

**THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS**

Palmetto Youth Academy Charter School,)
)
Respondent,)

Appellate Case No.: 2012-212001

vs.)

**FOURTH SUPPLEMENT TO
RECORD ON APPEAL**

Florence County School District 1 Board of)
Trustees,)
Appellant.)

COPY OF APPENDIX C
FILED BY PALMETTO YOUTH
ACADEMY CHARTER SCHOOL WITH
THE ADMINISTRATIVE LAW COURT

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INDEX

	Page	Line
Appendix C	304	
Certificate of Service	393	

R303

**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

Palmetto Youth Academy Charter School,
Appellant,

vs.

Florence County School District 1 Board
of Trustees,

Respondent.

Docket No.: 10-ALJ-30-0631-AP

RECORD ON APPEAL

Appendix C

**FLORENCE SCHOOL DISTRICT ONE
FLORENCE, SOUTH CAROLINA
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

R304

FLORENCE SCHOOL DISTRICT ONE
Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds..... To the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and..... Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Annually Budgeted Special Revenue Funds	20
Statement of Net Assets – Proprietary Funds.....	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets -..... Proprietary Funds	22
Statement of Cash Flows -- Proprietary Funds	23
Notes to Financial Statements	25
Supplemental Information	
<u>Schedules</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	42
Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Fund	50

R305

FLORENCE SCHOOL DISTRICT ONE
Table of Contents - Continued

	<u>Page</u>
<u>Schedules (Continued)</u>	
Summary Schedule For Designated State Restricted Grants and Other Special Revenue Programs – Special Revenue Fund.....	60
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Education Improvement Act – All Programs	62
Summary Schedule by Program – Education Improvement Act Fund	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance	69
School Building Fund	
Combining Balance Sheet – Nonmajor Governmental Funds	70
Combining Statement of Revenues, Expenditures and Changes in	71
Fund Balance – Nonmajor Governmental Funds	
Schedule of Receipts, Disbursements, and Changes in Fund.....	72
Balance – Pupil Activity Fund	
Schedule of Revenues, Expenditures and Changes in Fund.....	73
Balance – Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Net Assets-	74
Food Service Fund	
Location Reconciliation Schedule.....	76
Detailed Schedule of Due to State Department of Education / Federal	77
Government	
 Compliance Section	
Schedule of Expenditures of Federal Awards.....	78
Notes to Schedule of Expenditures of Federal Awards	79
Report on Internal Control Over Financial Reporting and on Compliance.....	80
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	
Report on Compliance with Requirements Applicable to Each Major Program	82
and Internal Control Over Compliance In Accordance with Circular A-133	
Schedule of Findings and Questioned Costs.....	84
Summary Schedule of Prior Audit Findings	86

R306

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INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and
Members of the Board of Trustees
Florence School District One
Florence, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Florence School District One, Florence, South Carolina, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Florence School District One's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Florence School District One, Florence, South Carolina, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2007 on our consideration of Florence School District One'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

R307

Florence School District One
Florence, South Carolina

The management's discussion and analysis identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents, as well as the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information as listed in the table of contents, as well as the schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
December 4, 2007

R308

**Florence School District One
Management's Discussion and Analysis
June 30, 2007**

As management of Florence School District One (The District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2007. It should be read in conjunction with the accompanying basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The basic financial statements present two different views of the District through the use of government-wide and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

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

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

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

Both of the government-wide financial statements distinguish functions of the 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 District include instruction, supporting services, community services and intergovernmental. The business-type activities of the District include a food service operation.

Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with major and nonmajor governmental funds and the individual fund statements.

The District adopts an annual appropriated budget for its general fund and certain special revenue funds. The general fund is a legally adopted document that incorporates vital input from citizens and management of the District and the Board of Trustees, who ultimately decides what programs and services will be provided and the means to pay for them. The budgets for special revenue

**Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007**

funds are used as a management control device by providing a budgetary comparison in the basic financial section for these funds to demonstrate cost compliance with both state and federal governments.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is our fifth year for reporting the District's finances as a whole using accrual-basis of accounting. Prior year comparative information is included for comparison purposes.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the District's case, assets exceeded liabilities by \$67,823,874 at June 30, 2007. An increase of \$64,544,547 was reported at June 30, 2006.

Table 1

Table 1 provides a summary of The District's net assets as of June 30, 2006 and 2007, respectively:

	<u>GOVERNMENT ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL GOVERNMENT</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
ASSETS:						
CURRENT & OTHER ASSETS	\$ 44,866,082	\$ 45,031,067	\$ 2,985,872	\$ 3,367,548	\$ 47,851,954	\$ 48,398,615
CAPITALS ASSETS	<u>37,780,675</u>	<u>36,344,495</u>	<u>439,599</u>	<u>540,195</u>	<u>38,220,274</u>	<u>36,884,690</u>
TOTAL ASSETS	<u>82,646,757</u>	<u>81,375,562</u>	<u>3,425,471</u>	<u>3,907,743</u>	<u>86,072,228</u>	<u>85,283,305</u>
LIABILITIES:						
LONG-TERM LIABILITY	13,752,345	8,681,593	4,514	4,514	13,756,859	8,686,107
OTHER LIABILITIES	<u>7,747,169</u>	<u>8,549,410</u>	<u>23,653</u>	<u>223,914</u>	<u>7,770,822</u>	<u>8,773,324</u>
TOTAL LIABILITIES	<u>21,499,514</u>	<u>17,231,003</u>	<u>28,167</u>	<u>228,428</u>	<u>21,527,681</u>	<u>17,459,431</u>
NET ASSETS:						
INVESTED IN CAPITAL ASSETS						
NET OF RELATED DEBT RESTRICTED FOR DEBT SERVICE	23,932,854	25,851,194	439,599	540,195	24,372,453	26,391,389
UNRESTRICTED	<u>35,401,867</u>	<u>36,481,657</u>	<u>2,957,705</u>	<u>3,139,120</u>	<u>40,172,094</u>	<u>39,620,777</u>
	<u>\$ 61,147,243</u>	<u>\$ 64,144,559</u>	<u>\$ 3,397,304</u>	<u>\$ 3,679,315</u>	<u>\$ 64,544,547</u>	<u>\$ 67,823,874</u>

R311

Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007

GOVERNMENTAL ACTIVITIES

Changes in Net Assets. The District's combined changes in net assets were \$7,039,275 as of June 30, 2006 and \$3,279,328 as of June 30, 2007. Governmental activities represented 93% in changes in net assets as of June 30, 2006 and 91% of changes in net assets as of June 30, 2007.

Governmental Activities. Total revenues collected and received from governmental activities were \$127,568,097 for fiscal year 2006 and \$129,329,052 for fiscal year 2007. Of total revenue, property taxes represented 36% for both fiscal years 2006 and 2007; federal and state grant revenues represented 63% for fiscal year 2006 and 62% for fiscal year 2007; investments and miscellaneous income represented 1% for 2006 and 1.7% for 2007; and transfers represented only .18% for fiscal year 2006 and .02% for fiscal year 2007. Revenues collected from user fees and charges represent the balance of total revenues for both fiscal years 2006 and 2007. Governmental activity expenditures are broken down as follows: instructional services were 63% for fiscal year 2006 and 58% for fiscal year 2007; support services were 35% for fiscal year 2006 and 39% for fiscal year 2007; community services were 1% for fiscal year 2006 and .7% for fiscal year 2007; intergovernmental was 1% for fiscal year 2006 and 2% for fiscal year 2007; debt service interest was .004% for fiscal year 2006 and .002% for fiscal year 2007.

Net assets of the District's governmental activities represented 95% of total assets for both fiscal years 2006 and 2007. Unrestricted net assets, which represent the portion of net assets that can be used to finance day-to-day operations without constraints, were \$35,401,867 for 2006 and \$36,481,657 for 2007.

BUSINESS-TYPE ACTIVITIES

Net Assets. Net assets for business-type activities represent 5% of total net assets for both fiscal years 2006 and 2007. For fiscal year 2006, the District's combined net assets totaled \$64,544,546, of which \$26,184,975 was restricted for specific purposes. The remainder of net assets is unrestricted and can be used for future spending. For fiscal year 2007, combined net assets totaled \$67,823,874, of which \$28,203,097 was restricted for specific purposes. The remainder of net assets is unrestricted and can be used for future spending.

Net assets of business-type activities were \$3,397,303 for 2006 and \$3,679,315 for 2007.

Of the total net assets of the district's business-type activities, which were \$40,172,094, \$2,957,705 represented total net unrestricted net assets for fiscal year 2006. Of the total net assets of the district's business-type activities, which were \$39,620,777, \$3,139,120 represented total net unrestricted net assets for fiscal year 2007.

Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007

Business-type activities decreased the District's net assets by \$464,756 for fiscal year 2006 as compared to the fiscal year 2005. However, the District's net assets increased by \$282,012 for fiscal year 2007 as compared to fiscal year 2006. This increase was due in part to the increased participation and a better menu selection.

Business-type Activities. Total revenues collected for business-type activities were \$6,252,742 for fiscal year 2006 and \$6,651,521 for fiscal year 2007. Of total revenue collected, user service charges represented 29% for both fiscal years 2006 and 2007. USDA reimbursements represented 71% of total revenue for both fiscal years 2006 and 2007. Total expenses were \$5,554,447 for fiscal year 2006 and \$6,115,974 for fiscal year 2007. Allowable expenses like salaries, fringe benefits, supplies, and food costs were paid, in addition to indirect costs. Indirect costs of \$233,539 were paid in fiscal year 2006 and \$253,535 in fiscal year 2007.

GOVERNMENTAL FUNDS

Governmental funds analysis is essential in answering questions of a district's ability to generate enough revenue to pay for current obligations and what is available for future spending.

For fiscal year 2006, the District's governmental funds reported a combined fund balance of \$37,054,572 and for fiscal year 2007, the combined fund balance was \$36,361,792. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2006, the District's unreserved undesignated fund balance for all governmental funds was \$34,968,180, of which \$1,109,566 was accounted for in the school building fund for 2006. The District's unreserved undesignated fund balance for all governmental funds was \$35,009,594, of which \$1,229,202 was accounted for in the school building fund at June 30, 2007. For fiscal years 2006 and 2007, respectively, \$109,484 and \$122,996 was reserved for items, such as inventories.

General Fund. The General Fund is the chief operating fund of the District. Of total fund balance of \$32,362,617, the undesignated fund balance was \$32,253,133 for fiscal year 2006 and of total fund balance of \$32,349,576 for fiscal year 2007, \$32,226,580 was undesignated.

Reviewing the general fund's total revenue for fiscal year 2006, Local revenue exceeded the budget by \$3,654,413 and State revenue exceeded its budget by \$4,329,347. This is a total of \$8,037,368 for the 2006 fiscal year from all sources. In comparison, 2007 Local revenue exceeded the budget by \$879,059 and State revenue exceeded its budget by \$1,956,413. This is a total of \$2,900,390 from all sources.

Instructional services expenditures for fiscal year 2006 exceeded its budget by \$1,877,302 due to local salary increases during mid-year. However, for fiscal year 2007, instructional services expenditures exceeded its budget by \$865,606. A plausible cause that could have contributed to this overage is the astounding growth the District has experienced in prior years. In fiscal year 2006, the District's support expenditures exceeded its budget by \$25,994, while expenditures for

Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007

the same budget category were well within the budget by \$941,033 in fiscal year 2007. Maintenance and transportation costs contributed to this positive variance. The community service expenditures exceeded its budget by \$184 in fiscal year 2006 while expenditures in the same budget category exceeded the budget by \$84 in fiscal year 2007. Conservative and wise spending in these budgets resulted in a total favorable budget variance of \$5,881,594 which contributed to the fund balance increasing from \$26,481,023 to \$32,362,617 in fiscal year 2006. However, the district had an unfavorable budget variance of \$1,238,724 which decreased the fund balance from \$32,362,617 to \$32,349,576 in fiscal year 2007.

The District's Major Funds include General Fund, Capital Projects, Special Revenue, and EIA.

The District's Special Revenue Funds, Special Projects and EIA are used to account for revenues derived from the State of South Carolina and the Federal Government.

Debt Service Funds. Debt service funds are shown in the accompanying financial statements of the District, as part of the Nonmajor Governmental Funds. The fund balance as of June 30, 2006 was \$1,976,908 while the fund balance as of June 30, 2007 was \$1,976,891, all of which was reserved for the payment of debt service. Over the next four years, the District's debt millage rate will begin to decline. In fiscal year 2007, the millage rate is 16.6 mills while the millage rate was 20.2 mills in fiscal year 2006. Bonds issued during the 2004-2005 fiscal year caused the millage rate to increase. When the millage rate starts to decline, this will strengthen the District's position in reissuing new bonds due to the limitations based on the 8% debt ceiling. If the District continues on its present course, it will be debt free by June 30, 2010.

Proprietary Funds. The District's only Proprietary Fund is the Food Service Fund. This program had net earnings of \$464,756 for fiscal year 2006 and \$282,012 for fiscal year 2007. This decrease was attributed to several factors, such as increased food and fuel costs due to inclement weather despite increased participation and a myriad of variety of food menu selections offered. Fringe benefit costs were \$194,888 in fiscal year 2006 and \$218,826 in fiscal year 2007, in which the general fund absorbed a majority of these costs.

General Fund Budgetary Highlights. The District's budget is prepared in accordance to South Carolina law and is based on accounting for certain transactions in cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2007, the District made only minor adjustments to the District's General Fund Budget, and as result, only small differences between the original budget and the final total budget for revenues and expenditures were noted due to an increase in school supplies purchased based on the 45-day enrollment's guidelines and the Board's approval to purchase additional computer and instructional equipment.

**Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007**

CAPITAL ASSET AND DEBT ADMINISTRATION

The School District did not have any major contractual agreements as of June 30, 2007.

Capital Assets. In fiscal year 2006, the District had \$37,780,675 invested in capital assets, net of depreciation while in fiscal year 2007, the District had \$36,344,495 invested in capital assets.

Table 2 shows fiscal balances as of June 30, 2007.

**Table 2
Capital Assets at June 30
(Net of Accumulated
Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Land	\$6,501,776	\$ 6,501,776	-	-	\$6,501,776	\$6,501,776
Construction	634,333				634,333	
Buildings	23,086,836	22,012,640	-	-	23,086,836	22,012,640
Improvements	3,950,479	4,246,168			3,950,479	4,246,168
Equipment	269,210	339,713	439,599	540,196	708,809	879,909
Computers	127,648	603,056	-	-	127,648	
603,056						
Vehicles	764,243	625,509	-	-	764,243	625,509
Mobile units	<u>2,446,150</u>	<u>2,015,633</u>	-	-	<u>2,446,150</u>	<u>2,015,633</u>
Totals	<u>\$ 37,780,675</u>	<u>\$37,780,675</u>	<u>\$185,172</u>	<u>\$439,599</u>	<u>\$38,220,274</u>	<u>\$36,884,691</u>

Although the District did not purchase any portable classrooms or activity buses, the District did purchase one lawn mower, one trailer, one dump truck and one car. In addition, Food Services upgraded equipment in several school cafeterias and running tracks were completed at West Florence and Wilson High Schools. Concessions stands were also added at all three high schools. See note 6 of the auditor's report for additional information.

Long-Term Debt. At fiscal year 2007, the District had \$8,415,000 in outstanding bonds. All of the District's debt is based on the full faith and credit of the District which is typical with general obligation bonded indebtedness. This debt is detailed in Table 3 below:

R 3/5

**Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007**

Table 3

General Obligation Bonds: **Fiscal Year 2007 Outstanding Debt
Governmental Activities**

	2003 Series	3,800,000
	2004 Series	<u>4,615,000</u>
	Total	\$ 8,415,000

During fiscal year 2007, the District did not issue any GO Bonds. See note 7 of the auditor's report for additional information.

Economic Factors. Florence County serves as the service, retail, and manufacturing center for northeast South Carolina. During the past 10 years, the County has experienced moderate economic growth with the addition of Roche Carolina being located in Florence County. Over the last two years, QVC, Home Depot, hotels and several chain restaurants have opened within the District. The County is presently working with several other companies that desire to relocate to Florence County.

General Fund Budgetary Highlights. There was an overall change to the total budget for the fiscal year 2007. This increase was \$3,288,330 and was used to adjust the school supply accounts to reflect an increase in the 45-day ADM enrollment and to fund special projects for instruction and operations. The District was successful in a millage referendum during the spring of 2003. The millage increase of 32 mills went into effect during fiscal year 2005. However, three years ago, the Florence County Delegation introduced and passed bill HB4464 for the State Legislature to award the District a one-time millage increase of 10.8 mills. As a result of this referendum's passage, a net gain of 21.2 mills was realized. The millage increase and the district's conservative budgeting were directly correlated to the increase in its funds balance over the last four years. Please refer to Table 4.

R316

**Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007**

Condensed Statement of Revenue, Expenses, and Changes in Net Assets as of June 30, 2007.

REVENUE:	Government Activities		Business-type Activities		Total Government	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Program Revenues						
Charges for Services	\$ 498,010	\$ 499,125	\$ 1,791,562	\$ 1,928,910	\$ 2,289,572	\$ 2,428,035
Operating Grants	79,461,956	79,915,446	4,461,180	4,722,611	83,923,136	84,638,057
Capital Grants	436,650				436,650	
General Revenues						
Property Taxes	45,444,842	46,691,201			45,444,842	46,691,201
Other Revenue	1,726,639	2,223,280			1,726,639	2,223,280
Total Revenues	\$127,568,097	\$ 129,329,052	\$ 6,252,742	\$ 6,651,521	\$ 133,820,839	\$ 135,980,573
Expenses:						
Government Activities						
Instructional Programs	75,351,432	73,214,884			75,881,813	73,214,884
Support Services	42,371,133	49,015,410			42,371,133	49,015,410
Communities Services	1,613,875	1,008,013			1,613,875	1,008,813
Intergovernmental	1,357,178	3,084,881			1,357,178	3,084,881
Interest	533,501	262,083			533,501	262,083
<i>Business-type Activities</i>						
Food Services			5,554,447	6,115,974	5,554,447	6,115,974
Total Expenses	121,227,119	126,586,071	5,554,447	\$ 6,115,974	\$ 126,781,566	\$ 132,701,245
Transfer In (Out)	233,539	253,535	(233,539)	(253,535)		
Change in Net Assets	\$ 6,574,517	\$ 2,997,316	\$ 464,756	\$ 282,012	\$ 7,039,273	\$ 3,279,328
Beginning Net Assets	\$ 54,572,726	\$ 61,147,243	\$ 2,932,548	\$ 3,397,303	\$ 57,505,273	\$ 64,544,546
Ending Net Assets	\$ 61,147,243	\$ 64,144,559	\$ 3,397,303	\$ 3,679,315	\$ 64,544,546	\$ 67,823,874

R317

**Florence School District One
Management's Discussion and Analysis (Continued)
June 30, 2007**

Total governmental activities generated revenues of \$127.1 million for fiscal year 2006 and \$129.3 million for fiscal year 2007 while expenditures in this category totaled \$121.2 for fiscal year 2006 and \$126.5 for fiscal year 2007. After transfers from business-type activities were made, there was an increase in net assets of \$7.039 million for fiscal year 2006 and \$3.279 million for fiscal year 2007. Business-type activities generated revenue of \$6.2 million for fiscal year 2006 and \$6.6 million for fiscal year 2007. Business-type activity expenses were \$5.5 million for fiscal year 2006 and \$6.1 million for fiscal year 2007. Business-type net assets after transfers of \$233,539 and \$253,535 for 2006 and 2007, respectively, to governmental activities increased net assets by \$464,756 for fiscal year 2006 and \$282,012 for fiscal year 2007.

Requests for Information

This report is intended to provide a summary of the financial condition of Florence School District One. Questions or requests for additional information should be addressed to:

**Luther M. Rabon, Chief Financial Officer
Florence School District One
319 South Dargan Street
Florence, South Carolina 29506**

R3/8

BASIC FINANCIAL STATEMENTS

R319

FLORENCE SCHOOL DISTRICT ONE
STATEMENT OF NET ASSETS
JUNE 30, 2007

Assets	Governmental Activities	Business Type Activities	Total Primary Government
Cash and cash equivalents	\$ 40,012,767	\$ -	\$ 40,012,767
Cash and cash equivalents with County Treasurer	1,811,708	-	1,811,708
Taxes receivable, net	2,543,839	-	2,543,839
Accounts receivable, net	341,205	-	341,205
Internal balances	(3,232,821)	3,232,821	-
Due from other governments	3,286,112	64,890	3,351,002
Prepaid Expenses	25,396	-	25,396
Inventory	122,996	69,837	192,833
Non-depreciable capital assets	6,501,776	-	6,501,776
Depreciable capital assets, net of depreciation	29,842,719	540,195	30,382,914
Bond issue costs, net of amortization	119,865	-	119,865
Total assets	81,375,562	3,907,743	85,283,305
 Liabilities			
Accounts payable	1,033,642	223,914	1,257,556
Payroll withholdings and accruals	4,580,559	-	4,580,559
Unearned revenue	2,935,209	-	2,935,209
Long-term liabilities:			
Due within one year	4,000,000	-	4,000,000
Due in more than one year	4,681,593	4,514	4,686,107
Total liabilities	17,231,003	228,428	17,459,431
 Net assets			
Invested in capital assets, net of related debt	25,851,194	540,195	26,391,389
Restricted	1,811,708	-	1,811,708
Unrestricted	36,481,657	3,139,120	39,620,777
Total net assets	\$ 64,144,559	\$ 3,679,315	\$ 67,823,874

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

R320

**FLORENCE SCHOOL DISTRICT ONE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	Primary Government
Primary government:							
Governmental activities:							
Instruction	\$ 73,214,884	\$ 434,207	\$ 63,390,765	\$ -	\$ (9,389,912)	\$ -	\$ (9,389,912)
Support services	49,015,410	64,918	11,445,816	-	(37,504,676)	-	(37,504,676)
Community services	1,008,013	-	5,078,865	-	4,070,852	-	4,070,852
Intergovernmental	3,084,881	-	-	-	(3,084,881)	-	(3,084,881)
Interest	262,083	-	-	-	(262,083)	-	(262,083)
Total governmental activities	<u>126,585,271</u>	<u>499,125</u>	<u>79,915,446</u>	<u>-</u>	<u>(46,170,700)</u>	<u>-</u>	<u>(46,170,700)</u>
Business-type activities:							
Food service	6,115,974	1,928,910	4,722,611	-	-	535,547	535,547
Total business-type activities	<u>6,115,974</u>	<u>1,928,910</u>	<u>4,722,611</u>	<u>-</u>	<u>-</u>	<u>535,547</u>	<u>535,547</u>
Total primary government	\$ 132,701,245	\$ 2,428,035	\$ 84,638,057	\$ -	(46,170,700)	535,547	(45,635,153)
General revenues:							
Property taxes - general					42,012,589	-	42,012,589
Property taxes - debt service					4,678,612	-	4,678,612
Investment income					2,223,280	-	2,223,280
Miscellaneous					-	-	-
Transfers					253,535	(253,535)	-
Total general revenues and transfers					<u>49,168,016</u>	<u>(253,535)</u>	<u>48,914,481</u>
Change in net assets					2,997,316	282,012	3,279,328
Net assets, July 1, 2006					61,147,243	3,397,303	64,544,546
Net assets, June 30, 2007					<u>\$ 64,144,559</u>	<u>\$ 3,679,315</u>	<u>\$ 67,823,874</u>

R321

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

**FLORENCE SCHOOL DISTRICT ONE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

Assets	General Fund	Special Revenue Fund	Education		Other Governmental Funds	Total Governmental Funds
			Improvement Act Fund	School Building Fund		
Cash and cash equivalents	\$ 40,010,767	\$ 2,000	\$ -	\$ -	\$ -	\$ 40,012,767
Cash and cash equivalents with County Treasurer	-	-	-	-	1,811,708	1,811,708
Taxes receivable, net	2,378,656	-	-	-	165,183	2,543,839
Account receivable	-	341,205	-	-	-	341,205
Interfund receivables	4,647,277	3,350,466	1,604,478	766,387	873,031	11,241,639
Due from other governments	158,647	2,462,279	103,325	561,861	-	3,286,112
Prepaid expenses	25,396	-	-	-	-	25,396
Inventory	122,996	-	-	-	-	122,996
Total Assets	\$ 47,343,739	\$ 6,155,950	\$ 1,707,803	\$ 1,328,248	\$ 2,849,922	\$ 59,385,662
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 417,726	\$ 486,099	\$ 53,233	\$ 76,115	\$ 469	\$ 1,033,642
Interfund payables	10,764,547	3,636,655	50,459	22,799	-	14,474,460
Payroll withholdings and accruals	3,811,890	444,878	317,176	132	6,483	4,580,559
Deferred revenues	-	1,648,274	1,286,935	-	-	2,935,209
Total Liabilities	14,994,163	6,215,906	1,707,803	99,046	6,952	23,023,870
Fund Balances						
Reserved for inventory	122,996	-	-	-	-	122,996
Reserved for debt service	-	-	-	-	1,976,891	1,976,891
Unreserved, undesignated reported in:						
General Fund	32,226,580	-	-	-	-	-
Special Revenue Fund	-	(59,956)	-	-	-	-
School Building Fund	-	-	-	1,229,202	-	-
Other Governmental Funds	-	-	-	-	866,079	866,079
Total Fund Balances	32,349,576	(59,956)	-	1,229,202	2,842,970	36,361,792
Total Liabilities and Fund Balances	\$ 47,343,739	\$ 6,155,950	\$ 1,707,803	\$ 1,328,248	\$ 2,849,922	\$ 59,385,662

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

**FLORENCE SCHOOL DISTRICT ONE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2007**

Amounts reported for governmental activities in the statement of net assets are different because:

Ending fund balances – governmental funds	\$ 36,361,792
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Net capital assets were:	36,344,495
Bond issuance costs, net of amortization, are not financial resources and, therefore, are not reported in the funds.	119,865
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Total government obligation bonds	\$ 8,415,000
Total unamortized premium	15,439
Total compensated absences	<u>251,154</u>
	<u>(8,681,593)</u>
Net assets of governmental activities	<u>\$ 64,144,559</u>

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

R323

FLORENCE SCHOOL DISTRICT ONE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Special Revenue Fund	Education Improvement Act Fund	School Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Local	\$ 46,000,526	\$ 2,752,810	\$ -	\$ 36,867	\$ 7,331,613	\$ 56,121,816
Intergovernmental	64,918	1,148,974	-	-	-	1,213,892
State	53,214,029	2,326,055	11,865,493	-	434,207	67,839,784
Federal	-	11,445,186	-	-	-	11,445,186
Total Revenues	99,279,473	17,673,025	11,865,493	36,867	7,765,820	136,620,678
Expenditures						
Current:						
Instruction	59,374,597	9,468,343	7,958,935	-	3,113	76,804,988
Support services	37,328,926	7,642,307	1,589,848	21,025	2,433,304	49,015,410
Community service	84	951,309	56,620	-	-	1,008,013
Intergovernmental	1,906,431	275,927	55,298	-	-	2,237,656
Capital outlay	-	-	-	3,084,881	-	3,084,881
Debt service	-	-	-	-	-	-
Redemption of principal	-	-	-	-	5,050,000	5,050,000
Interest	-	-	-	-	362,075	362,075
Other	-	-	-	-	3,970	3,970
Total Expenditures	98,610,038	18,337,886	9,660,701	3,105,906	7,852,462	137,566,993
Excess (deficiency) of revenues over expenditures	669,435	(664,861)	2,204,792	(3,069,039)	(86,642)	(946,315)
Other Financing Sources (Uses)						
Transfers in	3,074,424	278,149	381,065	3,188,675	156,526	7,078,839
Transfers out	(3,756,900)	(435,807)	(2,585,857)	-	(46,740)	(6,825,304)
Total Other Financing Sources (Uses)	(682,476)	(157,658)	(2,204,792)	3,188,675	109,786	253,535
Net change in fund balances	(13,041)	(822,519)	-	119,636	23,144	(692,780)
Fund Balance, July 1, 2006	32,362,617	762,563	-	1,109,566	2,819,826	37,054,572
Fund Balance, June 30, 2007	\$ 32,349,576	\$ (59,956)	\$ -	\$ 1,229,202	\$ 2,842,970	\$ 36,361,792

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

R324

**FLORENCE SCHOOL DISTRICT ONE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ (692,780)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported in the current period.	830,251
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not recorded as an expenditure in governmental funds.	(2,266,431)
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.	5,050,000
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.	(14,698)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not recorded as expenditures in the governmental funds. Accrued compensated absences increase by this amount.	(9,018)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as an expenditure in governmental funds.	<u>99,992</u>
Change in net assets of governmental activities	<u>\$ 2,997,316</u>

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

R325

FLORENCE SCHOOL DISTRICT ONE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund				Special Revenue Fund				Education Improvement Act Fund			
	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues												
Local	\$ 45,121,467	\$ 45,121,467	\$ 46,000,526	\$ 879,059	\$ 4,834,399	\$ 4,834,399	\$ 2,752,810	\$ (2,081,589)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	64,918	64,918	1,188,973	1,188,973	1,148,974	(39,999)	-	-	-	-
State	51,257,616	51,257,616	53,214,029	1,956,413	2,892,158	2,892,158	2,326,053	(566,103)	13,826,833	13,826,833	11,865,493	(1,961,340)
Federal	-	-	-	-	12,375,680	12,375,680	11,445,186	(930,494)	-	-	-	-
Total Revenues	96,379,083	96,379,083	99,279,473	2,900,390	21,291,210	21,291,210	17,673,023	(3,618,185)	13,826,833	13,826,833	11,865,493	(1,961,340)
Expenditures												
Current:												
Instruction	58,508,991	58,508,991	59,374,597	865,606	10,419,658	10,419,658	9,468,343	(951,315)	8,161,561	8,161,561	7,958,935	(202,626)
Support services	38,269,959	38,269,959	37,328,926	(941,033)	8,859,773	8,859,773	7,642,307	(1,217,466)	2,557,373	2,557,373	1,589,848	(967,525)
Community service	-	-	84	84	1,116,816	1,116,816	951,309	(165,507)	56,237	56,237	56,620	383
Intergovernmental	592,364	592,364	1,906,431	1,314,067	627,144	627,144	275,927	(351,217)	467,899	467,899	55,298	(412,601)
Total Expenditures	97,371,314	97,371,314	98,610,038	1,238,724	21,023,391	21,023,391	18,337,886	(2,685,505)	11,243,070	11,243,070	9,660,701	(1,582,369)
Excess (deficiency) of revenues over (under) expenditures	(992,231)	(992,231)	669,435	1,661,666	267,819	267,819	(664,861)	(932,680)	2,583,763	2,583,763	2,204,792	(378,971)
Other Financing Sources (Uses)												
Transfers in	2,675,130	2,675,130	3,074,424	399,294	236,755	236,755	278,149	41,394	-	-	381,065	381,065
Transfers out	(1,682,899)	(1,682,899)	(3,756,900)	(2,074,001)	(467,011)	(504,574)	(433,807)	(68,767)	(2,583,763)	(2,583,763)	(2,585,857)	(2,094)
Total Other Financing Sources (Uses)	992,231	992,231	(682,476)	(1,674,707)	(230,256)	(267,819)	(157,658)	110,161	(2,583,763)	(2,583,763)	(2,204,792)	378,971
Net change in fund balances	\$ -	\$ -	(13,041)	\$ (13,041)	\$ 37,563	\$ -	(822,519)	\$ (822,519)	\$ -	\$ -	\$ -	\$ -
Fund Balance - July 1, 2006			32,362,617				762,563					
Fund Balance - June 30, 2007			\$ 32,349,576				\$ (59,956)					

R326

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

**FLORENCE SCHOOL DISTRICT ONE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007**

	Enterprise Fund Food Service Fund
ASSETS	
Current assets	
Interfund receivables	\$ 3,232,821
Due from State Department of Education	64,890
Inventory	69,837
Total current assets	3,367,548
Noncurrent assets	
Capital assets, net of depreciation	540,195
Total noncurrent assets	540,195
Total assets	3,907,743
LIABILITIES	
Accounts payable	223,914
Accrued liabilities	-
Compensated absences	4,514
Total liabilities	228,428
NET ASSETS	
Invested in capital assets, net of related debt	540,195
Unrestricted net assets	3,139,120
Total net assets	\$ 3,679,315

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

R327

FLORENCE SCHOOL DISTRICT ONE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Fund
	Food Service
	Fund
Operating revenues	
Proceeds from sale of meals	\$ 1,928,910
Total operating revenues	1,928,910
 Operating expenses	
Salaries and wages	2,134,161
Employee benefits	218,826
Purchases and services	93,108
Supplies	3,589,284
Depreciation	63,035
Other	17,560
Total operating expenses	6,115,974
Operating income (loss)	(4,187,064)
 Nonoperating revenues (expenses)	
USDA reimbursements	4,412,652
Other federal and state aid	309,959
Total nonoperating revenues (expenses)	4,722,611
Income (loss) before transfers	535,547
Net transfers out	(253,535)
Change in net assets	282,012
Net Assets, July 1, 2006	3,397,303
Net Assets, June 30, 2007	\$ 3,679,315

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

R328

**FLORENCE SHOOOL DISTRICT ONE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Enterprise Fund	Food Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,587,023	
Cash paid to employees	(2,352,986)	
Cash paid to suppliers	(3,539,482)	
Net cash provided by (used in)		
operating activities	(4,305,445)	
 Cash Flows from Noncapital and Related		
Financing Activities		
Transfers out	(253,535)	
Other federal and state grants	309,959	
USDA reimbursements	4,412,652	
Net cash provided (used) by noncapital		
financing activities	4,469,076	
 Capital Financing Activities		
Payments to purchase property, plant and equipment	(163,631)	
Net cash provided (used) by capital and		
related financing activities	(163,631)	
Net increase in cash and cash equivalents	-	
 Cash and cash equivalents/investments		
Beginning of year	-	
End of year	\$ -	

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

R329

**FLORENCE SCHOOL DISTRICT ONE
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Enterprise Fund</u>
	<u>Food Service</u>
	<u>Fund</u>
Reconciliation of operating income (loss)	
to net cash provided by	
(used in) operating activities	
Operating income (loss)	\$ (4,187,064)
Adjustments to reconcile operating income (loss)	
to net cash provided by (used in) operating	
activities:	
Depreciation	63,035
Change in assets and liabilities	
(Increase) decrease in interfund receivables	(341,887)
(Increase) decrease in inventories	(24,414)
(Increase) decrease in receivables	(15,477)
Increase (decrease) in accounts payable	218,366
Increase (decrease) in accrued liabilities	(18,004)
Total adjustments	(118,381)
Net cash provided by (used in) operating activities	\$ (4,305,445)

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

R330

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Florence School District One (the District) conform to the accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting Entity

The District is the largest school district in Florence County, South Carolina. The District operates a public school system under guidelines approved by the United States Department of Education and consists of nineteen major schools. The District is fully accredited by the Southern Association of Colleges and Schools. The Florence School District One Board of Trustees (Board) is the basic level of government having oversight responsibility and control over all activities related to public school education within the District.

For financial reporting purposes, in accordance with the criteria in GASB Statements 1 and 14, the District includes all funds that are controlled by or financially dependent upon the District. Control or financial dependence was determined on the basis of obligation of the District to finance deficits, guarantee debt, selection of governing authority, approval of budget, authority to make a public levy, ownership of assets, and scope of public service and special financing relationships where there was only partial or no oversight responsibility.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has determined it has no component units.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The Board members are elected by the public and have authority to designate management, significantly influence operations as well as being primarily accountable for fiscal matters.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District has elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its governmental activities, business-type activities and enterprise funds. The most significant of the District's accounting policies are described hereafter.

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide statements:

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effects of internal activities upon revenues and expenses. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. The statements distinguish between those types of activities of the District that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the 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 District. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

Fund financial statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District reports no fiduciary type funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 reported as fund balance.

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This District reports the following major funds:

General Fund

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs, not paid through other funds, are paid from the General Fund.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Special Revenue Fund – Education Improvement Act Fund

The Education Improvement Act Fund is used to account for the proceeds of the additional one percent sales and use tax, which are restricted to expenditures for the Education Improvement Act.

School Building Fund

The School Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities by the District.

The District reports the following nonmajor governmental funds:

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Special Revenue Fund – Pupil Activity

The Pupil Activity Fund accounts for student admissions, grants, organization memberships, bookstore sales and other related receipts and disbursements.

The District reports the following enterprise fund:

Food Service Fund

The Food Service Fund is used to account for the accumulation of resources for, and the payment of, student meals while at school and other related costs.

Measurement Focus and Basis of Accounting

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collected within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures when due. Major revenue sources subject to accrual include intergovernmental revenue and investment income. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs in the manner in which the governmental activities of the government-wide 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.

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

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. The principal operating revenue for the proprietary fund is charges to customers for food sales. Principal operating expenses are the cost of providing these sales and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and the presentation of expenses versus expenditures.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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 soon enough thereafter to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes, grants, tuition and charges for services.

Nonexchange transactions involving financial or capital resources are transactions in which the District either gives value to another party without directly receiving value in exchange or receives value from another party without directly giving equal value in exchange. The type of nonexchange transactions the District engages in is primarily "voluntary nonexchange transactions."

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Voluntary nonexchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristic specified by the provider.
- b. The recipient has met time requirements specified by the provider [i.e., the period when the resources are required to be used (e.g., disbursed or consumed) or the period when use is first permitted has begun or the resources are being maintained intact, as specified by the provider].
- c. The provider offers resources on a reimbursement basis and the recipient has incurred allowable costs under the applicable program.
- d. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Promises of cash or other assets from nongovernmental entities are recognized when all eligibility requirements are met, provided the promise to give is verifiable and the resources are measurable and probable of collection.

Gifts are a type of nonexchange transaction. Gifts include resources donated to the District for restricted or unrestricted purposes. Unrestricted gifts are recognized as revenue in the general fund when all applicable eligibility requirements have been met. Restricted gifts are recognized as revenue to the extent that such funds are expended for the restricted purposes during the current year and met all eligibility requirements.

Restricted resources transmitted before the eligibility requirements are met are reported as advances by the provider and as deferred revenues by recipients.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Budgets

During January of each year, the principals of each of the schools and other District Administrators submit in writing their needs and requirements for the ensuing fiscal year to the Superintendent. The Superintendent and the Chief Financial Officer then prepare a budget for each department in the District. Recommendations from the principals and District administrators are included in the budget. A proposed budget is then submitted to the Board for its review and approval. A copy of the approved budget is submitted to the County Auditor by June 15th of each year. Certified copies of the final approved budget signed by a majority of the members of the Board, together with the Board's recommendation as to the amount of millage which should be levied to defray the costs of the budget, are filed with the County Auditor. The annual budget lapses at the fiscal year end. The budget is prepared using the modified accrual basis of accounting.

Expenditures may not exceed budgeted amounts at the program/departmental level for the general fund. The Board of Trustees must approve revisions that alter the total expenditures of any program/department. During the fiscal year, several budget modifications were approved.

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "due from other funds" on the statement of net assets.

The District utilizes the Florence County Treasurer to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "cash and cash equivalents with County treasurer."

For the year ended June 30, 2007, investments were limited to the Local Government Investment Pool (LGIP) and repurchase agreements. The LGIP is an investment pool managed by the South Carolina State Treasurer which allows local governments within the State of South Carolina to pool their funds for investment purposes. Investments in the LGIP and repurchase agreements are reported at cost, which at June 30, 2007, approximated fair value. Due to the liquidity of these investments the District considers them cash equivalents.

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost (first-in, first-out method) or market. Market is defined as current replacement cost. For all funds costs are determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased. Inventories of the enterprise fund are expensed when used.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include items such as bond or grant proceeds to be used for capital construction, cash on deposit with the County Treasurer, or amounts added to permanent endowments. At June 30, 2007, the District had \$1,811,708 in cash restricted for debt service payments on deposit with the County Treasurer. This amount is shown on the financial statements as "Cash and Cash Equivalents with County Treasurer".

Deferred Charges

On the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since results are not significantly different than the effective interest method. In governmental funds, these costs are reported as expenditures when the related liability is incurred.

FLORENCE SCHOOL DISTRICT ONE

Notes to Financial Statements

June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the straight-line method since the results are not significantly different from the effective interest method. In the governmental funds, these costs are reported as revenues when the related liability is incurred.

Capital Assets

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

All capital assets are capitalized at cost, or estimated historical cost, and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The 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 not. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

All reported capital assets except land, land improvements 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
Buildings and improvements	15-25 years	None
Furniture and equipment	5-10 years	5-15 years
Vehicles	5-10 years	None

Interfund Borrowings

Interfund borrowings shown as "interfund receivables or interfund payables" in the fund financial statements and internal balances in the government-wide financial statements represent fund transfers of non-mandatory nature and are not interest bearing. Amounts due between funds have no specified time for repayment; however, these amounts are anticipated to be repaid within one year. They result primarily when a fund incurs grant expenditures prior to receiving reimbursement from the grantor.

Certain interfund borrowings are presented as assets and liabilities within the same balance sheet. This occurs in instances where assets or liabilities are due to or from certain components within a fund group and the right of offset does not exist.

R337

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16 "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The entire compensated absence liability is reported on the government-wide financial statements and in the proprietary fund financial statements.

In the governmental fund financial statements, none of the liability is reported, as it is not expected to be paid using expendable available resources.

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, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. 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 are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 limitations are imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Fund Balances Reserves

The District reserves those portions of governmental fund balances that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund balance reserves are established primarily for inventory of materials and supplies, debt service and non-current receivables.

Deferred Revenues

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenues in the Special Revenue Fund represents money received in advance for a project or grant in which the expenditure will be made in a subsequent year. Deferred revenues, in the Enterprise Fund, represents USDA commodities included in inventory at the end of the fiscal year but not reflected as revenue until the USDA commodities are used. Deferred revenues in the General Fund represent resources from non-exchange transactions prior to incurring qualifying expenditures.

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

As of June 30, 2007, the District had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
South Carolina Local Government Investment Pool	Daily	\$37,605,077

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

Credit Risk. The State Treasurer sells participation units in the South Carolina Local Government Investment Pool (SCLGIP) to legally qualified entities. The SCLGIP is not rated, but funds belonging to any entity that are on deposit with the SCLGIP represent participation units in a portfolio comprised of U.S. government securities, federal agency securities, repurchase agreements secured by the U.S. Government securities and/or federal agency securities, and/or A1/P1 commercial paper (Moody's and S&P's highest rating). It is the policy of the State Treasurer's Office that no derivatives of the above securities are purchased by the SCLGIP and the weighted average maturity of the portfolio not exceed sixty days. The SCLGIP funds have the characteristics of open-end mutual funds and are not subject to credit risk classification. The District's policy is to invest funds in the SCLGIP, certificates of deposit at federally insured banking institutions or in U.S. Treasury obligations or any agency of the United States of America.

Custodial credit risk – deposits. In case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

NOTE 3 – PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

The District receives property taxes from Florence County, South Carolina. The County Treasurer periodically advances to the District its portion of taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding for which there is an enforceable legal claim.

Real property taxes are levied for the District by Florence County on September 28th, and are payable without penalty through January 15th, except vehicle property taxes which are levied on various dates in conjunction with the renewal dates of vehicle license tags. A penalty of 3% is added on January 16th and an additional penalty of 7% is added on February 2nd. On March 17th, an additional 5% penalty is added and properties go into execution by Florence County.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the District regardless of when the cash is received. The taxes are recorded net of allowance for uncollectible amounts. The allowance is estimated based on historical collections rates.

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 3 – PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR (Continued)

Taxes receivable	\$ 2,565,954
Allowance for uncollectible taxes	<u>(22,115)</u>
Taxes receivable, net	<u>\$ 2,543,839</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable for the District and the related allowance for uncollectible accounts at June 30, 2007, were as follows:

	General Fund	Special Revenue Funds	EIA Fund	Total
Accounts receivable	\$ -	\$ 341,205	\$ -	\$ 341,205
Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net accounts receivable	<u>\$ -</u>	<u>\$ 341,205</u>	<u>\$ -</u>	<u>\$ 341,205</u>

NOTE 5 – RESTRICTED ASSETS

Restricted assets are reported in the Debt Service Fund for cash on deposit with the County Treasurer legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt.

R340

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 is as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,501,776	\$ -	\$ -	\$ 6,501,776
Construction in progress	634,333	-	(634,333)	-
Total	<u>7,136,109</u>	<u>-</u>	<u>(634,333)</u>	<u>6,501,776</u>
Capital assets being depreciated				
Buildings	61,366,739	-	-	61,366,739
Building improvements	5,273,661	634,333	-	5,907,994
Equipment	759,431	147,506	-	906,937
Computer equipment	989,377	617,086	-	1,606,463
Vehicles	2,204,935	65,659	-	2,270,594
Mobile classrooms	4,307,115	-	-	4,307,115
Total	<u>74,901,258</u>	<u>1,464,584</u>	<u>-</u>	<u>76,365,842</u>
Accumulated Depreciation				
Buildings	(38,279,903)	(1,074,196)	-	(39,354,099)
Building improvements	(1,323,182)	(338,644)	-	(1,661,826)
Equipment	(490,221)	(77,003)	-	(567,224)
Computer equipment	(861,729)	(141,678)	-	(1,003,407)
Vehicles	(1,440,692)	(204,393)	-	(1,645,085)
Mobile classrooms	(1,860,965)	(430,517)	-	(2,291,482)
Total	<u>(44,256,692)</u>	<u>(2,266,431)</u>	<u>-</u>	<u>(46,523,123)</u>
Total capital assets being depreciated, net	<u>30,644,566</u>	<u>(801,847)</u>	<u>-</u>	<u>29,842,719</u>
Governmental Activities capital assets, net	<u>\$ 37,780,675</u>	<u>\$ (801,847)</u>	<u>\$ (634,333)</u>	<u>\$ 36,344,495</u>
Business-Type Activities				
Equipment	\$ 892,746	\$ 163,632	\$ -	\$ 1,056,378
Accumulated depreciation	(453,147)	(63,035)	-	(516,182)
Business-Type Activities capital assets, net	<u>\$ 439,599</u>	<u>\$ 100,597</u>	<u>\$ -</u>	<u>\$ 540,196</u>

Depreciation expense for Governmental Activities' capital assets totaled \$2,266,431 for the year ended June 30, 2007. Depreciation expense for capital assets of Business – Type Activities for the year ended June 30, 2007, totaled \$63,035.

R341

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 7 – LONG-TERM OBLIGATIONS

The following details the District's long-term debt at June 30, 2007:

\$11,740,000 General Obligation Bonds of 2002, due in annual installments of \$2,150,000 to \$500,000 beginning May 1, 2004, through May 1, 2010; interest rates range from 2.00% to 2.85%.	\$ 3,800,000
\$7,865,000 General Obligation Bonds of 2004, due in annual installments of \$1,500,000 to \$2,215,000 beginning March 1, 2006, through March 1, 2009, interest rates range from 2.25% to 3.00%.	4,615,000
	<u>\$ 8,415,000</u>

Future commitments for these long-term debt obligations follows:

For year ending June 30,	Principal	Interest	Total
2008	\$ 4,000,000	\$ 219,200	\$ 4,219,200
2009	3,915,000	123,200	4,038,200
2010	500,000	14,250	514,250
	<u>\$ 8,415,000</u>	<u>\$ 356,650</u>	<u>\$ 8,771,650</u>

The Debt Service Fund has \$1,811,708 available at year-end to service the debt.

At June 30, 2007, the District had no capital or operating leases with future commitments having remaining non-cancelable terms.

R342

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

The District's long-term obligations during the year consist of the following:

	Balance		Balance		Amounts due
	July 1, 2006	Additions	Reductions	June 30, 2007	in one year
Governmental Activities					
General obligation bonds	\$ 13,465,000	\$ -	\$ 5,050,000	\$ 8,415,000	\$ 4,000,000
Unamortized premium	40,695	-	25,256	15,439	-
Compensated absences	242,136	9,018	-	251,154	-
	<u>\$ 13,747,831</u>	<u>\$ 9,018</u>	<u>\$ 5,075,256</u>	<u>\$ 8,681,593</u>	<u>\$ 4,000,000</u>
Business-Type Activities					
Compensated absences	\$ 4,514	\$ -	\$ -	\$ 4,514	\$ -
	<u>\$ 4,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,514</u>	<u>\$ -</u>

Assets acquired under capital leases had a cost of \$340,523, related accumulated depreciation of \$206,718 and net book value of \$133,805. These amounts are reported in net capital assets.

At June 30, 2007, unamortized bond costs totaled \$119,865. Costs will be amortized over the life of the remaining debt. Amortization expense for the year ended June 30, 2007 totaled \$39,954.

NOTE 8 – TRANSFERS AND INTERNAL BALANCES

During the course of normal operations, the District has numerous transactions between funds for operating transfers or advances and repayments of advances for timing differences between available revenue and expenditures incurred. Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and assets acquisitions, or maintaining debt service on a routine basis.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

The following schedule details transfers within the reporting entity for the year ended June 30, 2007:

Funds	Transfers In	Transfer Out
General Fund	\$ 3,074,424	\$ 3,756,900
Special Revenue Fund	278,149	435,807
EIA Fund	381,065	2,585,857
School Building Fund	3,188,675	-
Other Governmental Funds	156,526	46,740
Enterprise Fund	-	253,535
Total Interfund Payable	<u>\$ 7,078,839</u>	<u>\$ 7,078,839</u>

R343

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 8 – TRANSFERS AND INTERNAL BALANCES (Continued)

Interfund receivables/payables resulted from interfund goods and services provided or reimbursable expenditures/expenses incurred on or before June 30, 2007, for which payment was made after June 30, 2007.

The following schedule details internal balances within the reporting entity for the year ended June 30, 2007:

Interfund Payables	Governmental Activities					Business - Type	Total Interfund Payables
	General Fund	Special Revenue Fund	EIA Fund	School Building Fund	Other Governmental Funds	Food Service	
					Activities		
Governmental activities							
General Fund	\$ -	\$ 3,350,465	1,604,478	\$ 766,387	\$ 873,031	\$ 3,232,821	\$ 9,827,182
Special Revenue Fund	4,545,147	-	-	-	-	-	4,545,147
EIA Fund	96,326	-	-	-	-	-	96,326
School Building Fund	5,805	-	-	-	-	-	5,805
Other Governmental Funds	-	-	-	-	-	-	-
Total Interfund Receivables	\$ 4,647,278	\$ 3,350,465	\$ 1,604,478	\$ 766,387	\$ 873,031	\$ 3,232,821	\$ 14,474,460

NOTE 9 – PENSION PLANS

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

South Carolina Retirement System

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for South Carolina Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

The majority of employees of the District are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost-of-living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Since July 1, 1988, employees participating in the SCRS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2002, the employer contribution rate became 11.40 percent which included a 3.35 percent surcharge to fund retiree health and dental insurance coverage. The District's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2005, 2006, and 2007, were \$4,148,960, \$4,759,316, and \$6,532,348 respectively, and equaled the required contributions of 8.05 percent (excluding the surcharge) for each year. Also, the District paid employer group-life insurance contributions of \$121,721 in the current fiscal year at the rate of .15 percent of compensation.

R344

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 9 -- PENSION PLANS (Continued)

Optional Retirement Program

Certain State 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 State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is available to all permanent employees of the State's educational institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership in the first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as the SCRS, 8.05 percent plus the retiree surcharge of 3.35 percent from the employer for the year ended June 30, 2007.

Certain of the District's employees have elected to be covered under optional retirement plans. For the year ended June 30, 2007, there were no required contributions from the District as employer nor from its employees as plan members. In addition, the District did not make any payments for group-life coverage. All amounts under this program are required to be remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. 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 make SCRS contributions, do not earn service credit, and are not eligible to receive group life insurance benefits or disability retirement benefits.

Deferred Compensated Plans

Several optional deferred compensation plans are available to the District's employees. Certain employees have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 403(b) and 401(k), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. Employees may withdraw the current value of their contributions when they terminate state employment. Neither the State nor the District has any liability for losses under the plans.

R345

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 10 – POSTRETIREMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the District are eligible to receive these benefits. The State provides post employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly through the State Department of Education to the District for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the District for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis. Currently, approximately 24,000 State retirees meet these eligibility requirements.

The District recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of \$7,816,537 for the year ended June 30, 2007. As discussed in Note 9, the District paid \$2,308,681 applicable to the 3.35 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to District retirees is not available. By State law, the District has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost-of-living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS benefits.

NOTE 11 – CONTINGENCIES

The District participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Significant program compliance violations could result in repayment of grant money received. Any related receivable at June 30, 2007, may be impaired. In the opinion of the District's management, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements.

The District is party to various legal proceedings, which normally occur in school District operations. In the opinion of the District's management and counsel, these legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

FLORENCE SCHOOL DISTRICT ONE
Notes to Financial Statements
June 30, 2007

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss and maintains State or commercial insurance coverage for all of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from the prior year. The costs of settled claims and claim losses have not exceeded this coverage in any of the past three years. The District pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits.

In management's opinion, claims losses in excess of insurance coverage, if any, are unlikely and, if incurred, would not be material to the District's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded at June 30, 2007. Therefore, no loss accrual has been recorded.

R347

FLORENCE SCHOOL DISTRICT ONE

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For The Year Ended June 30, 2007**

	Original & Final Budget	Actual	Variance Positive (Negative)
REVENUES			
1200 Revenue from Local Governmental Units other than LEA's			
1210 Ad Valorem Taxes	\$ 39,355,981	\$ 42,012,589	\$ 2,656,608
1240 Penalties and Interest on Taxes	59,561	82,679	23,118
1280 Revenue in Lieu of Taxes (Fiscally Independent and Dependent LEA)	1,138,267	1,194,176	55,909
1300 Tuition			
1310 Regular Day School from Patrons	60,705	93,826	33,121
1320 Regular Day School from Other LEA's	56,614	78,083	21,469
1500 Earnings on Investments			
1510 Interest on Investments	1,105,970	2,223,280	1,117,310
1900 Other Revenue from Local Sources			
1910 Rentals	34,637	31,150	(3,487)
1920 Contributions and Donations Private Sources	-	-	-
1950 Refund of Prior Year's Expenditures	-	2,256	2,256
1993 Receipt of Insurance Proceeds	-	10,517	10,517
1994 Receipt of Legal Settlements	-	271,790	271,790
1999 Revenue from Other Local Sources	3,309,732	180	(3,309,552)
Total Local Sources	45,121,467	46,000,526	879,059
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	-	39,442	39,442
2300 Payments from Nonprofit Entities	-	25,476	25,476
Total Intergovernmental Revenue	-	64,918	64,918
3000 Revenue from State Sources			
3130 Special Programs			
3131 Handicapped Transportation	3,700	4,498	798
3132 Home Schooling	4,167	3,551	(616)
3160 School Bus Drivers' Salary	619,439	718,997	99,558
3162 Transportation Workers' Compensation	89,225	41,463	(47,762)
3165 EEDA Transportation	-	3,841	3,841
3180 Fringe Benefits Employer Contributions	10,091,683	10,168,308	76,625
3181 Retiree Insurance	1,487,326	1,602,226	114,900
3199 Other restricted State Grants	-	68,962	68,962
3300 Education Finance Act			
3310 Full-Time Programs			
3311 Kindergarten	2,162,168	2,402,631	240,463
3312 Primary	5,929,260	6,333,822	404,562
3313 Elementary	8,077,858	8,221,208	143,350
3314 High School	3,903,554	3,962,368	58,814
3315 Trainable Mentally Handicapped	265,780	312,619	46,839
3316 Speech Handicapped	2,365,193	2,065,915	(299,278)
3317 Homebound	356,404	356,404	-

R348

FLORENCE SCHOOL DISTRICT ONE
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Continued
For The Year Ended June 30, 2007

	Original & Final Budget	Actual	Variance Positive (Negative)
Revenues (Continued)			
3320 Part-Time Programs			
3321 Emotionally Handicapped	\$ 316,469	\$ 320,599	\$ 4,130
3322 Educable Mentally Handicapped	736,187	738,860	2,673
3323 Learning Disabilities	2,905,362	3,449,328	543,966
3324 Hearing Handicapped	34,949	53,422	18,473
3325 Visually Handicapped	59,728	76,279	16,551
3326 Orthopedically Handicapped	163,753	163,753	-
3327 Vocational	4,704,491	4,633,296	(71,195)
3330 Other EFA Programs			
3331 Autism	211,157	275,633	64,476
3800 State Revenue in Lieu of Taxes			
3810 Reimbursement for Local Property Tax Relief	4,230,371	4,230,371	-
3820 Homestead Exemption	1,463,386	1,604,191	140,805
3830 Merchant's Inventory Tax	440,969	440,969	-
3840 Manufacturers Depreciation Reimbursement	479,567	723,505	243,938
3890 Other State Property Tax Revenues	155,470	237,010	81,540
3900 Other State Revenue			
3999 Revenue from Other State Sources	-	-	-
Total State Sources	<u>51,257,616</u>	<u>53,214,029</u>	<u>1,956,413</u>
Total Revenue All Sources	<u>\$ 96,379,083</u>	<u>\$ 99,279,473</u>	<u>\$ 2,900,390</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	\$ 3,291,529	\$ 2,914,149	\$ (377,380)
200 Employee Benefits	963,162	870,753	(92,409)
400 Supplies and Materials	75,231	81,940	6,709
112 Primary Programs			
100 Salaries	6,808,996	6,772,601	(36,395)
200 Employee Benefits	1,912,391	1,962,795	50,404
300 Purchased Services	-	-	-
400 Supplies and Materials	243,038	233,072	(9,966)
113 Elementary Programs			
100 Salaries	14,700,632	14,703,113	2,481
200 Employee Benefits	3,899,265	4,036,927	137,662
300 Purchased Services	8,873	2,677	(6,196)
400 Supplies and Materials	732,027	620,448	(111,579)
600 Other Objects	-	-	-
114 High School Programs			
100 Salaries	8,261,935	9,188,561	926,626
200 Employee Benefits	2,109,133	2,670,054	560,921
300 Purchased Services	53,669	45,254	(8,415)
400 Supplies and Materials	522,688	495,348	(27,340)
500 Technology Equipment & Software	-	-	-
600 Other Objects	-	-	-

R349

FLORENCE SCHOOL DISTRICT ONE
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
For The Year Ended June 30, 2007

	Original & Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)			
115 Vocational Programs			
100 Salaries	\$ 1,559,178	\$ 1,555,672	\$ (3,506)
200 Employee Benefits	426,178	438,180	12,002
300 Purchased Services - Other Than Tuition	53,377	28,603	(24,774)
400 Supplies and Materials	131,127	107,083	(24,044)
600 Other Objects	-	-	-
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	1,678,394	1,619,711	(58,683)
200 Employee Benefits	484,226	451,085	(33,141)
122 Trainable Mentally Handicapped			
100 Salaries	675,550	733,445	57,895
200 Employee Benefits	210,402	218,941	8,539
300 Purchased Services	-	-	-
123 Orthopedically Handicapped			
100 Salaries	562,530	567,082	4,552
200 Employee Benefits	125,263	169,817	44,554
300 Purchased Services	36,000	106,285	70,285
400 Supplies and Materials	29,004	28,677	(327)
124 Visually Handicapped			
100 Salaries	74,425	73,639	(786)
200 Employee Benefits	19,452	19,964	512
300 Purchased Services	1,000	3,644	2,644
400 supplies and Materials	4,998	3,640	(1,358)
125 Hearing Handicapped			
400 Supplies and materials	5,000	437	(4,563)
126 Speech Handicapped			
100 Salaries	808,153	9,963	(798,190)
200 Employee Benefits	203,538	2,658	(200,880)
300 Purchased Services	10,500	98	(10,402)
600 Membership Dues & Fees	-	3,174	3,174
127 Learning Disabilities			
100 Salaries	3,496,129	3,686,419	190,290
200 Employee Benefits	946,296	1,047,947	101,651
300 Purchased Services	90,000	20,275	(69,725)
128 Emotionally Handicapped			
100 Salaries	417,529	511,716	94,187
200 Employee Benefits	118,859	135,785	16,926
130 Pre-School Programs			
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds)			
100 Salaries	176,169	231,395	55,226
200 Employee Benefits	53,983	69,204	15,221
139 Early Childhood Programs			
100 Salaries	225,953	478,234	252,281
200 Employee Benefits	76,528	156,568	80,040

FLORENCE SCHOOL DISTRICT ONE

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual - Continued
For The Year Ended June 30, 2007**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued)			
140 Special Programs			
141 Gifted and Talented Academic			
100 Salaries	\$ 13,411	\$ 20,505	\$ 7,094
200 Employee Benefits	2,495	4,245	1,750
142 Disadvantaged			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
145 Homebound			
100 Salaries	660,536	779,261	118,725
200 Employee Benefits	127,952	168,478	40,526
300 Purchased Services	29,784	10,831	(18,953)
400 Supplies and Materials	12,341	11,060	(1,281)
149 Other Special Programs			
100 Salaries	395,440	353,787	(41,653)
200 Employee Benefits	92,951	91,459	(1,492)
400 Supplies and Materials	42,347	22,348	(19,999)
160 Other Exceptional Programs			
161 Autism			
100 Salaries	596,187	549,886	(46,301)
200 Employee Benefits	167,399	177,665	10,266
300 Purchased Services	4,200	4,200	-
400 Supplies and Materials	7,350	7,350	-
170 Summer School Programs			
175 Instruction Program Beyond Regular School			
100 Salaries	3,800	-	(3,800)
200 Employee Benefits	730	-	(730)
180 Adult / Continuing Education Programs			
181 Adult Basic Programs			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	35,840	34,440	(1,400)
182 Adult Secondary Programs			
100 Salaries	4,274	4,465	191
200 Employee Benefits	795	880	85
188 Parenting/Family Literacy			
100 Salaries	-	8,533	8,533
200 Employee Benefits	-	3,313	3,313
190 Instructed Pupil Activity			
100 Salaries	23,600	37,474	13,874
200 Employee Benefits	4,349	7,009	2,660
600 Other Objects	900	375	(525)
Total Instruction	58,508,991	59,374,597	865,606

R351

FLORENCE SCHOOL DISTRICT ONE

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Continued
For The Year Ended June 30, 2007**

Expenditures (Continued)	Original & Final Budget	Actual	Variance Positive (Negative)
200 Support Services			
210 Pupil Services			
211 Attendance and Social Work			
100 Salaries	\$ 124,644	\$ 131,416	\$ 6,772
200 Employee Benefits	32,281	31,105	(1,176)
300 Purchased Services	14,300	18,140	3,840
400 Supplies and Materials	2,500	2,471	(29)
212 Guidance			
100 Salaries	1,840,582	1,851,548	10,966
200 Employee Benefits	506,704	531,223	24,519
300 Purchased Services	7,271	7,216	(55)
400 Supplies and Materials	640,030	110,646	(529,384)
213 Health			
100 Salaries	580,129	502,057	(78,072)
200 Employee Benefits	171,536	168,288	(3,248)
300 Purchased Services	3,425	536	(2,889)
400 Supplies and Materials	23,406	20,628	(2,778)
214 Psychological			
100 Salaries	385,819	401,633	15,814
200 Employee Benefits	102,633	84,338	(18,295)
400 Supplies and Materials	8,600	8,444	(156)
215 Exceptional Program Services			
100 Salaries	424,524	1,261,922	837,398
200 Employee Benefits	103,263	324,612	221,349
300 Purchased Services	10,500	1,797	(8,703)
400 Supplies and Materials	1,296	1,056	(240)
220 Instructional Staff Services			
221 Improvement of Instruction-Curriculum Development			
100 Salaries	720,413	751,476	31,063
200 Employee Benefits	172,093	177,133	5,040
300 Purchased Services	202,273	160,661	(41,612)
400 Supplies and Materials	3,125,959	2,954,474	(171,485)
600 Other Objects	1,200	1,200	-
222 Library Media Services			
100 Salaries	1,479,086	1,477,129	(1,957)
200 Employee Benefits	445,791	444,981	(810)
300 Purchased Services	-	628	628
400 Supplies and Materials	183,809	175,904	(7,905)
223 Supervision of Special Programs			
100 Salaries	935,064	854,096	(80,968)
200 Employee Benefits	245,279	285,509	40,230
300 Purchased Services	122,377	-	(122,377)
400 Supplies and Materials	19,367	15,046	(4,321)
224 Improvement of Instruction - In-Service Training			
100 Salaries	83,878	89,229	5,351
200 Employee Benefits	20,162	22,356	2,194
300 Purchased Services	113,900	81,118	(32,782)
400 Supplies and Materials	21,410	12,624	(8,786)

R352

FLORENCE SCHOOL DISTRICT ONE

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
For The Year Ended June 30, 2007**

	Original & Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)			
230 General Administration Services			
231 Board of Education			
300 Purchased Services	\$ 185,150	\$ 43,423	\$ (141,727)
318 Auditing services	38,200	28,000	(10,200)
400 Supplies & Materials	21,800	16,576	(5,224)
600 Other Objects	18,000	12,915	(5,085)
232 Office of Superintendent			
100 Salaries	181,250	178,692	(2,558)
200 Employee Benefits	43,661	41,673	(1,988)
300 Purchased Services	47,225	2,417	(44,808)
400 Supplies and Materials	8,270	2,289	(5,981)
600 Other Objects	2,480	1,558	(922)
233 School Administration			
100 Salaries	4,903,218	5,034,958	131,740
200 Employee Benefits	1,335,024	1,411,274	76,250
300 Purchased Services	9,754	5,068	(4,686)
400 Supplies and Materials	36,105	33,659	(2,446)
600 Other Objects	69	69	-
250 Finance and Operations Services			
251 Student Transportation			
300 Purchased Services	-	-	-
252 Fiscal Services			
100 Salaries	368,134	388,834	20,700
200 Employee Benefits	849,061	849,983	922
300 Purchased Services	496,384	443,586	(52,798)
400 Supplies and Materials	78,914	58,111	(20,803)
500 Capital Outlay	19,750	-	(19,750)
600 Other Objects	123,386	2,571	(120,815)
254 Operation and Maintenance of Plant			
100 Salaries	2,556,105	2,931,739	375,634
200 Employee Benefits	870,141	864,662	(5,479)
300 Purchased Services	1,038,915	842,304	(196,611)
400 Supplies and Materials	3,892,886	3,512,155	(380,731)
500 Capital Outlay	159,150	137,972	(21,178)
255 Student Transportation			
100 Salaries	1,901,538	1,654,614	(246,924)
200 Employee Benefits	591,849	475,327	(116,522)
300 Purchased Services	278,290	93,325	(184,965)
400 Supplies and Materials	189,358	173,739	(15,619)
500 Capital Outlay	-	-	-
256 Food Service			
200 Employee Benefits	752,245	611,153	(141,092)
257 Internal Services			
100 Salaries	33,930	34,794	864
200 Employee Benefits	10,514	10,703	189
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-

R353

FLORENCE SCHOOL DISTRICT ONE
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
For The Year Ended June 30, 2007

	Original & Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)			
258 Security			
300 Purchased Services	\$ 230,125	\$ 374,136	\$ 144,011
400 Supplies and Materials	22,500	19,422	(3,078)
260 Central Support Services			
262 Planning, Research, Development & Evaluation			
100 Salaries	288,223	306,933	18,710
200 Employee Benefits	61,576	65,727	4,151
300 Purchased Services	180,685	113,082	(67,603)
400 Supplies and Materials	97,024	81,176	(15,848)
500 Capital Outlay	-	-	-
600 Other Objects	10,505	10,500	(5)
263 Information Services			
100 Salaries	95,126	95,393	267
200 Employee Benefits	23,305	22,227	(1,078)
300 Purchased Services	44,040	17,065	(26,975)
400 Supplies and Materials	8,962	7,178	(1,784)
600 Other Objects	44,000	10,068	(33,932)
264 Staff Services			
100 Salaries	393,934	396,614	2,680
200 Employee Benefits	98,624	98,787	163
300 Purchased Services	78,500	45,716	(32,784)
400 Supplies and Materials	32,773	26,789	(5,984)
500 Capital Outlay	4,400	-	(4,400)
600 Other Objects	31,025	31,223	198
266 Technology and Data Processing Services			
100 Salaries	632,940	609,954	(22,986)
200 Employee Benefits	165,826	177,964	12,138
300 Purchased Services	138,704	118,340	(20,364)
400 Supplies and Materials	863,903	794,971	(68,932)
500 Capital Outlay	252,159	277,433	25,274
600 Other Objects	300	300	-
270 Support Services Pupil Activity			
271 Pupil Services Activities			
100 Salaries	383,479	578,973	195,494
200 Employee Benefits	67,159	103,985	36,826
300 Purchased Services	25,988	17,167	(8,821)
400 Supplies and Materials	44,003	34,845	(9,158)
600 Pupil Activity	33,911	32,175	(1,736)
Total Supporting Services	<u>38,269,959</u>	<u>37,328,926</u>	<u>(941,033)</u>
300 Community Services			
350 Custody and Care of Children Services			
200 Employee Benefits	-	84	84
Total Community Services	<u>-</u>	<u>84</u>	<u>84</u>

R354

**FLORENCE SCHOOL DISTRICT ONE
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual - Continued
For The Year Ended June 30, 2007**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
400 Other Charges			
410 Intergovernmental Expenditures			
411 Payments to State Department of Education			
700 Transits	\$ 20,000	\$ 839,516	\$ 819,516
414 Medicaid Payments to State Department of Education			
700 Transits	-	468,895	468,895
416 LEA Payments to Public Charter Schools			
700 Transits	<u>572,364</u>	<u>598,020</u>	<u>25,656</u>
Total Other Charges	<u>592,364</u>	<u>1,906,431</u>	<u>1,314,067</u>
Total Expenditures	<u>\$ 97,371,314</u>	<u>\$ 98,610,038</u>	<u>\$ 1,238,724</u>
Other Financing Sources (Uses)			
Interfund Transfers, from (to) Other Funds			
5220 Transfer From Special Revenue Fund	-	726	726
5230 Transfer From Special Revenue EIA Fund	2,324,188	2,547,434	223,246
5250 Transfer From School Building Fund	-	-	-
5280 Transfer From Other Funds Indirect Costs	350,942	526,264	175,322
421-700 Transfer to Special Revenue Fund	(318,972)	(425,227)	(106,255)
424-700 Transfer to School Building Fund	(1,220,927)	(3,188,673)	(1,967,746)
426-700 Transfer to Pupil Activity Fund	(143,000)	(143,000)	-
441-700 Payments to Refunded Debt Escrow Agent	-	-	-
Total Other Financing sources (Uses)	<u>992,231</u>	<u>(682,476)</u>	<u>(1,674,707)</u>
Change in Fund Balance	<u>\$ -</u>	<u>(13,041)</u>	<u>\$ (13,041)</u>
Fund Balance, July 1, 2006		<u>32,362,617</u>	
Fund Balance, June 30, 2007		<u>\$ 32,349,576</u>	

R355

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For The Year Ended June 30, 2007

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
REVENUES									
1000 Revenue From Local Sources									
1300 Tuition									
1330 Tuition From Patrons for Adult / Continuing Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,348	\$ 146,348
1500 Earnings on Investments									
1900 Other Revenue From Local Sources									
1920 Contributions and Donations From Private Sources	-	-	-	-	-	-	-	400,167	400,167
1930 Medicaid	-	-	-	-	-	-	-	1,453,990	1,453,990
1999 Revenue From Other Local Sources	-	-	-	-	-	-	-	752,305	752,305
Total Local Sources	-	-	-	-	-	-	-	2,752,810	2,752,810
2000 Revenue From Other Government Sources									
2300 Payments From Non-Profit Entities (For First Steps)	-	-	-	-	-	-	164,057	-	164,057
2310 Payments From Non-Profit Entities	-	-	-	-	-	-	-	984,917	984,917
Total Other Government Sources	-	-	-	-	-	-	164,057	984,917	1,148,974
3000 Revenue From State Sources									
3100 Restricted State Grants									
3110 EEDA									
3117 EEDA 8Th Grade Aware	-	-	-	-	-	-	9,240	-	9,240
3118 EEDA Career Specialisr	-	-	-	-	-	-	259,562	-	259,562
3120 General Education									
3121 EAA Summer School	-	-	-	-	-	-	-	-	-
3122 Increase High School Diploma Requirements	-	-	-	-	-	-	-	-	-
3123 EAA Alternative Schools Program	-	-	-	-	-	-	-	-	-
3125 Extended Day Kindergarten Program	-	-	-	-	-	-	164,296	-	164,296
3126 Extended Day Kindergarten Fringes	-	-	-	-	-	-	68,135	-	68,135
3127 Student Health and Fitness	-	-	-	-	-	-	61,327	-	61,327
3128 Making Middle Grades	-	-	-	-	-	-	29,843	-	29,843
3130 Special Programs									
3134 CDEPP Materials Grant	-	-	-	-	-	-	327,807	-	327,807
3135 Preschool Programs for Children with Disabilities	-	-	-	-	-	-	-	-	-
3150 Adult Education									
3151 Basic	-	-	-	-	-	8,441	2,271	-	10,712

R3576

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	201/202 Title 1	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
REVENUES									
3160 Child Development									
3163 Child Development Program Trans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,875	\$ -	13,875
3190 Miscellaneous Restricted State Grants									
3193 Education License Plates	-	-	-	-	-	-	11,138	-	11,138
3196 EAA Principal Leader	-	-	-	-	-	-	-	-	-
3198 School Technology Initiative	-	-	-	-	-	-	-	-	-
3199 Other Restricted State Grants	-	-	-	-	-	-	102,003	64,198	166,201
3600 Education Lottery Act Revenue									
3601 EAA Teacher Specialist/Curriculum Specialist	-	-	-	-	-	-	-	-	-
3603 Homewrok Center	-	-	-	-	-	-	15,315	-	15,315
3604 EAA Retraining Grants	-	-	-	-	-	-	-	-	-
3605 Palmetto Gold and Silver Awards	-	-	-	-	-	-	751	-	751
3606 K-5 Mathematics and Science Coaching Program	-	-	-	-	-	-	-	-	-
3607 6-8 Enhancement	-	-	-	-	-	-	29,018	-	29,018
3610 K-5 Enhancement	-	-	-	-	-	-	983,644	-	983,644
3699 Other State Lottery Programs	-	-	-	-	-	-	-	-	-
3900 Other State Revenue									
3991 ADEPT	-	-	-	-	-	-	33,691	-	33,691
3999 Revenue From Other State Sources	-	-	-	-	-	-	-	141,500	141,500
Total State Sources	-	-	-	-	-	8,441	2,111,916	205,698	2,326,055
4000 Revenue From Federal Sources									
4200 Occupational Education									
4210 Vocational Aid, Title I	-	-	-	265,411	-	-	-	-	265,411
4220 Tech Prep Education, Title II	-	-	-	-	-	-	-	5,624	5,624
4300 Elementary and Secondary Education Act of 1965									
4310 Title I	3,833,305	-	-	-	-	-	-	-	3,833,305
4318 SC Reading First-Local Reading Improvement	-	-	-	-	-	-	-	461,001	461,001
4331 Enhancing Education Through Technology	-	-	-	-	-	-	-	25,037	25,037
4340 Title V	-	-	-	-	-	-	-	26,327	26,327
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-	-	-	-	-	26,929	26,929
4351 Improving Teacher Quality	-	-	-	-	-	-	-	828,543	828,543
4360 Even Start-Family Literacy	-	-	-	-	-	-	-	90,000	90,000
4400 Adult Education									
4410 Basic	-	-	-	-	-	-	-	389,715	389,715
4490 Other Adult Education	-	-	-	-	-	-	-	-	-

R357

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
REVENUES									
4500 Programs for Children with Disabilities									
4510 Individuals with Disabilities Education Act	\$ -	\$ 3,952,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,984	\$ 4,025,470
4520 Preschool Grants	-	-	194,660	-	-	-	-	-	194,660
<hr/>									
4900 Other Federal Sources									
4920 Drug and Violence Prevention, Title IV	-	-	-	-	77,085	-	-	-	77,085
4924 21st Century Community Learning Centers Program	-	-	-	-	-	-	-	115,165	115,165
4994 FEMA Distaster Relief (Hurricane Relief)	-	-	-	-	-	-	-	14,477	14,477
4999 Revenue From Other Federal Sources	-	-	-	-	-	-	-	1,066,437	1,066,437
<hr/>									
Total Federal Sources	3,833,305	3,952,486	194,660	265,411	77,085	-	-	3,122,239	11,445,186
<hr/>									
TOTAL REVENUE ALL SOURCES	\$ 3,833,305	\$ 3,952,486	\$ 194,660	\$ 265,411	\$ 77,085	\$ 8,441	\$ 2,275,973	\$ 7,065,664	17,673,025
<hr/>									
EXPENDITURES									
100 Instruction									
110 General Instruction									
111 Kindergarten Programs									
100 Salaries	\$ 64,811	\$ 8,400	\$ -	\$ -	\$ -	\$ -	\$ 6,357	\$ 60,689	\$ 140,257
200 Employee Benefits	15,800	643	-	-	-	-	1,702	14,720	32,865
400 Supplies and Materials	11,487	-	-	-	-	-	85,907	442	97,836
112 Primary Programs									
100 Salaries	790,834	190,489	-	-	-	-	14,878	337,193	1,333,394
200 Employee Benefits	220,400	46,627	-	-	-	-	3,891	88,773	359,691
300 Purchased Services	101,334	3,570	-	-	-	-	-	16,942	121,846
400 Supplies and Materials	152,199	55,601	-	-	-	-	12,122	155,385	375,307
113 Elementary Programs									
100 Salaries	547,415	58,107	-	-	-	-	230,055	240,916	1,076,493
200 Employee Benefits	156,641	15,412	-	-	-	-	50,233	62,288	284,574
300 Purchased Services	83,745	1,321	-	-	-	-	36,840	11,653	133,559
400 Supplies and Materials	299,690	25,565	-	-	-	-	395,517	90,367	811,139
114 High School Programs									
100 Salaries	-	57,927	-	-	-	-	5,850	187,797	251,574
200 Employee Benefits	-	15,398	-	-	-	-	1,125	5,145	21,668
300 Purchased Services	-	337	-	-	-	-	197	19,675	20,209
400 Supplies and Materials	-	-	-	-	-	-	-	112,690	112,690

R358

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
EXPENDITURES									
115 Vocational Programs									
100 Salaries	\$ -	\$ -	\$ -	\$ 82,672	\$ -	\$ -	\$ 400	\$ -	\$ 83,072
200 Employee Benefits	-	-	-	11,515	-	-	81	-	11,596
300 Purchased Services	-	-	-	-	-	-	-	-	-
400 Supplies and Materials	-	-	-	62,920	-	-	164,402	2,291	229,613
500 Capital Outlay	-	-	-	-	-	-	-	-	-
120 Exceptional Programs									
121 Educable Mentally Handicapped									
100 Salaries	-	66,134	-	-	-	-	-	2,513	68,647
200 Employee Benefits	-	29,092	-	-	-	-	-	482	29,574
300 Purchased Services	-	4,835	-	-	-	-	-	8,519	13,354
400 Supplies and Materials	-	18,335	-	-	-	-	-	12,363	30,698
122 Trainable Mentally Handicapped									
100 Salaries	-	75,143	330	-	-	-	-	-	75,473
200 Employee Benefits	-	19,885	-	-	-	-	-	-	19,885
300 Purchased Services	-	759	-	-	-	-	-	-	759
400 Supplies and Materials	-	6,336	-	-	-	-	-	3,358	9,694
123 Orthopedically Handicapped									
100 Salaries	-	13,285	-	-	-	-	-	121,432	134,717
200 Employee Benefits	-	3,849	-	-	-	-	-	25,538	29,387
400 Supplies and Materials	-	2,675	-	-	-	-	-	-	2,675
124 Visually Handicapped									
100 Salaries	-	15,608	-	-	-	-	-	118,902	134,510
200 Employee Benefits	-	2,685	-	-	-	-	-	34,912	37,597
400 Supplies and Materials	-	177	-	-	-	-	-	-	177
125 Hearing Handicapped									
100 Salaries	-	-	-	-	-	-	-	128,184	128,184
200 Employee Benefits	-	-	-	-	-	-	-	35,618	35,618
126 Speech Handicapped									
100 Salaries	-	7,562	-	-	-	-	-	-	7,562
200 Employee Benefits	-	1,213	-	-	-	-	-	-	1,213
300 Purchased Services	-	3,338	-	-	-	-	-	-	3,338
400 Supplies and Materials	-	-	-	-	-	-	-	-	-
127 Learning Disabilities									
100 Salaries	-	164,737	-	-	-	-	-	-	164,737
200 Employee Benefits	-	13,697	-	-	-	-	-	-	13,697
300 Purchased Services	-	10,014	-	-	-	-	-	-	10,014
400 Supplies and Materials	-	29,722	-	-	-	-	-	2,274	31,996
128 Emotionally handicapped									
100 Salaries	-	360,382	-	-	-	-	-	49,192	409,574
200 Employee Benefits	-	131,148	-	-	-	-	-	12,350	143,498
300 Purchased Services	-	726	-	-	-	-	-	-	726
400 Supplies and Materials	-	6,688	-	-	-	-	-	863	7,551

R3579

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
EXPENDITURES									
130 Preschool Programs									
131 Preschool Handicapped Speech (5-Yr. Olds)									
100 Salaries	\$ -	\$ -	\$ 27,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,103
200 Employee Benefits	-	-	7,001	-	-	-	-	-	7,001
400 Supplies and Materials	-	-	523	-	-	-	-	-	523
133 Idea Adept									
400 Supplies and Materials	-	262	-	-	-	-	-	-	262
137 Preschool Handicapped Self-Contained (3&4-Yr. Olds)									
100 Salaries	-	13,748	83,155	-	-	-	-	37,378	134,281
200 Employee Benefits	-	4,543	23,704	-	-	-	-	13,179	41,426
300 Purchased Services	-	-	-	-	-	-	-	-	-
400 Supplies and Materials	-	-	1,280	-	-	-	-	-	1,280
139 Early Childhood Programs									
100 Salaries	134,678	-	-	-	-	-	-	-	134,678
200 Employee Benefits	41,793	-	-	-	-	-	-	-	41,793
300 Purchased Services	-	-	-	-	-	-	-	-	-
400 Supplies and Materials	-	-	-	-	-	-	-	-	-
140 Special Programs									
145 Homebound									
200 Employee Benefits	-	1,646	-	-	-	-	-	-	1,646
147 Full Day 4K									
100 Salaries	-	-	-	-	-	-	200,645	-	200,645
200 Employee Benefits	-	-	-	-	-	-	62,629	-	62,629
300 Purchased Services	-	-	-	-	-	-	545	1,600	2,145
400 Supplies and Materials	-	-	-	-	-	-	59,697	-	59,697
149 Other Special Programs									
100 Salaries	-	880	1,091	-	-	-	-	9,600	11,571
200 Employee Benefits	-	169	123	-	-	-	-	1,843	2,135
300 Purchased Services	-	342,000	-	-	-	-	-	2,115	344,115
400 Supplies and Materials	-	-	-	-	-	-	-	-	-
161 Autism									
100 Salaries	-	103,860	-	-	-	-	-	348,373	452,233
200 Employee Benefits	-	22,101	-	-	-	-	-	92,876	114,977
300 Purchased Services	-	1,018	-	-	-	-	-	1,309	2,327
400 Supplies and Materials	-	22,684	-	-	-	-	-	2,532	25,216

R360

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
EXPENDITURES									
170 Summer School Programs									
171 Primary Summer School									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
200 Employee Benefits	-	-	-	-	-	-	-	4,800	4,800
400 Supplies and Materials	-	-	-	-	-	-	-	5,817	5,817
172 Elementary Summer School									
100 Salaries	-	-	-	-	-	-	-	6,814	6,814
200 Employee Benefits	-	-	-	-	-	-	-	975	975
400 Supplies and Materials	-	-	-	-	-	-	-	-	-
173 High School Summer School									
100 Salaries	-	-	-	-	-	-	-	29,275	29,275
200 Employee Benefits	-	-	-	-	-	-	-	5,621	5,621
175 Instructional Programs Beyond Regular School Day									
100 Salaries	-	-	-	-	-	-	1,800	111,315	113,115
200 Employee Benefits	-	-	-	-	-	-	230	21,850	22,080
300 Purchased Services	-	-	-	-	-	-	-	2,629	2,629
400 Supplies and Materials	-	-	-	-	-	-	15,315	15,596	30,911
180 Adult / Continuing Education Programs									
181 Adult Basic Programs									
100 Salaries	-	-	-	-	-	7,609	-	132,708	140,317
200 Employee Benefits	-	-	-	-	-	1,063	-	21,968	23,031
300 Purchased Services	-	-	-	-	-	80	-	1,601	1,681
400 Supplies and Materials	-	-	-	-	-	180	-	2,899	3,079
182 Adult Secondary Programs									
100 Salaries	-	-	-	-	-	-	-	101,308	101,308
200 Employee Benefits	-	-	-	-	-	-	-	13,877	13,877
300 Purchased Services	-	-	-	-	-	-	-	1,737	1,737
400 Supplies and Materials	-	-	-	-	-	-	2,271	19,981	22,252
183 Adult English Literacy									
100 Salaries	-	-	-	-	-	-	-	36,253	36,253
200 Employee Benefits	-	-	-	-	-	-	-	12,983	12,983
300 Purchased Services	-	-	-	-	-	-	-	500	500
400 Supplies and Materials	-	-	-	-	-	-	-	500	500
188 Parenting / Family Literacy									
100 Salaries	4,377	-	-	-	-	-	-	68,346	72,723
200 Employee Benefits	841	-	-	-	-	-	-	18,204	19,045
300 Purchased Services	500	-	-	-	-	-	-	3,450	3,950
400 Supplies and Materials	61,584	-	-	-	-	-	-	-	61,584
TOTAL INSTRUCTION	\$ 2,688,129	\$ 1,980,333	\$ 144,310	\$ 157,107	\$ -	\$ 8,932	\$ 1,352,689	\$ 3,140,278	\$ 9,471,778

8361

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
EXPENDITURES									
200 Support Services									
210 Pupil Services									
211 Attendance and Social Work									
100 Salaries	\$ -	\$ 22,645	\$ -	\$ -	\$ 17,600	\$ -	\$ -	\$ 24,734	\$ 64,979
200 Employee Benefits	-	7,358	-	-	2,957	-	-	7,086	17,401
300 Purchased Services	-	-	-	-	14,411	-	-	-	14,411
400 Supplies and Materials	-	-	-	-	139	-	-	1,329	1,468
212 Guidance									
100 Salaries	-	-	-	70,973	-	-	-	52,926	123,899
200 Employee Benefits	-	1,196	-	149	-	-	-	15,021	16,366
300 Purchased Services	-	1,236	-	800	-	-	-	50	2,086
400 Supplies and Materials	-	678	-	11,122	-	-	6,282	3,160	21,242
213 Health									
100 Salaries	86,422	228,281	-	-	-	-	-	1,183,011	1,497,714
200 Employee Benefits	29,826	76,042	-	-	-	-	-	292,290	398,158
300 Purchased Services	30,361	172,502	-	-	-	-	-	7,841	210,704
400 Supplies and Materials	68	1,538	-	-	-	-	-	34,079	35,683
214 Psychological									
100 Salaries	-	90,809	28,137	-	-	-	-	-	118,946
200 Employee Benefits	-	42,716	8,740	-	-	-	-	(362)	51,094
300 Purchased Services	-	7,871	-	-	-	-	-	36	7,907
400 Supplies and Materials	-	24,940	-	-	-	-	-	(31)	24,909
215 Exceptional Program Services									
100 Salaries	-	132,989	-	-	-	-	-	74,276	207,265
200 Employee Benefits	-	32,657	-	-	-	-	-	20,398	53,055
300 Purchased Services	-	2,200	-	-	-	-	-	-	2,200
400 Supplies and Materials	-	24,553	6,347	-	-	-	-	-	30,900
217 Career Specialist Services									
100 Salaries	-	-	-	-	-	-	196,177	-	196,177
200 Employee Benefits	-	-	-	-	-	-	63,385	-	63,385
220 Instructional Staff Services									
221 Improvement of Instruction Curriculum Development									
100 Salaries	241,124	75,269	-	-	-	-	-	-	316,393
200 Employee Benefits	58,945	17,974	-	-	-	-	-	-	76,919
300 Purchased Services	149,663	3,135	-	-	88	-	-	-	152,886
400 Supplies and Materials	109,147	5,411	-	-	6,449	-	-	8	121,015

R362

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	I	Idea	Handicapped	Education	Free	(EA Projects)	State Grants	Programs	Total
EXPENDITURES									
222 Library and Media									
400 Supplies and Materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25,273	\$ 25,273
223 Supervision of Special Programs									
100 Salaries	176,203	587,082	-	2,982	-	-	63,350	796,745	1,626,362
200 Employee Benefits	40,020	153,086	-	-	-	-	181	214,209	407,496
300 Purchased Services	9,609	7,253	-	22,278	-	(491)	-	29,162	67,811
400 Supplies and Materials	5,342	20,826	-	-	-	-	-	43,175	69,343
224 Improvement of Instruction in Service Training									
100 Salaries	-	-	-	-	-	-	38,061	263,509	301,570
200 Employee Benefits	-	-	-	-	-	-	6,722	57,132	63,854
300 Purchased Services	-	-	-	-	-	-	48,177	282,220	330,397
400 Supplies and Materials	-	-	-	-	-	-	313,815	81,798	395,613
500 Capital Outlay	-	-	-	-	-	-	-	61,555	61,555
600 Other Objects	-	-	-	-	-	-	-	3,293	3,293
251 Student Transportation (Federal/District Mandated)									
100 Salaries	20,785	-	-	-	-	-	-	288	21,073
200 Employee Benefits	2,359	-	-	-	-	-	-	52	2,411
300 Purchased Services	49,660	-	-	-	-	-	-	137,159	186,819
254 Operation and Maintenance of Plant									
200 Employee Benefits	-	-	-	-	-	-	-	732	732
300 Purchased Services	1,201	-	-	-	-	-	-	-	1,201
400 Supplies and Materials	3,772	-	-	-	-	-	-	-	3,772
255 Student Transportation									
100 Salaries	-	-	-	-	-	-	-	6,342	6,342
200 Employee Benefits	-	-	-	-	-	-	-	-	-
300 Purchased Services	-	56,615	-	-	-	-	-	-	56,615
256 Food Service									
400 Supplies and Materials	-	-	-	-	-	-	-	1,323	1,323
257 Internal Service									
300 Purchased Services	-	-	-	-	-	-	-	8,274	8,274
400 Supplies and Materials	-	-	-	-	-	-	-	7,974	7,974
258 Security									
100 Salaries	-	-	-	-	-	-	-	13,934	13,934
200 Employee Benefits	-	-	-	-	-	-	-	1,066	1,066
300 Purchased Services	-	-	-	-	29,336	-	-	10,702	40,038

R363

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Year Ended June 30, 2007

	201/202 Title 1	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
EXPENDITURES									
262 Planning									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,800	\$ 5,800
200 Employee Benefits	-	-	-	-	-	-	-	1,114	1,114
400 Supplies and Materials	-	-	-	-	-	-	-	9,414	9,414
263 Information Services									
100 Salaries	-	-	-	-	-	-	-	9,817	9,817
200 Employee Benefits	-	-	-	-	-	-	-	2,337	2,337
266 Technology and Data Processing Services									
400 Supplies and Materials	-	-	-	-	-	-	-	80,147	80,147
270 Support Services - Pupil Activity									
271 Pupil Services Activities									
400 Supplies and Materials	-	-	-	-	-	-	-	1,051	1,051
600 Other Objects	-	-	-	-	-	-	-	322	322
273 Trust and Agency Activities									
600 Other Objects	-	-	-	-	-	-	-	1,000	1,000
TOTAL SUPPORT SERVICES	1,014,507	1,796,862	43,224	108,304	70,980	(491)	736,150	3,872,771	7,642,307
300 Community Services									
350 Custody and Care of Children									
100 Salaries	-	-	-	-	-	-	-	447,263	447,263
200 Employee Benefits	-	-	-	-	-	-	-	72,953	72,953
300 Purchased Services	-	-	-	-	-	-	-	4,710	4,710
400 Supplies and Materials	-	-	-	-	-	-	-	44,354	44,354
370 Non-Public School Pupil Services									
300 Purchased Services	-	-	-	-	4,914	-	-	3,076	7,990
400 Supplies and Materials	-	-	-	-	1,191	-	-	2,630	3,821
390 Other Community Services									
100 Salaries	-	-	-	-	-	-	124,740	89,325	214,065
200 Employee Benefits	-	-	-	-	-	-	31,334	23,172	54,506
300 Purchased Services	-	-	-	-	-	-	-	48,522	48,522
400 Supplies and Materials	-	-	-	-	-	-	7,257	45,868	53,125
TOTAL COMMUNITY SERVICES	-	-	-	-	6,105	-	163,331	781,873	951,309

R364

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Continued
For The Fiscal Year Ended June 30, 2007

	201/202 Title I	203/204 Idea	205/206 Preschool Handicapped	207/208 Occupational Education	209/210 Drug Free	Adult Education (EA Projects)	Other Restricted State Grants	Other Special Revenue Programs	Total
EXPENDITURES									
410 Intergovernmental Expenditures									
412 Payments to State Department of Education									
720 Transits	\$ -	\$ 10,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,863	\$ 258,082
414 Medicaid Payments to SDE									
720 Transits	-	-	-	-	-	-	-	-	-
416 LEA Payments to Public Charter Schools									
700 Transits	-	-	-	-	-	-	14,410	-	14,410
TOTAL INTERGOVERNMENTAL EXPENDITURES	-	10,219	-	-	-	-	14,410	247,863	272,492
TOTAL EXPENDITURES	\$ 3,702,636	\$ 3,787,414	\$ 187,534	\$ 265,411	\$ 77,085	\$ 8,441	\$ 2,266,580	\$ 8,042,785	\$ 18,337,886
OTHER FINANCING SOURCES (USES)									
Interfund Transfers, From (to) Other Funds									
5210 General Fund	-	-	-	-	-	-	-	278,149	278,149
5220 Transfer to Special Revenue Fund	-	-	-	-	-	-	-	-	-
5230 Transfer to Special Revenue EIA Fund	-	-	-	-	-	-	-	-	-
5270 Transfer From Pupil Activity Fund	-	-	-	-	-	-	-	-	-
420-710 General Fund	-	-	-	-	-	-	-	-	-
421-710 Transfer To Special Revenue Fund	-	(42,381)	-	-	-	-	(9,393)	(123,547)	(175,321)
426-710 Transfer To Pupil Activity Fund	-	-	-	-	-	-	-	-	-
431-791 Special Revenue Fund Indirect Costs	(130,669)	(122,691)	(7,126)	-	-	-	-	-	(260,486)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (130,669)	\$ (165,072)	\$ (7,126)	\$ -	\$ -	\$ -	\$ (9,393)	\$ 154,602	\$ (157,638)
CHANGE IN FUND BALANCE									
Fund Balance, July 1, 2006	-	-	-	-	-	-	-	(822,519)	(822,519)
Fund Balance, June 30, 2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (59,956)	\$ (59,956)

R365

FLORENCE SCHOOL DISTRICT ONE
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants and Other Special Revenue Programs
For The Year Ended June 30, 2007

Subfund	Revenue Code	Program	Revenues	Expenditures	Transfers In (Out)
Adult Education (EA Projects)					
918	3151	Adult Education Basic	\$ 8,441	\$ 8,441	\$ -
Total Adult Education			\$ 8,441	\$ 8,441	\$ -
Other State Restricted Grants					
901	3122	Increase High School Diploma Requirements	\$ -	\$ -	\$ -
905	3125	Extended Day Kindergarten Program	164,296	164,296	-
905	3126	Refurbish K-8 Science Kits	68,135	68,135	-
906	4318	SC Reading First	-	-	-
908	3126	Refurbish K-8 Science Kits	-	-	-
908	3198	K-12 Technology	0	-	-
911	3199	Other Restricted State Grants	102,003	100,418	(1,585)
916	3991	ADEPT	33,691	33,691	-
917	3135	Preschool Programs for Children with Disabilities	-	-	-
921	3151	Adult Education - Basic	2,271	2,271	-
921	3193	Education License Plates	11,138	11,138	-
923	3123	EAA Alternative Schools Program	-	-	-
924	3134	CDEPP Materials Grant	327,807	327,807	-
926	3196	EAA Principal Leader	-	-	-
926	3117	EEDA 8th Grade Aware	9,240	9,240	-
926	3118	EEDA Career Specialist	259,562	259,562	-
931	3121	EAA Summer School / Comprehensive Remediation	-	-	-
932	3121	EAA Summer School / Comprehensive Remediation	-	-	-
932	3128	Making Middle Grades	29,843	29,843	-
932	3163	Child Development Program Trans	13,875	13,875	-
937	3127	Student Health and Fitness	61,327	61,327	-
960	3610	K-5 Enhancement	983,644	976,823	(6,821)
961	3601	EAA Teacher Specialist/ Curriculum Specialist/ District Instruction Facilitator	-	-	-
961	3603	Homework Center Carr	15,315	15,315	-
964	3604	EAA Retaining Funds	-	-	-
965	3605	EAA Palmetto Gold and Silver Awards	751	751	-
966	3606	K-5 Mathematics and Science Coaching Program	-	-	-
967	3607	6-8 Enhancement	29,018	28,757	(261)
969	3699	Other State Lottery Programs	-	-	-
981	2300	First Steps 4K Expansion	24,622	24,622	-
982	2300	First Steps Partners	139,435	138,709	(726)
Total Other State Restricted Grants			\$ 2,275,973	\$ 2,266,580	\$ (9,393)
Other Special Revenue Programs					
212	4510	Individuals with Disabilities Education Act	\$ 50,557	\$ 50,557	\$ -
213	4510	Individuals with Disabilities Education Act	22,427	22,427	-
218	4318	SC Reading First-Local Reading Improvement	461,001	461,001	-
220	1999	Revenue From Other Local Sources	-	-	-
224	4924	21st Century Community Learning Centers Program, Title IV	115,165	115,165	-
230	4999	Workforce Development Grant	74,432	74,432	-
241	4340	Title V	26,627	25,363	(963)
242	4360	Even Start Family Literacy	90,000	91,331	-
243	4410	Adult Education Basic	389,715	382,011	(7,704)
244	4994	FEMA Disaster Assistance (Hurricane Relief)	14,477	14,477	-
253	4331	Enhancing Education Through Technology, Title II	25,037	25,037	-
258	4220	Tech Prep Education, Title II	5,624	-	-
264	4341	Language Instruction, Title II	26,929	26,929	-
267	4351	Improving Teacher Quality	828,543	828,543	-
271	4491	Twenty First Century	-	-	-
275	4510	Individuals with Disabilities Education Act	-	-	33,043
278	4999	Revenue From Other Federal Sources	100,266	100,266	-
279	4999	Revenue From Other Federal Sources	83,442	83,442	-
280	4999	Revenue From Other Federal Sources	19,869	19,260	(608)
285	4999	Revenue From Other Federal Sources	700,731	700,731	-
299	4999	Revenue From Other Federal Sources	71,694	70,643	(1,051)

R366

FLORENCE SCHOOL DISTRICT ONE

Special Revenue Fund

Summary Schedule for Designated State Restricted Grants and Other Special Revenue Programs - Continued
For The Year Ended June 30, 2007

Subfund	Revenue Code	Program	Revenues	Expenditures	Transfers In (Out)
802	1920	Contributions and Donations from Private Sources	\$ 1,000	\$ 1,000	\$ -
803	1920	Contributions and Donations from Private Sources	34,727	16,327	(18,400)
804	1920	Contributions and Donations from Private Sources	7,147	7,147	-
805	1920	Contributions and Donations from Private Sources	42,688	43,076	-
806	1920	Contributions and Donations from Private Sources	503	-	-
808	1920	Contributions and Donations from Private Sources	-	-	-
809	3199	Other Restricted State Grants	41,446	41,446	-
810	1920	Contributions and Donations from Private Sources	-	-	-
814	1920	Contributions and Donations from Private Sources	161	161	-
815	1920	Contributions and Donations from Private Sources	(17,841)	277	-
816	1920	Contributions and Donations from Private Sources	20	20	-
818	1920	Contributions and Donations from Private Sources	2,757	2,757	-
820	1920	Contributions and Donations from Private Sources	-	-	5,000
821	1920	Contributions and Donations from Private Sources	-	-	-
822	1920	Contributions and Donations from Private Sources	80,147	80,147	-
824	1920	Contributions and Donations from Private Sources	1,095	1,095	-
825	1920	Contributions and Donations from Private Sources	2,657	1,657	-
826	1920	Contributions and Donations from Private Sources	542	542	-
828	2310	Payments from Nonprofit Entities	1,541	1,541	-
829	3199	Other Restricted State Grants	8,931	8,931	-
831	1330	Tuition from Patrons for Adult/ Continuing Education	64,572	64,572	-
831	1920	Contributions and Donations from Private Sources	1,820	1,820	-
831	1999	Revenue from Other Local Sources	5,909	5,909	-
832	3999	Revenue from Other State Sources	3,607	3,255	-
835	1999	Revenue from Other Local Sources	10,640	16,502	-
836	1920	Contributions and Donations from Private Sources	5	5	-
837	1920	Contributions and Donations from Private Sources	3	3	-
838	1920	Contributions and Donations from Private Sources	62	65	-
840	3199	Other Restricted State Grants	2,995	2,995	-
841	1999	Revenue from Other Local Sources	489,903	489,903	-
841	3999	Revenue from Other State Sources	123,143	76,267	(42,731)
842	4999	Revenue from Other Federal Sources	6,769	69	-
844	1920	Contributions and Donations from Private Sources	32,947	32,947	-
845	1920	Contributions and Donations from Private Sources	15,615	15,615	-
847	1920	Contributions and Donations from Private Sources	300	300	-
850	1920	Contributions and Donations from Private Sources	2,000	-	-
851	1330	Tuition from Patrons for Adult / Continuing Education	81,776	99,817	41,399
852	1999	Revenue from Other Local Sources	435	435	-
853	4999	Revenue from Other Federal Sources	7,879	7,879	-
854	1920	Contributions and Donations from Private Sources	119,267	108,987	(10,280)
855	1920	Contributions and Donations from Private Sources	143	143	-
857	1999	Revenue from Other Local Sources	10,663	10,663	-
858	1920	Contributions and Donations from Private Sources	7,367	7,367	-
859	1920	Contributions and Donations from Private Sources	1,051	1,051	-
860	3199	Other Restricted State Grants	3,358	3,358	-
861	1920	Contributions and Donations from Private Sources	8	8	-
865	1999	Revenue from Other Local Sources	448	448	-
866	1999	Revenue from Other Local Sources	2,291	2,291	-
867	1920	Contributions and Donations from Private Sources	47	47	-
869	1920	Contributions and Donations from Private Sources	228	228	-
870	1920	Contributions and Donations from Private Sources	63,701	63,701	-
871	1999	Revenue from Other Local Sources	115,567	74,156	(41,411)
873	3199	Other Restricted State Grants	596	596	-
874	3999	Revenue from Other State Sources	5,738	5,738	-
875	3999	Revenue from Other State Sources	1,600	1,600	-
876	3999	Revenue from Other State Sources	5,753	5,753	-
877	3199	Other Restricted State Grants	5,575	5,575	-
878	3999	Revenue from Other State Sources	729	330	(399)
880	1930	Medicaid	120,608	410,558	-
881	1930	Medicaid	892,040	343,547	-
881	3199	Other Restricted State Grants	1,297	-	-
883	1930	Medicaid	370,756	1,577,652	-
884	1930	Medicaid	70,586	299,959	-
885	1999	Revenue from Other Local Sources	19,994	16,248	8,319
886	1999	Revenue from Other Local Sources	95,132	-	190,388
888	2310	Payments from Nonprofit Entities	983,376	983,376	-
889	3999	Revenue from Other State Sources	930	930	-
890	1999	Revenue from Other Federal Sources	1,323	1,323	-
891	4999	Revenue from Other Federal Sources	1,055	1,055	-
Total Other Special Revenue Programs			\$ 7,065,664	\$ 8,042,785	\$ 154,602

R367

FLORENCE SCHOOL DISTRICT ONE
Education Improvement Act Fund
Combining Schedule of Revenues, Expenditures and Changes In
Fund Balance – All Programs
For The Year Ended June 30, 2007

REVENUES	<u>Total</u>
3000 Revenue From State Sources	
3500 Education Improvement Act	
3501 Increase High School Diploma Requirements	\$ 516,884
3505 School Technology	13,662
3509 Arts in Education	55,785
3513 Parenting / Family Literacy	89,065
3515 Advance Placement Courses	56,526
3517 Advanced Placement Singleton	2,500
3520 Gifted and Talented - Academic	332,180
3522 Gifted and Talented - Artistic	85,547
3523 Junior Scholars Program	710
3527 Critical Teaching Needs	4,620
3529 EAA Retraining Funds	76,427
3530 Trainable & Profoundly Mentally Disabled Student Services	156,274
3532 National Board Certification	688,379
3533 Teacher of The Year Awards	1,077
3534 Professional Development on Standards	151,513
3536 EAA Curriculum Specialist/ District Instruction Facilitator	-
3540 Four Year Old Early Childhood Program	460,809
3542 Preschool Programs for Children with Disabilities	92,259
3546 Academic Assistance K-3	1,503,527
3548 Academic Assistance 4-12	1,144,070
3549 Academic Assistance Reading Recovery	117,777
3550 Teacher Salary Increase	2,137,109
3553 Adult Education - Remedial	26,041
3555 School Employer Contributions	410,325
3562 Adult Education, Basic (Includes Rural Initiative)	509,739
3564 Adult Education, Young Adult Initiative	79,078
3565 Adult Education, Literacy	81,588
3568 EEA Technical Assistance	623,139
3570 Intervention and Assistance	78,361
3575 Competitive Teacher Grants	4,266
3577 Teacher Supplies	277,250
3578 High Schools that Work	28,343
3582 Principal's Salary / Fringe Increase	66,161
3583 EAA Summer School/Comprehensive Remediation	670,334
3588 EAA Palmetto Gold and Silver Awards	18,161
3590 School Building Fund	179,834
3591 Excellence in Middle Schools	61,500
3592 School-To-Work Transition	77,293
3593 EAA Reduce Class Size Grades 1-3	741,740
3595 EAA Homework Center Awards	31,883
3596 EAA Alternative Schools Program	174,278
3598 Bus Driver Salary Supplement	14,833
3599 Other EIA	24,646
Total State Sources	<u>11,865,493</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 11,865,493</u>

EXPENDITURES

100 Instruction	
110 General Instruction	
111 Kindergarten Programs	
100 Salaries	\$ 225,031
200 Employee Benefits	59,187
400 Supplies and Materials	16,072

R368

FLORENCE SCHOOL DISTRICT ONE
Education Improvement Act Fund
Combining Schedule of Revenues, Expenditures and Changes In
Fund Balance - All Programs - Continued
For The Year Ended June 30, 2007

EXPENDITURES (CONTINUED)

	<u>Total</u>
112 Primary Programs	
100 Salaries	\$ 2,071,306
200 Employee Benefits	524,270
300 Purchased Services	17,445
400 Supplies and Materials	65,580
113 Elementary Programs	
100 Salaries	480,704
200 Employee Benefits	124,812
300 Purchased Services	50,763
400 Supplies and Materials	270,852
500 Capital Outlay	-
114 High School Programs	
100 Salaries	1,101,318
200 Employee Benefits	303,098
300 Purchased Services	28,061
400 Supplies and Materials	76,278
115 Vocational Programs	
100 Salaries	15,000
200 Employee Benefits	2,880
400 Supplies and Materials	8,000
120 Exceptional Programs	
121 Educable Mentally Handicapped	
100 Salaries	7,500
200 Employee Benefits	1,440
400 Supplies and Materials	8,750
122 Trainable Mentally Handicapped	
100 Salaries	126,509
200 Employee Benefits	23,607
400 Supplies and Materials	17,848
123 Orthopedically Handicapped	
400 Supplies and Materials	1,250
124 Visually Handicapped	
100 Salaries	7,500
200 Employee Benefits	1,395
400 Supplies and Materials	1,000
125 Hearing Handicapped	
400 Supplies and Materials	750
126 Speech Handicapped	
100 Salaries	-
200 Employee Benefits	541
400 Supplies and Materials	1,500
127 Learning Disabilities	
100 Salaries	45,806
200 Employee Benefits	8,795
400 Supplies and Materials	18,250
128 Emotionally Handicapped	
400 Supplies and Materials	2,500
130 Pre-School Programs	
137 Preschool Handicapped Self Contained (3- and 4- Year Olds)	
100 Salaries	73,609
200 Employee Benefits	20,634
400 Supplies and Materials	8,202

R369

FLORENCE SCHOOL DISTRICT ONE
Education Improvement Act Fund
Combining Schedule of Revenues, Expenditures and Changes In
Fund Balance - All Programs - Continued
For the Year Ended June 30, 2007

EXPENDITURES (CONTINUED)	Total
139 Early Childhood Programs	
100 Salaries	\$ 262,974
200 Employee Benefits	75,942
300 Purchased Services	1,798
400 Supplies and Materials	15,973
500 Capital Outlay	-
140 Special Programs	
141 Gifted and Talented - Academic	
100 Salaries	220,213
200 Employee Benefits	56,987
300 Purchased Services	3,731
400 Supplies and Materials	52,999
600 Other Objects	-
143 Advanced Placement	
400 Supplies and Materials	61,026
148 Gifted and Talented - Artistic	
100 Salaries	38,517
200 Employee Benefits	7,010
300 Purchased Services	25,247
400 Supplies and Materials	14,773
149 Other Special Programs	
100 Salaries	103,486
200 Employee Benefits	22,763
400 Supplies and Materials	37,176
160 Other Exceptional Programs	
161 Autism	
400 Supplies and Materials	2,250
170 Summer School Programs	
172 Elementary Summer School	
100 Salaries	173,765
200 Employee Benefits	33,713
400 Supplies and Materials	50,923
175 Instructional Programs Beyond Regular School Day	
100 Salaries	379,383
200 Employee Benefits	72,538
300 Purchased Services	-
400 Supplies and Materials	117,310
180 Adult/ Continuing Educational Programs	
181 Instructional Programs Beyond Regular School Day	
100 Salaries	96,213
200 Employee Benefits	16,695
300 Purchased Services	1,100
400 Supplies and Materials	2,200
182 Adult Secondary Education Programs	
100 Salaries	114,465
200 Employee Benefits	23,470
300 Purchased Services	570
400 Supplies and Materials	2,834
183 Adult Secondary Education Programs	
400 Supplies and Materials	250

R370

FLORENCE SCHOOL DISTRICT ONE
Education Improvement Act Fund
Combining Schedule of Revenues, Expenditures and Changes In
Fund Balance - All Programs - Continued
For the Year Ended June 30, 2007

EXPENDITURES (CONTINUED)	Total
187 Adult Education Remedial	
100 Salaries	\$ 10,610
200 Employee Benefits	1,387
400 Supplies and Materials	14,044
188 Parenting/ Family Literacy	
100 Salaries	16,109
200 Employee Benefits	6,024
400 Supplies and Materials	4,424
TOTAL INSTRUCTION	7,958,935
200 Supporting Services	
210 Pupil Services	
212 Guidance	
100 Salaries	34,081
200 Employee Benefits	(7,908)
400 Supplies and Materials	9,750
213 Health Services	
100 Salaries	40,553
200 Employee Benefits	12,223
215 Exceptional Program Services	
100 Salaries	6,783
200 Employee Benefits	761
400 Supplies and Materials	3,000
220 Instructional Staff Services	
221 Improvement of Instruction - Curriculum Development	
100 Salaries	81,149
200 Employee Benefits	21,762
400 Supplies and Materials	500
222 Educational Media	
100 Salaries	45,000
200 Employee Benefits	8,640
400 Supplies and Materials	5,566
223 Supervision of Special Programs	
100 Salaries	361,035
200 Employee Benefits	94,059
300 Purchased Services	47,514
400 Supplies and Materials	20,224
224 Improvement of Instruction - In-Service Training	
100 Salaries	68,106
200 Employee Benefits	17,048
300 Purchased Services	181,550
400 Supplies and Materials	142,882
500 Capital Outlay	87,619
600 Other Objects	899
230 General Administration Services	
233 School Administration	
100 Salaries	66,161
250 Finance and Operations Services	

FLORENCE SCHOOL DISTRICT ONE
Education Improvement Act Fund
Combining Schedule of Revenues, Expenditures and Changes In
Fund Balance - All Programs - Continued
For the Year Ended June 30, 2007

EXPENDITURES (CONTINUED)	<u>Total</u>
251 Student Transportation (Federal/District Mandated)	
300 Purchased Services	\$ 525
253 Facilities Acquisition and Construction	
500 Capital Outlay	179,834
255 Student Transportation	
100 Salaries	27,021
200 Employee Benefits	2,148
300 Purchased Services	22,134
258 Security	
100 Salaries	1,560
200 Employee Benefits	119
266 Technology Equipment	
500 Capital Outlay	3,400
271 Pupil Service Activity	
600 Other Objects	<u>4,150</u>
TOTAL SUPPORT SERVICES	<u>1,589,848</u>
300 Community Services	
390 Other Community Services	
100 Salaries	44,352
200 Employee Benefits	<u>12,268</u>
TOTAL COMMUNITY SERVICES	<u>56,620</u>
400 Other Charges	
410 Intergovernmental Expenditures	
416 LEA Payments to Public Charter Schools	15,298
417 Payments for Literacy Training	<u>40,000</u>
TOTAL OTHER CHARGES	<u>55,298</u>
TOTAL EXPENDITURES	<u>9,660,701</u>
OTHER FINANCING SOURCES (USES)	
5210 Transfer from General Fund	381,065
420-710 Transfer to General Fund	(2,547,434)
421-710 Transfer to Special Revenue Fund	<u>(38,423)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,204,792)</u>
CHANGE IN FUND BALANCE	-
FUND BALANCE, JULY 1, 2006	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ -</u>

R372

FLORENCE SCHOOL DISTRICT ONE
Education Improvement Act Fund
Summary Schedule By Program
For the Year Ended June 30, 2007

PROGRAM	Revenue	Expenditures	Transfers In / (Out)	Deferred Revenue
3000 Revenue from State Sources				
3500 Educations Improvement Act				
3501 Increase High School Diploma Requirements	\$ 516,884	\$ 516,884	\$ -	\$ -
3505 School Technology In	13,662	13,662	-	32,882
3509 Arts in Education	55,785	55,785	-	19,289
3513 Parenting / Family Literacy	89,065	89,065	-	6,873
3515 Advance Placement Courses	56,526	56,526	-	2,654
3517 Advanced Placement - Singleton (Subfunded 315)	2,500	2,500	-	-
3520 Gifted and Talented - Academic	332,180	332,180	-	7,573
3522 Gifted and Talented - Artistic	85,547	85,547	-	22,231
3523 Junior Scholars	710	710	-	-
3527 Critical Teaching Needs	4,620	4,620	-	1,758
3529 Retraining Grants	76,427	76,427	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services	156,274	156,274	-	-
3532 National Board Certification	688,379	688,379	-	-
3533 Teacher of The Year Awards	1,077	1,077	-	-
3534 Professional Development on Standards	151,513	151,513	-	-
3536 Technical Assistance	-	-	-	-
3540 Four-Year Old Early Childhood Program	460,809	460,198	(611)	23,847
3542 Preschool Programs for Children with Disabilities	92,259	92,259	-	46,728
3546 Academic Assistance K-3	1,503,527	1,503,527	-	-
3548 Academic Assistance 4-12	1,144,070	1,144,070	-	-
3549 Academic Assistance Reading Recovery	117,777	117,777	-	9,586
3550 Teacher Salary Increase	2,137,109	-	(2,137,109)	-
3553 Adult Education - Remedial	26,041	26,041	-	-
3555 School Employer Contributions	410,325	-	(410,325)	-
3562 Adult Education, Basic (Includes Rural Initiative)	509,739	509,739	-	46,620
3564 Adult Education, Young Adult Initiative	79,078	79,078	-	-
3565 Adult Education, Literacy	81,588	69,982	(11,606)	8,400
3568 EAA Technical Assistance	623,139	623,139	-	572,397
3570 Intervention and Assistance	78,361	78,361	-	86,722
3575 Competitive Teacher Grants	4,266	4,266	(1)	8,547
3577 Teacher Supplies	277,250	277,250	-	-
3578 High Schools That Work	28,343	28,343	-	-
3582 Principal's Salary / Fringe Increase	66,161	66,161	-	-
3583 EAA Summer School/Comprehensive Remediation	670,334	649,628	(20,706)	350,593
3588 EAA Palmetto Gold and Silver Awards	18,161	18,161	-	11,926
3590 School Building Fund	179,834	179,834	-	-
3591 Excellence in Middle Schools	61,500	61,500	-	-
3592 School-to-Work Transportation Act 9	77,293	71,793	(5,500)	-
3593 EAA Reduce Class Size Grades 1-3	741,740	1,122,804	381,064	-

R323

FLORENCE SCHOOL DISTRICT ONE
Education Improvement Act Fund
Summary Schedule By Program - Continued
For the Year Ended June 30, 2007

PROGRAM	Revenue	Expenditures	Transfers In / (Out)	Deferred Revenue
3000 Revenue from State Sources				
3500 Educations Improvement Act				
3595 EAA Homework Center Awards	\$ 31,883	\$ 31,883	\$ -	\$ 11,033
3596 EAA Alternative Schools Program	174,278	174,278	-	-
3598 Bus Driver Salary Supplement	14,833	14,833	-	-
3599 Other EIA	24,646	24,646	-	17,276
Totals	\$ 11,865,493	\$ 9,660,701	\$ (2,204,792)	\$ 1,286,935

R394

FLORENCE SCHOOL DISTRICT ONE
School Building Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2007

REVENUES

1500 Earnings on Investments

 1510 Interest on Investments

\$ 36,867

Total State Sources

36,867

TOTAL REVENUE ALL SOURCES

36,867

EXPENDITURES

250 Finance and Operations

253 Facilities Acquisition and Construction

 300 Purchased Services

21,025

 400 Supplies and Materials

-

Total Finance and Operations Expenditures

21,025

500 Capital Outlay

 510 Purchased Services

10,760

 520 Construction Services

1,398,293

 530 Improvements Other Than Buildings

1,513,760

 580 Mobile Classrooms

162,068

Total Capital Outlay

3,084,881

TOTAL EXPENDITURES

3,105,906

OTHER FINANCING SOURCES (USES)

 5210 Transfer from General Fund (Excludes Indirect Costs)

3,188,675

 420-710 Transfer to General Fund

-

TOTAL OTHER FINANCING SOURCES (USES)

3,188,675

Change in Fund Balance

119,636

Fund Balance, July 1, 2006

1,109,566

Fund Balance, June 30, 2007

\$ 1,229,202

FLORENCE SCHOOL DISTRICT ONE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	<u>Special Revenue Fund</u> Pupil Activity Fund	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and Cash Equivalents with County Treasurer	\$ -	\$ 1,811,708	\$ 1,811,708
Taxes Receivable, Net	-	165,183	165,183
Interfund Receivables	873,031	-	873,031
Total Assets	\$ 873,031	\$ 1,976,891	\$ 2,849,922
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 469	\$ -	\$ 469
Accrued Liabilities	6,483	-	6,483
Total Liabilities	6,952	-	6,952
Fund Balances			
Reserved for Debt Service	-	1,976,891	1,976,891
Undesignated	866,079	-	866,079
Total Fund Balance	866,079	1,976,891	2,842,970
Total Liabilities and Fund Balances	\$ 873,031	\$ 1,976,891	\$ 2,849,922

R376

FLORENCE SCHOOL DISTRICT ONE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2007

	<u>Special Revenue Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Pupil Activity Fund</u>	<u>Debt Service Fund</u>	
Revenues			
Local	\$ 2,349,792	\$ 4,981,821	\$ 7,331,613
State	-	434,207	434,207
Total Revenues	2,349,792	5,416,028	7,765,820
Expenditures			
Current:			
Instruction	3,113	-	3,113
Support Services	2,433,304	-	2,433,304
Redemption of Principal	-	5,050,000	5,050,000
Interest	-	362,075	362,075
Other	-	3,970	3,970
Total Expenditures	2,436,417	5,416,045	7,852,462
Excess (Deficiency) of Revenues Over Expenditures	(86,625)	(17)	(86,642)
Other Financing Sources (Uses)			
Transfers In	156,526	-	156,526
Transfers Out	(46,740)	-	(46,740)
Total Other Financing Sources (Uses)	109,786	-	109,786
Net Change in Fund Balances	23,161	(17)	23,144
Fund Balance, July 1, 2006	842,918	1,976,908	2,819,826
Fund Balance, June 30, 2007	\$ 866,079	\$ 1,976,891	\$ 2,842,970

R377

FLORENCE SCHOOL DISTRICT ONE
Pupil Activity Fund
Schedule of Receipts, Disbursements and Changes in Fund Balance
For The Year Ended June 30, 2007

RECEIPTS

1000 RECEIPTS FROM LOCAL SOURCES

1300 Tuition	
1310 Regular Day School from Patrons	\$ 8,427
1700 Pupil Activities	
1710 Admissions	85,299
1790 Other Pupil Activity Income	<u>2,206,041</u>
Total Pupil Activities	2,291,340
1900 Other Revenue from Local Sources	
1910 Rentals	12,559
1999 Revenue from Other Local Sources	<u>37,466</u>
Total Other Revenues	50,025
TOTAL RECEIPTS FROM LOCAL SOURCES	<u><u>2,349,792</u></u>

DISBURSEMENTS

100 INSTRUCTION

190 Instructional Pupil Activities	
660 Pupil Activity	<u>3,113</u>

200 SUPPORT SERVICES

270 Support Services Pupil Activities	
271 Pupil Service Activities	
110 Salaries	46,703
220 Employee Retirement	6,170
230 Social Security	4,389
660 Pupil Activity	<u>2,376,042</u>

TOTAL DISBURSEMENTS	<u><u>2,436,417</u></u>
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OTHER FINANCING SOURCES (USES)

Interfund Transfers, from (to) Other Funds	
5210 Transfer from General Fund	138,126
5220 Transfer from Special Revenue Fund	18,400
421-710 Transfers to Other Funds	<u>(46,740)</u>

TOTAL OTHER FINANCING SOURCES (USES)	<u>109,786</u>
---	----------------

Change in Fund Balance	23,161
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Fund Balance, July 1, 2006	<u>842,918</u>
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Fund Balance, June 30, 2007	<u><u>\$ 866,079</u></u>
------------------------------------	--------------------------

R328

FLORENCE SCHOOL DISTRICT ONE
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For The Year Ended June 30, 2007

REVENUES

1000 REVENUE FROM LOCAL SOURCES

1200 Revenue from Local Governmental Units Other than LEAs	
1210 Ad Valorem Taxes - Including Delinquent	\$ 4,678,612
1240 Penalties and Interest	11,866
1280 Revenue in Lieu of Taxes	158,568
1500 Earning on Investments	
1510 Interest on Investments	<u>132,775</u>

TOTAL REVENUE FROM LOCAL SOURCES

4,981,821

3000 REVENUE FROM STATE SOURCES

3800 State Revenue in Lieu of Taxes	
3820 Homestead Exemption	159,357
3830 Merchant's Inventory Tax	175,434
3840 Manufacturers Depreciation Reimbursement	75,872
3890 Other State Revenues	<u>23,544</u>

TOTAL REVENUES FROM STATE SOURCES

434,207

TOTAL REVENUES FROM ALL SOURCES

5,416,028

EXPENDITURES

500 DEBT SERVICE

610 Redemption of Principal	5,050,000
620 Interest	362,075
690 Other	<u>3,970</u>

TOTAL EXPENDITURES

5,416,045

CHANGE IN FUND BALANCE

(17)

FUND BALANCE, JULY 1, 2006

1,976,908

FUND BALANCE, JUNE 30, 2007

\$ 1,976,891

R379

FLORENCE SCHOOL DISTRICT ONE
Food Service Fund
Schedule of Revenues, Expenditures and Changes in Net Assets
For The Year Ended June 30, 2007

REVENUES

1000 Revenue from Local Sources		
1600 Food Service		
1610 Lunch Sales to Pupils	\$	1,002,764
1620 Breakfast Sales to Pupils		15,230
1630 Special Sales to Pupils		556,005
1640 Lunch Sales to Adults		243,331
1650 Breakfast Sales to Adults		6,385
1660 Special Sales to Adults		22,446
1900 Other Revenue from Local Sources		
1999 Other Revenue from Other Local Sources		(4,454)
Total Revenue from Local Sources		1,841,707
3000 Revenue from State Sources		
3142 Program Aid		7,393
3999 Other		2,200
Total Revenue from State Sources		9,593
4000 Revenue From Federal Sources		
4800 USDA Reimbursement		
4810 School Lunch and After School Snacks Program		3,383,311
4830 School Breakfast Program		1,110,645
4850 USDA Commodities		306,265
Total Revenue from Federal Sources		4,800,221
TOTAL REVENUE FROM ALL SOURCES	\$	6,651,521

FLORENCE SCHOOL DISTRICT ONE
Food Service Fund
Schedule of Revenues, Expenditures and Changes in Net Assets - Continued
For The Year Ended June 30, 2007

EXPENSES

250 Finance and Operations

256 Food Service	
100 Salaries	\$ 2,134,161
200 Employee Benefits	218,826
300 Purchased Services	93,108
400 Supplies and Materials	3,589,284
500 Capital Outlay	63,035
600 Other Objects	<u>17,560</u>
TOTAL EXPENSES	<u>6,115,974</u>

OTHER FINANCING SOURCES (USES)

Interfund Transfers, from (to) Other Funds	
5270 Transfer from Other Funds	
432-791 Food Service Fund Indirect Costs	<u>(253,535)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(253,535)</u>

CHANGE IN NET ASSETS

282,012

NET ASSETS, JULY 1, 2006

3,397,303

NET ASSETS, JUNE 30, 2007

\$ 3,679,315

R381

FLORENCE SCHOOL DISTRICT ONE
Location Reconciliation Schedule
For the Year Ended June 30, 2007

Location ID Number	Location Description	Education Level	Cost Type	Amount
001	Administration	Non-School	Central	\$ 22,720,090
002	Moore Middle	Middle School	School	3,999,667
004	South Florence High	High School	School	10,586,052
005	Williams Middle	Middle School	School	5,887,918
006	Wilson High	High School	School	9,528,991
008	Briggs Elementary	Elementary School	School	3,952,025
009	Carver Elementary	Elementary School	School	5,505,777
010	Delmae Elementary	Elementary School	School	4,780,298
011	Greenwood Elementary	Elementary School	School	4,408,252
012	McLaurin Elementary	Elementary School	School	4,808,619
013	Lester Elementary	Elementary School	School	5,009,823
014	West Florence High	High School	School	10,283,008
016	North Vista Elementary	Elementary School	School	5,749,012
017	Royall Elementary	Elementary School	School	4,700,111
018	Savannah Grove Elementary	Elementary School	School	4,741,572
019	Dewey Carter Elementary	Elementary School	School	4,607,666
020	Henry Timrod Elementary	Elementary School	School	3,155,736
021	Wallace Gregg Elementary	Elementary School	School	2,979,047
022	Southside Middle	Middle School	School	6,473,701
050	Sneed Middle	Middle School	School	5,324,333
800	Adult Education	Other School	School	2,433,712
801	Alternative School	Other School	School	1,542,234
802	Beck Center	Other School	School	280,687
803	ITV	Non-School	Central	68,538
804	Warehouse	Non-School	Central	1,817,338
806	Transportation	Non-School	Central	2,607,226
885	Florence School District One Print Shop	Non-School	Central	14,796
900	Non Public Schools	Other School	School	9,818
902	Parent Center	Non-School	Central	337,913
908	PeeDee Education Center	Non-School	Central	1,001,757
920	Project Reach	Other School	School	12,022
930	Choices Charter School	Other School	School	51
940	Clinical Day	Other School	School	614,062
982	Adolescent Pregnancy Prevention	Non-School	Central	17,609
990	Memorial Stadium	Non-School	Central	92,716
991	All Saints	Other School	School	1,581
992	Saint Anthony	Other School	School	781
993	Byrnes Academy	Other School	School	1,181
994	Choices	Other School	School	1,181
995	Florence Career Center	Other School	School	3,559,537
996	Oakland Avenue Day School	Other School	School	1,381
997	Palmetto Youth Academy	Other School	School	63,790
999	Sails	Other School	School	1,358

Total Expenditures / Disbursements for All Funds

\$ 143,682,967

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

General Fund	\$ 98,647,828
Special Revenue Fund	18,278,020
Education Improvement Act Fund	9,645,831
Proprietary Fund	6,152,749
Other Governmental Funds	7,852,633
School Building Fund	3,105,906

Total Expenditures / Disbursements for All Funds

\$ 143,682,967

R382

FLORENCE SCHOOL DISTRICT ONE
Detailed Schedule of Due to State Department of Education / Federal Government
June 30, 2007

<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue Code</u>	<u>Description</u>	<u>Amount Due to SDE/ Federal Government</u>
NONE	NONE	NONE	NONE	NONE

R383

FLORENCE SCHOOL DISTRICT ONE
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2007

LEA Subfund Code	Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<u>U.S. Department of Agriculture</u>				
Pass Through State Department of Education				
600	Commodities / Food Distribution	10.550	N/A	\$ 306,266
600	School Breakfast	10.533	N/A	1,110,645
600	After School Snacks	10.533	N/A	81,304
600	School Lunch Program	10.555	N/A	<u>3,302,007</u>
Total U.S. Department of Agriculture				<u>4,800,222</u>
<u>U.S. Department of Education</u>				
Pass Through State Department of Education:				
243	Adult Education - State Grant Program	84.002	07EA034	210,437
243	English Literacy	84.002	07ED034-01	8,315
243	CREATE	84.002	07EA034-25	23,222
243	Technical Assistance & Training for Adult Education Program	84.002	07EA034-20	48,128
243	Regional Adult Education Technical Assistance Center	84.002	07EA034-02	<u>99,614</u>
Total 84.002				<u>389,716</u>
201	Title I Grants to LEA's	84.010	07BA034	3,650,434
202	Title I Part A School Improvement	84.010	07BJ034	182,871
203	IDEA - Special Education - Grants to States	84.027	07CA034	3,664,331
204	IDEA Extended Year	84.027	07CA034	69,145
205	Special Education - Preschool Grants	84.173	07CG034	194,660
207	Vocational Education - Basic (Subprogram 02)	84.048	07VA034	265,411
209	Drug and Violence Prevention Program	84.186	07FQ034	77,085
212	Extended School Year Carryover Funds	84.027		50,557
213	IDEA - Personnel Development	84.027	07CO034	22,427
214	IDEA - Group Homes	84.027	07CE034	5,042
218	South Carolina Reading First - Local Reading Improvement, Title I	84.357	07RC034-01	461,001
224	21st Century Learning	84.287	07CL034-01	112,590
230	WIA Incentive Grants - Section 503	17.267	06WDG013	74,432
241	Title V - Promoting Informed Parental Choice and Innovative Programs	84.298	07BB034	26,327
242	Even Start Family Literacy	84.213	07EK034	90,000
244	Hurricane Relief Recovery	84.938		14,477
253	Enhancing Education Through Technology, Title II	84.318	07ET034	25,037
258	Title II - Tech Prep Education	84.243		5,624
264	Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.355	07BP044	27,149
267	Improving Teacher Quality	84.367	07TQ034	828,574
280	Still Acquiring Independent Life Skills	93.360	612-21-0016	19,869
285	Smaller Learning Communities	84.215	V215IO52229	700,731
299	Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	P334S0500009	71,694
				<u>10,639,468</u>
<u>U.S. Department of Defense</u>				
Direct Program				
278	ROTC		84.287	100,266
279	NROTC		84.287	83,442
				<u>183,708</u>
Total Federal Assistance Expended				<u>\$ 16,013,114</u>

(A) The accounting system used by the South Carolina LEA's do not allow for the segregation of expenditures by fund source in the Food Service Fund See Schedule 10 for the detail of the Food Service Fund in this reporting package.

See notes to Schedule of Expenditures of Federal Awards.

R384

FLORENCE SCHOOL DISTRICT ONE
Notes to Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2007

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Florence School District One and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 – Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. As of June 30, 2007, the District had no food commodities on hand.

R385

Baird & Company, CPAs, LLC

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

To the Honorable Chairman and
Members of the Board of Trustees
Florence School District One
Florence, South Carolina

We have audited the financial statements of Florence School District One as of and for the year ended June 30, 2007, and have issued our report thereon dated December 4, 2007. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the district's financial statements that is more than inconsequential will not be prevented or detected by the district's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items 2007-01.

To the Honorable Chairman and
Members of the Board of Trustees
Florence School District One
Florence, South Carolina
Page -2-

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the district's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 statements 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as 2007-02.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
December 4, 2007

Baird & Company, CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS
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W. Lee Hammond, CPA

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

To the Honorable Chairman and
Members of the Board of Trustees
Florence School District One
Florence, South Carolina

Compliance

We have audited the compliance of Florence School District One, Florence, South Carolina (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management.

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 District's compliance with those requirements.

As described in item 2007-02 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable cost that are applicable to its RAETAC Adult Education program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2007.

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To the Honorable Chairman and
Members of the Board of Trustees
Florence School District One
Florence, South Carolina
Page -2-

Internal Control Over Compliance

The management of the 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 District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2007-02 to be a material weakness.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
December 4, 2007

FLORENCE SCHOOL DISTRICT ONE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

I. Summary of auditor' results

1. An unqualified opinion was issued on the financial statements of Florence School District One.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. One of these conditions is reported as a material weakness.
3. There were no instances of noncompliance material to the financial statements of Florence School District One disclosed.
4. One significant deficiency related to internal control over major programs was reported.
5. A qualified opinion was issued on Florence School District One's compliance with the types of compliance requirements applicable to its major federal programs.
6. Our audit disclosed one audit finding related to federal awards, which is required to be reported.
7. Major federal programs for Florence School District One for the fiscal year ended June 30, 2007 are:

<u>Program Name</u>	<u>CFDA Number</u>
School Lunch Program	10.555
Title One	84.010
IDEA – Special Education – Grants to States	84.027
Adult Education	84.002
Improving Teacher Quality – State Grants	84.367

8. The threshold for determining major federal programs for Florence School District One was \$480,393.
9. Florence School District One was not assessed as a low risk auditee under Circular A-133.

II. Findings related to the audit of the financial statements of Florence School District One

Reportable Conditions

2007-01 Account Transactions

Condition and Criteria: During our audit, we noted that certain accounts and transactions were not correctly recorded.

Effect: The financial statements would not have accurately reported the balances and activity of the District for the reporting period.

Cause: Certain transactions were not correctly posted or omitted and certain account balances were not correctly recorded at June 30, 2007.

Auditor's Recommendation: Management should establish policies and procedures that will correctly record all transactions and correctly state account balances at the end of each audit period.

Management's Response:

Management has implemented policies and procedures to correctly record activity during future periods.

FLORENCE SCHOOL DISTRICT ONE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007

III. Findings and questioned cost related to the audit of federal awards

2007-02

Condition and Criteria: During our audit of the Adult Education program (CFDA 84.002, Project Number 07EA034, pass through the Department of Education), we found that the former State Director of the Office of Adult and Community Education had received reimbursements for travel expenses and cell phone expenses under this grant. Additionally, the former director received a \$3,000 stipend for teaching a recertification class.

Effect: The state director is responsible for approving this grant award therefore a conflict of interest arises.

Cause: The state director submitted for reimbursement of ineligible expenses. The local school district reimbursed these ineligible expenses.

Auditor's Recommendation: All personnel with approval authority over grant award expenditures should thoroughly read and understand allowable and unallowable cost. Any ineligible expenditure should not be reimbursed under a federal award program.

Management's Response:

Management has taken corrective action by implementing policies and procedures to monitor compliance in federal awards. These procedures include additional management oversight and approval of expenditures and purchases.

FLORENCE SCHOOL DISTRICT ONE
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2007


Findings related to the audit of the financial statements of Florence School District One

There were no audit findings noted during the year ended June 30, 2006, that are required to be reported for the year ended June 30, 2007.

CERTIFICATE OF SERVICE

I, the undersigned employee of McIntosh Law Office, do hereby certify that the foregoing Fourth Supplement To Record On Appeal has this day been served by Federal Express to the following person, this 22nd day of August, 2012.

Samuel M. Mokeba, Esquire
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BY: 
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R393