844
200 Employee benefits	6,990	259,409	-	-	-	-	1,203	267,602
300 Purchased services	-	496	-	-	-	-	33,601	34,097
400 Supplies and materials	-	41,222	-	-	-	-	212,984	254,206
500 Capital outlay	-	-	-	-	-	-	361,863	361,863
600 Other objects	-	-	-	-	-	-	183	183
128 Emotionally handicapped								
100 Salaries	3,003	201,257	-	-	-	-	545	204,805
200 Employee benefits	962	82,497	-	-	-	-	179	83,638
400 Supplies and materials	-	587	-	-	-	-	2,901	3,488
130 Preschool programs								
137 Preschool handicapped self-contained (3 & 4 yr. olds)								
100 Salaries	7,784	10,119	82,944	-	-	-	1,617	102,464
200 Employee benefits	2,278	2,214	46,003	-	-	-	424	50,919
300 Purchased services	-	-	-	-	-	-	297	297
400 Supplies and materials	-	-	-	-	-	-	28,954	28,954
139 Early childhood programs								
100 Salaries	460,736	-	-	-	-	-	6,650	467,386
200 Employee benefits	178,977	-	-	-	-	-	2,351	181,328
400 Supplies and materials	7,145	-	-	-	-	-	-	7,145
500 Capital outlay	9,899	-	-	-	-	-	-	9,899
140 Special programs								
148 Gifted and Talented artistic								
100 Salaries	-	-	-	-	-	-	9,948	9,948
200 Employee benefits	-	-	-	-	-	-	2,136	2,136
300 Purchased services	-	-	-	-	-	-	2,550	2,550
160 Other exceptional programs								
161 Autism								
100 Salaries	-	62,423	-	-	-	-	-	62,423
200 Employee benefits	-	34,405	-	-	-	-	-	34,405
300 Purchased services	-	1,508	-	-	-	-	-	1,508
400 Supplies and materials	-	1,648	-	-	-	-	17,887	19,535

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	PRE-				OTHER		ADULT EDUCATION	DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	Total
		IDEA (203)	SCHOOL HANDI- CAPPED (205)	CATE (207)							
EXPENDITURES, Continued											
100 INSTRUCTION, continued											
170 Summer school programs											
172 Elementary summer school											
100 Salaries	3,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,375	\$ -	\$ -	13,265
200 Employee benefits	274	-	-	-	-	-	-	2,013	-	-	2,287
300 Purchased services	-	-	-	-	-	-	-	260	-	-	260
400 Supplies and materials	-	-	-	-	-	-	-	914	-	-	914
173 Elementary summer school											
100 Salaries	25,846	-	-	-	-	-	-	-	-	-	25,846
200 Employee benefits	5,375	-	-	-	-	-	-	-	-	-	5,375
175 Instructional Programs											
100 Salaries	233,644	-	-	-	-	-	-	-	402,104	-	635,748
200 Employee benefits	61,878	-	-	-	-	-	-	-	102,106	-	163,984
300 Purchased services	52,099	-	-	-	-	-	-	-	65,008	-	117,107
400 Supplies and materials	15,192	-	-	-	-	-	-	-	21,431	-	36,623
600 Other objects	218	-	-	-	-	-	-	-	600	-	818
180 Adult/continuing educational programs											
181 Adult basic programs											
100 Salaries	-	-	-	-	-	-	147,670	-	-	-	147,670
200 Employee benefits	-	-	-	-	-	-	28,632	-	-	-	28,632
300 Purchased services	-	-	-	-	-	-	2,064	-	-	-	2,064
400 Supplies and materials	-	-	-	-	-	-	14,697	-	-	-	14,697
600 Other objects	-	-	-	-	-	-	798	-	-	-	798
182 Adult secondary programs											
100 Salaries	-	-	-	-	-	-	47,779	-	3,400	-	51,179
200 Employee benefits	-	-	-	-	-	-	8,239	-	702	-	8,941
300 Purchased services	-	-	-	-	-	-	82	-	-	-	82
400 Supplies and materials	-	-	-	-	-	-	7,424	-	-	-	7,424
183 Adult education - ESL											
100 Salaries	-	-	-	-	-	-	18,038	-	-	-	18,038
200 Employee benefits	-	-	-	-	-	-	2,977	-	-	-	2,977
400 Supplies and materials	-	-	-	-	-	-	9,901	-	-	-	9,901

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	IDEA (203)	PRE- SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	OTHER DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	Total
EXPENDITURES, Continued								
100 INSTRUCTION, continued	\$ 207,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,058	\$ 279,191
188 Parenting/family education programs	73,867	-	-	-	-	-	15,379	89,246
200 Salaries	59,405	-	-	-	-	-	21,206	80,611
200 Employee benefits	32,501	-	-	-	-	-	48,764	81,265
300 Purchased services	7,647	-	-	-	-	-	781	8,428
400 Supplies and materials								
600 Other objects								
TOTAL INSTRUCTION	3,791,045	3,159,224	128,947	122,512	288,301	1,348,606	4,031,758	12,870,393
200 SUPPORT SERVICES								
210 Pupil Services								
211 Attendance and social work								
100 Salaries	7,696	39,534	-	-	-	-	31,992	79,222
200 Employee benefits	2,318	14,387	-	-	-	-	6,820	23,525
300 Purchased services	-	33,517	-	-	-	-	5,905	39,422
212 Guidance								
100 Salaries	14,888	-	-	-	-	-	68,486	83,374
200 Employee benefits	4,674	-	-	-	-	-	24,549	29,223
300 Purchased services	3,553	-	-	-	-	-	6,252	9,805
400 Supplies and materials	-	-	-	407	-	-	4,103	4,510
213 Health								
100 Salaries	10,538	355	-	-	-	364,134	62,168	437,195
200 Employee benefits	3,395	77	-	-	-	108,850	15,884	128,206
300 Purchased services	-	-	-	-	-	-	21,164	21,164
400 Supplies and materials	-	-	-	-	-	-	105	105
214 Psychological Services								
100 Salaries	3,782	-	-	-	-	-	780	4,562
200 Employee benefits	1,063	-	-	-	-	-	230	1,293
215 Exceptional Programs								
300 Purchased services	-	193,136	-	-	-	-	28,325	221,461

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	IDEA (203)	PRE- SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	OTHER DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	Total
EXPENDITURES, Continued								
200 SUPPORT SERVICES, continued								
220 Instructional Staff Services								
221 Improvement of instruction - Curriculum								
100 Salaries	\$ 20,162	\$ -	\$ -	\$ 39,875	\$ -	\$ -	\$ 1,757,469	\$ 1,817,506
200 Employee benefits	5,470	-	-	8,892	-	-	340,385	354,747
300 Purchased services	-	-	-	-	-	-	12,847	12,847
400 Supplies and materials	-	-	-	-	-	-	3,123	3,123
600 Other objects	-	-	-	-	-	-	1,476	1,476
222 Library and Media								
100 Salaries	19,652	-	-	-	-	-	4,339	23,991
200 Employee benefits	6,174	-	-	-	-	-	1,353	7,527
400 Supplies and materials	-	-	-	-	-	-	6,837	6,837
223 Supervision of special programs								
100 Salaries	74,191	517,165	-	-	14,318	-	40,924	646,598
200 Employee benefits	17,997	160,229	-	-	2,603	-	8,876	189,705
300 Purchased services	10,471	27,768	-	-	-	-	7,470	45,709
400 Supplies and materials	9,635	32,585	-	-	-	-	7,082	49,302
500 Capital outlay	-	-	-	-	-	-	7,583	7,583
600 Other objects	142	840	-	-	-	-	4,141	5,123
224 Improvement of instruction-in-service training								
100 Salaries	195,862	-	-	-	-	-	625,589	821,451
200 Employee benefits	15,995	-	-	-	-	-	71,712	87,707
300 Purchased services	536,000	619	-	17,040	1,076	-	586,327	1,141,062
400 Supplies and materials	93,512	-	-	-	2,034	-	67,247	162,793
600 Other objects	8,181	-	-	-	-	-	30	8,211
230 General Administration Services								
233 School administration								
100 Salaries	26,894	-	-	-	-	-	16,473	43,367
200 Employee benefits	7,631	-	-	-	-	-	4,053	11,684
400 Supplies and materials	-	-	-	-	-	-	2,115	2,115

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	IDEA (203)	PRE- SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	OTHER DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	Total
EXPENDITURES, Continued								
200 SUPPORT SERVICES, continued								
250 Finance & operations services	\$ 2,698	-	\$ -	-	\$ -	-	\$ 1,907	\$ 4,605
251 Federal Student Transportation	584	-	-	-	-	-	420	1,004
100 Salaries	143,817	870,467	-	-	-	-	224,282	1,238,566
200 Employee Benefits								
300 Purchased services								
254 Operation and maintenance of plant services								
100 Salaries	-	-	-	-	-	-	3,349	3,349
200 Employee benefits	-	-	-	-	-	-	914	914
300 Purchased services	-	-	-	-	-	-	3,420	3,420
256 Food services								
100 Salaries	4,148	-	-	-	-	-	1,743	5,891
200 Employee benefits	1,293	-	-	-	-	-	381	1,674
258 Security								
100 Salaries	1,619	-	-	-	-	-	294	1,913
200 Employee benefits	359	-	-	-	-	-	66	425
260 Central support services								
263 Information Services								
300 Purchased services	-	-	-	-	-	-	741	741
400 Supplies and materials	-	-	-	-	-	-	477	477
270 Support services - pupil activities								
271 Pupil Activities								
100 Salaries	-	-	-	-	-	-	4,000	4,000
200 Benefits	-	-	-	-	-	-	582	582
600 Other objects	100,094	-	-	27,454	-	-	7,001	134,549
TOTAL SUPPORT SERVICES	1,354,488	1,890,679	-	93,668	20,031	472,984	4,103,791	7,935,641

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	TITLE I (201/202)	IDEA (203)	PRE- SCHOOL HANDI- CAPPED (205)	CATE (207)	ADULT EDUCATION	OTHER DESIGNATED RESTRICTED STATE GRANTS	OTHER SPECIAL REVENUE PROGRAMS	Total
EXPENDITURES, Continued								
300 COMMUNITY SERVICES								
350 Custody and care of children services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,298	\$ 162,298
100 Salaries	-	-	-	-	-	-	57,551	57,551
200 Employee benefits	-	-	-	-	-	-	198	198
300 Purchased services	-	-	-	-	-	-	4,531	4,531
400 Supplies and materials	-	-	-	-	-	-	-	-
390 Other community services	2,312	-	-	-	-	-	4,405	6,717
300 Purchased services	-	-	-	-	-	-	1,166	1,166
400 Supplies and materials	-	-	-	-	-	-	230,149	230,149
TOTAL COMMUNITY SERVICES	2,312	-	-	-	-	-	230,149	232,461
410 INTERGOVERNMENTAL EXPENDITURES								
411 Payments to State Department of Education	-	-	-	-	-	-	48,186	48,186
720 Transits	-	-	-	-	-	-	-	-
416 Payments to Public Charter School	-	-	-	-	-	-	2,392	2,392
720 Transits	-	46,388	-	-	-	57,836	-	106,616
TOTAL INTERGOVERNMENTAL	-	46,388	-	-	-	57,836	2,392	106,616
TOTAL EXPENDITURES	5,147,845	5,096,291	128,947	216,180	308,332	1,879,426	8,416,276	21,193,297
Interfund Transfers, From (To) Other Funds:								
5210 Transfer from General Fund	-	-	-	-	-	-	476,080	476,080
422-710 Transfer to EIA Fund	-	-	-	-	-	(772,000)	-	(772,000)
431-791 Special revenue fund indirect costs	(247,984)	(249,734)	(6,396)	-	-	-	(85,425)	(589,539)
TOTAL OTHER FINANCING SOURCES (USES)	(247,984)	(249,734)	(6,396)	-	-	(772,000)	390,655	(885,459)
Excess of revenues over (under) expenditures and other financing uses	-	-	-	-	-	-	-	-
FUND BALANCE, JULY 1, 2011	-	-	-	-	-	-	-	-
FUND BALANCE JUNE 30, 2012	-	-	-	-	-	-	-	-

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

Adult Education		Designated Restricted State Grants	
243	Adult Federal	919	Education License Plates
818	Adult Education Local Program	926	EEDA Check & Connect
		928	EEDA Career Specialists
		933	Formative Assessment
		936	Student Health and Fitness Nurses
		937	Student Health and Fitness
		960	K-5 Enhancement
		967	6-8 Enhancement
Other Special Revenue Programs			
201	Title I Current Year	801	Profound. Mental. Disabled
202	Title I Current Year	805	Lowes Foundation SHE
203	IDEA	806	Military Skills
205	IDEA Preschool	808	Alphabet Junction Reading
207	Vocational and Title I	809	Back to School Expo
213	OEC Competitive	810	Arts-Based Curriculum
215	IDEA ARRA	813	Blank Fndtn: Changing Expectations
216	IDEA Preschool ARRA	815	Parents as Educators
224	21st Century Comm. Learning Centers	819	2009 Teen LEAD
225	Math & Science Partnership Pro	821	HHIBE Walmart mini grant
235	Title I Migrant Education	822	Cinderella Fella Ball
237	Title I School Improvement	823	JV Tennis Coach Stipends
250	State Fiscal Stabilization Funds	827	Teacher Mini Grants
253	Enhancing Education through Technology	830	BCSD Senior Scholar Banquet
264	Language Instruction for Limited English Proficient and Immigrant Students, Title III	831	Farm to School WBES
267	Improving Teacher Quality	832	Recycling Grant BLHS
268	Teacher Incentive Funds	836	School Health Index
274	PIRC	841	Extended School Year
286	Medicaid	849	AIE/ABC (BMS)
287	Medicaid/Health Services	850	ABC/RPM
293	CLIMB	852	AIE/ABC (LIE)
294	Arts Integration Project	855	First Steps
295	ROTC	858	WBMS TAP Award
296	Joint Strike	865	Miscellaneous Arts
297	AVID	866	Coastal Discoveries Camp
298	SC Gear Up	867	AIE/ABC HHE
299	HEAP Program	868	SAFER Choices
		869	Comprehensive Health Education
		870	BCSD/Education Foundation Fundraiser
		871	I Coaches
		872	Strive to Excel
		873	Parenting Family Literacy
		874	Grace Center HHSCA/HHM
		875	Traveling Preschool Bus
		876	100 Best Communities
		886	Special Needs Transportation
		893	Climb Supplement

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SUMMARY SCHEDULE OF DESIGNATED STATE RESTRICTED GRANTS -
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

Subfund	Revenue	Programs	Revenues	Expenditures	Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	Special Revenue Fund Deferred
919	3193	EDUCATION LICENSE PLATES	\$ 3,138	\$ 3,138	\$ -	\$ -	\$ 2,000
926	3116	EEDA NINTH GRADE AWARENESS	-	-	-	-	90,000
928	3118	EEDA CAREER SPECIALISTS	570,500	-	-	(570,500)	529,692
933	3123	FORMATIVE ASSESSMENTS	92,606	92,606	-	-	81,172
936	3136	STUDENT HEALTH AND FITNESS NURSES	503,017	503,017	-	-	165,874
937	3127	STUDENT HEALTH AND FITNESS	356,879	155,379	-	(201,500)	-
960	3610	K-5 ENHANCEMENT	1,071,332	1,071,332	-	-	323,635
967	3607	6-8 ENHANCEMENT	53,954	53,954	-	-	38,325
			<u>\$ 2,651,426</u>	<u>\$ 1,879,426</u>	<u>\$ -</u>	<u>\$ (772,000)</u>	<u>\$ 1,230,698</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL PROGRAMS
EDUCATION IMPROVEMENT ACT FUND
YEAR ENDED JUNE 30, 2012**

REVENUES

3100 Revenues from State Sources			
3125	Career and Technology Education Equipment	\$	108,144
3000 Revenues from State Sources			
3500	Education Improvement Act:		
3502	ADEPT		23,707
3509	Arts in Education		12,945
3511	Professional Development		130,000
3526	Science Kit Refurbishment		70,000
3530	Trainable & Profoundly Mentally Disabled Student Services		29,221
3532	National Board Certification		1,214,449
3533	Teacher of the Year Awards		1,077
3538	At Risk Funding		3,401,321
3540	Four-Year Old Early childhood		449,605
3544	High Achieving Students		713,538
3550	Teacher Salary Increase		2,127,861
3555	School Employer Contributions		457,171
3556	Adult Ed-State		381,929
3558	Reading		81,133
3568	EAA Technical Assistance		414,823
3577	Teacher Supplies		365,751
3578	High Schools that Work		8,295
3585	Special Ed - MOE		50,840
3592	Work-Based Learning		42,231
3597	Aid To Districts		6,753
3599	Other EIA		947
	Total Revenue All Sources		<u>10,091,741</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL PROGRAMS
EDUCATION IMPROVEMENT ACT FUND
YEAR ENDED JUNE 30, 2012**

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EXPENDITURES

100 Instruction

110

General Instruction

111	Kindergarten Programs		
	100 Salaries	\$	64,338
	200 Benefits		11,503
	400 Supplies		6,455
			82,296
112	Primary Programs		
	100 Salaries		1,073,324
	200 Benefits		286,903
	300 Purchased Services		6,496
	400 Supplies		140,459
			1,507,182
113	Elementary Programs		
	100 Salaries		774,959
	200 Benefits		190,538
	300 Purchased Services		7,756
	400 Supplies		500,667
			1,473,920
114	High School Programs		
	100 Salaries		499,502
	200 Benefits		138,976
	300 Purchased Services		64,793
	400 Supplies		184,193
	500 Capital Outlay		5,984
	600 Other Objects		13,400
			906,848
115	Career and Technology Education Programs		
	400 Supplies		108,144
			108,144
120	Exceptional Programs		
122	Trainable Mentally Handicapped		
	100 Salaries		20,520
	200 Benefits		8,701
			29,221
130	Pre-school Programs		
139	Early Childhood Programs		
	100 Salaries		381,156
	200 Benefits		153,937
	300 Purchased Services		182
	400 Supplies		105,729
			641,004
140	Special Programs		
141	Gifted and Talented Academic		
	100 Salaries		431,897
	200 Benefits		142,158
	400 Supplies		486
			574,541

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL PROGRAMS
EDUCATION IMPROVEMENT ACT FUND
YEAR ENDED JUNE 30, 2012**

Page 3 of 5

EXPENDITURES, Continued

100 Instruction, continued

148	Gifted and Talented Artistic		
100	Salaries	\$	77,001
200	Benefits		30,457
300	Purchased Services		15,559
400	Supplies		8,287
600	Other Objects		122
			131,426
170	Summer School Programs		
172	Elementary Summer School		
100	Salaries		14,934
200	Benefits		2,809
			17,743
173	High School Summer School		
100	Salaries		83,216
200	Benefits		17,123
			100,339
175	Instructional Program Beyond Regular School Day		
100	Salaries		677,325
200	Benefits		184,407
300	Purchased Services		156,464
400	Supplies		10,894
600	Other Objects		9,680
			1,038,770
180	Adult/Continuing Educational Programs		
181	Adult Basic Education		
100	Salaries		57,212
200	Benefits		8,172
300	Purchased Services		8,686
400	Supplies		3,524
			77,594
182	Adult Secondary Education		
100	Salaries		29,178
200	Benefits		4,257
300	Purchased Services		2,218
400	Supplies		3,061
			38,714
183	Adult English Literacy		
100	Salaries		40,648
200	Benefits		10,665
			51,313
188	Parenting/Family Literacy		
100	Salaries		61,175
200	Benefits		25,060
300	Purchased Services		11,677
400	Supplies		13,687
			111,599
190	Instructional Pupil Activity		
600	Other Objects		278
			278
	Total Instruction		6,890,932

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL PROGRAMS
EDUCATION IMPROVEMENT ACT FUND
YEAR ENDED JUNE 30, 2012**

EXPENDITURES, Continued

200 Support Services

210	Pupil services		
212	Guidance Services		
	100 Salaries	\$	339,347
	200 Benefits		107,499
			446,846
220	Instructional staff services		
221	Improvement of Instruction		
	100 Salaries		92,611
	200 Benefits		22,756
	300 Purchased Services		73,620
	400 Supplies		51,100
			240,087
222	Library and Media Services		
	100 Salaries		15,000
	200 Benefits		3,215
			18,215
223	Supervision of Special Programs		
	100 Salaries		137,812
	200 Benefits		27,862
	300 Purchased Services		11,999
	400 Supplies		18,906
			196,579
224	Improvement of Instructional Services		
	100 Salaries		29,475
	200 Benefits		4,885
	300 Purchased Services		162,453
	400 Supplies		35,217
			232,030
255	Student Transportation		
	100 Salaries		953
	200 Benefits		206
	300 Purchased Services		146,038
			147,197
256	Food Service		
	100 Salaries		2,401
	200 Benefits		524
			2,925
270	Support Services - Pupil Activity		
271	Pupil Services Activity		
	600 Other Objects		928
			928
	Total Support Services		1,284,807

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
COMBINED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL PROGRAMS
EDUCATION IMPROVEMENT ACT FUND
YEAR ENDED JUNE 30, 2012**

Page 5 of 5

EXPENDITURES, Continued

400 Other Charges			
410 Intergovernmental Expenditures			
416 LEA Payment to Public Charter School		\$	102,970
	Total Intergovernmental Expenditures		<u>102,970</u>
	Total Expenditures		<u>8,278,709</u>
OTHER FINANCING SOURCES (USES)			
5220	Transfer from Special Revenue Fund		772,000
5230	Transfer from Special Revenue EIA Fund		70,000
420-710	Transfer to General Fund		(2,585,032)
422-710	Transfer to Special Revenue EIA Fund		(70,000)
	Total Other Financing Uses		<u>(1,813,032)</u>
	Excess of revenues over expenditures and other financing uses		-
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>
FUND BALANCE, END OF YEAR		\$	<u>-</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SUMMARY SCHEDULE BY PROGRAM - EDUCATION IMPROVEMENT ACT FUND
YEAR ENDED JUNE 30, 2012**

	<u>Revenues</u>	<u>Expenditures</u>	EIA Interfund Transfers <u>In/(Out)</u>	Other Fund Transfers <u>In/(Out)</u>	Deferred Revenue
3100 Revenue From State					
3125 Career and Technology Education Equipment	\$ 108,144	\$ 108,144	\$ -	\$ -	\$ 81,620
3500 Education Improvement Act					
3502 ADEPT	23,707	23,707	-	-	-
3509 Arts in Education	12,945	12,945	-	-	2,699
3511 Professional Development	130,000	130,000	-	-	128,654
3526 Science Kit Refurbishment	70,000	-	(70,000)	-	108,943
3530 Trainable & Profoundly Mentally Disabled Student Services	29,221	29,221	-	-	7,552
3532 National Board Certification	1,214,449	1,214,449	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 At Risk Funding	3,401,321	4,041,821	70,000	570,500	2,842,192
3540 Four-Year Old Early Childhood	449,605	449,605	-	-	342,090
3544 High Achieving Students	713,538	713,538	-	-	523,205
3550 Teacher Salary Increase	2,127,861	-	-	(2,127,861)	-
3555 School Employer Contributions	457,171	-	-	(457,171)	-
3556 Adult Ed-State	381,929	381,929	-	-	52,044
3558 Reading	81,133	81,133	-	-	116,238
3568 EAA Technical Assistance	414,823	414,823	-	-	-
3577 Teacher Supplies	365,751	365,751	-	-	-
3578 High Schools that Work	8,295	8,295	-	-	9,331
3585 Special ED - MOE	50,840	50,840	-	-	945,726
3592 Work Based Learning	42,231	42,231	-	-	10,042
3597 Aid To Districts	6,753	208,253	-	201,500	601,531
3599 Other EIA	947	947	-	-	59,058
Total	\$ 10,091,741	\$ 8,278,709	\$ -	\$ (1,813,032)	\$ 5,830,925

SCHEDULE C

DEBT SERVICE FUNDS

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.

Included with the School District's Debt Service Fund is the Debt Service Fund of SCAGO Education Facilities Corporation for Beaufort County School District (EFC), a blended component unit of the School District.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUND - DISTRICT
YEAR ENDED JUNE 30, 2012**

REVENUES

1000 Revenues from local sources

1200 Revenue from local governmental units other than LEAs

1210 Ad valorem taxes-including delinquent \$ 50,277,104

1240 Penalties and interest on taxes 364,817

1280 Revenue in lieu of taxes 2,793

50,644,714

1500 Earnings on Investments

1510 Interest on investments 26,330Total local sources 50,671,044

3000 Revenue from state sources

3800 State revenue in lieu of taxes

3820 Homestead exemption 856,719

3830 Merchant's inventory tax 85,988

3890 Other state property tax revenues 31,182Total state sources 973,889Total revenue all sources 51,644,933**EXPENDITURES**

500 Debt Service

610 Redemption of principal 39,115,000

620 Interest 15,081,501

690 Other objects 30,698Total expenditures 54,227,199Excess (deficiency) of revenue over expenditures (2,582,266)**OTHER FINANCING SOURCES/(USES)**

5110 Premium on bonds sold 20,791

5120 Proceeds of General Obligation Bonds 2,639,000

423-710 Transfer to EFC Debt Service Fund (1,730,727)Total financing sources/(uses) 929,064Excess (deficiency) of revenues and other financing sources
over expenditures and other financing uses (1,653,202)FUND BALANCE, BEGINNING OF YEAR 13,932,419FUND BALANCE, END OF YEAR \$ 12,279,217

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUND - EFC
YEAR ENDED JUNE 30, 2012**

REVENUES		
1000 Revenues from local sources		
1500 Earnings on Investments		
1510 Interest on investments	\$	141,963
Total local sources		<u>141,963</u>
Total revenue all sources		<u>141,963</u>
EXPENDITURES		
500 Debt Service		
610 Redemption of principal		1,020,000
620 Interest		1,808,046
690 Other objects		<u>9,155</u>
Total expenditures		<u>2,837,201</u>
Excess (Deficiency) of revenue over expenditures		<u>(2,695,238)</u>
OTHER FINANCING SOURCES		
5240 Transfer from Debt Service		<u>1,730,727</u>
Total financing sources		<u>1,730,727</u>
Excess (Deficiency) of revenues and other financing sources over expenditures		(964,511)
FUND BALANCE, BEGINNING OF YEAR		<u>2,011,893</u>
FUND BALANCE, END OF YEAR	\$	<u><u>1,047,382</u></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 committed for the completion of specific projects.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SCHOOL BUILDING FUND
YEAR ENDED JUNE 30, 2012**

	Other Projects	Referenda Projects	TOTALS
REVENUES			
1000 Revenues from local sources			
1510 Interest on Investments	\$ 71,876	\$ 24,260	\$ 96,136
1999 Other local revenue	182,967	-	182,967
Total Local Revenue	<u>254,843</u>	<u>24,260</u>	<u>279,103</u>
4000 Revenue from federal sources			
4999 Other Federal Sources (e-rate)	14,937	1,634	16,571
Total Federal Revenue	<u>14,937</u>	<u>1,634</u>	<u>16,571</u>
TOTAL REVENUES	<u>269,780</u>	<u>25,894</u>	<u>295,674</u>
EXPENDITURES			
253 Facilities acquisition and construction			
100 Salaries	360,342	-	360,342
200 Benefits	94,811	-	94,811
300 Purchased Services	1,081,317	91,078	1,172,395
400 Supplies	1,900,241	55,941	1,956,182
500 Capital Outlay			
510 Land	1,544,787	-	1,544,787
520 Construction Services	8,108,207	1,598,807	9,707,014
530 Improvements Other Than Buildings	2,501,069	153,106	2,654,175
540 Equipment	429,605	3,889	433,494
545 Technology	287,737	209,460	497,197
550 Vehicles	81,544	-	81,544
580 Mobile Classroom	29,012	-	29,012
600 Other Objects			
690 Other Objects	227,376	193,463	420,839
Total expenditures	<u>16,646,048</u>	<u>2,305,744</u>	<u>18,951,792</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of Fixed Assets	42,308	-	42,308
5110 Premium on Bonds Sold	1,317,063	3,888,834	5,205,897
5120 Proceeds of General Obligation Bonds	13,622,318	-	13,622,318
5120 Proceeds of Refunding Bonds	7,605,000	26,745,000	34,350,000
5250 Transfer from School Building Fund	-	(278,191)	(278,191)
424-710 Transfer to School Building Fund	278,191	-	278,191
424-710 Payment to other government units	(76,253)	-	(76,253)
441-720 Payment to refunded debt escrow agent	(8,532,377)	(30,458,992)	(38,991,369)
Total other financing sources(uses)	<u>14,256,250</u>	<u>(103,349)</u>	<u>14,152,901</u>
Excess(Deficiency) of Revenues and other financing sources over expenditures and other financing uses	(2,120,018)	(2,383,199)	(4,503,217)
FUND BALANCE, BEGINNING OF YEAR	<u>24,233,670</u>	<u>14,499,471</u>	<u>38,733,141</u>
FUND BALANCE, END OF YEAR	<u>\$ 22,113,652</u>	<u>\$ 12,116,272</u>	<u>\$ 34,229,924</u>

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Exhibit 4.

SCHEDULE E

PROPRIETARY FUND - 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
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
ENTERPRISE FUND - FOOD SERVICE
YEAR ENDED JUNE 30, 2012**

Page 1 of 2

REVENUES

1000 Revenues from local sources	
1500 Earnings on investments	
1510 Interest	\$ 20,579
1600 Food Services	
1610 Lunch sales to pupils	983,966
1620 Breakfast sales to pupils	78,165
1630 Special sales to pupils	384,075
1640 Lunch sales to adults	98,813
1650 Breakfast sales to adults	23,464
1660 Special sales to adults	<u>15,383</u>
	1,583,866
1900 Other revenue from local sources	
1990 Miscellaneous	<u>638,238</u>
Total revenue from local sources	<u>2,242,683</u>
3000 Revenue from state sources	
3140 School lunch	768
3142 Program Aid	<u>13</u>
Total revenue from state sources	<u>781</u>
4000 Revenue from federal sources	
4800 USDA reimbursements	
4810 School lunch and after school snacks program	4,674,083
4830 School breakfast program	1,469,444
4860 Fresh Fruits & Vegetables	25,333
4900 Other federal sources	
4991 USDA commodities	434,947
4999 Other federal sources	<u>26,511</u>
Total revenue from federal sources	<u>6,630,318</u>
Total revenue all sources	<u>8,873,782</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
ENTERPRISE FUND - FOOD SERVICE
YEAR ENDED JUNE 30, 2012**

Page 2 of 2

EXPENSES

256 Food service		
100 Salaries	\$	467,873
200 Employee benefits		87,307
300 Purchased services		
323 Repairs and maintenance		2,972
325 Rental		2,218
332 Travel		5,211
345 Technology		39,269
350 Advertising		2,564
360 Printing and binding		40
390 Other purchased services		7,509,056
400 Supplies and materials		
410 Supplies		110,137
445 Technology and Software Supplies		458
460 Purchased food		20,317
461 USDA commodities		434,947
470 Energy - Gasoline		23,807
500 Capital outlay		
570 Depreciation		129,673
600 Other objects		
640 Dues and fees		15
670 Sales tax		4,834
690 Other		31,765
		<u>8,872,463</u>
Total expenses		<u>8,872,463</u>

OTHER FINANCING USES

432-791 Food Service Indirect Costs		122,139
5300 Loss on Disposal of Fixed Assets		7,563
		<u>129,702</u>
Total other financing uses		<u>129,702</u>

Change in net assets (128,383)

NET ASSETS, BEGINNING OF YEAR, AS RESTATED 3,382,722

NET ASSETS, END OF YEAR \$ 3,254,339

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

PROPRIETARY FUND - INTERNAL SERVICE FUND

The internal service fund is used to account for the financing of goods and services provided by one department to other departments of the School District, on a cost-reimbursement basis.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND - INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2012**

REVENUES

1000 Revenue from local sources	
1900 Other revenue from local sources	
1999 Charges for Services	\$ 881,790
Total Revenues	<u>881,790</u>

EXPENSES

112 Primary Programs	
200 Employee Benefits	
270 Workmen's Compensation	417,564
254 Operation and maintenance of plant	
300 Purchased Services	
320 Property Insurance	<u>156,870</u>
Total Expenses	<u>574,434</u>

Change in Net Assets 307,356

Net Assets, Beginning of Year, as restated 276,335

Net Assets, End of Year \$ 583,691

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

SCHEDULE G

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
BEAUFORT, SOUTH CAROLINA
COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - PUPIL ACTIVITY
YEAR ENDED JUNE 30, 2012**

	<u>BALANCE AT JUNE 30, 2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE AT JUNE 30, 2012</u>
ASSETS				
Cash	\$ 1,157,793	\$ 1,143,191	\$ 1,109,796	\$ 1,191,188
Accounts receivable and prepaid items	25,002	35,484	25,003	35,483
Total Assets	<u>\$ 1,182,795</u>	<u>\$ 1,178,675</u>	<u>\$ 1,134,799</u>	<u>\$ 1,226,671</u>
LIABILITIES				
Accounts payable	\$ 146,230	\$ 126,582	\$ 146,231	\$ 126,581
Accrued salaries and related benefits	5,206	23,747	5,208	23,745
Due to student organizations	1,031,359	1,076,346	1,031,360	1,076,345
Total Liabilities	<u>\$ 1,182,795</u>	<u>\$ 1,226,675</u>	<u>\$ 1,182,799</u>	<u>\$ 1,226,671</u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
DUE TO STUDENT ORGANIZATIONS - AGENCY FUND - SCHOOL ACTIVITIES
YEAR ENDED JUNE 30, 2012**

RECEIPTS	
1500 Earnings on investments	
1510 Interest on investments	\$ 14,916
1700 Pupil activities	
1730 Pupil organization membership	212,175
1900 Other revenue from other local resources	
1920 Contributions and donations	22,314
1990 Miscellaneous	2,188,169
Total receipts all sources	2,437,574
DISBURSEMENTS	
190 Instructional pupil activity	
660 Pupil activities	216,439
270 Supporting services pupil activity	
271 Pupil services activity	
660 Pupil activity	1,465,762
272 Enterprise activities	
660 Pupil activity	697,058
273 Trust and agency activities	
660 Pupil activity	13,328
Total disbursements	2,392,587
Excess of receipts over disbursements	44,987
DUE TO STUDENT ORGANIZATIONS, BEGINNING OF YEAR	1,031,359
DUE TO STUDENT ORGANIZATIONS, END OF YEAR	\$ 1,076,346

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

SCHEDULE H

OTHER SUPPLEMENTAL SCHEDULES

Attached are schedules required by the South Carolina Department of Education which detail amounts due to the State Department of Education and the Financial Analysis Model Location Reconciliation Schedule as of and for the year ended June 30, 2012.

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
DETAILED SCHEDULE OF DUE TO
STATE DEPARTMENT OF EDUCATION/
FEDERAL GOVERNMENT
JUNE 30, 2012**

<u>Program</u>	<u>Grant or Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount due to State Department of Education</u>	<u>Status of Amounts Due to Grantors</u>
EIA	EIA Fund 377	3577	Teacher Supplies	\$ 2,749	unpaid

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
FINANCIAL ANALYSIS MODEL
LOCATION RECONCILIATION SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Location ID	Description	Education Level	Cost Type	Expenditures
01	District Office	Non-Schools	Central	\$ 102,158,183
02	District Service Center	Non-Schools	Central	520,524
09	Right Choices	Alternative Schools	School	1,451,588
10	Academy for Career Excellence	Other Schools	School	2,587,376
17	Hilton Head Early Childhood	Other Schools	School	3,887,282
20	Riverview Charter School	Other Schools	School	3,327,822
33	Beaufort Elementary	Elementary Schools	School	6,369,638
34	Coosa Elementary	Elementary Schools	School	4,073,735
35	Lady's Island Elementary	Elementary Schools	School	4,445,662
37	Mossy Oaks Elementary	Elementary Schools	School	4,661,448
38	Port Royal Elementary	Elementary Schools	School	3,072,819
39	St. Helena Elementary	Elementary Schools	School	5,608,186
40	Broad River Elementary	Elementary Schools	School	3,904,742
42	Shell Point Elementary	Elementary Schools	School	3,958,235
44	Joseph S. Shanklin Elementary	Elementary Schools	School	5,425,472
54	Whale Branch Elementary	Elementary Schools	School	5,351,362
62	Hilton Head Island Elementary	Elementary Schools	School	7,683,758
63	Hilton Head School for Creative Arts	Elementary Schools	School	6,450,890
70	Bluffton Elementary	Elementary Schools	School	5,043,572
72	Okatie Elementary	Elementary Schools	School	4,939,816
74	Michael C. Riley Elementary	Elementary Schools	School	6,769,906
76	Red Cedar Elementary	Elementary Schools	School	5,223,024
78	Pritchardville Elementary	Elementary Schools	School	4,497,711
80	Beaufort Middle	Middle Schools	School	5,679,527
81	Lady's Island Middle	Middle Schools	School	6,123,060
83	Robert Smalls Middle	Middle Schools	School	5,583,195
85	Whale Branch Middle	Middle Schools	School	4,341,472
87	Hilton Head Middle	Middle Schools	School	7,013,940
88	HE McCracken Middle	Middle Schools	School	7,002,526
89	Bluffton Middle	Middle Schools	School	7,654,806
90	Beaufort High	High Schools	School	11,856,176
92	Battery Creek High	High Schools	School	9,383,533
94	Whale Branch Early College High	High Schools	School	4,763,245
96	Hilton Head High	High Schools	School	9,674,380
98	Bluffton High	High Schools	School	10,050,621
Total expenditures/disbursements for all funds				<u>\$ 290,539,234</u>

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

<u>Funds Used in Per Pupil Cost Calculation</u>	
General Fund (Subfund 100's)	\$ 173,211,552
Special Revenue Fund (Subfunds 200's, 800's, 900's)	21,193,297
Special Revenue EIA fund (Subfund 300's)	8,278,709
Proprietary Fund (Subfund 600)	8,872,463
Internal Service Fund (Subfund 650)	574,434
Agency Fund (Pupil Activity) (Subfund 700's)	2,392,587
Sub-Total	<u>214,523,042</u>
<u>Other Funds</u>	
Debt Service Fund (Subfund 400's)	57,064,400
Capital Projects Fund (Subfund 500's)	18,951,792
Sub-Total	<u>76,016,192</u>
Grand Total	<u>\$ 290,539,234</u>

SCHEDULE I

COMPONENT UNIT SCHEDULES

**RIVERVIEW CHARTER SCHOOL
BEAUFORT, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2012**

Page 1 of 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
1000 Revenue from Local Sources			
1920 Contributions & Donations Private Sources	\$ 159,444	\$ 153,934	\$ (5,510)
1999 Revenue from Other Local Sources	193,522	195,054	1,532
Total Local Sources	<u>352,966</u>	<u>348,988</u>	<u>(3,978)</u>
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	3,002,854	3,002,854	-
Total Intergovernmental Revenue	<u>3,002,854</u>	<u>3,002,854</u>	<u>-</u>
Total Revenue All Sources	<u>3,355,820</u>	<u>3,351,842</u>	<u>(3,978)</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	43,080	43,080	-
200 Employee Benefits	13,150	13,150	-
100 Salaries	178,157	178,157	-
200 Employee Benefits	80,621	80,621	-
113 Elementary Programs			
100 Salaries	1,002,699	985,313	17,386
200 Employee Benefits	360,655	358,700	1,955
300 Purchased Services	5,100	3,875	1,225
400 Supplies and Materials	51,029	57,000	(5,971)
120 Exceptional Programs			
127 Learning Disabilities			
100 Salaries	51,845	42,411	9,434
200 Employee Benefits	28,097	28,190	(93)
400 Supplies and Materials	225	-	225
500 Capital Outlay	500	-	500
140 Special Programs			
149 Other Special Programs			
300 Purchased Services	17,170	16,794	376
170 Summer School Program			
175 Instructional Programs Beyond Regular School Day			
100 Salaries	55,365	56,328	(963)
200 Employee Benefits	14,174	9,498	4,676
300 Purchased Services	42,319	42,106	213
400 Supplies and Materials	7,500	6,436	1,064
Total Instruction	<u>1,951,686</u>	<u>1,921,659</u>	<u>30,027</u>

**RIVERVIEW CHARTER SCHOOL
BEAUFORT, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2012**

Page 2 of 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	\$ 54,590	\$ 54,593	\$ (3)
200 Employee Benefits	5,056	3,828	1,228
400 Supplies and Materials	165	-	165
213 Health Services			
100 Salaries	6,252	5,872	380
200 Employee Benefits	8,636	7,372	1,264
400 Supplies and Materials	200	164	36
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
100 Salaries	125,175	124,863	312
200 Employee Benefits	49,771	37,230	12,541
224 Improv. of Instr. - In-svc and Staff Training			
100 Salaries	65,125	64,812	313
200 Employee Benefits	22,525	18,335	4,190
300 Purchased Services	1,975	4,698	(2,723)
230 General Administration Services			
231 Board of Education			
300 Purchased Services	60,000	111,405	(51,405)
318 Audit Fees	15,400	15,345	55
400 Supplies and Materials	38,617	42,120	(3,503)
600 Other Objects	38,520	25,632	12,888
233 School Administration			
100 Salaries	185,060	184,398	662
200 Employee Benefits	56,789	53,184	3,605
300 Purchased Services	14,440	11,071	3,369
400 Supplies and Materials	15,530	18,433	(2,903)
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	31,000	31,000	-
600 Other Objects	6,500	6,320	180
253 Facilities Acquisition and Construction			
300 Purchased Services	21,733	28,636	(6,903)
580 Mobile Classrooms	105,837	141,526	(35,689)
254 Operation and Maintenance of Plant			
300 Purchased Services	363,608	362,421	1,187
321 Public Utilities	3,000	2,987	13
400 Supplies and Materials	25,000	30,082	(5,082)
470 Energy	19,250	22,154	(2,904)

**RIVERVIEW CHARTER SCHOOL
BEAUFORT, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2012**

Page 3 of 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support Services (continued)			
255 Student Transportation			
300 Purchased Services	\$ 2,000	\$ -	\$ 2,000
600 Other Objects	277	-	277
258 Security			
300 Purchased Services	-	3,790	(3,790)
260 Central Support Services			
263 Information Services			
300 Purchased Services	9,500	9,387	113
266 Technology and Data Processing Services			
100 Salaries	35,690	35,690	-
200 Employee Benefits	14,986	14,167	819
300 Purchased Services	31,831	44,772	(12,941)
400 Supplies and Materials	10,000	10,895	(895)
270 Support Services Pupil Activity			
271 Pupil Services Activities			
600 Other Objects	35,000	44,664	(9,664)
Total Support Services	<u>1,479,038</u>	<u>1,571,846</u>	<u>(92,808)</u>
Total Expenditures	<u>3,430,724</u>	<u>3,493,505</u>	<u>(62,781)</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(74,904)</u>	<u>(141,663)</u>	<u>(66,759)</u>
Interfund Transfers, From (To) Other Funds:			
5260 Transfer from Food Service Fund	-	3,621	3,621
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,621</u>	<u>3,621</u>
Net Change In Fund Balance	(74,904)	(138,042)	(63,138)
Fund Balances - July 1, 2011	<u>328,150</u>	<u>328,150</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 253,246</u>	<u>\$ 190,108</u>	<u>\$ (63,138)</u>

RIVERVIEW CHARTER SCHOOL
 BEAUFORT, SOUTH CAROLINA
 SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 YEAR ENDED JUNE 30, 2012

Page 1 of 2

	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Revenues				
3000 Revenue from State Sources				
3100 Restricted State Funding				
3120 General Education				
3123 Formative Assessment	\$ -	\$ 1,492	\$ -	\$ 1,492
3127 Student Health and Fitness - PE Teachers	-	4,753	-	4,753
3130 Special Programs				
3136 Student Health and Fitness - Nurses	-	30,033	-	30,033
3600 Education Lottery Act Revenue				
3607 6-8 Enhancement	-	422	-	422
3610 K-5 Enhancement	-	21,137	-	21,137
Total State Sources	-	57,837	-	57,837
4000 Revenue from Federal Sources				
4300 Elementary and Secondary Education Act of 1965 (ESEA)				
4341 Language Inst. for Limited English Profic. and Immigrant Students, Title III	-	-	599	599
4351 Improving Teacher Quality	-	-	1,793	1,793
4500 Programs for Children with Disabilities				
4510 Individuals With Disabilities Education Act (IDEA)	46,388	-	-	46,388
Total Federal Sources	46,388	-	2,392	48,780
Total Revenue All Sources	46,388	57,837	2,392	106,617
Expenditures				
100 Instruction				
110 General Instruction				
112 Primary Programs				
100 Salaries	-	4,753	-	4,753
113 Elementary Programs				
300 Purchased Services	200	-	-	200
400 Supplies and Materials	-	21,559	-	21,559
120 Exceptional Programs				
127 Learning Disabilities				
100 Salaries	24,620	-	-	24,620
400 Supplies and Materials	525	-	-	525
Total Instruction	25,345	26,312	-	51,657

RIVERVIEW CHARTER SCHOOL
 BEAUFORT, SOUTH CAROLINA
 SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 YEAR ENDED JUNE 30, 2012

Page 2 of 2

	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
200 Support Services				
210 Pupil Services				
213 Health Services				
100 Salaries	\$ -	\$ 30,033	\$ -	\$ 30,033
215 Exceptional Program Services				
300 Purchased Services	21,043	-	599	21,642
220 Support Services - Instructional Staff				
224 Improvement of Instruction In-service and Staff Training				
300 Purchased Services	-	1,492	1,793	3,285
Total Support Services	<u>21,043</u>	<u>31,525</u>	<u>2,392</u>	<u>54,960</u>
Total Expenditures	<u>46,388</u>	<u>57,837</u>	<u>2,392</u>	<u>106,617</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - July 1, 2011	-	-	-	-
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RIVERVIEW CHARTER SCHOOL
 BEAUFORT, SOUTH CAROLINA
 SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 YEAR ENDED JUNE 30, 2012

Revenues**3000 Revenue from State Sources**

3500 Education Improvement Act:

3502 ADEPT	\$ 2,800
3532 National Board Certification Salary Supplement	30,000
3538 Students At Risk of School Failure	47,187
3577 Teacher Supplies	6,500
3585 Aid to Districts - Special Education	5,933
3597 Aid to Districts	9,603
3599 Other EIA	947
	<u>947</u>

Total State Sources

102,970

Total Revenue All Sources

102,970

Expenditures**100 Instruction**

110 General Instruction

113 Elementary Programs

100 Salaries	22,500
300 Purchased Services	2,800
400 Supplies and Materials	47,312
500 Capital Outlay	8,600

120 Exceptional Programs

127 Learning Disabilities

100 Salaries	5,933
	<u>5,933</u>

Total Instruction

87,145

RIVERVIEW CHARTER SCHOOL
 BEAUFORT, SOUTH CAROLINA
 SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 YEAR ENDED JUNE 30, 2012

200 Support Services

210 Support Services - Students

212 Guidance Services

400 Supplies and Materials

\$ 285

215 Exceptional Program Services

300 Purchased Services

6,700

220 Instructional Staff Services

221 Improvement of Instruction Curriculum Development

100 Salaries

7,500

224 Improv. of Instr. - In-service and Staff Training

300 Purchased Services

1,340**Total Support Services**15,825**Total Expenditures**102,970

Net Change in Fund Balance

-

Fund Balance - July 1, 2011-**Fund Balance - June 30, 2012**\$ -

RIVERVIEW CHARTER SCHOOL
 BEAUFORT, SOUTH CAROLINA
 FOOD SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
 YEAR ENDED JUNE 30, 2012

Revenues	
1000 Revenue from Local Sources	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 58,285
1999 Revenue from Other Local Sources	1,000
Total Local Sources	59,285
4000 Revenue from Federal Sources	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	44,370
4900 Other Federal Sources:	
4991 USDA Commodities	6,643
Total Federal Sources	51,013
Total Revenue All Sources	110,298
Expenditures	
256 Food Services:	
100 Salaries	47,915
200 Employee Benefits	10,249
300 Purchased Services	170
400 Supplies and Materials	
410 Supplies	2,919
460 Food Purchases	45,424
500 Capital Outlay	
570 Depreciation	353
Total Expenditures	107,030
Excess (Deficiency) of Revenues over Expenditures	3,268
Other Financing Sources (Uses)	
420-710 Transfers to General Fund	(3,621)
Total Other Financing Sources (Uses)	(3,621)
Change in Net Assets	(353)
Fund Balance - July 1, 2011	2,342
Fund Balance - June 30, 2012	\$ 1,989

Statistical Section



STATISTICAL SECTION

(UNAUDITED)

This part of Beaufort County School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	112-116
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	117-120
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	121-124
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	125-126
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School provides and the activities it performs.	127-134

BEAUFORT COUNTY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 1

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assests, net of related debt	\$ 5,342,531	\$ 38,675,141	\$ 35,589,638	\$ 50,260,218	\$ 53,995,851	\$ 79,323,930	\$ 81,304,754	\$ 95,497,696	\$ 112,669,995	\$ 130,188,153
Restricted	71,366,362	36,416,612	33,801,871	25,764,886	26,442,151	14,500,077	\$ 28,254,984	\$ 27,767,582	\$ 27,269,678	\$ 18,365,513
Unrestricted	4,993,310	4,817,804	12,179,420	13,930,681	14,379,335	26,296,797	\$ 33,412,017	\$ 33,522,994	\$ 27,206,206	\$ 29,919,171
Total governmental activities net assets	<u>\$ 81,702,203</u>	<u>\$ 79,909,557</u>	<u>\$ 81,570,929</u>	<u>\$ 89,955,785</u>	<u>\$ 94,817,337</u>	<u>\$ 120,120,804</u>	<u>\$ 142,971,755</u>	<u>\$ 156,788,272</u>	<u>\$ 167,145,879</u>	<u>\$ 178,472,837</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 666,038	\$ 663,995	\$ 595,528	\$ 841,204	\$ 725,517	\$ 664,927	\$ 741,050	\$ 883,341	\$ 841,301	\$ 1,166,399
Unrestricted	1,798,490	2,325,347	2,611,206	2,851,348	3,117,035	3,129,127	\$ 3,102,865	\$ 2,847,604	\$ 2,603,096	\$ 2,087,940
Total business-type activities net assests	<u>\$ 2,464,528</u>	<u>\$ 2,989,342</u>	<u>\$ 3,206,734</u>	<u>\$ 3,692,552</u>	<u>\$ 3,842,552</u>	<u>\$ 3,794,054</u>	<u>\$ 3,843,915</u>	<u>\$ 3,730,945</u>	<u>\$ 3,444,397</u>	<u>\$ 3,254,339</u>
Total primary government net assets	<u>\$ 84,166,731</u>	<u>\$ 82,898,899</u>	<u>\$ 84,777,663</u>	<u>\$ 93,648,337</u>	<u>\$ 98,659,889</u>	<u>\$ 123,914,858</u>	<u>\$ 146,815,670</u>	<u>\$ 160,519,217</u>	<u>\$ 170,590,276</u>	<u>\$ 181,727,176</u>

BEAUFORT COUNTY SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
Instruction	81,954,029	\$ 88,705,452	\$ 93,767,463	\$ 96,228,768	103,669,509	111,501,962	119,454,645	124,389,533	126,985,171	123,081,889
Support services	51,626,850	72,379,072	76,264,488	76,060,066	80,403,429	85,560,395	90,578,634	101,016,114	99,083,949	102,881,123
Community services	776,659	772,656	678,798	616,295	409,037	320,541	440,693	340,501	300,567	402,698
Intergovernmental	14,865	239,549	245,569	270,785	293,669	229,465	2,538,634	2,980,553	-	-
Interest on long-term obligations	22,698,094	11,071,944	11,941,447	11,263,891	15,715,021	13,785,018	16,023,049	10,448,790	12,844,112	13,165,550
Total governmental activities expenses	157,070,497	173,168,673	182,897,765	184,439,805	200,490,665	211,167,916	226,726,486	238,733,572	242,194,352	239,531,260
Business-type activities										
Food service	5,514,496	5,327,816	5,687,204	6,376,019	7,025,973	7,411,802	7,688,413	8,458,934	8,842,845	8,880,026
Total business-type activities expenses	5,514,496	5,327,816	5,687,204	6,376,019	7,025,973	7,411,802	7,688,413	8,458,934	8,842,845	8,880,026
Total primary government expenses	162,584,993	\$ 178,496,489	\$ 188,584,969	\$ 190,815,824	207,516,638	218,579,718	234,414,899	247,192,506	251,037,197	248,411,286
Program Revenues										
Governmental activities										
Charges for services:										
Instructional	86,705	\$ 62,566	\$ 3,552	\$ 40,367	40,379	13,621	10,548	8,725	28,356	20,696
Operating grants and contributions:										
Instructional	28,931,978	33,221,478	32,702,707	28,720,729	23,256,063	25,545,104	21,023,528	23,073,897	24,028,270	26,993,907
Support services	9,692,487	11,628,828	12,158,863	16,733,187	10,172,176	10,687,877	12,861,612	14,761,170	13,110,664	19,670,863
Community services	593,769	604,975	449,198	425,067	311,448	313,336	-	-	-	53,645
Capital grants and contributions:										
Support services	555,465	316,477	734,922	1,490,028	492,458	105,747	-	-	-	-
Total governmental activities program revenues	39,860,404	45,834,324	46,049,242	47,409,378	34,272,524	36,665,685	33,895,688	37,843,792	37,167,290	46,739,111
Business-type activities										
Charges for services:										
Food Service	1,928,769	1,775,974	1,995,960	2,223,570	2,359,880	2,329,960	2,388,487	2,616,152	2,513,671	2,222,104
Operating grants and contributions	3,803,048	4,047,334	4,103,626	4,459,659	4,845,480	5,074,398	5,458,563	5,862,871	6,168,471	6,631,099
Capital grants and contributions	-	-	-	306,343	-	-	-	-	-	-
Total business-type activities program revenues	5,731,817	5,823,308	6,099,586	6,989,572	7,205,360	7,404,358	7,847,050	8,479,024	8,682,142	8,853,203
Total primary government program revenues	45,592,221	\$ 51,657,632	\$ 52,148,828	\$ 54,398,950	41,477,884	44,070,043	41,742,738	46,322,816	45,849,432	55,592,314
Net (Expense)/Revenue										
Governmental activities	(117,210,093)	\$ (127,334,349)	\$ (136,848,523)	\$ (137,030,427)	(166,218,141)	(174,502,231)	(192,830,798)	(200,889,780)	(205,027,062)	(192,792,149)
Business-type activities	217,321	495,492	412,382	613,553	179,387	(7,444)	158,637	20,090	(160,703)	(26,823)
Total primary government net (expense) revenue	(116,992,772)	\$ (126,838,857)	\$ (136,436,141)	\$ (136,416,874)	(166,038,754)	(174,509,675)	(192,672,161)	(200,869,691)	(205,187,765)	(192,818,972)

(Continued)

BEAUFORT COUNTY SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes by source:										
Property tax - general obligation	85,046,390	\$ 89,454,359	\$ 98,718,823	\$ 103,761,068	128,663,085	108,350,910	116,948,473	113,496,848	110,854,831	119,423,876
Property tax - debt service	19,395,622	20,092,878	26,969,675	27,886,921	25,164,694	34,767,989	45,696,157	44,668,096	47,491,788	50,644,714
Unrestricted grants and contributions	10,857,810	10,858,889	11,124,040	10,276,774	11,183,760	50,537,524	50,222,004	51,132,238	55,697,820	42,858,873
Unrestricted investment earnings	2,959,743	1,747,590	1,470,889	3,261,170	5,892,991	5,726,231	2,177,657	1,191,064	449,123	406,888
Miscellaneous	133,180	123,662	11,344	39,364	16,271	296,857	517,597	799,957	765,262	577
Transfers	186,628	339,650	215,124	189,986	158,892	126,187	119,861	135,586	125,845	122,139
Proceeds from settlement of lawsuit	-	-	-	-	-	-	-	-	-	2,650,000
Total governmental activities	118,579,373	122,617,028	138,509,895	145,415,283	171,079,693	199,805,698	215,681,749	211,423,789	215,384,669	216,107,067
Business-type activities										
Unrestricted investment earnings	15,588	4,213	17,831	59,871	117,055	85,133	11,085	2,526	-	20,579
Miscellaneous	1,300	3,711	2,303	2,380	12,450	-	-	-	-	-
Transfers	(186,628)	(339,650)	(215,124)	(189,986)	(158,892)	(126,187)	(119,861)	(135,586)	(125,845)	(122,139)
Total business-type activities	(169,740)	(331,726)	(194,990)	(127,735)	(29,387)	(41,054)	(108,776)	(133,060)	(125,845)	(101,560)
Total primary government	118,409,633	122,285,302	138,314,905	145,287,548	171,050,306	199,764,644	215,572,973	211,290,729	215,258,824	216,005,507
Change in Net Assets										
Governmental activities	1,369,280	(4,717,321)	1,661,372	8,384,856	4,861,552	25,303,467	22,850,951	10,534,009	10,357,607	23,314,918
Business-type activities	47,581	163,766	217,392	485,818	150,000	(48,498)	49,861	(112,971)	(286,548)	(128,383)
Total primary government	\$ 1,416,861	\$ (4,553,555)	\$ 1,878,764	\$ 8,870,674	5,011,552	25,254,969	22,900,812	10,421,039	10,071,059	23,186,535

BEAUFORT COUNTY SCHOOL DISTRICT
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS)
 (UNAUDITED)

TABLE 3

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
General fund										
Reserved	\$ 381,309	\$ 81,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Unreserved	8,214,872	8,885,683	11,932,388	13,633,292	13,250,761	25,195,678	32,635,167	31,404,699		
Total general fund	\$ 8,596,181	\$ 8,967,156	\$ 11,932,388	\$ 13,633,292	\$ 13,250,761	\$ 25,195,678	\$ 32,635,167	\$ 31,404,699		
All other governmental funds										
Reserved	\$ 71,254,727	\$ 36,372,952	\$ 67,296,060	\$ 81,282,502	\$ 69,934,194	\$ 100,810,674	\$ 98,357,931	\$ 94,187,180		
Unreserved, reported in:										
Special revenue funds	\$ 15,263	\$ 9,502	\$ 10,573	\$ 16,365	\$ 22,269	\$ 26,163	\$ 14,867	\$ 2,355		
Capital projects funds										
Debt service funds										
Other fund types	-	-	-	-	-	-	-	-		
Total all other governmental funds	\$ 71,269,990	\$ 36,382,454	\$ 67,306,633	\$ 81,298,867	\$ 69,956,463	\$ 100,836,837	\$ 98,372,798	\$ 94,189,535		
 General Fund										
Nonspendable									\$ 409,627	\$ 291,356
Assigned									2,042,789	568,601
Unassigned									24,011,586	27,225,116
Total General Fund									\$ 26,464,002	\$ 28,085,073
 All Other Governmental Funds										
Nonspendable									\$ -	\$ 51,589
Restricted									15,944,312	16,509,751
Committed									38,733,141	30,896,772
Assigned									-	150,000
Unassigned									-	(51,589)
Total All Other Governmental Funds									\$ 54,677,453	\$ 47,556,523
 Total All Governmental Funds	\$ 79,866,171	\$ 45,349,610	\$ 79,239,021	\$ 94,932,159	\$ 83,207,224	\$ 126,032,515	\$ 131,007,965	\$ 125,594,234	\$ 81,141,455	\$ 75,641,596

* A change in fund balance classifications was implemented in FY 2011 pursuant to GASB 54.

BEAUFORT COUNTY SCHOOL DISTRICT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS)
(UNAUDITED)

TABLE 4

		Fiscal Year									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues											
Local											
Property taxes	\$	104,425,226	\$ 109,891,955	\$ 125,578,345	\$ 131,746,198	\$ 154,584,298	\$ 142,689,283	\$ 161,952,575	\$ 156,619,844	\$ 159,794,306	\$ 163,609,611
Interest		2,959,743	1,747,590	1,470,889	3,261,170	5,892,991	5,726,231	2,177,657	1,185,656	449,124	406,886
Other		1,717,788	2,046,043	1,486,737	1,926,788	1,633,322	1,593,320	1,426,108	2,845,127	1,610,054	2,488,584
		<u>109,102,757</u>	<u>113,685,588</u>	<u>128,535,971</u>	<u>136,934,156</u>	<u>162,110,611</u>	<u>150,008,834</u>	<u>165,556,340</u>	<u>160,650,627</u>	<u>161,853,484</u>	<u>166,505,081</u>
State sources		39,395,215	43,439,239	41,816,133	42,015,786	28,042,492	71,971,894	69,312,477	69,215,880	71,176,570	67,658,719
Federal sources		9,767,086	11,355,430	13,822,441	13,826,533	15,795,666	13,928,742	13,387,824	16,996,991	20,084,012	19,451,260
Intergovernmental		-	-	93,510	-	-	-	-	-	-	-
		<u>158,265,058</u>	<u>168,480,257</u>	<u>184,268,055</u>	<u>192,776,475</u>	<u>205,948,769</u>	<u>235,909,470</u>	<u>248,256,641</u>	<u>246,863,498</u>	<u>253,114,066</u>	<u>253,615,060</u>
Expenditures											
Current											
Instruction		81,517,029	88,214,730	93,685,082	96,273,867	103,509,741	111,520,012	116,324,916	120,323,849	122,321,008	116,974,152
Support services		52,539,802	56,935,836	57,086,372	62,018,308	71,018,820	71,334,525	72,960,735	78,430,659	85,592,253	85,240,810
Community services		776,659	772,656	678,798	616,295	409,037	320,541	329,835	249,768	234,731	232,461
Intergovernmental		14,865	239,549	245,569	270,785	293,669	276,156	229,465	2,538,634	2,980,553	3,318,609
Debt service											
Principal		12,285,000	12,695,000	17,895,000	17,495,000	20,320,000	23,590,000	28,120,928	34,155,000	34,810,000	40,135,000
Interest		10,812,828	10,686,641	12,149,007	11,661,178	15,036,046	13,022,866	13,917,230	16,460,542	17,901,779	16,932,564
Other		15,026	-	-	-	-	-	345,471	1,086,352	186,098	536,945
Capital outlay		49,427,581	37,122,943	25,009,872	12,295,506	29,921,876	18,995,267	97,309,623	109,466,260	38,186,840	15,405,462
		<u>207,388,790</u>	<u>206,667,355</u>	<u>206,749,700</u>	<u>200,630,939</u>	<u>240,509,189</u>	<u>239,059,367</u>	<u>329,538,203</u>	<u>362,711,064</u>	<u>302,213,262</u>	<u>278,776,003</u>
Total Expenditures		<u>207,388,790</u>	<u>206,667,355</u>	<u>206,749,700</u>	<u>200,630,939</u>	<u>240,509,189</u>	<u>239,059,367</u>	<u>329,538,203</u>	<u>362,711,064</u>	<u>302,213,262</u>	<u>278,776,003</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(49,123,732)</u>	<u>(38,187,098)</u>	<u>(22,481,645)</u>	<u>(7,854,464)</u>	<u>(34,560,420)</u>	<u>(3,149,897)</u>	<u>(81,281,562)</u>	<u>(115,847,566)</u>	<u>(49,099,196)</u>	<u>(25,160,943)</u>
Other Financing Sources (Uses)											
Sale of fixed assets			4,100	7,674	9,563	1,075	6,110	17,163	5,410	324,964	42,308
Capital leases		512,379	402,112	723,748	813,897	507,312	820,108	609,178	438,484	-	-
Premium on bonds sold		2,290,080	-	10,465,010	350,881	3,780,735	1,534,906	1,249,268	19,318,845	17,305	5,226,688
Issuance of debt		52,000,000	-	54,000,000	22,400,000	46,310,000	43,660,000	84,505,000	95,360,000	4,178,303	16,261,318
Refunding of debt		28,130,000	-	128,480,000	-	61,495,000	-	-	103,540,000	-	34,350,000
Payment to refunded debt escrow agent		(28,469,078)	-	(137,520,500)	-	(59,320,703)	-	-	(108,364,486)	-	(38,991,369)
Transfers in		10,020,974	8,237,385	9,349,132	5,068,725	6,385,211	11,245,235	16,798,030	6,445,477	5,387,815	6,275,517
Transfers out		(9,834,346)	(7,897,735)	(9,134,008)	(5,095,464)	(6,323,145)	(11,291,171)	(16,921,627)	(6,309,893)	(5,261,970)	(6,153,378)
		<u>54,650,009</u>	<u>745,862</u>	<u>56,371,056</u>	<u>23,547,602</u>	<u>52,835,485</u>	<u>45,975,188</u>	<u>86,257,012</u>	<u>110,433,837</u>	<u>4,646,417</u>	<u>17,011,084</u>
Total Other Financing Sources (Uses)		<u>54,650,009</u>	<u>745,862</u>	<u>56,371,056</u>	<u>23,547,602</u>	<u>52,835,485</u>	<u>45,975,188</u>	<u>86,257,012</u>	<u>110,433,837</u>	<u>4,646,417</u>	<u>17,011,084</u>
Special Item											
Proceeds from settlement of lawsuit		-	-	-	-	-	-	-	-	-	2,650,000
Net Change in Fund Balance	\$	<u>5,526,277</u>	<u>(37,441,236)</u>	<u>33,889,411</u>	<u>15,693,138</u>	<u>18,275,065</u>	<u>42,825,291</u>	<u>4,975,450</u>	<u>(5,413,729)</u>	<u>(44,452,779)</u>	<u>(5,499,859)</u>
Debt service as a percentage of noncapital expenditures*		14%	13%	15%	14%	16%	15%	17%	18%	19%	22%

* Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories. This formula adds "interest" and "principal" and divides them by the "total expenditures" minus the "capital outlay." See the reconciling item for capital outlay on page 31.

BEAUFORT COUNTY SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 5

Fiscal Year Ended June 30,	Tax Year	Assessed Value		Total Assessed Value	Total Direct Rate	Market Value	Ratio of Total Assessed Value to Estimated Market Value
		Real Property	Personal Property				
2003	2002	\$ 712,511,246	\$ 170,011,192	\$ 882,522,438	129.2	\$ 15,938,040,713	5.5%
2004	2003	740,613,636	184,242,061	924,855,697	130.4	17,547,339,153	5.3%
*2005	2004	1,354,125,807	184,286,675	1,538,412,482	94.2	29,500,595,581	5.2%
2006	2005	1,342,243,568	162,980,756	1,505,224,324	96.5	29,534,639,416	5.1%
2007	2006	1,397,740,562	184,669,523	1,582,410,085	108.7	33,989,675,633	4.7%
2008	2007	1,452,621,579	207,538,743	1,660,160,322	122.8	35,379,094,810	4.7%
2009	2008	1,551,233,656	243,531,884	1,794,765,540	130.6	34,551,352,560	5.2%
*2010	2009	1,645,452,516	234,553,487	1,880,006,003	114.7	48,670,062,917	3.9%
2011	2010	1,643,802,430	222,701,792	1,866,504,222	116.6	48,058,028,845	3.9%
2012	2011	1,646,959,918	183,636,390	1,830,596,308	118.3	47,214,321,842	3.9%

Source: Beaufort County Auditor

Note*: Property in Beaufort County was last reassessed in fiscal year 2010. Tax rates are per \$1,000 of assessed value.



BEAUFORT COUNTY SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 6

Fiscal Year	Tax Year	Direct Rates			Overlapping Rates	
		Operations	Debt	Total Mills Beaufort County School District	Beaufort County	Other Districts
2003	2002	107.0	22.2	129.2	60.0	514.2
2004	2003	108.2	22.2	130.4	64.0	533.7
**2005	2004	75.2	19.0	94.2	48.6	436.8
2006	2005	77.5	19.0	96.5	49.6	440.9
2007	2006	91.7	17.0	108.7	49.1	434.7
2008	2007	100.2	22.6	122.8	51.9	442.9
2009	2008	102.6	28.0	130.6	51.9	449.8
**2010	2009	90.3	24.4	114.7	46.0	622.1
2011	2010	90.3	26.3	116.6	47.5	622.4
2012	2011	90.3	28.0	118.3	47.5	625.4

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Source: (1) Tax schedules published by the Beaufort County Auditor's Office.
 (2) Millage is for years ended December 31 - provided by City of Beaufort Finance Department.
 (3) Tax year 2008 Operations includes a one time surcharge of 2.9 mills

Note: Overlapping rates are those of local and county governments that apply to property owners within Beaufort County School District. Not all overlapping rates apply to all of the Beaufort County School District property owners (i.e., the rates for other districts apply only to the proportion of the Beaufort County School District's property owners whose property is located within the geographic boundaries of the other districts).

** Reassessment

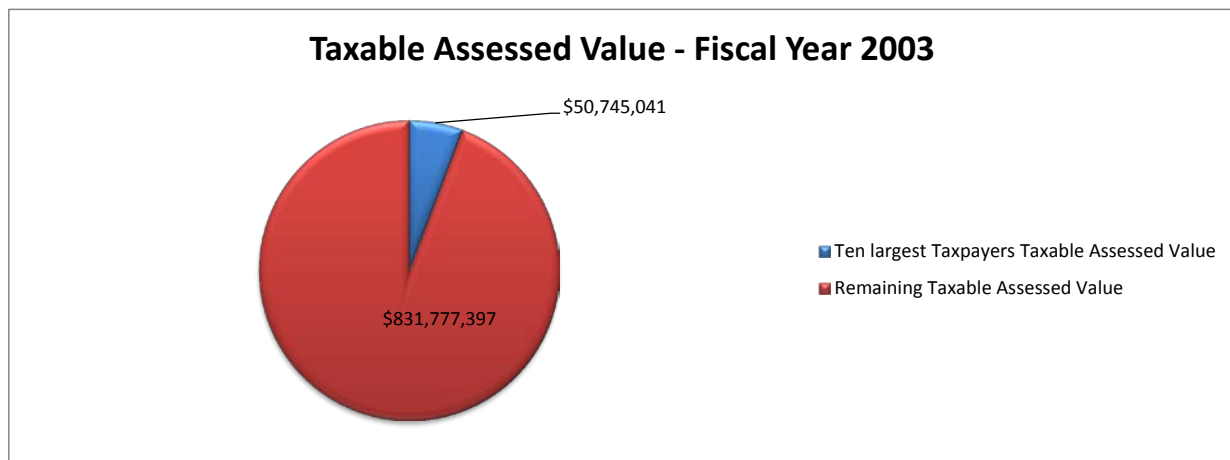
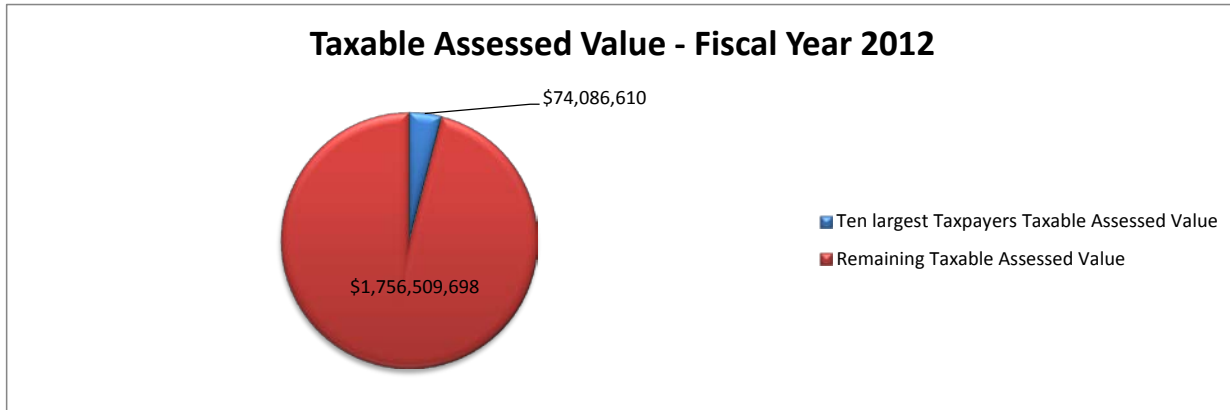
BEAUFORT COUNTY SCHOOL DISTRICT
TEN LARGEST TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TABLE 7

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Marriott Resort	\$ 20,445,000	1	1.1%	\$ 11,296,287	1	1.3%
South Carolina Electric & Gas	19,469,940	2	1.1%	9,972,504	2	1.1%
Palmetto Electric	9,794,060	3	0.5%	6,442,414	3	0.7%
Columbia Properties Hilton Head	4,540,040	4	0.3%	*	*	*
SCG Hilton Head Property LLC	4,260,000	5	0.2%	*	*	*
Bluffton Telephone Company	4,061,400	6	0.2%	*	*	*
Sea Pines Resort LLC	3,714,960	7	0.2%	2,559,315	9	0.3%
Hargray Telephone Company	2,988,660	8	0.2%	5,736,396	4	0.7%
Greenwood Development Corp.	2,928,680	9	0.2%	3,883,099	5	0.4%
Hilton Head Health System LP	1,883,870	10	0.1%	*	*	*
Westin Hilton Head Limited	*	*	*	3,353,585	6	0.4%
Dunes Hotel Associates	*	*	*	2,824,072	7	0.3%
Smith Lynn Press	*	*	*	2,735,820	8	0.3%
Melrose Group	*	*	*	1,941,549	10	0.2%
Total	\$ 74,086,610		4.1%	\$ 50,745,041		5.7%

Source: Beaufort County Auditor

*Information not available



BEAUFORT COUNTY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

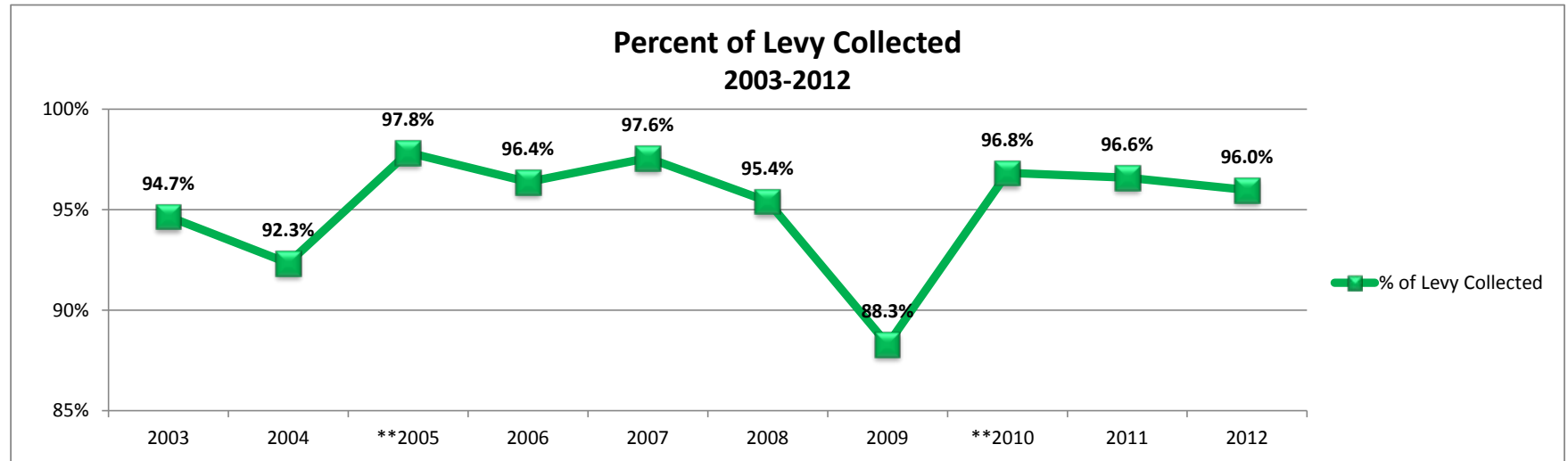
TABLE 8

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 85,422,345	\$ 80,857,790	94.66%	\$ 4,564,555	\$ 85,422,345	100.0%
2004	91,239,397	84,256,382	92.35%	6,983,015	91,239,397	100.0%
**2005	95,533,047	93,471,145	97.84%	2,061,902	95,533,047	100.0%
2006	101,854,070	98,160,211	96.37%	3,475,296	101,635,507	99.8%
2007	127,223,423	124,130,307	97.57%	2,777,088	126,907,395	99.8%
2008	109,883,524	104,836,677	95.41%	4,736,874	109,573,551	99.7%
2009	119,446,408	105,462,594	88.29%	12,674,204	118,136,798	98.9%
**2010	111,564,369	108,036,902	96.84%	2,840,451	110,877,353	99.4%
2011	111,433,238	107,640,819	96.60%	3,197,264	110,838,083	99.5%
2012	112,214,859	107,699,294	95.98%	-	107,699,294	96.0%

Source: Beaufort County Treasurer

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** Reassessment



BEAUFORT COUNTY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 9

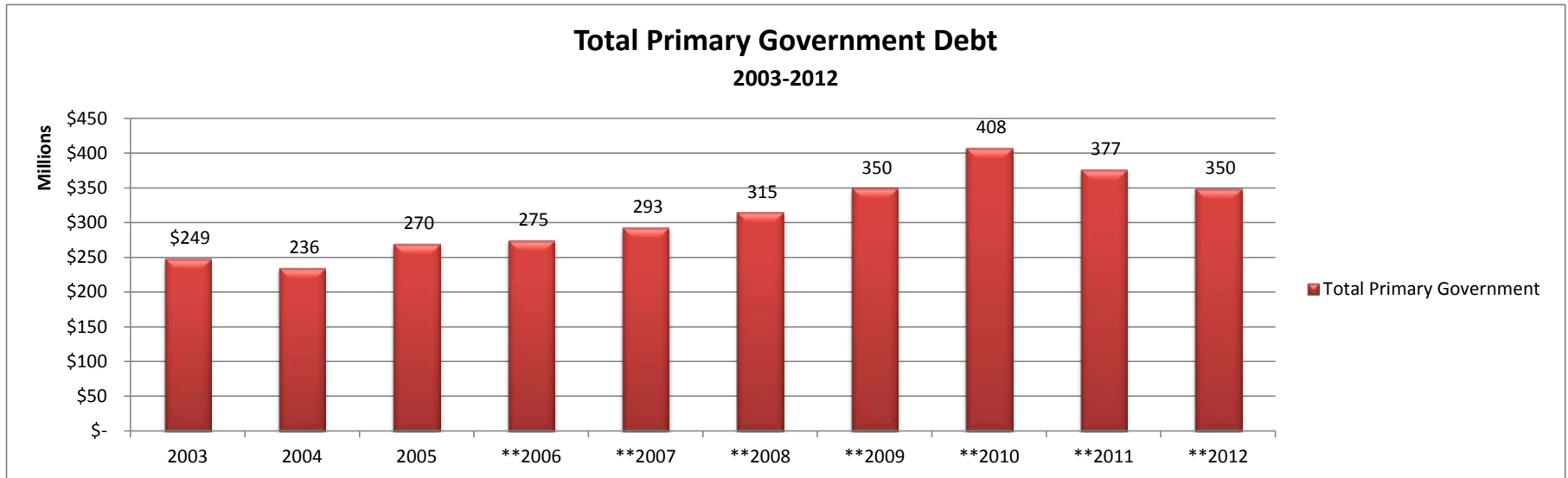
Fiscal Year	Governmental Activities			Business Type Activities			Total Outstanding Debt Primary Government	(1)	(2)
	General Obligation Bonds	Other Bonds/Notes	Capital Leases	General Obligation Bonds	Other Bonds	Capital Leases		Percentage of Personal Income	Total Outstanding Debt Per Capita
2003	\$ 247,830,000	\$ -	\$ 722,116	\$ -	\$ -	\$ -	\$ 248,552,116	1.83%	\$ 1,941
2004	235,135,000	-	402,112	-	-	-	235,537,112	2.08%	1,806
2005	238,835,000	30,000,000	964,480	-	-	-	269,799,480	1.89%	1,791
**2006	182,245,000	91,495,000	813,897	-	-	-	274,553,897	1.98%	1,992
**2007	233,730,000	58,195,000	1,020,479	-	-	-	292,945,479	2.05%	2,062
**2008	253,800,000	60,560,000	820,108	-	-	-	315,180,108	2.11%	2,139
**2009	249,155,000	100,335,000	609,178	-	-	-	350,099,178	1.92%	2,328
**2010	369,910,000	37,230,000	438,484	-	-	-	407,578,484	1.63%	2,626
**2011	340,263,303	36,245,000	259,419	-	-	-	376,767,722	1.84%	2,322
**2012	314,344,621	35,225,000	181,683	-	-	-	349,751,304	N/A	2,124

Source: District records

Notes: General Obligation Bonds and Other Bonds/Notes do not include issuance premiums and discounts, or deferred refunding costs. Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

* Data not available (1) Personal income is disclosed on page 125

** Includes Installment Purchase Revenue Bonds (2) Population is disclosed on page 122



BEAUFORT COUNTY SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 10

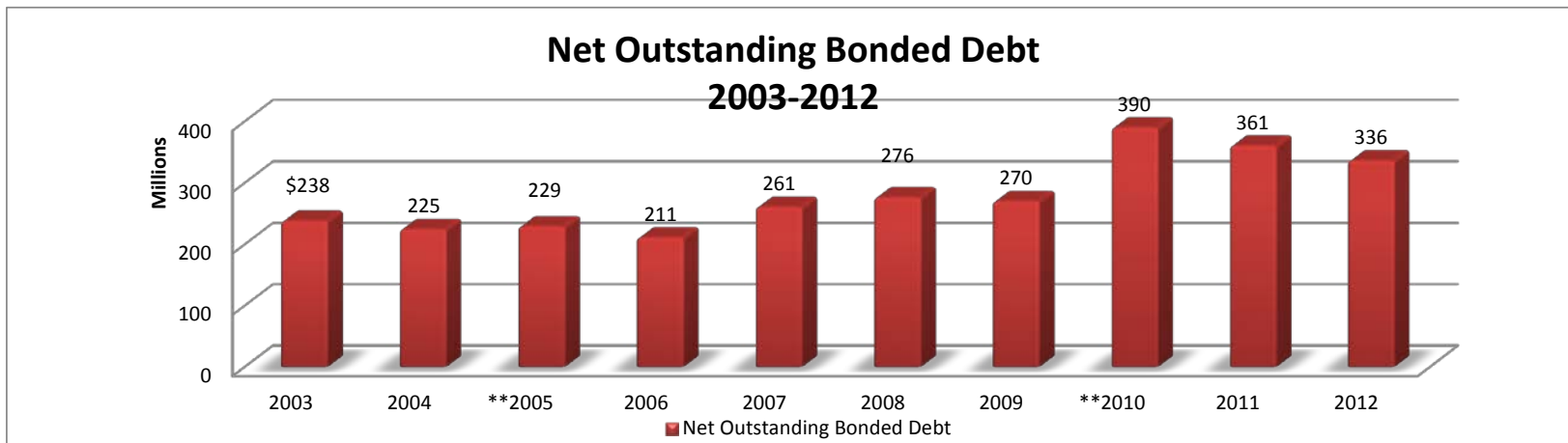
Fiscal Year	Population	General Bonded Debt Outstanding	Less: Amounts Available in Debt Service Funds	Net Outstanding Bonded Debt	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	129,873	\$ 247,830,000	\$ 9,710,275	\$ 238,119,725	\$ 882,522,438	27.0%	\$ 1,833
2004	132,439	235,135,000	10,480,433	224,654,567	924,855,697	24.3%	1,696
**2005	135,725	238,835,000	9,638,778	229,196,222	1,538,412,482	14.9%	1,689
2006	137,849	221,340,000	10,185,435	211,154,565	1,505,224,043	14.0%	1,532
2007	142,045	272,825,000	12,134,362	260,690,638	1,582,410,085	16.5%	1,835
2008	147,316	292,895,000	16,475,328	276,419,672	1,660,160,322	16.7%	1,876
2009	150,415	287,335,000	17,104,068	270,230,932	1,794,765,540	15.1%	1,797
**2010	155,215	407,140,000	17,150,201	389,989,799	1,880,006,003	20.7%	2,513
2011	162,233	376,508,303	15,944,313	360,563,990	1,866,504,222	19.3%	2,223
2012	164,684	349,569,621	13,326,599	336,243,022	1,830,596,308	18.4%	2,042

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Source: District records
Beaufort County Treasurer

Note: General Obligation Bonds and Other Bonds/Notes do not include issuance premiums and discounts, or deferred refunding costs.

** Reassessment



BEAUFORT COUNTY SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012
(UNAUDITED)

TABLE 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Beaufort County	\$ 250,325,000	13.41%	\$ 33,572,175
City of Beaufort	21,120,825	1.13%	238,997
Town of Bluffton	17,740,000	0.95%	168,608
Town of Hilton Head	114,485,000	6.13%	7,022,119
Town of Port Royal	1,315,039	0.07%	927
Broad Creek PSD	\$ 7,081,046	0.38%	26,864
Fripp Island PSD	4,508,723	0.24%	10,891
Hilton Head #1 PSD	55,365,640	2.97%	1,642,297
Bluffton Fire	\$ -	0.00%	-
Burton Fire	1,824,710	0.10%	1,784
Lady Island/St. Helena Fire	1,231,387	0.07%	812
Sheldon Fire	523,196	0.03%	147
Subtotal, overlapping debt	475,520,566		42,685,621
Beaufort County School District Direct Debt			349,569,621
Total direct and overlapping debt			\$ 392,255,242

Source: Beaufort County Finance Department

Notes:

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the outstanding debt of the municipality and dividing it by the county's total taxable assessed value.

² General Obligation Bonds and Other Bonds/Notes do not include issuance premiums and discounts, or deferred refunding costs.

BEAUFORT COUNTY SCHOOL DISTRICT
 LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 12

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 70,601,795	\$ 73,988,456	\$ 120,001,881	\$ 120,417,923	\$ 126,890,994	\$ 131,104,668	\$ 138,767,166	\$ 150,400,480	\$ 149,320,338	\$ 146,447,705
Total net debt applicable to limit	63,680,000	60,445,000	67,846,417	62,815,000	62,420,000	54,500,000	72,350,000	112,825,000	87,593,303	69,069,621
Legal debt margin	<u>\$ 6,921,795</u>	<u>\$ 13,543,456</u>	<u>\$ 52,155,464</u>	<u>\$ 57,602,923</u>	<u>\$ 64,470,994</u>	<u>\$ 76,604,668</u>	<u>\$ 66,417,166</u>	<u>\$ 37,575,480</u>	<u>\$ 61,727,035</u>	<u>\$ 77,378,084</u>
Total net debt applicable to limit as a percentage of debt limit	90%	82%	57%	52%	49%	42%	52%	75%	59%	47%

Legal debt margin calculation for fiscal year 2012	
Assessed value	<u>\$ 1,830,596,308</u>
Debt limit (8 % of assessed value)	<u>146,447,705</u>
Debt applicable to limit:	
Total bonded debt	349,569,621
Less: Bond issuances approved by referendum	(245,275,000)
Less: Installment Purchase Revenue Bond	<u>(35,225,000)</u>
Total net debt applicable to limit	<u>69,069,621</u>
Legal debt margin	<u>\$ 77,378,084</u>

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Notes:

¹ The School District's borrowing power is restricted by amended Article X, Section 15, of the State Constitution. This section provides that a local unit cannot at any time have total debt outstanding in an amount that exceeds 8 percent of the assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing prior to December 1, 1982, the effective date of amendment of Article X of the Constitution of South Carolina pertaining to bonded debt. Assessed value used above is the tax base as of June 30, 2012.

² General Obligation Bonds and Other Bonds/Notes do not include issuance premiums and discounts, or deferred refunding costs.

BEAUFORT COUNTY SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Table 13

Year	Population	Personal Income*	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate	Live Births
2003	128,033	\$ 4,347,437	\$ 33,956	**	**	17,604	2.80%	1977
2004	130,279	4,537,123	34,832	**	12	17,911	2.90%	2030
2005	133,795	5,019,880	37,519	38.5	**	18,364	3.20%	2230
2006	138,037	5,425,993	39,308	37.3	**	18,974	4.60%	2154
2007	142,045	5,992,159	41,724	37.1	**	19,229	4.80%	1973
2008	147,316	6,665,211	45,427	**	**	19,221	5.10%	2275
2009	150,415	6,724,329	44,191	40.8	**	19,067	9.10%	2369
2010	155,215	6,661,590	42,918	**	12	19,525	8.10%	2405
2011	162,233	6,916,393	42,430	40.6	**	19,626	8.50%	2025
2012	164,684	**	**	**	**	19,953	8.10%	2060

* in thousands

** Data not available

Source: County Economic Alliance, Inc.

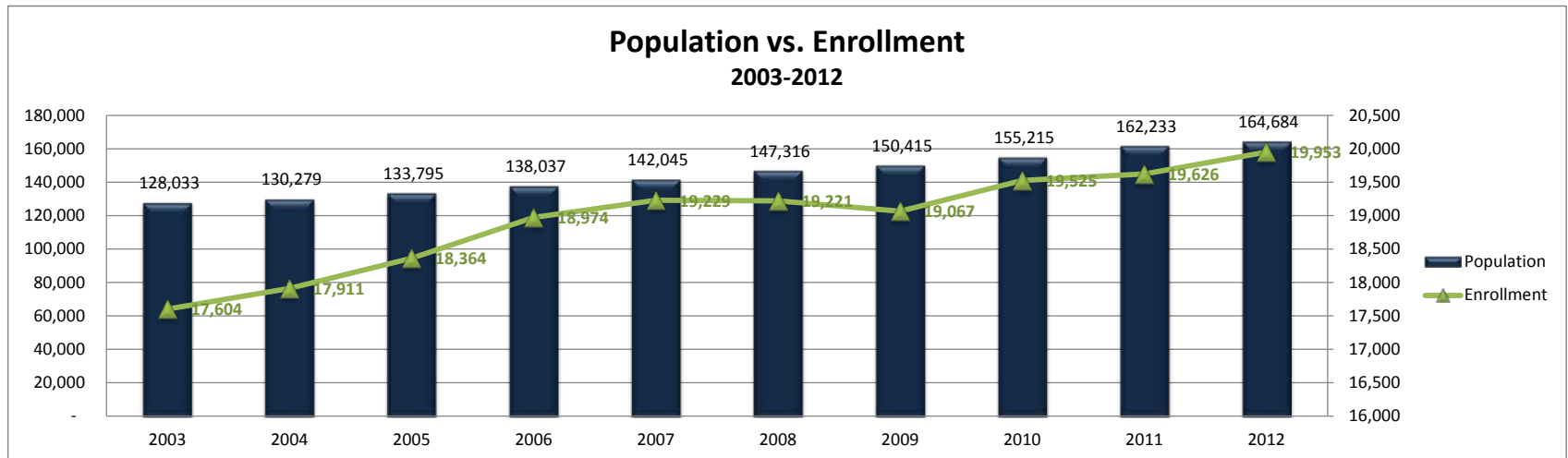
Population: 2010 U.S. Census

Per Capita Income & Personal Income provided by the U.S. Department of Commerce, Bureau of Economic Analysis

School Enrollment represents 135th day provided by District staff

Unemployment Rate provided by the S.C. Department of Employment and Workforce

Live Births provided South Carolina Department of Health and Environmental Control



BEAUFORT COUNTY SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

TABLE 14

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment*	Employees	Rank	Percentage of Total County Employment
Department of Defense	7,352	1	12.2%	*	*	*
Beaufort County School District	3,159	2	5.3%	*	*	*
Beaufort Memorial Hospital	1,404	3	2.3%	*	*	*
Beaufort County	1,128	4	1.9%	*	*	*
Marine Corps Community Services	789	5	1.3%	*	*	*
Hilton Head Health System	700	6	1.2%	*	*	*
Sea Pines Resorts	479	7	0.8%	*	*	*
Care Core	419	8	0.7%	*	*	*
Wal-Mart	400	9	0.7%	*	*	*
University of South Carolina Beaufort	389	10	0.6%	*	*	*

*Information not available

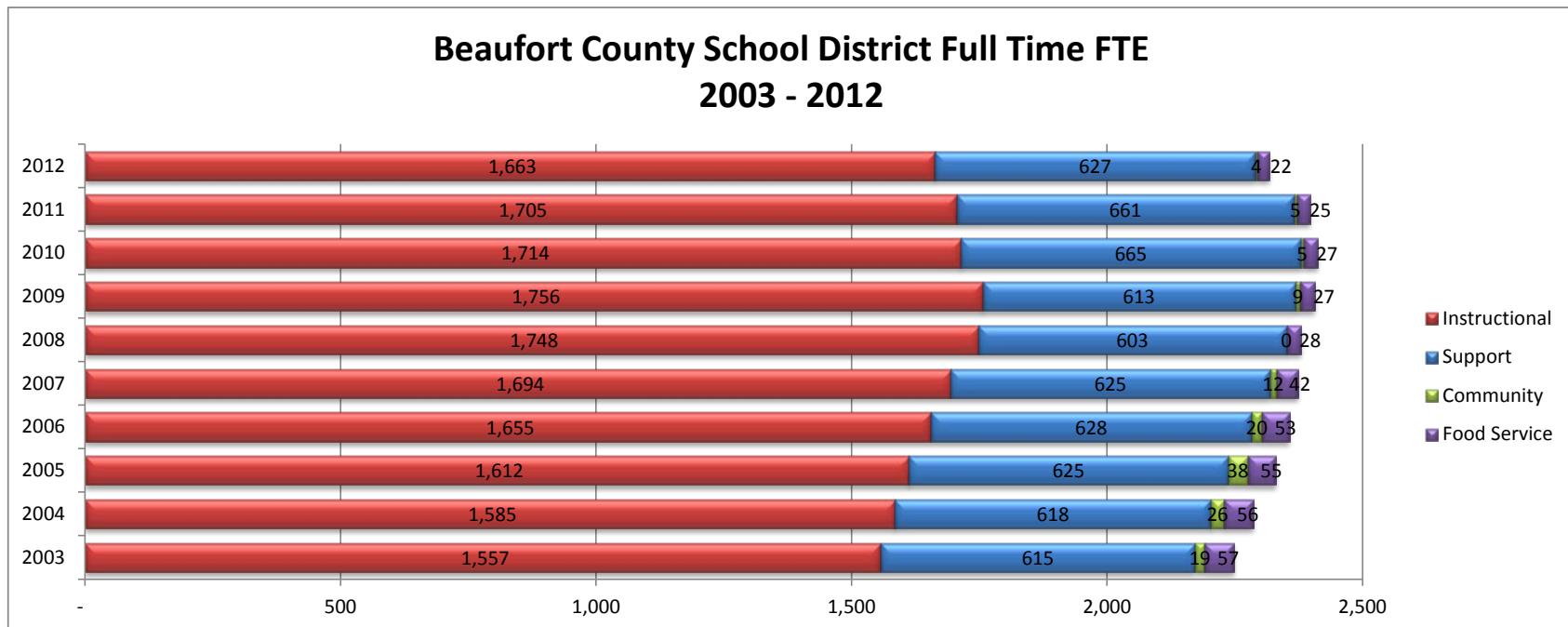
BEAUFORT COUNTY SCHOOL DISTRICT
 FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 15

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Instruction	1,557	1,585	1,612	1,655	1,694	1,748	1,756	1,714	1,705	1,663
Support services	615	618	625	628	625	603	613	665	661	627
Community services	19	26	38	20	12	-	9	5	5	4
Business-type activities										
Food services	57	56	55	53	42	28	27	27	25	22
Total	2,248	2,285	2,330	2,356	2,373	2,379	2,405	2,411	2,396	2,316

Source: District Finance Department

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BEAUFORT COUNTY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

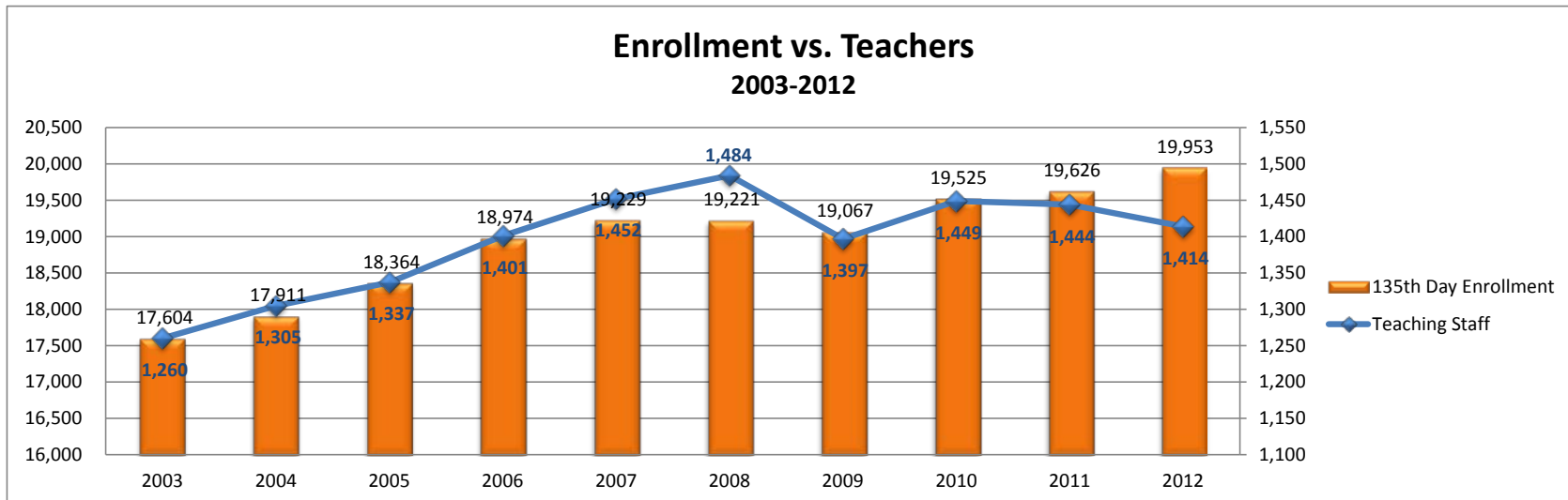
TABLE 16

Fiscal Year	General Fund Expenditures (1)	135th Day Enrollment(1)	Cost per Pupil(1)	Percentage Change	Teaching Staff(2)	Pupil/Teacher Ratio(2)	Student Attendance Percentage(2)	Prime Instructional Time(2)
2003	\$ 115,572,162	17,604	\$ 6,565	3%	1,260	20.4 to 1	96.3%	87.1%
2004	121,189,805	17,911	6,766	3%	1,305	21.0 to 1	96.5%	87.6%
2005	127,304,497	18,364	6,932	2%	1,337	19.7 to 1	96.4%	88.4%
2006	133,272,056	18,974	7,024	1%	1,401	20.0 to 1	96.3%	88.6%
2007	149,094,234	19,229	7,754	9%	1,452	20.6 to 1	96.7%	89.1%
2008	155,913,884	19,221	8,112	4%	1,484	19.9 to 1	96.6%	89.4%
2009	166,287,733	19,067	8,721	7%	1,397	20.1 to 1	96.9%	89.8%
2010	171,138,866	19,525	8,765	1%	1,449	21.6 to 1	97.1%	89.4%
2011	175,172,726	19,626	8,926	2%	1,444	20.9 to 1	96.9%	89.0%
2012	173,211,552	19,953	8,681	-3%	1,414	21.5 to 1	96.8%	89.4%

Sources: (1) District records
(2) South Carolina Department of Education

Note: Teaching staff are full-time equivalents for the year as a whole.
Cost per pupil is based on General Fund Expenditures and the 135th Day Enrollment

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BEAUFORT COUNTY SCHOOL DISTRICT
TEACHER SALARIES
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 17

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	District Average Salary (1)	Statewide Average Salary (2)	Percentage of expenditures for teacher salaries(2)	Average Teacher Experience (in years) (1)	Teacher Attendance Rate (2)
2003	\$ 29,176	\$ 63,760	\$ 41,334	\$ 39,707	55.4%	13.0	94.1%
2004	29,468	64,398	42,643	40,566	54.8%	*	94.3%
2005	30,077	65,728	44,151	41,286	54.4%	13.0	94.8%
2006	30,692	67,736	44,386	42,310	58.7%	13.4	94.6%
2007	31,493	69,505	46,234	43,575	55.4%	13.0	94.3%
2008	32,538	71,798	47,794	45,107	53.1%	13.3	94.4%
2009	33,791	74,563	48,757	47,421	57.1%	13.5	95.0%
2010	33,791	74,563	49,024	47,421	58.4%	13.0	93.3%
2011	33,791	74,563	49,918	48,725	53.8%	13.0	96.9%
2012	34,467	76,054	48,448	*	*	13.0	*

Source: (1) District records
(2) South Carolina Department of Education Annual Report

*Data not available

BEAUFORT COUNTY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
St. Helena Early Child Center (2004)										
Square feet		40,129	40,129	40,129	40,129	40,129	40,129	40,129	40,129	40,129
Capacity (students)		268	268	268	268	268	268	268	268	268
Enrollment		223	218	238	235	217	194	209	230	232
Hilton Head Early Child Center (2006)										
Square feet				74,732	74,732	74,732	74,732	74,732	74,732	74,732
Capacity (students)				500	500	500	500	500	500	500
Enrollment				436	434	416	429	420	480	482
Beaufort Elementary School (1986)										
Square feet	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537
Capacity (students)	808	808	808	808	808	808	808	808	808	808
Enrollment	487	412	399	411	426	431	485	664	597	630
Coosa Elementary School (1999)										
Square feet	70,337	70,337	70,337	70,337	70,337	70,337	70,337	70,337	70,337	70,337
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	545	617	631	644	644	638	654	538	494	474
Lady's Island Elementary (1963)										
Square feet	57,943	57,943	57,943	57,943	57,943	57,943	57,943	57,943	57,943	57,943
Capacity (students)	404	404	404	404	404	404	404	404	404	404
Enrollment	325	387	394	415	422	429	422	363	328	303
Mossy Oaks Elementary (1962)										
Square feet	62,098	62,098	62,098	62,098	62,098	62,098	62,098	62,098	62,098	62,098
Capacity (students)	413	492	492	492	492	492	492	492	492	492
Enrollment	360	439	457	486	468	445	430	477	500	470
Port Royal Elementary (1911)										
Square feet	49,151	49,151	49,151	49,151	49,151	49,151	49,151	49,151	49,151	49,151
Capacity (students)	328	328	328	328	328	328	328	328	328	328
Enrollment	201	269	323	356	344	362	329	291	289	252
St. Helena Elementary (1992)										
Square feet	78,353	78,353	78,353	78,353	78,353	78,353	78,353	78,353	78,353	78,353
Capacity (students)	620	620	620	620	620	620	620	620	620	620
Enrollment	679	420	375	337	305	303	246	214	215	255
Broad River Elementary (1957)										
Square feet	74,234	74,234	74,234	74,234	74,234	74,234	74,234	74,234	74,234	74,234
Capacity (students)	536	536	536	536	536	536	536	536	536	536
Enrollment	430	453	390	358	364	423	416	391	386	353
Shell Point Elementary (1968)										
Square feet	67,773	78,212	78,212	78,212	78,212	78,212	70,724	70,724	70,724	70,724
Capacity (students)	484	592	592	592	592	592	536	536	536	536
Enrollment	443	459	465	488	468	410	454	404	406	375

BEAUFORT COUNTY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
J. Shanklin Elementary (1994)										
Square feet	73,882	73,882	73,882	73,882	73,882	73,882	73,882	73,882	73,882	73,882
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	453	524	469	485	524	505	488	436	431	477
J.J. Davis Early Learning Center (1991)										
Square feet	65,045	65,045	65,045	65,045	65,045	65,045	65,045	65,045	65,045	65,045
Capacity (students)	512	512	512	512	512	512	512	512	512	512
Enrollment	292	345	345	363	370	336	327	160	173	177
Whale Branch Elementary (2000)										
Square feet	71,921	71,921	71,921	71,921	71,921	71,921	71,921	71,921	71,921	71,921
Capacity (students)	568	568	568	568	568	568	568	568	568	568
Enrollment	478	422	421	379	335	351	287	339	313	320
Daufuskie School (1935)										
Square feet	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635
Capacity (students)	64	64	64	64	64	64	64	64	64	64
Enrollment	19	27	26	17	15	19	12	16	15	15
Hilton Head IB Elementary (1974)										
Square feet	273,494	273,494	161,005	161,005	161,005	161,005	161,005	161,005	161,005	161,005
Capacity (students)	1,934	1,934	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185
Enrollment	1,898	2,046	1,479	1,108	937	838	736	739	760	826
H. H. School for Creative Arts (1988) Split 2005										
Square feet			112,489	112,489	112,489	112,489	112,489	112,489	112,489	112,489
Capacity (students)			749	749	749	749	749	749	749	749
Enrollment			484	489	604	664	703	718	733	769
Bluffton Elementary (2000) ECC addition (2010)										
Square feet	71,194	71,194	71,194	71,194	71,194	83,237	83,237	128,237	128,237	128,237
Capacity (students)	519	519	519	519	519	694	694	1,094	1,094	1,094
Enrollment	617	580	764	865	988	1,068	1,087	936	603	598
Okatie Elementary (2004)										
Square feet		79,823	79,823	79,823	79,823	87,383	87,383	87,383	87,383	87,383
Capacity (students)		539	539	539	539	719	719	719	719	719
Enrollment		476	521	746	874	791	791	525	650	655
M.C. Riley Elementary (1991) ECC addition (2010)										
Square feet	75,958	75,958	75,958	75,958	75,958	75,958	75,958	120,958	120,958	120,958
Capacity (students)	592	592	592	592	592	592	592	992	992	992
Enrollment	675	673	737	665	709	864	946	918	787	778
Red Cedar Elementary (2010)										
Square feet								97,000	97,000	97,000
Capacity (students)								800	800	800
Enrollment								725	711	751

BEAUFORT COUNTY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Pritchardville Elementary (2011)										
Square feet									108,960	108,960
Capacity (students)									800	800
Enrollment									518	672
Beaufort Middle (1959) Remodeled as Middle School (2002)										
Square feet	125,890	125,890	125,890	125,890	125,890	125,890	125,890	125,890	125,890	125,890
Capacity (students)	867	867	867	867	867	867	867	867	867	867
Enrollment	540	590	603	626	641	637	636	598	655	645
** students attended Humanities School at Burrough Avenue Building										
Lady's Island Middle (1984)										
Square feet	141,616	141,616	141,616	141,616	141,616	141,616	141,616	141,616	141,616	141,616
Capacity (students)	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209
Enrollment	661	694	680	710	671	664	604	749	754	771
Robert Smalls Middle (1984)										
Square feet	148,619	148,619	148,619	148,619	148,619	148,619	148,619	148,619	148,619	148,619
Capacity (students)	777	777	777	777	777	777	777	777	777	777
Enrollment	761	705	712	714	684	650	547	533	470	476
Whale Brance Middle (2000)										
Square feet	112,512	112,512	112,512	112,512	112,512	112,512	112,512	112,512	112,512	112,512
Capacity (students)	774	774	774	774	774	774	774	774	774	774
Enrollment	519	446	421	415	371	314	303	327	331	360
Hilton Head Middle (1992)										
Square feet	131,188	131,188	131,188	131,188	131,188	131,188	131,188	131,188	131,188	131,188
Capacity (students)	819	819	819	819	819	819	819	819	819	819
Enrollment	936	961	981	943	944	910	925	870	863	901
H.E. McCracken Middle (2000)										
Square feet	131,200	131,200	131,200	131,200	131,200	148,460	148,460	148,460	148,460	148,460
Capacity (students)	666	666	666	666	666	941	941	941	941	941
Enrollment	650	806	932	976	1,010	1,128	1,210	1,192	798	868
Bluffton Middle (2011)										
Square feet									142,711	142,711
Capacity (students)									1,100	1,100
Enrollment									861	919
Beaufort High (2000)										
Square feet	217,234	217,234	217,234	217,234	217,234	217,234	217,234	217,234	217,234	217,234
Capacity (students)	1,357	1,357	1,357	1,357	1,357	1,357	1,357	1,357	1,357	1,357
Enrollment	1,699	1,551	1,582	1,648	1,591	1,582	1,655	1,699	1,541	1,420
Battery Creek High (1992)										
Square feet	216,755	216,755	216,755	216,755	216,755	216,755	216,755	216,755	216,755	216,755
Capacity (students)	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352
Enrollment	1,631	1,459	1,370	1,304	1,358	1,300	1,234	1,198	822	742

BEAUFORT COUNTY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Hilton Head High (1983)										
Square feet	173,498	173,498	173,498	173,498	173,498	173,498	173,498	173,498	173,498	173,498
Capacity (students)	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295
Enrollment	1,867	1,927	1,122	1,137	1,148	1,163	1,135	1,150	1,147	1,150
Bluffton High (2005)										
Square feet			183,000	183,000	218,418	218,418	218,418	218,418	218,418	218,418
Capacity (students)			1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131
Enrollment			1,063	1,215	1,345	1,363	1,382	1,485	1,067	999
Whale Branch Early College High (2011)										
Square feet									124,000	124,000
Capacity (students)									650	650
Enrollment									395	498
Riverview Charter School (2010)										
Square feet								16,721	16,721	16,721
Capacity (students)								304	304	304
Enrollment								241	303	340

Source: District Facilities Office

Note: Fiscal year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

BEAUFORT COUNTY SCHOOL DISTRICT
 MISCELLANEOUS STATISTICS
 JUNE 30, 2012
 (UNAUDITED)

Table 19

Beaufort County was created by the 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: 19,953

Number of schools and centers:	Elementary (K-5)	17
	Middle (6-8)	7
	High (9-12)	5
	Special Schools	3
	Career Education Center	1

Number of Employees:	Teachers	1414
	Others	902

Average Bi-Weekly Payroll: \$4,327,467

Accreditation:

State of South Carolina	All Schools Accredited
Southern Association of Schools and Colleges	All Schools Accredited

Percentage of free and reduced students in lunch program:

	Number of Students	Percentage of Total Student Population
Free Lunch	10,556	52%
Reduced Lunch	1,349	7%
Total Free and Reduced Lunch	11,905	59%

Source: District records

Single Audit Section



GOVERNMENTAL AUDITING STANDARDS
AND SINGLE AUDIT REPORTS

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

LEA	Subfund	Fed. Grantor/Pass-Through	CFDA	Grantor's	Total
Fund Code	Grantor/Program Title	Number	Number	Expenditures	
U.S. DEPARTMENT OF AGRICULTURE					
	Pass-through S.C. Department of Education				
600	USDA Commodities	10.550	N/A		\$ 434,947
	Child Nutrition Cluster				
600	School Breakfast Program	10.553	N/A	1,469,444	
600	National School Lunch Program	10.555	N/A	4,674,083	
	Total Child Nutrition Cluster				6,143,527
600	Fresh Fruits and Vegetables	10.582	11FV014		25,333
600	Healthier US School Challenge (HUSSC) Grant	N/A	N/A		26,511
	Total U.S. Department of Agriculture				6,630,318
U.S. DEPARTMENT OF EDUCATION					
	Direct programs				
100	Impact Aid	84.041	N/A		78,887
293	Foreign Language Assistance (CLIMB)	84.293A	T293A100228-11		165,629
274	Parental Information and Resource Centers	84.310A	U310A070009-08		11,725
294	Arts in Education	84.351D	U351D070148-10		6,963
297	AVID	N/A	W91WAW-08-1-0010		15,320
	Total direct programs				278,524
	Pass-through S.C. Department of Education				
243	Adult Education	84.002	12EA014	247,872	
243	Adult Education - English Lit/Civics	84.002	12ED014-01	9,498	
243	Adult Education - Continuation	84.002	11EA014-02	35,412	
243	Adult Education - Literacy Collaboration	84.002	12ED04-02	9,572	
	Subtotal for 84.002				302,354
201	Title I - Current Year	84.010	12BA014	5,333,370	
202	Title I - Prior Year	84.010	11BA014	62,459	
	Subtotal for 84.010				5,395,829
237	Title I - School Improvement	84.010A	12BJ014		108,424
235	Title I - Migrant Education	84.011A	12BG014	190,784	
235	Title I - Migrant Identification & Recruitment	84.011A	12BG014-02	73,221	
	Subtotal for 84.011A				264,005
	Special Education Cluster (IDEA)				
205	IDEA Pre-school Grants Handicapped	84.027	12CG014-01	135,343	
203	Children with Disabilities IDEA	84.027A	12CA014-01	5,346,025	
213	OEC Competitive	84.027A	11CO014-01	15,821	
213	OEC Competitive	84.027A	11CO014-02	27,713	
215	ARRA 611 IDEA Stimulus	84.391A	09SC014-01	816,389	
216	ARRA 619 IDEA PreSchool Stimulus	84.392A	11SG014-01	144,102	
	Total Special Education Cluster (IDEA)				6,485,393

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

LEA Subfund Fund Code	Fed. Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION (CONTINUED)				
207	Career and Technical Education - Perkins IV	84.048A	12VA014	\$ 216,180
224	Twenty-First Century Community Learning Centers	84.287	12CL014-01	112,950
253	Education Technology State Grants	84.318X	11ET014	19,428
298	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	P334S110019	104,417
225	Math & Science Partnerships	84.366	12MS014-01	210,655
264	English Language Acquisition Grant	84.365A	12BP014-01	379,582
267	Improving Teacher Quality State Grants	84.367	12TQ014-01	972,770
268	Teacher Incentive Grant	84.374	12TT014-01	2,471,612
299	College Access Challenge Grant (HEAP)	84.378A	P378A100048	6,847
250	ARRA State Fiscal Stabilization Funds	84.394	11SF014	753,249
	Total of U.S. Department of Education			<u>18,082,219</u>
OTHER FEDERAL AWARDS				
U.S. DEPARTMENT OF ENERGY				
Pass-through S.C. Energy Office				
502	SEP-ARRA Award	N/A	S09-0117	<u>14,520</u>
U.S. DEPARTMENT OF DEFENSE				
Direct Program				
296	Joint Strike	12.556	HE1254-11-1-0029	112,642
295	ROTC	N/A	N/A	301,469
806	Military Skills	N/A	N/A	<u>4,102</u>
	Total U.S. Department of Defense			<u>418,213</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program				
831	Farm to School	93.520	12FS014-01	<u>2,566</u>
FEDERAL COMMUNICATION COMMISSION				
Direct Program				
100	E-rate	N/A	N/A	931,649
500	E-rate	N/A	N/A	1,634
	Total Federal Communications Commission			<u>933,283</u>
	Total expenditures of federal awards			<u><u>\$ 26,081,119</u></u>

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

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, 2012. 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, 10.555, and 10.582, which are reported under the full accrual basis of accounting as applicable to enterprise funds. Food Service expenditures are not segregated by funding source but have been expended for each federal program.

**Report On Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Board of Trustees
Beaufort County School District
Beaufort South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **Beaufort County School District** (the School District), as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements and have issued our report thereon dated November 30, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of Riverview Charter School, as described in our report on the School District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness on the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Board of Trustees
Beaufort County School District
Page Two

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

Walter Rogus LLP

Summerville, South Carolina
November 30, 2012

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Beaufort County School District
Beaufort, South Carolina

Compliance

We have audited Beaufort County School District's (the School District)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

The School District's basic financial statements include the operations of Riverview Charter School, a discretely presented component unit, which received \$99,793 in federal awards which is not included in the schedule of federal expenditures during the year ended June 30, 2012. Our audit, described below, did not include the operations of Riverview Charter School, because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Webster Rogus LLP

Summerville, South Carolina
November 30, 2012

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes No
 Reportable conditions identified that are not considered to be material weaknesses? Yes None Reported
 Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No
 Reportable conditions identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA State Fiscal Stabilization Funds Special Education Cluster (IDEA)
84.027	Special Education - Grants to States
84.391	Special Education - Grants to States, Recovery Act
84.392	Special Education - Preschool Grants, Recovery Act
84.366	Mathematics and Science Partnerships

Dollar threshold used to distinguish between type A and type B programs

\$782,434

Auditee qualified as low-risk auditee?

Yes No

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012**

No prior year audit findings