



**BARROW COUNTY
BOARD OF EDUCATION
WINDER, GEORGIA**

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009
(Including Independent Auditor's Reports)



BARROW COUNTY BOARD OF EDUCATION

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SECTION I
FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

June 22, 2010

Honorable Sonny Perdue, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Barrow County Board of Education

**INDEPENDENT AUDITOR'S COMBINED REPORT ON BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION - SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through H) of the Barrow County Board of Education, as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Barrow County Board of Education'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Barrow County Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Barrow County Board of Education, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Barrow County Board of Education has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not to be part of, the basic financial statements.

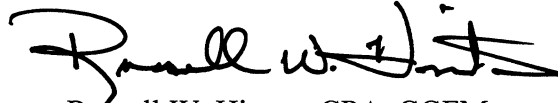
In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2010, on our consideration of the Barrow County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on page 31, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Barrow County Board of Education's basic financial statements. The accompanying supplementary information which consist of Schedules 2 through 5, which includes 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A copy of this report has been filed as a permanent record in the office of the State Auditor and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton". The signature is fluid and cursive, with a prominent initial "R" and a long, sweeping tail.

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2009ARL-11

BARROW COUNTY BOARD OF EDUCATION

BARROW COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2009

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 24,409,842.45
Investments	14,062,817.79
Accounts Receivable, Net	
Interest	913.28
Taxes	4,912,825.33
State Government	7,544,300.65
Federal Government	982,979.31
Other	555,764.61
Inventories	59,430.09
Capital Assets	
Land	1,993,249.50
Construction in Progress	36,255,279.95
Land Improvements	3,012,502.91
Buildings	116,557,758.79
Equipment	12,575,001.49
Less: Accumulated Depreciation	<u>-31,949,971.44</u>
Total Assets	<u>\$ 190,972,694.71</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 158,820.51
Salaries and Benefits Payable	12,121,242.16
Payroll Withholdings Payable	2,061,484.74
Interest Payable	926,325.00
Contracts Payable	191,248.30
Retainages Payable	70,840.00
Long-Term Liabilities	
Due Within One Year	7,315,184.96
Due in More Than One Year	<u>64,269,421.94</u>
Total Liabilities	<u>\$ 87,114,567.61</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 67,526,020.40
Restricted for	
Continuation of Federal Programs	528,105.36
Debt Service	641,953.41
Capital Projects	22,034,358.18
Unrestricted	<u>13,127,689.75</u>
Total Net Assets	<u>\$ 103,858,127.10</u>
Total Liabilities and Net Assets	<u>\$ 190,972,694.71</u>

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

BARROW COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 72,659,771.93	\$ 1,360,604.88
Support Services		
Pupil Services	3,851,670.86	325,397.36
Improvement of Instructional Services	3,169,613.89	
Educational Media Services	1,707,029.78	
General Administration	1,013,324.70	
School Administration	6,471,475.82	
Business Administration	1,355,150.37	
Maintenance and Operation of Plant	7,808,784.94	
Student Transportation Services	5,356,165.27	
Central Support Services	687,001.46	
Other Support Services	114,497.96	
Operations of Non-Instructional Services		
Enterprise Operations	411,936.30	
Community Services	93,798.02	
Food Services	5,836,882.25	1,826,720.81
Interest on Short-Term and Long-Term Debt	4,369,563.90	
Total Governmental Activities	\$ 114,906,667.45	\$ 3,512,723.05
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Intangible Recording Tax		
Real Estate		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

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

EXHIBIT "B"

<u>PROGRAM REVENUES</u>		<u>NET (EXPENSES)</u>
<u>OPERATING</u>	<u>CAPITAL</u>	<u>REVENUES</u>
<u>GRANTS AND</u>	<u>GRANTS AND</u>	<u>AND CHANGES IN</u>
<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>	<u>NET ASSETS</u>
\$ 45,751,249.05	\$ 445,369.82	\$ -25,102,548.18
673,072.20	15,512.36	-2,837,688.94
1,342,981.69	850.65	-1,825,781.55
1,229,869.00	132.18	-477,028.60
2,611,299.14	11,622.52	1,609,596.96
2,222,352.66	1,062.64	-4,248,060.52
	2,758.60	-1,352,391.77
3,129,566.22	43,351.81	-4,635,866.91
1,389,404.16	206,808.00	-3,759,953.11
112,003.19	4,033.73	-570,964.54
107,126.49		-7,371.47
		-411,936.30
		-93,798.02
4,191,975.30	19,661.79	201,475.65
		-4,369,563.90
<u>\$ 62,760,899.10</u>	<u>\$ 751,164.10</u>	<u>\$ -47,881,881.20</u>

\$ 34,933,095.50
12,814.30

7,789,290.78
553,472.37
128,696.55
5,883,148.00
669,236.05
2,576,296.98

\$ 52,546,050.53

\$ 4,664,169.33

99,193,957.77

\$ 103,858,127.10

BARROW COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

EXHIBIT "C"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 15,866,307.44	\$ 8,541,699.19	\$ 1,835.82	\$ 24,409,842.45
Investments	47,004.32	14,015,812.98	0.49	14,062,817.79
Accounts Receivable, Net				
Interest		913.28		913.28
Taxes	3,386,723.00	1,510,130.06	15,972.27	4,912,825.33
State Government	7,544,300.65			7,544,300.65
Federal Government	982,979.31			982,979.31
Other	555,704.85	59.76		555,764.61
Inventories	59,430.09			59,430.09
Due From Other Funds			1,550,469.83	1,550,469.83
Total Assets	\$ 28,442,449.66	\$ 24,068,615.27	\$ 1,568,278.41	\$ 54,079,343.34
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 158,820.51			\$ 158,820.51
Salaries and Benefits Payable	12,121,242.16			12,121,242.16
Payroll Withholdings Payable	2,061,484.74			2,061,484.74
Contracts Payable		\$ 191,248.30		191,248.30
Retainages Payable		70,840.00		70,840.00
Deposits and Deferred Revenue	2,267,035.74	187,580.40	\$ 15,956.91	2,470,573.05
Due To Other Funds		1,550,469.83		1,550,469.83
Total Liabilities	\$ 16,608,583.15	\$ 2,000,138.53	\$ 15,956.91	\$ 18,624,678.59
 <u>FUND BALANCES</u>				
Reserved for:				
Continuation of Federal Programs	\$ 528,105.36			\$ 528,105.36
Debt Service			\$ 1,552,321.50	1,552,321.50
Capital Projects		\$ 22,068,476.74		22,068,476.74
Unreserved				
Designated for Student Activities	928,878.57			928,878.57
Undesignated Reported in:				
General Fund	10,376,882.58			10,376,882.58
Total Fund Balances	\$ 11,833,866.51	\$ 22,068,476.74	\$ 1,552,321.50	\$ 35,454,664.75
Total Liabilities and Fund Balances	\$ 28,442,449.66	\$ 24,068,615.27	\$ 1,568,278.41	\$ 54,079,343.34

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

BARROW COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 35,454,664.75

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$	1,993,249.50	
Construction in Progress		36,255,279.95	
Land Improvements		3,012,502.91	
Buildings		116,557,758.79	
Equipment		12,575,001.49	
Accumulated Depreciation		<u>-31,949,971.44</u>	
Total Capital Assets			138,443,821.20

Taxes that are not available to pay for current period expenditures are deferred in the funds. 2,470,573.05

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:

Bonds Payable	\$	-67,165,000.00	
Accrued Interest		-926,325.00	
Capital Leases		-1,204,419.73	
Compensated Absences		-445,107.14	
Installment Sales Agreement		-767,748.03	
Unamortized Bond Premiums		<u>-2,002,332.00</u>	
Total Long-Term Liabilities			<u>-72,510,931.90</u>

Net Assets of Governmental Activities (Exhibit "A") \$ 103,858,127.10

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

BARROW COUNTY BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

EXHIBIT "E"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 34,523,185.24		\$ 1,855.24	\$ 34,525,040.48
Sales Taxes	682,168.92	\$ 7,601,710.38		8,283,879.30
State Funds	59,227,146.22	544,356.10		59,771,502.32
Federal Funds	9,623,708.88			9,623,708.88
Charges for Services	3,512,723.05			3,512,723.05
Investment Earnings	372,559.72	296,565.02	111.31	669,236.05
Miscellaneous	2,570,763.70			2,570,763.70
	<u>\$ 110,512,255.73</u>	<u>\$ 8,442,631.50</u>	<u>\$ 1,966.55</u>	<u>\$ 118,956,853.78</u>
<u>EXPENDITURES</u>				
Current				
Instruction	\$ 71,522,537.00			\$ 71,522,537.00
Support Services				
Pupil Services	3,762,184.92			3,762,184.92
Improvement of Instructional Services	3,169,613.89			3,169,613.89
Educational Media Services	1,706,267.28			1,706,267.28
General Administration	1,126,213.46	\$ 130,008.68		1,256,222.14
School Administration	6,465,345.77			6,465,345.77
Business Administration	1,341,196.88			1,341,196.88
Maintenance and Operation of Plant	7,495,853.90	89,440.53		7,585,294.43
Student Transportation Services	4,877,092.05			4,877,092.05
Central Support Services	632,430.27			632,430.27
Other Support Services	114,497.96			114,497.96
Enterprise Operations	411,936.30			411,936.30
Community Services	93,798.02			93,798.02
Food Services Operation	5,724,515.39			5,724,515.39
Capital Outlay		2,566,336.17		2,566,336.17
Debt Services				
Principal	160,388.95	52,756.64	\$ 6,025,000.00	6,238,145.59
Interest	19,120.25	30,765.15	3,393,353.50	3,443,238.90
	<u>\$ 108,622,992.29</u>	<u>\$ 2,869,307.17</u>	<u>\$ 9,418,353.50</u>	<u>\$ 120,910,652.96</u>
Excess of Revenues over (under) Expenditures	<u>\$ 1,889,263.44</u>	<u>\$ 5,573,324.33</u>	<u>\$ -9,416,386.95</u>	<u>\$ -1,953,799.18</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Equipment	\$ 5,533.28			\$ 5,533.28
Transfers In			\$ 5,207,675.08	5,207,675.08
Transfers Out	-314,155.00	\$ -4,893,520.08		-5,207,675.08
	<u>\$ -308,621.72</u>	<u>\$ -4,893,520.08</u>	<u>\$ 5,207,675.08</u>	<u>\$ 5,533.28</u>
Net Change in Fund Balances	<u>\$ 1,580,641.72</u>	<u>\$ 679,804.25</u>	<u>\$ -4,208,711.87</u>	<u>\$ -1,948,265.90</u>
Fund Balances - Beginning	<u>10,253,224.79</u>	<u>21,388,672.49</u>	<u>5,761,033.37</u>	<u>37,402,930.65</u>
Fund Balances - Ending	<u>\$ 11,833,866.51</u>	<u>\$ 22,068,476.74</u>	<u>\$ 1,552,321.50</u>	<u>\$ 35,454,664.75</u>

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

BARROW COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2009

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ -1,948,265.90

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$ 3,530,696.55	
Depreciation Expense	<u>-3,140,220.60</u>	
Excess of Capital Outlay over Depreciation Expense		390,475.95

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 608,449.72

In the Statement of Activities, only the gain on the sale of the equipment is reported, whereas in the Governmental Funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the carrying value of the equipment sold. -1,585.86

Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Bond Principal Retirements	\$ 5,760,000.00	
Capital Lease Payments	425,388.95	
Installment Sales Agreement Payments	<u>52,756.64</u>	
Total Long-Term Debt Repayments		6,238,145.59

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:

Amortization of Bond Premiums	\$ 333,722.00	
Increase in Compensated Absences	-30,447.17	
Increase in Accrued Interest	<u>-926,325.00</u>	
Total Additional Expenditures		<u>-623,050.17</u>

Change in Net Assets of Governmental Activities (Exhibit "B") \$ 4,664,169.33

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

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BARROW COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 92,823.54
Accounts Receivable, Net	
Other	<u>5,420.00</u>
Total Assets	\$ <u>98,243.54</u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u>98,243.54</u>

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

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Barrow County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The School District's basic financial statements are collectively comprised of the District-wide financial statements, fund financial statements and notes to the basic financial statements of the Barrow County Board of Education.

District-wide Statements:

The Statement of Net Assets and the Statement of Activities display information about the financial activities of the overall School District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- District-wide Capital Projects Fund accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- Debt Service Fund accounts for taxes (property and sales) legally restricted for the payment of general long-term principal, interest and paying agent's fees.

The School District reports the following fiduciary fund type:

- Agency funds account for assets held by the School District as an agent for various funds, governments or individuals.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities, acquisitions under an installment sales agreement and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

CASH AND CASH EQUIVALENTS

COMPOSITION OF DEPOSITS

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated Section 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

INVESTMENTS

COMPOSITION OF INVESTMENTS

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

- (1) Obligations issued by the State of Georgia or by other states,
- (2) Obligations issued by the United States government,
- (3) Obligations fully insured or guaranteed by the United States government or a United States government agency,
- (4) Obligations of any corporation of the United States government,

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (5) Prime banker's acceptances,
- (6) The Georgia Fund 1 administered by the State of Georgia, Office of Treasury and Fiscal Services,
- (7) Repurchase agreements, and
- (8) Obligations of other political subdivisions of the State of Georgia.

The School District does not have a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

RECEIVABLES

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

PROPERTY TAXES

The Barrow County Board of Commissioners fixed the property tax levy for the 2008 tax digest year (calendar year) on October 15, 2008 (levy date). Taxes were due on December 15, 2008 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2008 tax digest are reported as revenue in the governmental funds for fiscal year 2009. The Barrow County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2009, for maintenance and operations amounted to \$34,510,370.94 and for school bonds amounted to \$1,855.24.

The tax millage rate levied for the 2008 tax year (calendar year) for the Barrow County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>18.5</u> mills
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SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$7,601,710.38 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVENTORIES

FOOD INVENTORIES

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (first-in, first-out). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

Capitalization thresholds and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 5,000.00	20 to 80 years
Buildings and Improvements	\$ 5,000.00	10 to 80 years
Equipment	\$ 5,000.00	3 to 20 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COMPENSATED ABSENCES

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual School Districts. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School District's financial statements.

Vacation leave of 12 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis until they have reached 5 fiscal years of service. Between 5 to 10 fiscal years of service, employees earn 15 days and after 10 fiscal years of service they earn 18 days per fiscal year. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days.

	<u>Beginning of Year Liability</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of Year Liability</u>
2007	\$ 320,424.00	\$ 425,257.00	\$ 351,465.38	\$ 394,215.62
2008	\$ 394,215.62	\$ 389,976.72	\$ 369,532.37	\$ 414,659.97
2009	\$ 414,659.97	\$ 425,397.89	\$ 394,950.72	\$ 445,107.14

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the District-wide and fund financial statements, the School District recognizes bond issuance costs during the fiscal year bonds are issued. In the fund financial statements, premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. To conform to generally accepted accounting principles, bond issuance costs should be deferred and amortized over the life of the bonds using the straight-line method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements.

In addition, general obligation bonds have been issued to refund existing general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NET ASSETS

The School District's net assets in the District-wide Statements are classified as follows:

Invested in capital assets, net of related debt - This represents the School District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - These represent resources for which the School District is legally or contractually obligated to spend resources for continuation of Federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net assets - Unrestricted net assets represent resources derived from property taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School District, and may be used at the discretion of the Board to meet current expenses for those purposes.

Note 3: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance.

Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 3: DEPOSITS AND INVESTMENTS

- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2009, the bank balances were \$26,075,377.08. The amounts exposed to custodial credit risk are classified into three categories as follows:

- Category 1 - Uncollateralized,
- Category 2 - Cash collateralized with securities held by the pledging financial institution,
or
- Category 3 - Cash collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

The School District's uninsured deposits are classified by custodial credit risk category at June 30, 2009, as follows:

<u>Custodial Credit Risk Category</u>	<u>Bank Balance</u>
1	\$ 0.00
2	25,298,717.77
3	<u>0.00</u>
Total	\$ <u>25,298,717.77</u>

CATEGORIZATION OF INVESTMENTS

The School District's investments as of June 30, 2009, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 3: DEPOSITS AND INVESTMENTS

<u>Investment Type</u>	<u>Fair Value</u>
Other Investments	
U. S. Treasury Money Market Funds	\$ 14,009,098.75
Investment Pools	
Office of Treasury and Fiscal Services	
Georgia Fund 1	<u>11,706.12</u>
Total Investments	<u>\$ 14,020,804.87</u>

The Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of Treasury and Fiscal Services is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of Treasury and Fiscal Services for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at <http://www.audits.state.ga.us/internet/searchRpts.html>.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share. The pool is an AAAM rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2009, was 41 days.

U. S. Treasury Money Market funds of \$221,698.96 are in an Institutional Portfolio Fund managed by Fidelity Investments. The Treasury Portfolio Fund is rated AAAM by Standard and Poor's. The weighted average maturity of the fund is approximately 60 days.

U. S. Treasury Money Market funds of \$0.04 are in a Treasury Portfolio Fund managed by U. S. Bank. The Treasury Portfolio Fund is rated AAAM by Standard and Poor's and Aaa by Moody's. The weighted average maturity of the fund is approximately 54 days.

U. S. Treasury Money Market funds of \$13,787,399.75 are in a Treasury Only Portfolio Fund managed by Regions Bank. This fund consists solely of U. S. Treasury Obligations. The weighted average maturity of the fund is approximately 58 days.

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 4: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their Federally assigned value. See Note 2 - Inventories

Note 5: CAPITAL ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year:

	<u>Balances</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2009</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,993,249.50			\$ 1,993,249.50
Construction in Progress	<u>59,976,910.30</u>	<u>\$ 2,067,067.87</u>	<u>\$ 25,788,698.22</u>	<u>36,255,279.95</u>
Total Capital Assets Not Being Depreciated	<u>\$ 61,970,159.80</u>	<u>\$ 2,067,067.87</u>	<u>\$ 25,788,698.22</u>	<u>\$ 38,248,529.45</u>
Capital Assets Being Depreciated				
Buildings and Improvements	\$ 90,806,601.51	\$ 25,751,157.28		\$116,557,758.79
Equipment	11,308,047.00	1,501,169.62	\$ 234,215.13	12,575,001.49
Land Improvements	3,012,502.91			3,012,502.91
Less Accumulated Depreciation for:				
Buildings and Improvements	20,375,958.65	1,972,717.55		22,348,676.20
Equipment	7,034,454.93	1,008,323.84	232,629.27	7,810,149.50
Land Improvements	<u>1,631,966.53</u>	<u>159,179.21</u>	<u> </u>	<u>1,791,145.74</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 76,084,771.31</u>	<u>\$ 24,112,106.30</u>	<u>\$ 1,585.86</u>	<u>\$100,195,291.75</u>
Governmental Activity Capital Assets - Net	<u>\$ 138,054,931.11</u>	<u>\$ 26,179,174.17</u>	<u>\$ 25,790,284.08</u>	<u>\$138,443,821.20</u>

Capital assets being acquired under capital leases as of June 30, 2009, are as follows:

	<u>Governmental</u> <u>Funds</u>
Buildings and Improvements	\$ 2,805,898.87
Equipment	954,288.00
Less: Accumulated Depreciation	<u>547,256.18</u>
	<u>\$ 3,212,930.69</u>

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 5: CAPITAL ASSETS

Capital assets being acquired under installment sales agreement as of June 30, 2009, are as follows:

	<u>Governmental Funds</u>
Buildings and Improvements	\$ 738,488.10
Land	90,723.00
Less: Accumulated Depreciation	<u>0.00</u>
	<u>\$ 829,211.10</u>

Current year depreciation expense by function is as follows:

Instruction		\$ 2,094,046.42
Support Services		
Pupil Services	\$ 89,485.94	
Improvements of Instructional Services	4,907.13	
Educational Media Services	762.50	
General Administration	67,046.68	
School Administration	6,130.05	
Business Administration	15,913.49	
Maintenance and Operation of Plant	250,083.07	
Student Transportation Services	475,153.22	
Central Support Services	<u>23,269.34</u>	932,751.42
Food Services		<u>113,422.76</u>
		<u>\$ 3,140,220.60</u>

Note 6: RESTRICTED ASSETS

Special Purpose Local Option Sales Tax (SPLOST), installment sales agreement proceeds and property tax levied specifically for retirement of outstanding bond principal, interest and paying agent's fees (Debt Service Funds) are restricted assets in the Statement of Net Assets because their use is limited by applicable bond covenants or statutory provisions. Restricted assets at June 30, 2009, were as follows:

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 6: RESTRICTED ASSETS

	<u>District-wide Capital Projects</u>		
	<u>SPLOST</u>	<u>Installment Sales Agreement</u>	<u>Debt Service Funds</u>
Restricted Cash and Cash Equivalents:			
Debt Services			\$ 1,835.82
Capital Acquisitions	\$ 8,541,699.19		
Restricted Investments:			
Debt Services			\$ 0.49
Capital Acquisitions	\$ 13,794,114.02	\$ 221,698.96	

Note 7: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2009, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
District-wide Capital Projects		\$ 1,550,469.83
Debt Service Fund	\$ 1,550,469.83	
	\$ 1,550,469.83	\$ 1,550,469.83

Transfers are used to temporarily move sales tax revenues collected by the District-wide Capital Projects Fund to the Debt Service Fund to pay principal and interest on bonds due in the first six months of the next fiscal year.

Note 8: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009, consisted of the following:

	<u>Transfers From</u>	
<u>Transfer to</u>	<u>General Fund</u>	<u>District-wide Capital Projects</u>
Debt Service Fund	\$ 314,155.00	\$ 4,893,520.08

Transfers are used to move property and sales tax revenues collected by the General Fund and the District-wide Capital Projects Fund to the Debt Service Fund to pay principal and interest on bonds and to pay agent fees.

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 9: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; acts of God and unemployment compensation.

The School District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions and acts of God. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in the unemployment compensation claims liability during the last two fiscal years are as follows:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2008	\$ 0.00	\$ 10,347.00	\$ 10,347.00	\$ 0.00
2009	\$ 0.00	\$ 3,020.46	\$ 3,020.46	\$ 0.00

The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Trust with the Midwest Employers Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$500,000.00 loss per occurrence, up to \$2,000,000.00.

The School District has purchased surety bonds to provide additional insurance coverage as follows:

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000.00
All Employees	\$ 100,000.00

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 10: OPERATING LEASES

Barrow County Board of Education has entered into various leases as lessee for copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2009, for governmental funds amounted to \$201,178.80. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Governmental Funds</u>
2010	\$ <u>201,178.80</u>

Note 11: LONG-TERM DEBT

CAPITAL LEASES

On February 1, 2002, the Barrow County Board of Education entered into an agreement with the Winder-Barrow Industrial Building Authority, whereby revenue bonds were issued to finance the cost of acquiring, constructing and equipping a certain consolidated central office and related real and personal property. The Barrow County Board of Education also entered into various lease agreements for school buses. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

INSTALLMENT SALES AGREEMENT

The Barrow County Board of Education entered into an agreement dated June 1, 2006, with the Northeast Georgia Regional Educational Service Agency for the construction and subsequent lease of the Rutland Center. Under the terms of the agreement, the School District will make annual payments through July 15, 2020.

COMPENSATED ABSENCES

Compensated absences represent obligations of the School District relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Typically, the General Fund is the fund used to liquidate this long-term debt. The School District uses the vesting method to compute compensated absences.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Refunding - Series 1995B	3.90% - 5.40%	\$ 1,120,000.00
General Government - Refunding - Series 2004	2.87%	9,240,000.00
General Government - Series 2006	4.00% - 5.00%	<u>56,805,000.00</u>
		<u>\$ 67,165,000.00</u>

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 11: LONG-TERM DEBT

The changes in Long-Term Debt during the fiscal year ended June 30, 2009, were as follows:

	Capital Leases		
	Winder-Barrow Industrial Building Authority	Other	Total
Balance July 1, 2008	\$ 1,130,000.00	\$ 499,808.68	\$ 1,629,808.68
Deductions			
Debt Retired	265,000.00	160,388.95	425,388.95
Balance June 30, 2009	\$ 865,000.00	\$ 339,419.73	\$ 1,204,419.73
Portion of Long-Term Debt Due within One Year	\$ 275,000.00	\$ 166,524.65	\$ 441,524.65

	Governmental Funds				
	Installment Sales Agreement	Compensated Absences (1)	General Obligation Bonds	Unamortized Bond Premium	Total
Balance July 1, 2008	\$ 820,504.67	\$ 414,659.97	\$ 72,925,000.00	\$ 2,336,054.00	\$ 78,126,027.32
Additions					
Annual Leave Earned		425,397.89			425,397.89
Deductions					
Annual Leave Utilized		394,950.72			394,950.72
Debt Retired	52,756.64		5,760,000.00		6,238,145.59
Bond Premiums Amortized				333,722.00	333,722.00
Balance June 30, 2009	\$ 767,748.03	\$ 445,107.14	\$ 67,165,000.00	\$ 2,002,332.00	\$ 71,584,606.90
Portion of Long-Term Debt Due within One Year	\$ 54,938.31	\$ 0.00	\$ 6,485,000.00	\$ 333,722.00	\$ 7,315,184.96

(1) The portion of Compensated Absences due within one year has been determined to be immaterial to the basic financial statements.

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 11: LONG-TERM DEBT

At June 30, 2009, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30	Capital Leases			
	Winder-Barrow Industrial Building Authority		Other	
	Principal	Interest	Principal	Interest
2010	\$ 275,000.00	\$ 37,627.50	\$ 166,524.65	\$ 12,984.55
2011	290,000.00	25,665.00	172,895.08	6,614.12
2012	<u>300,000.00</u>	<u>13,050.00</u>		
Total Principal and Interest	<u>\$ 865,000.00</u>	<u>\$ 76,342.50</u>	<u>\$ 339,419.73</u>	<u>\$ 19,598.67</u>

Fiscal Year Ended June 30	Installment Sales Agreement	
	Principal	Interest
2010	\$ 54,938.31	\$ 31,938.32
2011	57,318.31	29,652.89
2012	59,698.31	27,268.43
2013	62,078.31	24,784.99
2014	64,458.31	22,202.54
2015 - 2019	365,924.85	68,406.24
2020 - 2024	<u>103,331.63</u>	<u>5,164.92</u>
Total Principal and Interest	<u>\$ 767,748.03</u>	<u>\$ 209,418.33</u>

Fiscal Year Ended June 30	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2010	\$ 6,485,000.00	\$ 3,104,643.00	\$ 333,722.00
2011	7,240,000.00	2,792,153.50	333,722.00
2012	7,825,000.00	2,484,861.50	333,722.00
2013	8,390,000.00	2,138,328.00	333,722.00
2014	8,730,000.00	1,767,566.00	333,722.00
2015 - 2019	<u>28,495,000.00</u>	<u>2,819,275.50</u>	<u>333,722.00</u>
Total Principal and Interest	<u>\$ 67,165,000.00</u>	<u>\$ 15,106,827.50</u>	<u>\$ 2,002,332.00</u>

Note 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$1,085,406.38 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

BARROW COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

EXHIBIT "H"

Note 12: ON-BEHALF PAYMENTS

Georgia Department of Education
 Paid to the Georgia Department of Community Health
 For Health Insurance of Non-Certified Personnel
 In the amount of \$1,000,054.64

Paid to the Teachers Retirement System of Georgia
 For Teachers Retirement System (TRS) Employer's Cost
 In the amount of \$24,524.74

Office of Treasury and Fiscal Services
 Paid to the Public School Employees Retirement System
 For Public School Employees Retirement (PSERS) Employer's Cost
 In the amount of \$60,827.00

Note 13: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2009:

<u>Project</u>	<u>Unearned Executed Contracts</u>
Apalachee High School	\$ 83,760.80
New Russell Middle School	270,000.00
Transportation Facility	834,851.00
Early Learning Center	<u>168,630.00</u>
	<u>\$ 1,357,241.80</u>

The amounts described in this note are not reflected in the basic financial statements.

Note 14: SIGNIFICANT CONTINGENT LIABILITIES

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. The School District believes that such disallowances, if any, will be immaterial to its overall financial position.

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

Note 14: SIGNIFICANT CONTINGENT LIABILITIES

On May 21, 2004, a previous workers' compensation insurer of the School District, Cornerstone Mutual Insurance Company, was placed under an order of administrative supervision of the Georgia Department of Insurance and is insolvent. As a result, the School District is liable for one outstanding workers' compensation claim that was being administered by the company. Due to the nature of the claim, the amount of future liability of the School District is not determinable, however, it is not believed to be material to the basic financial statements.

Note 15: POSTEMPLOYMENT BENEFITS

Georgia Retiree Health Benefit Fund

Plan Description. The School District contributes to the Georgia Retiree Health Benefit Fund (GRHBF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. The GRHBF is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the State including all departments, agencies and local school systems. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries through the health insurance plan for State employees. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the employees' health insurance plan (including benefits to retirees) is assigned to the Board of Community Health (Board). The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rate is established to fund both the active and retired employee health insurance plans based on projected "pay-as-you-go" financing requirements. The combined rates for the active and retiree plans for the fiscal year ended June 30, 2009, were as follows:

Certified employees

July 2008 - January 2009	18.534% of state-based salaries for August - February coverage
February 2009	8.579% of state-based salaries for March coverage
March 2009 - May 2009	3.688% of state-based salaries for April - June coverage
June 2009	0.000% of state-based salaries for July coverage

Note 15: POSTEMPLOYMENT BENEFITS

Non-Certificated Employees

\$162.72 per month

No additional contribution was required by the Board for fiscal year 2009 nor contributed to GRHBF to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other postemployment benefits and are subject to appropriation.

The School District's contributions to the health insurance plans for the years ended June 30, 2008, and June 30, 2009, were \$9,061,698.22, and \$7,386,692.31, respectively, which equaled the required contribution.

Note 16: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description. The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

BARROW COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

EXHIBIT "H"

Note 16: RETIREMENT PLANS

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2009, were 5% of annual salary. The member contribution rate will increase to 5.25% effective July 1, 2009, and to 5.53% effective July 1, 2010. Employer contributions required for fiscal year 2009 were 9.28% of annual salary as required by the June 30, 2006, actuarial valuation. The employer contribution rate will increase to 9.74% effective July 1, 2009, and to 10.28% effective July 1, 2010.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2009	100%	\$ 5,593,649.98
2008	100%	\$ 5,249,915.48
2007	100%	\$ 4,801,638.00

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BARROW COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	\$ 36,368,923.92	\$ 34,861,233.92	\$ 34,523,185.24
Sales Taxes		1,507,690.00	682,168.92
State Funds	62,580,960.93	63,129,613.60	59,227,146.22
Federal Funds	8,058,406.07	8,510,155.00	9,623,708.88
Charges for Services	2,191,299.64	2,191,299.64	3,512,723.05
Investment Earnings	145,000.00	145,000.00	372,559.72
Miscellaneous	2,250.00	153,058.87	2,570,763.70
Total Revenues	\$ 109,346,840.56	\$ 110,498,051.03	\$ 110,512,255.73
EXPENDITURES			
Current			
Instruction	\$ 73,387,954.08	\$ 73,366,032.34	\$ 71,522,537.00
Support Services			
Pupil Services	3,625,156.23	3,749,767.44	3,762,184.92
Improvement of Instructional Services	2,805,632.44	3,582,128.57	3,169,613.89
Educational Media Services	1,800,228.78	1,800,228.78	1,706,267.28
General Administration	1,084,878.42	1,131,218.61	1,126,213.46
School Administration	6,454,182.31	6,454,135.27	6,465,345.77
Business Administration	1,223,408.18	1,257,884.61	1,341,196.88
Maintenance and Operation of Plant	10,137,385.20	10,152,526.00	7,495,853.90
Student Transportation Services	5,866,346.95	5,887,732.77	4,877,092.05
Central Support Services	643,600.00	662,950.66	632,430.27
Other Support Services	40,795.00	72,679.50	114,497.96
Enterprise Operations			411,936.30
Community Services Operations	448,076.64	448,361.64	93,798.02
Food Services Operation	5,633,226.00	5,633,226.00	5,724,515.39
Capital Outlay		129.93	
Debt Service			179,509.20
Total Expenditures	\$ 113,150,870.23	\$ 114,199,002.12	\$ 108,622,992.29
Excess of Revenues over (under) Expenditures	\$ -3,804,029.67	\$ -3,700,951.09	\$ 1,889,263.44
OTHER FINANCING SOURCES (USES)			
Other Sources	\$ 68,534.00	\$ 68,534.00	\$ 5,533.28
Other Uses	-382,689.00	-382,689.00	-314,155.00
Total Other Financing Sources (Uses)	\$ -314,155.00	\$ -314,155.00	\$ -308,621.72
Net Change in Fund Balances	\$ -4,118,184.67	\$ -4,015,106.09	\$ 1,580,641.72
Fund Balances - Beginning	9,426,314.28	9,426,314.28	10,253,224.79
Adjustments		19,295.67	
Fund Balances - Ending	\$ 5,308,129.61	\$ 5,430,503.86	\$ 11,833,866.51

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts.

The accompanying schedule of revenues, expenditures and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

BARROW COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2009

SCHEDULE "2"

<u>FUNDING AGENCY PROGRAM/GRANT</u>	<u>CFDA NUMBER</u>	<u>PASS- THROUGH ENTITY ID NUMBER</u>	<u>EXPENDITURES IN PERIOD</u>
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	N/A	(2)
National School Lunch Program	10.555	N/A	\$ <u>5,455,348.39</u> (1)
Total U. S. Department of Agriculture			\$ <u>5,455,348.39</u>
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	N/A	\$ 1,985,252.36
Preschool Grants	84.173	N/A	<u>80,487.55</u>
Total Special Education Cluster			\$ 2,065,739.91
State Fiscal Stabilization Fund Cluster			
Pass-Through From Georgia Department of Education			
ARRA - Education State Grants	* 84.394	N/A	1,235,687.00
Title I, Part A Cluster			
Pass-Through From Georgia Department of Education			
Title I - Grants to Local Educational Agencies	* 84.010	N/A	1,681,494.38
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	91,877.38
English Language Acquisition Grants	84.365	N/A	169,864.24
Improving Teacher Quality State Grants	84.367	N/A	400,840.85
Migrant Education - State Grant Program	84.011	N/A	17,307.01
Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	<u>36,864.81</u>
Total U. S. Department of Education			\$ <u>5,699,675.58</u>
Total Federal Financial Assistance			\$ <u><u>11,155,023.97</u></u>

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

- (1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of \$297,933.83.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$1,054,349.22) were not maintained separately and are included in the 2009 National School Lunch Program.

Major Programs are identified by an asterisk (*) in front of the CFDA number.

The School District did not provide Federal Assistance to any Subrecipient.

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Barrow County Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

BARROW COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2009

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 1,132,217.15		\$ 1,132,217.15
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	3,617,585.00		3,617,585.00
Kindergarten Program - Early Intervention Program	724,958.00		724,958.00
Primary Grades (1-3) Program	8,810,725.00		8,810,725.00
Primary Grades - Early Intervention (1-3) Program	1,135,614.00		1,135,614.00
Upper Elementary Grades (4-5) Program	3,990,269.00		3,990,269.00
Upper Elementary Grades - Early Intervention (4-5) Program	844,953.00		844,953.00
Middle School (6-8) Program	6,723,247.00		6,723,247.00
High School General Education (9-12) Program	5,405,835.00		5,405,835.00
Vocational Laboratory (9-12) Program	2,091,192.00		2,091,192.00
Students with Disabilities			
Category I	650,257.00		650,257.00
Category II	637,215.00		637,215.00
Category III	3,822,697.00		3,822,697.00
Category IV	1,401,666.00		1,401,666.00
Category V	281,941.00		281,941.00
Gifted Student - Category VI	1,422,375.00		1,422,375.00
Remedial Education Program	353,247.00		353,247.00
Alternative Education Program	521,017.00		521,017.00
English Speakers of Other Languages (ESOL)	1,325,776.00		1,325,776.00
Media Center Program	1,229,869.00		1,229,869.00
20 Days Additional Instruction	371,737.00		371,737.00
Staff and Professional Development	252,065.00		252,065.00
Indirect Cost			
Central Administration	1,365,064.00		1,365,064.00
School Administration	2,205,231.00		2,205,231.00
Facility Maintenance and Operations	3,125,431.00		3,125,431.00
Categorical Grants			
Pupil Transportation			
Regular	1,186,175.00		1,186,175.00
Bus Replacement	206,808.00		206,808.00
Nursing Services	214,469.00		214,469.00
Vocational Supervisors	33,899.00		33,899.00
Education Equalization Funding Grant	5,883,148.00		5,883,148.00
Food Services	267,942.00		267,942.00
Vocational Education	477,942.97		477,942.97
Amended Formula Adjustment	-4,226,557.00		-4,226,557.00
Other State Programs			
Drug Free	533.74		533.74
Health Insurance	1,000,054.64		1,000,054.64
High School Graduation Coach	106,281.77		106,281.77
Middle School Graduation Coach	166,663.00		166,663.00
National Teacher Certification	66,073.84		66,073.84
Preschool Handicapped Program	222,420.37		222,420.37
Rule 10 Special Education State Grant	15,000.00		15,000.00
Teachers' Retirement	24,524.74		24,524.74
Tuition for the Multi-Handicapped	78,607.00		78,607.00
Virtual Schools Grant	150.00		150.00
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		\$ 544,356.10	544,356.10
Office of Treasury and Fiscal Services			
Public School Employees Retirement	60,827.00		60,827.00
	<u>\$ 59,227,146.22</u>	<u>\$ 544,356.10</u>	<u>\$ 59,771,502.32</u>

See notes to the basic financial statements.

BARROW COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2009

SCHEDULE "4"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>AMOUNT EXPENDED IN CURRENT YEAR (3) (4)</u>	<u>AMOUNT EXPENDED IN PRIOR YEARS (3) (4)</u>	<u>PROJECT STATUS</u>
Provide funds to pay or to be applied toward the cost of the acquisition, construction and equipping of new school buildings and facilities, including but not limited to new schools, physical education/athletic facilities and equipment, classrooms, lunchrooms, gymnasiums and auditoriums, the addition, renovation, repair and improvement to existing school buildings and facilities, including, but not limited to, Winder-Barrow High School, Auburn Elementary School, Holsenbeck Elementary School, Statham Elementary School and Apalachee High School and other classrooms and physical education/athletic facilities and equipment, the acquisition and purchase of any property necessary and desirable therefore, both real and personal, including but not limited to, technology and transportation facilities and equipment and the purchase of land, the maximum of such projects not to exceed \$60,785,000.00.	\$ 60,785,000.00	\$ 65,753,794.71	\$ 2,559,281.42	\$ 61,694,513.29	Ongoing
Provide funds to pay principal and interest on the School District's Series 1995B and Series 2004 Bonds coming due August 2, 2007, through and including February 1, 2012, the maximum amount of debt to be retired not to exceed \$9,215,000.00.	<u>9,215,000.00</u>	<u>9,215,000.00</u>	<u>1,874,023.50</u>	<u>1,191,252.00</u>	Ongoing
	<u>\$ 70,000,000.00</u>	<u>\$ 74,968,794.71</u>	<u>\$ 4,433,304.92</u>	<u>\$ 62,885,765.29</u>	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Barrow County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	\$ 5,194,270.83
Current Year	<u>2,950,175.00</u>
Total	<u>\$ 8,144,445.83</u>

See notes to the basic financial statements.

BARROW COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2009

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 4,331,911.00	\$ 4,443,069.66	\$ 144,895.47	\$ 4,587,965.13
Kindergarten Program-Early Intervention Program	830,074.00	582,389.90	4,602.85	586,992.75
Primary Grades (1-3) Program	10,442,711.00	10,238,431.15	392,140.96	10,630,572.11
Primary Grades-Early Intervention (1-3) Program	1,299,722.00	1,057,925.92	568.89	1,058,494.81
Upper Elementary Grades (4-5) Program	4,741,741.00	6,519,114.21	466,887.68	6,986,001.89
Upper Elementary Grades-Early Intervention (4-5) Program	920,109.00	891,285.69		891,285.69
Middle School (6-8) Program	7,982,823.00	8,511,143.31	510,400.46	9,021,543.77
High School General Education (9-12) Program	6,398,384.00	8,355,479.86	836,804.04	9,192,283.90
Vocational Laboratory (9-12) Program	2,451,444.00	2,285,263.31	178,272.59	2,463,535.90
Students with Disabilities	7,907,695.00			
Category I			270,652.92	270,652.92
Category II		1,322,639.28	2,694.60	1,325,333.88
Category III		7,212,411.89	74,792.78	7,287,204.67
Category IV		108,467.20	6,805.41	115,272.61
Category V		85,950.23	3,383.42	89,333.65
Gifted Student - Category VI	1,612,246.00	1,484,932.37	5,187.94	1,490,120.31
Remedial Education Program	420,194.00	484,722.45	1,364.07	486,086.52
Alternative Education Program	617,500.00	740,887.51	81,095.21	821,982.72
English Speakers of Other Languages (ESOL)	<u>1,547,283.00</u>	<u>1,773,150.12</u>	<u>4,042.75</u>	<u>1,777,192.87</u>
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	\$ 51,503,837.00	\$ 56,097,264.06	\$ 2,984,592.04	\$ 59,081,856.10
Media Center Program	1,452,345.00	1,482,690.77	203,305.14	1,685,995.91
Staff and Professional Development	<u>297,729.00</u>			<u>210,460.74</u>
TOTAL QBE FORMULA FUNDS	\$ <u>53,253,911.00</u>	\$ <u>57,579,954.83</u>	\$ <u>3,187,897.18</u>	\$ <u>60,978,312.75</u>

(1) Comprised of State Funds plus Local Five Mill Share.

(2) Allotments do not include the impact of the State amended formula adjustment.

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

June 22, 2010

Honorable Sonny Perdue, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Barrow County Board of Education

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barrow County Board of Education as of and for the year ended June 30, 2009, which collectively comprise Barrow County Board of Education's basic financial statements and have issued our report thereon dated June 22, 2010. 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.

Internal Control Over Financial Reporting

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

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 affect the Barrow County Board of Education'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 Barrow County Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Barrow County Board of Education's internal control.

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 Barrow County Board of Education's internal control.

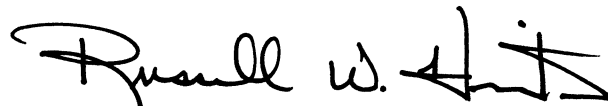
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any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

Compliance and Other Matters

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton". The signature is fluid and cursive, with a large initial "R" and "H".

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2009YB-10



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

June 22, 2010

Honorable Sonny Perdue, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Barrow County Board of Education

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

Ladies and Gentlemen:

Compliance

We have audited the compliance of Barrow County Board of Education 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, 2009. Barrow County Board of Education'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 Barrow County Board of Education's management. Our responsibility is to express an opinion on Barrow County Board of Education'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 Barrow County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Barrow County Board of Education's compliance with those requirements.

In our opinion, the Barrow County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Barrow County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Barrow County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Barrow County Board of Education's internal control over compliance.

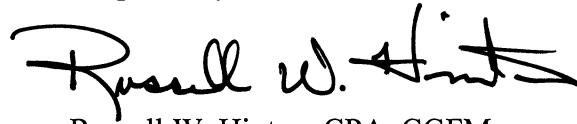
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal 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.

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.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton". The signature is written in a cursive style with a large initial "R" and a distinct "H".

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2009SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

BARROW COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>FINDING CONTROL NUMBER</u>	<u>AUDITEE'S RESPONSE/STATUS</u>	<u>SEE AUDITOR'S COMMENTS</u>
FA-6071-06-01	Further Action Not Warranted	(1)

AUDITOR'S COMMENTS

- (1) Finding has been previously reported as awaiting resolution from the pass-through entity. Georgia Department of Education is reviewing this matter to determine if these funds were used properly or if a refund is appropriate. Further audit action is not deemed warranted.

SECTION IV
FINDINGS AND QUESTIONED COSTS

BARROW COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

I SUMMARY OF AUDITOR'S RESULTS

1. Type of Report Issued on the Financial Statements

The auditor's opinion on the Barrow County Board of Education's financial statements was unqualified.

2. Significant Deficiencies in Internal Control Disclosed by the Audit of the Financial Statements

The audit report for the Barrow County Board of Education did not disclose any significant deficiencies related to the financial statements.

3. Noncompliance Material to the Financial Statements

The audit of the Barrow County Board of Education disclosed no instances of noncompliance that were deemed to be material to the financial statements.

4. Significant Deficiencies in Internal Control Over Major Programs

The audit report for the Barrow County Board of Education did not disclose any significant deficiencies in internal control over major programs.

5. Type of Report Issued on Compliance for Major Programs

The auditor's opinion on the Barrow County Board of Education's report on compliance with requirements applicable to major programs was unqualified.

6. Audit Findings Required to be Reported by Section .510(a) of OMB Circular A-133

The Barrow County Board of Education's audit did not disclose audit findings required to be reported by section .510(a) of OMB Circular A-133.

7. Major Programs

Federal awards audited as major programs are as follows:

84.010 Title I Grants to Local Educational Agencies

84.394 ARRA - Education State Grants

8. Type "A" Program Dollar Threshold

The dollar threshold for type "A" programs was \$334,650.72.

9. Low Risk Auditee

The Barrow County Board of Education qualified as a low risk auditee as defined by Section .530 of OMB Circular A-133.

BARROW COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.