

**BARTOW COUNTY  
BOARD OF EDUCATION**

**ANNUAL FINANCIAL REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2010**

# BARTOW COUNTY BOARD OF EDUCATION

## ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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## **I. FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**To the Superintendent and Members of  
the Bartow County Board of Education  
Cartersville, Georgia**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bartow County Board of Education as of and for the year ended June 30, 2010, which collectively comprise the Bartow County Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bartow 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 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, each major fund, and the aggregate remaining fund information of the Bartow County Board of Education as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2011 on our consideration of the Bartow 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 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 Management's Discussion and Analysis (on pages 3 through 11) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bartow County Board of Education's basic financial statements. The Schedule of State Revenue, Schedule of Quality Basic Education Program (QBE) Allotments and Expenditures by Program-General Fund and the Schedule of Expenditures of Educational Local Option Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Bartow County Board of Education. The Schedule of State Revenue, Schedule of Quality Basic Education Program (QBE) Allotments and Expenditures by Program-General Fund, Schedule of Expenditures of Educational Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 13, 2011

**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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## **INTRODUCTION**

Our discussion and analysis of the Bartow County Board of Education's (School District) financial performance provides an overview of the School District financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2010 are as follows:

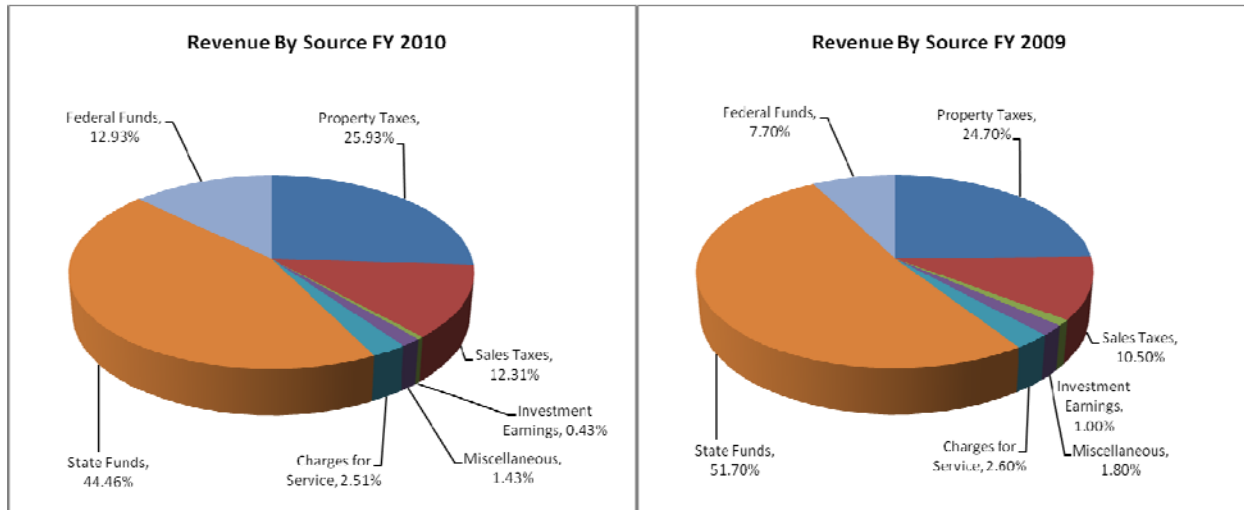
In total, combined net assets increased \$10.8 million which represents a 5.0% increase from the prior year.

- Combined general revenues for governmental activities accounted for \$66.8 million or 45.4% of all revenues. Program specific revenues – charges for services, grants and contributions accounted for \$80.3 million or 54.6% of total revenues of 147.1 million. Total combined revenues were \$11.0 million (6.9%) less than the prior year.
- Combined general revenues for the year were from Federal, State, and Local sources, with the State QBE appropriation, proceeds from the Educational Local Option Sales Tax, and local property tax assessments providing the bulk of the resources. The percentage breakdown by source is as follows: Property Taxes 25.93%; Sales Taxes 12.31%; State funds 44.46%; Federal funds 12.93%; Charges for services 2.51%; Investment earnings .43%; and Miscellaneous 1.43%.
- The School District had \$136.3 million in expenses related to governmental activities and \$80.3 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$66.8 million provided the remaining support for these programs.
- Among major funds, the General Fund had \$127.5 million in revenues and \$129.4 million in expenditures and the capital project fund had \$19.6 million in revenues and \$32.3 million in expenditures (including transfers to the Debt Service Fund). Fund balance decreased for the General Fund by \$1.6 million and the fund balance decreased for capital projects by \$12.7 million.

**BARTOW COUNTY BOARD OF EDUCATION  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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The following charts show the source of governmental activities revenue for the current and prior fiscal years.



## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a series of statements and notes to the statements. These statements are presented so the reader can understand the School District as a financial whole or its individual fund level.

The system-wide financial statements include the statement of net assets and statement of activities and the supporting notes to these statements. These statements provide aggregated information about the activities of the School District, presenting both short-term and long-term information about the School District's overall financial status.

At the next level, the fund financial statements focus on individual parts of the School District, reporting operation's in more detail and includes the supporting notes to these statements. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary fund statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Bartow County School Board of Education, the General Fund, District-Wide Capital Projects Fund, and Debt Service Fund are the most significant funds. These funds are all reported as major funds therefore there are no non-major funds.

The notes to the financial statements provide additional detailed information that is essential to understanding data provided in the system-wide and fund level statements. The notes can be found on pages 19-37 of this report.

**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**System-Wide Statements**

The district-wide statements are designed to provide readers with a broad overview of the finances. This view of the School District as a whole looks at financial transactions and asks these questions, "How did we do financially in fiscal year 2010 and are we in a better financial position this year than last?"

The statement of net assets and statement of activities provide the basis for answering this question. These statements are presented using the accrual basis of accounting, similar to the accounting used by most private-sector businesses. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The statement of activities presents information showing how the School District's net assets changed during the fiscal year. The causes of this change may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, and other factors.

In the Statements of Net Assets and Activities the School District has one type of activity-governmental. Governmental activities includes all programs of instruction, support services, maintenance and operation of plant, administration, student transportation, school nutrition, after school and school activity accounts.

**Fund Financial Statements**

The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds statements provide a detailed short-term view of the School District's general operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the basic financial statements.



**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM AS A WHOLE**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for the current and prior fiscal years:

**Table 1  
Condensed Statement of Net Assets  
June 30**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current and Other Assets	\$ 69,292,991	\$ 87,547,558
Capital Assets	<u>222,980,281</u>	<u>211,898,120</u>
<b>Total Assets</b>	<u>292,273,272</u>	<u>299,445,678</u>
<b>Liabilities</b>		
Current and Other Liabilities	34,064,665	38,837,586
Long-term Liabilities	<u>31,886,275</u>	<u>45,096,659</u>
<b>Total Liabilities</b>	<u>65,950,940</u>	<u>83,934,245</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	178,163,223	166,425,924
Restricted	23,023,496	38,443,944
Unrestricted	<u>25,135,613</u>	<u>10,641,565</u>
<b>Total Net Assets</b>	<u>\$ 226,322,332</u>	<u>\$ 215,511,433</u>

**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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Table 2 shows the changes in net assets for the current and prior fiscal years:

**Table 2  
Changes in Net Assets  
June 30**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$ 3,691,235	\$ 4,141,675
Operating Grants and Contributions	75,386,546	74,174,619
Capital Grants and Contributions	<u>1,213,272</u>	<u>8,299,756</u>
Total Program Revenues	<u>80,291,053</u>	<u>86,616,050</u>
General Revenues:		
Taxes		
Property Taxes	38,180,498	39,041,898
Sales Taxes	18,055,210	16,925,117
Grants and Contributions not Restricted to		
Specific Programs	7,807,733	11,462,291
Investment Earnings	632,872	1,555,075
Gain on Sale of Capital Assets	-	17,023
Miscellaneous	<u>2,100,255</u>	<u>2,844,829</u>
Total General Revenues	<u>66,776,568</u>	<u>71,846,233</u>
Total Revenues	<u>147,067,621</u>	<u>158,462,283</u>
<b>Program Expenses</b>		
Instruction	89,212,127	88,872,601
Support Services		
Pupil Services	4,398,060	4,470,052
Improvement of Instructional Services	1,294,044	1,241,180
Educational Media Services	2,509,632	2,672,340
General Administration	1,614,264	1,618,280
School Administration	8,120,528	8,554,433
Business Administration	1,118,982	1,626,047
Maintenance and Operations of Plant	9,168,677	9,364,509
Student Transportation Services	6,053,100	6,272,637
Central Support Services	1,878,489	1,484,361
Other Support Services	109,258	348,042
Operations of Non-Instructional Services		
Miscellaneous Non-Instructional Services	2,741,383	2,891,227
Food Services	6,537,471	6,802,889
Interest on Long-Term Debt	<u>1,500,707</u>	<u>2,044,243</u>
Total Expenses	<u>136,256,722</u>	<u>138,262,841</u>
Change in Net Assets	10,810,899	20,199,442
Net Assets, Beginning of Year	<u>215,511,433</u>	<u>195,311,991</u>
Net Assets, End of Year	<u>\$ 226,322,332</u>	<u>\$ 215,511,433</u>

**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**Governmental Activities**

As reported in the statement of activities, the cost of all our governmental activities this year was \$136,256,722. Instructional program expenses of \$89,212,127 represent 65.5% of the total. Interest expense was attributable to the various outstanding bond issues and represents 1.1% of total expenses.

Although program revenues make up a majority (54.6%) of the combined revenues, the School District is dependent upon general revenues (property tax, sales tax and other non-restricted revenues) to cover the net cost of services. For 2010, general revenues represented 45.4% or \$66,776,568 of total revenues in the amount of \$147,067,621.

The statement of activities, on page 13, shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted federal and state entitlements.

**Table 3  
Statement of Activities  
June 30**

	<u><b>Total Cost of Services</b></u>		<u><b>Net Cost of Services</b></u>	
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
Instruction	\$ 89,212,127	\$ 88,872,601	\$ 33,731,397	\$ 26,693,412
Support Services				
Pupil Services	4,398,060	4,470,052	3,396,373	3,417,179
Improvement of				
Instructional Services	1,294,044	1,241,180	(2,608)	202,056
Educational Media Services	2,509,632	2,672,340	711,889	946,470
General Administration	1,614,264	1,618,280	(1,318,673)	(890,272)
School Administration	8,120,528	8,554,433	4,649,206	4,864,843
Business Administration	1,118,982	1,626,047	1,099,990	1,584,686
Maintenance and Operation				
of Plant	9,168,677	9,364,509	4,751,411	4,932,601
Student Transportation				
Services	6,053,100	6,272,637	4,030,603	4,179,462
Central Support Services	1,878,489	1,484,361	1,851,601	1,470,275
Other Support Services	109,258	348,042	35,781	308,543
Food Services	6,537,471	6,802,889	(689,287)	(427,784)
Misc. Non-Instructional Svcs.	2,741,383	2,891,227	2,217,279	2,321,077
Interest on Short-term and				
Long-term Debt	<u>1,500,707</u>	<u>2,044,243</u>	<u>1,500,707</u>	<u>2,044,243</u>
<b>Total Program Expenses</b>	<u><b>\$136,256,722</b></u>	<u><b>\$138,262,841</b></u>	<u><b>\$ 55,965,669</b></u>	<u><b>\$ 51,646,791</b></u>

**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM'S FUNDS**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources (excluding transfers) of \$155,519,323 and expenditures and other financing uses (excluding transfers) of \$169,808,367 resulting in a \$14,289,044 decrease in fund balance. The total governmental fund balance for 2010 is comprised of the following:

**Table 4  
Governmental Fund Balances  
June 30**

	<u><b>2010</b></u>	<u><b>2009</b></u>
General Fund	\$ 25,124,965	\$ 26,760,570
District-Wide Capital Projects Fund	22,772,345	35,433,233
Debt Service Fund	<u>15,581</u>	<u>8,132</u>
 Total Fund Balance	 <u>\$ 47,912,891</u>	 <u>\$ 62,201,935</u>

The \$1.6 million decrease in the fund balance of the General Fund was the result of a decrease in state funding and earnings on investments.

The \$12.7 million decrease for District-Wide Capital Project Fund balance reflected the use of bond proceeds to construct the new Cass High School. Sales tax collections increased 9.7% from the previous year.

**General Fund Budgeting Highlights**

The School System's budget is prepared according to Georgia Law.

- The most significant budgeted fund is the General Fund. During 2010, the School District amended its General Fund Budget as needed.
- For the General Fund, the final actual revenues and other financing sources (excluding transfers and bond refunding) of \$127,800,928 were less than the final budgeted amount of \$133,209,843 by \$5,408,915. This difference was due largely to a significant decrease in state funds.
- The final actual expenditures and other financing uses (excluding transfers and bond refunding) of \$129,436,533 were less than the final budgeted amount of \$139,092,052 by \$9,655,519. This difference was due to budget reductions during the fiscal year to offset decreasing revenues.
- Overall, the 2010 General Fund expenditures and other financing uses exceeded the actual General Fund revenues and other finances sources \$1,635,605.

**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year June 30, 2010, the School System had \$222,980,281 invested in capital assets, all in governmental activities. Table 5 summarizes these balances.

Additional information about capital assets can be found in Note 6 to the financial statements.

**Table 5  
Capital Assets (net of accumulated depreciation)  
June 30**

	<u><b>2010</b></u>	<u><b>2009</b></u>
Land	\$ 13,468,722	\$ 13,474,672
Construction in Progress	62,971,462	50,722,799
Land Improvements	5,735,674	6,227,533
Buildings	134,097,842	133,758,299
Equipment	<u>6,706,581</u>	<u>7,714,817</u>
Total Capital Assets	<u>\$ 222,980,281</u>	<u>\$ 211,898,120</u>

Construction in progress at year end includes \$62,956,724 of construction cost for the new Cass High School and \$14,738 of construction cost for the New Emerson Elementary.

**Debt**

At the end of fiscal year June 30, 2010, the School System had \$43,775,000 in general obligation bonds outstanding, with \$13,405,000 due within one year. Debt service payments are made from the proceeds of the Educational Local Option Sales Tax. Table 6 summarizes general obligation bonds outstanding.

Additional information about long-term debt can be found in Note 10 to the financial statements.

Workers' Compensation Claims Payable outstanding at June 30, 2010 were \$300,000 compared to \$410,006 in the prior year.

Compensated absences outstanding at June 30, 2010 were \$626,012 compared to \$817,773 in the prior year.

**BARTOW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Table 6  
General Obligation Debt  
June 30**

	<u><b>2010</b></u>	<u><b>2009</b></u>
Series 1999 G. O. Bonds(1)	\$ -	\$ 9,525,000
Series 2008 G. O. Bonds	36,080,000	47,235,000
Series 2009 G. O. Bonds	<u>7,695,000</u>	<u>-</u>
Total General Obligation bonds	<u>\$ 43,775,000</u>	<u>\$ 56,760,000</u>

(1) During the current fiscal year, Series 1999 G. O. Bonds were refund by Series 2009 G. O. Bonds.

At June 30, 2010, the School District's legal debt margin was \$177,128,154. The School District maintains an "AA+" bond rating as determined by Standard and Poor's Ratings Services.

#### **CURRENT ISSUES**

- The School District's gross tax digest has experienced a six percent decrease which will continue to challenge the School Districts' ability to maintain the current level of General Fund fund balance.
- Capital Improvements – The School District is currently constructing a new replacement facility for Cass High School. Plans for a replacement middle school and two replacement elementary schools are underway.

#### **CONTACTING THE SCHOOL SYSTEM'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the business office at Bartow County Board of Education, 65 Gilreath Road, Cartersville, GA 30121, or 770-606-5800.

## **BASIC FINANCIAL STATEMENTS**

# BARTOW COUNTY BOARD OF EDUCATION

## STATEMENT OF NET ASSETS

JUNE 30, 2010

		Governmental Activities
ASSETS		
Cash and cash equivalents	\$	11,081,776
Investments		43,693,797
Receivables:		
Interest		22,566
Taxes		3,550,793
State government		7,110,248
Federal government		2,777,490
Other		175,399
Inventory		618,962
Deferred charges		261,960
Capital assets (nondepreciable)		76,440,184
Capital assets (net of accumulated depreciation)		146,540,097
Total assets		<u>292,273,272</u>
LIABILITIES		
Accounts payable		1,010,449
Salaries and benefits payable		15,971,676
Accrued interest payable		322,648
Retainage payable		2,855,620
Other payables		47,477
Bonds payable due within one year		13,405,000
Bonds payable due in more than one year		31,412,058
Accrued claims payable, due in less than one year		105,692
Accrued claims payable, due in more than one year		194,308
Compensated absences, due in less than one year		346,103
Compensated absences, due in more than one year		279,909
Total liabilities		<u>65,950,940</u>
NET ASSETS		
Invested in capital assets, net of related debt		178,163,223
Restricted for:		
Capital projects		23,007,915
Debt service		15,581
Unrestricted		25,135,613
Total net assets	\$	<u>226,322,332</u>

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



# BARTOW COUNTY BOARD OF EDUCATION

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 89,212,127	\$ 823,478	\$ 53,872,534	\$ 784,718	\$ (33,731,397)
Support services:					
Pupil services	4,398,060	-	988,386	13,301	(3,396,373)
Improvement of instructional services	1,294,044	-	1,296,652	-	2,608
Educational media services	2,509,632	-	1,795,781	1,962	(711,889)
General administration	1,614,264	-	2,914,537	18,400	1,318,673
School administration	8,120,528	-	3,401,364	69,958	(4,649,206)
Business administration	1,118,982	-	7,284	11,708	(1,099,990)
Maintenance and operation of plant	9,168,677	-	4,344,392	72,874	(4,751,411)
Student transportation services	6,053,100	-	1,829,413	193,084	(4,030,603)
Central support services	1,878,489	-	9,074	17,814	(1,851,601)
Other support services	109,258	-	73,477	-	(35,781)
Operations of non-instructional services:					
Miscellaneous non-instructional services	2,741,383	494,651	-	29,453	(2,217,279)
Food services operation	6,537,471	2,373,106	4,853,652	-	689,287
Interest on long-term debt	1,500,707	-	-	-	(1,500,707)
Total governmental activities	<u>\$ 136,256,722</u>	<u>\$ 3,691,235</u>	<u>\$ 75,386,546</u>	<u>\$ 1,213,272</u>	<u>(55,965,669)</u>
General revenues:					
Property taxes, levied for general purposes					38,180,498
Sales taxes					18,055,210
Grants and contributions not restricted to specific programs					7,807,733
Unrestricted investment earnings					632,872
Other					2,100,255
Total general revenues					<u>66,776,568</u>
Change in net assets					10,810,899
Net assets, beginning of year					215,511,433
Net assets, end of year					<u>\$ 226,322,332</u>

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

# BARTOW COUNTY BOARD OF EDUCATION

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2010

ASSETS	General	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 10,944,868	\$ 121,327	\$ 15,581	\$ 11,081,776
Investment	20,216,751	23,477,046	-	43,693,797
Receivables:				
Interest	22,566	-	-	22,566
Taxes	1,402,986	2,147,807	-	3,550,793
State government	7,110,248	-	-	7,110,248
Federal government	2,777,490	-	-	2,777,490
Other	44,206	131,193	-	175,399
Inventory	618,962	-	-	618,962
Total assets	<u>\$ 43,138,077</u>	<u>\$ 25,877,373</u>	<u>\$ 15,581</u>	<u>\$ 69,031,031</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 996,611	\$ 13,838	\$ -	\$ 1,010,449
Salaries and benefits payable	15,971,676	-	-	15,971,676
Retainage payable	-	2,855,620	-	2,855,620
Other payables	47,477	-	-	47,477
Deferred revenue	997,348	235,570	-	1,232,918
Total liabilities	<u>18,013,112</u>	<u>3,105,028</u>	<u>-</u>	<u>21,118,140</u>
<b>FUND BALANCES</b>				
Reserved for:				
Inventory	618,962	-	-	618,962
Bus replacement	403,585	-	-	403,585
Debt service	-	-	15,581	15,581
Unreserved, undesignated, reported in:				
General Fund	24,102,418	-	-	24,102,418
Capital Project Fund	-	22,772,345	-	22,772,345
Total fund balances	<u>25,124,965</u>	<u>22,772,345</u>	<u>15,581</u>	<u>47,912,891</u>
Total liabilities and fund balances	<u>\$ 43,138,077</u>	<u>\$ 25,877,373</u>	<u>\$ 15,581</u>	

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.

Cost	285,452,461
Less accumulated depreciation	(62,472,180)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Property taxes	997,348
Sales taxes	235,570

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds	(43,775,000)
Bond premium, net of amortization	(1,193,379)
Loss on bond refunding	151,321
Bond issuance costs, net of amortization	261,960
Claims payable	(300,000)
Accrued interest	(322,648)
Compensated absences	(626,012)

Net assets of governmental activities	<u>\$ 226,322,332</u>
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The accompanying notes are an integral part of these financial statements.

**BARTOW COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General	District Wide Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 38,136,984	\$ -	\$ -	\$ 38,136,984
Sales Taxes	-	18,111,208	-	18,111,208
State Funds	64,176,572	1,213,273	-	65,389,845
Federal Funds	19,017,706	-	-	19,017,706
Charges for Services	3,691,235	-	-	3,691,235
Investment Earnings	345,700	287,166	6	632,872
Miscellaneous	2,100,255	-	-	2,100,255
Total revenues	<u>127,468,452</u>	<u>19,611,647</u>	<u>6</u>	<u>147,080,105</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	85,464,130	74,368	-	85,538,498
Support Services:				
Pupil services	4,343,352	-	-	4,343,352
Improvement of instructional services	1,294,044	-	-	1,294,044
Educational media services	2,501,562	-	-	2,501,562
General administration	1,538,582	-	-	1,538,582
School administration	8,024,548	-	-	8,024,548
Business administration	1,070,825	-	-	1,070,825
Maintenance and operation of plant	8,859,985	-	-	8,859,985
Student transportation services	5,267,315	-	-	5,267,315
Central support services	1,805,221	-	-	1,805,221
Other support services	109,258	-	-	109,258
Other miscellaneous operations	2,741,383	-	-	2,741,383
Food services operation	6,416,328	-	-	6,416,328
Capital outlay	-	16,961,518	-	16,961,518
Debt service:				
Principal retirement	-	-	12,910,000	12,910,000
Interest and fees	-	-	2,326,000	2,326,000
Costs of debt issuance	-	-	128,431	128,431
Total expenditures	<u>129,436,533</u>	<u>17,035,886</u>	<u>15,364,431</u>	<u>161,836,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,968,081)</u>	<u>2,575,761</u>	<u>(15,364,425)</u>	<u>(14,756,745)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from debt issuance	-	-	7,720,000	7,720,000
Premium on issuance of debt	-	-	386,742	386,742
Payment to bond refunding escrow agent	-	-	(7,971,517)	(7,971,517)
Proceeds from sale of capital assets	332,476	-	-	332,476
Transfers in	-	-	15,236,649	15,236,649
Transfers out	-	(15,236,649)	-	(15,236,649)
Total other financing sources (uses)	<u>332,476</u>	<u>(15,236,649)</u>	<u>15,371,874</u>	<u>467,701</u>
Net change in fund balances	(1,635,605)	(12,660,888)	7,449	(14,289,044)
<b>FUND BALANCE, beginning of year</b>	<u>26,760,570</u>	<u>35,433,233</u>	<u>8,132</u>	<u>62,201,935</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 25,124,965</u>	<u>\$ 22,772,345</u>	<u>\$ 15,581</u>	<u>\$ 47,912,891</u>

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

# BARTOW COUNTY BOARD OF EDUCATION

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Net change in fund balances - total governmental funds	\$	(14,289,044)
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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. The amount by which capital outlays exceeded depreciation expense.

Capital outlay	\$	17,060,256	
Depreciation expense		<u>(4,990,231)</u>	12,070,025

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(987,864)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	43,514
Sales taxes	<u>(55,998)</u>

The issuance of long-term debt 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	\$	12,910,000	
Bond premium		<u>(386,742)</u>	
Payment to escrow agent for refunding		7,971,517	
Bond issuance costs		128,431	
Issuance of refunding general obligation debt		<u>(7,720,000)</u>	12,903,206

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	\$	191,761	
Amortization of bond premium		867,282	
Amortization of deferred charge on refunding		<u>(25,196)</u>	
Amortization of bond issuance costs		(137,870)	
Change in claims payable		110,006	
Change in accrued interest		<u>121,077</u>	<u>1,127,060</u>

Change in net assets of governmental activities	\$	<u><u>10,810,899</u></u>
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**The accompanying notes are an integral part of these financial statements.**

**BARTOW COUNTY BOARD OF EDUCATION**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND**

**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 38,283,615	\$ 38,348,164	\$ 38,136,984	\$ (211,180)
Sales Taxes	-	132,615	-	(132,615)
State Funds	74,560,453	67,524,863	64,176,572	(3,348,291)
Federal Funds	15,542,664	21,395,242	19,017,706	(2,377,536)
Charges for Services	3,075,289	3,541,200	3,691,235	150,035
Investment Earnings	462,110	392,110	345,700	(46,410)
Miscellaneous	1,409,358	1,543,456	2,100,255	556,799
Total revenues	133,333,489	132,877,650	127,468,452	(5,409,198)
EXPENDITURES				
Current				
Instruction	89,685,467	91,261,485	85,464,130	5,797,355
Support Services				
Pupil Services	4,476,374	4,324,912	4,343,352	(18,440)
Improvement of Instructional Services	1,545,526	3,313,924	1,294,044	2,019,880
Educational Media Services	2,556,138	2,670,633	2,501,562	169,071
General Administration	1,807,050	1,811,290	1,538,582	272,708
School Administration	8,722,075	8,510,875	8,024,548	486,327
Business Administration	1,398,379	1,502,288	1,070,825	431,463
Maintenance and Operation of Plant	9,426,067	9,011,155	8,859,985	151,170
Student Transportation Service	6,518,094	5,822,073	5,267,315	554,758
Central Support Services	1,622,668	1,769,536	1,805,221	(35,685)
Other Support Services	95,581	152,363	109,258	43,105
Other Miscellaneous Operations	1,003,806	1,506,480	2,741,383	(1,234,903)
Food Services Operation	7,435,038	7,435,038	6,416,328	1,018,710
Total expenditures	136,292,263	139,092,052	129,436,533	9,655,519
Excess (deficiency) of revenues over (under) expenditures	(2,958,774)	(6,214,402)	(1,968,081)	4,246,321
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	332,193	332,476	283
Total other financing sources (uses)	-	332,193	332,476	283
Net change in fund balances	(2,958,774)	(5,882,209)	(1,635,605)	4,246,604
FUND BALANCE, beginning of year	26,760,570	26,760,570	26,760,570	-
FUND BALANCE, end of year	\$ 23,801,796	\$ 20,878,361	\$ 25,124,965	\$ 4,246,604

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

**BARTOW COUNTY BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**JUNE 30, 2010**

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		<u>Agency Fund</u>
<b>ASSETS</b>		
Cash		<u>\$ 83,854</u>
Total assets		<u><u>\$ 83,854</u></u>
<b>LIABILITIES</b>		
Due to others		<u>\$ 83,854</u>
Total liabilities		<u><u>\$ 83,854</u></u>

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

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**REPORTING ENTITY**

The Bartow 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 Bartow 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 non-exchange 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.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Fund Financial Statements: (continued)***

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.

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 Project Fund* accounts for financial resources including Educational Local Option Sales Tax (ELOST), 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 transactions and resources for the payment of general long-term principal, interest and paying agent's fees.

The School District reports the following fiduciary fund type:

- *Agency Fund* accounts for school activity funds that the School District holds for others in an agency capacity.

**Basis of Accounting/Measurement Focus**

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. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. 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.



**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting/Measurement Focus (continued)**

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, intergovernmental revenues, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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 and acquisitions under capital leases are reported as other financing sources.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School System must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School System on a reimbursement basis.

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the School System over the same twelve month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued. Since the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

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.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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**

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,
- (5) Prime banker's acceptances,
- (6) The Georgia Fund 1 investment pool 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 investments that addresses 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 in the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property Taxes**

The Bartow County Commissioners fixed the property tax levy for the 2009 tax digest year (calendar year) on September 1, 2009 (levy date). Taxes were due on November 15, 2009 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2009 tax digest are reported as revenue in the governmental funds for fiscal year 2010. The Bartow 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, 2010, for maintenance and operations amounted to \$38,136,984.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The Bartow County Board of Education is in compliance with this law. Tax millage rates levied for the 2009 tax year (calendar year) for the Bartow County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	17.90 mills
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**Sales Taxes**

Educational Local Option Sales Tax revenue, at the fund reporting level, during the fiscal year amounted to \$18,111,208 and is 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.

**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 (weighted average). 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.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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:

	<b><u>Capitalization Policy</u></b>	<b><u>Estimated Useful Life</u></b>
Land	Any Amount	N/A
Land and Improvements	\$5,000	20 to 30 years
Buildings and Improvements	\$5,000	15 to 60 years
Equipment	\$5,000	5 to 20 years

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

**Compensated Absences**

The School District's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since it is the School District's policy not to pay any amounts when employees separate from service with the School District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

In the fund financial statements, the School district recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. 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. 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.

**Net Assets/Fund Balances**

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 bus replacement, 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, 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.

**Reserved Fund Balances** - Reserves represent those portions of fund balance equity that are legally segregated for a specific future use.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The School District adopts an annual budget for its General Fund and Debt Service Fund. The budget is prepared in accordance with the provision of the OCGA §20-2-167. After the Board has tentatively adopted the budget, it is advertised at least one time in the local newspaper of general circulation. At the next regular meeting of the Board after advertising the budget it is revised as necessary and adopted as the final budget. The General Fund had an excess of expenditures over appropriations in Pupil Services of \$18,440, Central Support Services of \$35,685 and Other Miscellaneous Operations of \$1,234,903.

**Note 4: DEPOSITS AND INVESTMENTS**

**COLLATERALIZATION OF DEPOSITS**

Official Code of Georgia Annotated (OCGA) §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. As of June 30, 2010, the School District's deposits were secured by surety bond, insurance or collateral.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2010, the School District's cash accounts and investments were properly collateralized as required by State statutes.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 4: DEPOSITS AND INVESTMENTS (continued)**

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,
- (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, notes, 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.

At June 30, 2010, the carrying value of the School District's total investments was \$43,693,797, which is materially the same as fair value. This investment consisted of funds invested in certificates of deposit through Certificate of Deposit Account Registry Service, money market accounts and the Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of Treasury and Fiscal Services which are 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 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 located at the following address: <http://www.audits.state.ga.us/internet/searchRpts.html>.

The Georgia Fund 1, which is not registered with the SEC as an investment company, operates 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

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 4: DEPOSITS AND INVESTMENTS (continued)**

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, 2010, was 46 days. The remaining investments are certificates of deposit that mature in 12 months.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk.

**Credit Quality Risk**

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have a formal policy for managing credit quality risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. The only investments in excess of 5% of the School System's investment portfolio are Georgia Fund 1.

**Note 5: NON-MONETARY TRANSACTIONS**

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. For the year ended June 30, 2010, the commodities inventory is recorded at the federally assigned value of \$618,962.



**BARTOW COUNTY BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**Note 6: CAPITAL ASSETS**

The following is a summary of changes in the capital assets during the fiscal year:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets				
Land	\$ 13,474,672	\$ -	\$ (5,950)	\$ 13,468,722
Construction in progress	50,722,799	16,619,811	(4,371,148)	62,971,462
Total	<u>64,197,471</u>	<u>16,619,811</u>	<u>(4,377,098)</u>	<u>76,440,184</u>
Capital assets, being depreciated:				
Buildings and improvements	173,929,379	4,371,148	(1,663,838)	176,636,689
Equipment	18,826,722	425,445	(275,003)	18,977,164
Land improvements	13,383,424	15,000	-	13,398,424
Total	<u>206,139,525</u>	<u>4,811,593</u>	<u>(1,938,841)</u>	<u>209,012,277</u>
Less accumulated depreciation for:				
Buildings and improvements	(40,171,080)	(3,049,691)	681,924	(42,538,847)
Equipment	(11,111,905)	(1,433,681)	275,003	(12,270,583)
Land improvements	(7,155,891)	(506,859)	-	(7,662,750)
Total	<u>(58,438,876)</u>	<u>(4,990,231)</u>	<u>956,927</u>	<u>(62,472,180)</u>
Total capital assets being depreciated, net	<u>147,700,649</u>	<u>(178,638)</u>	<u>(981,914)</u>	<u>146,540,097</u>
Governmental activities capital assets, net	<u>\$ 211,898,120</u>	<u>\$ 16,441,173</u>	<u>\$ (5,359,012)</u>	<u>\$ 222,980,281</u>

Current year depreciation expense by function is as follows:

Instruction	\$ 3,226,985
Support services	
Pupil services	54,708
Educational media services	8,070
General administration	75,682
School administration	287,741
Business administration	48,157
Maintenance and operation of plant	308,692
Student transportation services	785,785
Central support services	73,268
Food services operation	121,143
Total depreciation expense	<u>\$ 4,990,231</u>

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 7: INTER-FUND TRANSFERS**

Inter-fund transfers for the year ended June 30, 2010, consisted of the following:

<u>Transfer from :</u>	<u>Transfer to :</u>	<u>Amount</u>
District-Wide Capital Projects Fund	Debt Service Fund	\$ 15,236,649

Routine inter-fund transfers are made from the District-Wide Capital Project Fund to the Debt Service Fund to pay bond principal payments and interest expenditures in accordance with the referendum for the Educational Local Option Sales Tax.

**Note 8: 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 participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage.

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$350,000 loss per occurrence, up to the statutory limit. For purposes of estimating the unpaid claims liability as of June 30, 2010, the District's third party administrator calculated the reserve liability based on the estimated cost of each outstanding claim, and an estimate for incurred but unreported claims, from claims experience for like claims.

Changes in the workers' 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>
2010	\$ 410,006	\$ 34,442	\$ 144,448	\$ 300,000
2009	410,006	533,653	533,653	410,006

**BARTOW COUNTY BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Note 8: RISK MANAGEMENT (continued)**

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

Superintendent	\$ 50,000
Chief Financial Officer	50,000

**Note 9: LEASES**

Operating Leases

The Bartow 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, 2010, for governmental funds amounted to \$266,441. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Governmental Funds</u>
2011	\$ 266,441

**Note 10: LONG-TERM DEBT**

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-Series 2008	3.25% - 5.00%	\$ 36,080,000
General Government-Series 2009	2.50% - 4.00%	<u>7,695,000</u>
Total		<u>\$ 43,775,000</u>

**BARTOW COUNTY BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**Note 10: LONG-TERM DEBT (continued)**

The changes in Long-Term Debt during the fiscal year ended June 30, 2010, were as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year	Due In More Than One Year
G.O. bonds	\$ 56,760,000	\$ 7,720,000	\$ (20,705,000)	\$ 43,775,000	\$ 13,405,000	\$ 30,370,000
Unamortized bond premium	1,673,919	386,742	(867,282)	1,193,379	-	1,193,379
Loss on bond refunding	-	(176,517)	25,196	(151,321)	-	(151,321)
Total bonds payable	<u>58,433,919</u>	<u>7,930,225</u>	<u>(21,547,086)</u>	<u>44,817,058</u>	<u>13,405,000</u>	<u>31,412,058</u>
Claims payable:						
Workers' Compensation	410,006	34,442	(144,448)	300,000	105,692	194,308
Compensated absences	<u>817,773</u>	<u>425,921</u>	<u>(617,682)</u>	<u>626,012</u>	<u>346,103</u>	<u>279,909</u>
Total long-term liabilities	<u>\$ 59,661,698</u>	<u>\$ 8,390,588</u>	<u>\$ (22,309,216)</u>	<u>\$ 45,743,070</u>	<u>\$ 13,856,795</u>	<u>\$ 31,886,275</u>

At June 30, 2010, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2011	\$ 13,405,000	\$ 1,646,513	\$ 638,566
2012	13,900,000	1,028,644	366,411
2013	14,445,000	412,225	148,194
2014	<u>2,025,000</u>	<u>81,000</u>	<u>40,208</u>
Totals	<u>\$ 43,775,000</u>	<u>\$ 3,168,382</u>	<u>\$ 1,193,379</u>

**BARTOW COUNTY BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Note 10: LONG-TERM DEBT (continued)**

In the current fiscal year, the School District issued \$7,720,000 of Series 2009 General Obligation Refunding Bonds to (i) refund a portion (\$7,795,000) of the Series 1999 Obligation Refunding Bonds and (ii) pay the costs of issuing the Series 2009 General Obligation Refunding Bonds. The refunding was undertaken to save on the debt service payments maturing through 2014. The refunding reduced the total debt service payments by \$325,611 over the next 5 years and resulted in an economic gain of \$311,869. The School District defeased the 1999 bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2010, \$7,635,000 of bonds outstanding are considered defeased. The School District has pledged its full faith and credit and taxing power to service the debt.

**Note 11: ON-BEHALF PAYMENTS**

The School District has recognized revenues and costs in the amount of \$280,357 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education

Paid to the Georgia Department of Community Health for Health Insurance of Non-Certified Personnel in the amount of \$190,322.

Paid to the Teachers' Retirement System for Teachers' Retirement System (TRS) Employer's Cost in the amount of \$35,325.

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 \$54,710.

**Note 12: SIGNIFICANT COMMITMENTS**

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2010, together with funding available:

Project	Unearned Contracts	Funding From State
New Cass High School	\$ 3,744,736	\$ -
	<u>\$ 3,744,736</u>	<u>\$ -</u>

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

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 13: SIGNIFICANT CONTINGENT LIABILITIES**

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.

The School District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectibility of any related receivable at year-end may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Note 14: POST EMPLOYMENT BENEFITS**

*Plan Description.* The School District contributes to the Georgia School Personnel Post-employment Health Benefit Fund (“Benefit Fund”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. The Benefit Fund provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the State of Georgia Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for the Benefit Fund. That report may be obtained from the Department of community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

*Funding Policy.* The contribution requirements of the plan members and participating employers are established and may be amended by the Board of Community Health. 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 rate established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2010, were as follows:

*Certified employees*

<u>Period</u>	<u>Percentage of Covered Payroll</u>
July 2009 - August 2009	18.534% of covered payroll for August through September coverage
September 2009 - November 2009	14.492% of covered payroll for October through November coverage
December 2009 - June 2010	18.534% of covered payroll for January through July coverage

*Non-Certificated Employees* \$162.72 per month

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 14: POST EMPLOYMENT BENEFITS (Continued)**

No additional contribution was required by the Board of Community Health for fiscal year 2010 nor contributed to GRBHF to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board of Community health in accordance with the State plan for other post-employment benefits and are subject to appropriation.

The School District's contribution to the health insurance plans, which equaled the required contribution, for the fiscal year ended June 30, 2010, 2009, and 2008 were \$11,480,874, \$8,619,997, and \$11,348,547, respectively.

Retiree health benefits were previously funded through the Georgia Retiree Health Benefit Fund (GRHBF). In 2009, the General Assembly revisited the GRHBF and enacted legislation that, effective August 31, 2009, separated the GRHBF into two new funds: the Georgia School Personnel Post-employment Health Benefit Fund and the Georgia State Employees Post-employment Health Benefit Fund. The purpose of this change was to assure employers responsible for planning and funding future retiree health costs that their contributions will be dedicated to their respective retiree populations. Funds in the GRHBF were transferred to the Georgia State Employees Post-employment Health Benefit Fund or the Georgia School Personnel Post-employment Health Benefit Fund as described in the plan financial statements. The statute that created the GRHBF is repealed effective September 1, 2010.

**Note 15: 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 publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by calling (404) 352-6400.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRPB-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 SRPB-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 15: RETIREMENT PLANS (Continued)**

**TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (Continued)**

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.

*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, 2010, were 5.25% of annual salary. The member contribution rate will increase to 5.53% effective July 1, 2010. Employer contributions required for fiscal year 2010 were 9.74% of annual salary as required by the June 30, 2009, actuarial valuation. The employer contribution rate will increase to 10.28% effective July 1, 2010.

The required employer contribution rate for 2010 is 9.74% and School District 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>
2010	100%	\$7,399,714
2009	100%	7,079,586
2008	100%	6,614,447



**BARTOW COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 15: RETIREMENT PLANS (Continued)**

**PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)**

Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by the District are members of the Public School Employees Retirement System of Georgia (PSERS), which is also a cost-sharing multiple employer public employee retirement system. The Board of the Public School Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and supplementary information for PSERS.

That report may be obtained by writing Public School Employee Retirement System, Two Northside 75, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of services and retirees between the ages of 60 and 65 receive a reduced benefit. Monthly retirement benefits paid to members are equal to eight dollars per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by state statute.

Covered employees are required by state statute to contribute four dollars per month for the nine month school year. Unlike TRS, the District makes no contribution to PSERS. Total contributions from employees of the District made during the fiscal year ended June 30, 2010, 2009, and 2008 totaled \$13,796, \$14,144, and \$14,940, respectively.

Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest. There were 407 employees (members) covered under PSERS for the year ended June 30, 2010.

**Note 16: SUBSEQUENT EVENT**

In December 2010, the School District issued General Obligation Bonds, Series 2010A (\$47,000,000) and the Taxable General Obligation Bonds, Series 2010B (\$23,000,000) (Direct Pay Qualified School Construction Bonds) for the purpose of financing the costs of acquiring, constructing, and equipping new school facilities, adding to, renovating, repairing, improving, and equipping existing school facilities, and acquiring system-wide technology improvements. The School District has developed a plan to finance the capital projects that relies on a combination of proceeds of these bonds, investment earnings, sales tax collections, and capital outlay funds from the State of Georgia Department of Education.

## **II. OTHER SUPPLEMENTARY INFORMATION**

# BARTOW COUNTY BOARD OF EDUCATION

## SCHEDULE OF STATE REVENUE FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Agency/Funding</u>	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>District Wide Capital Projects Fund</u>	
<b>Grants</b>			
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	\$ 4,247,750	\$ -	\$ 4,247,750
Kindergarten Program - Early Intervention Program	824,296	-	824,296
Primary Grades (1-3) Program	9,971,390	-	9,971,390
Primary Grades - Early Intervention (1-3) Program	1,825,223	-	1,825,223
Upper Elementary Grades (4-5) Program	4,796,270	-	4,796,270
Primary Grades - Early Intervention (4-5) Program	1,489,798	-	1,489,798
Middle School (6-8) Program	7,374,654	-	7,374,654
High School General Education (9-12) Program	7,902,060	-	7,902,060
Vocational Laboratory (9-12) Program	2,222,570	-	2,222,570
Program for Intellectually Gifted Students-Category VI	2,664,253	-	2,664,253
Remedial Education Program	1,013,950	-	1,013,950
Alternative Education Program	682,308	-	682,308
English Speakers of Other Languages (ESOL)	736,949	-	736,949
Media Center Program	1,546,433	-	1,546,433
20 Days Additional Instruction	469,752	-	469,752
Staff Development	301,655	-	301,655
Indirect Cost			
Central Administration	2,003,962	-	2,003,962
School Administration	2,736,336	-	2,736,336
Facility Maintenance and Operations	3,710,277	-	3,710,277
Categorical Grants			
Pupil Transportation			
Regular	1,654,426	-	1,654,426
Nurses	233,672	-	233,672
Vocational Supervisors	30,394	-	30,394

# BARTOW COUNTY BOARD OF EDUCATION

## SCHEDULE OF STATE REVENUE FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Agency/Funding</u>	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>District Wide Capital Projects Fund</u>	
<b>Grants</b>			
Education, Georgia Department of			
Quality Basic Education			
Education Equalization Funding Grant	7,807,733	-	7,807,733
Food Services	239,904	-	239,904
Georgia Special Needs Scholarship Fund	959	-	959
Virtual Schools Grant	675	-	675
Vocational Education	134,529	-	134,529
Austerity Reduction	(13,774,180)	-	(13,774,180)
Other State Programs			
Health Insurance	180,323	-	180,323
National Teacher Certification	25,429	-	25,429
Preschool Handicapped State Grant	155,530	-	155,530
Teachers' Retirement	35,325	-	35,325
On-behalf Payments			
Public School Employees Retirement	54,710	-	54,710
Georgia Prekindergarten Program			
Grants from Pre-K Lottery	1,510,763	-	1,510,763
Special Education Programs			
Total QBE Formula Earnings (State and Local Funds)	10,669,923	-	10,669,923
QBE Allotment (Operating Costs)	237,917	-	237,917
QBE Contra Account	(1,541,346)	-	(1,541,346)
Other			
Capital Outlay Grants	-	1,213,273	1,213,273
Total State Revenues	<u>\$ 64,176,572</u>	<u>\$ 1,213,273</u>	<u>\$ 65,389,845</u>

**BARTOW COUNTY BOARD OF EDUCATION**

**SCHEDULE OF QUALITY BASIC EDUCATION PROGRAM (QBE)**

**ALLOTMENTS AND EXPENDITURES BY PROGRAM**

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Description	Allotments From Georgia Department of Education (1)(2)		Eligible QBE Program Costs					
			Salaries	Operations	Total			
Direct Instructional Funds:								
Kindergarten Program	\$	4,985,877	\$	4,756,860	\$	92,787	\$	4,849,647
Kindergarten Program - Early Intervention Program		868,825		739,812		2,027		741,839
Primary Grades (1-3) Program		11,560,277		10,160,354		157,623		10,317,977
Primary Grades - Early Intervention (1-3) Program		2,007,612		1,243,116		5,113		1,248,229
Upper Elementary Grades (4-5) Program		5,595,517		5,925,581		109,752		6,035,333
Upper Elementary Grades-Early Intervention (4-5) Program		1,567,275		656,872		2,229		659,101
Middle School (6-8) Program		9,481,094		9,513,701		159,076		9,672,777
High School General Education (9-12) Program		9,157,031		9,274,140		404,213		9,678,353
Vocational Laboratory (9-12) Program		2,512,155		2,281,897		181,071		2,462,968
Students with Disabilities		11,193,024		-		-		-
Category I		-		4,546,399		957,399		5,503,798
Category II		-		607,094		4,031		611,125
Category III		-		7,698,730		53,538		7,752,268
Category IV		-		198,418		15,167		213,585
Category V		-		-		12,350		12,350
Gifted Student - Category VI		2,880,958		3,197,733		17,399		3,215,132
Remedial Education Program		1,033,398		766,331		652		766,983
Alternative Education Program		788,282		441,805		9,678		451,483
English Speakers of Other Languages (ESOL)		854,703		831,187		4,164		835,351
TOTAL DIRECT INSTRUCTIONAL PROGRAMS		64,486,028		62,840,030		2,188,269		65,028,299
Media Center Program		1,777,758		2,291,133		204,477		2,495,610
Staff and Professional Development		349,613		-		-		195,842
TOTAL QBE FORMULA FUNDS	\$	66,613,399	\$	65,131,163	\$	2,392,746	\$	67,719,751

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

(2) Allotments do not include the impact of the State budget austerity reduction.

# BARTOW COUNTY BOARD OF EDUCATION

## SCHEDULE OF EXPENDITURES OF EDUCATIONAL LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Project	Original Estimated Cost (1)	Current Estimated Cost (2)	Prior Years(3)	Current Year(3)	Total	Project Status
Retiring a portion of Bartow School Districts General Obligation School Bonds, Series 1998 or bonds issued by the School District to refund such bonds.	\$ 3,157,036	\$ 3,219,540	3,219,540	-	3,219,540	Ongoing
Retiring a portion of Bartow School Districts General Obligation School Bonds, Series 1999 or bonds issued by the School District to refund such bonds.	\$ 7,378,156	\$ 7,066,425	1,042,825	2,112,737	3,155,562	Ongoing
equipping one(1) new high school and one (1) new elementary school, acquiring school buses, drivers education vehicles, and instructional and administrative technology improvements for existing schools, adding to, renovating, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring and necessary property therefore, both real and personal.	109,098,608	109,098,608	45,635,701	17,035,886	62,671,587	Ongoing
Totals	\$ 119,633,800	\$ 119,384,573	\$ 49,898,066	\$ 19,148,623	\$ 69,046,689	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Educational 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 Bartow 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) The School District issued General Obligation Bond Issue 2009 to refund a portion of the 1999 General Obligation Bond Issue. The amount expended in the current year includes debt service on the 1999 and 2009 General Obligation Bond Issues.

### **III. SINGLE AUDIT SECTION**



**INDEPENDENT AUDITOR'S 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**

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**To the Superintendent and Members of  
the Bartow County Board of Education  
Cartersville, Georgia**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bartow County Board of Education as of and for the year ended June 30, 2010, which collectively comprise the Bartow County Board of Education's basic financial statements and have issued our report thereon dated March 13, 2011. 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 the Bartow 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 Bartow County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bartow County Board of Education's internal control over financial reporting.

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

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



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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bartow 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*.

We noted certain matters that we reported to management of the Bartow County Board of Education in a separate letter dated March 13, 2011.

This report is intended solely for the information and use of management, the members of the Bartow 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 13, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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**To the Superintendent and Members of  
the Bartow County Board of Education  
Cartersville, Georgia**

**Compliance**

We have audited Bartow County Board of Education's (the "School District") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

As described in item 2010-1 in the accompanying schedule of findings and questioned costs, the School District did not comply with requirements regarding allowable costs that are applicable to its Special Education Cluster (IDEA) Grants. Compliance with such requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Bartow County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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## **Internal Control Over Compliance**

Management of the Bartow County Board of Education 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 Bartow County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bartow County Board of Education's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-1 to be a material weakness.

Bartow County Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Bartow County Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the members of the Bartow County Board of Education, others within the entity, 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.



Atlanta, Georgia  
March 13, 2011

**BARTOW COUNTY BOARD OF EDUCATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor /Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Entity ID Number</b>	<b>Total Expenditures</b>
<i>Agriculture, U.S. Department of</i>			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food and Nutrition Program			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 955,604
National School Snack Program	10.555	N/A	46,267
National School Lunch Program:			
Cash Assistance	10.555	N/A	3,352,285
Non-Cash Assistance Commodities (2)	10.555	N/A	259,591
Total Child Nutrition Cluster			<u>4,613,747</u>
Total U. S. Department of Agriculture			<u>4,613,747</u>
<i>Defense, U. S. Department of</i>			
Direct			
Department of the Army			
R. O . T. C.-Salaries	12.Unknown	N/A	105,660
Department of the Army, Office of the Chief of Engineers			
Payments to States In Lieu of Real Estate Taxes	12.112	N/A	91,256
Total U. S. Department of Defense			<u>196,916</u>
<i>Education, U. S. Department of</i>			
Special Education Cluster (IDEA)			
Pass-Through from Georgia Department of Education			
Special Education			
Title VI-B Flowthrough	84.027	N/A	2,693,183
Title VI-B Preschool	84.173	N/A	89,927
Title VI-B Flowthrough - ARRA	84.391	N/A	397,333
Title VI-B Preschool - ARRA	84.392	N/A	55,208
Total Special Education Cluster			<u>3,235,651</u>
(continued)			

**BARTOW COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor /Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Entity ID Number</b>	<b>Total Expenditures</b>
<i>Education, U. S. Department of</i>			
Title I, Part A Cluster			
Pass-Through from Georgia Department of Education			
Elementary and Secondary Education Act			
Title I, Part A			
Distinguished District Awards	84.010	N/A	\$ 8,220
School Improvement	84.010	N/A	2,530,244
Subtotal			2,538,464
State Grants - ARRA	84.389	N/A	314,565
Total Title I Cluster			2,853,029
Other Programs			
Pass-Through from Georgia Department of Education			
Title II, Part A - Improving Teacher Quality Grant	84.367	N/A	416,892
Title II, Part A - Advanced Placement Grant	84.367	N/A	1,525
Subtotal			418,417
Title II, Part D - Enhancing Education through Technology	84.318	N/A	46,860
Title III - English Language Acquisition Grants	84.365	N/A	106,282
Education of Homeless Children and Youth	84.196	N/A	28,740
Vocational Grants - Professional Development	84.048	N/A	16,914
Vocational Grants - Program Improvement	84.048	N/A	102,686
Vocational Grants - Education Career Partnerships	84.048	N/A	11,630
Subtotal			131,230
State Fiscal Stabilization Fund, Education State Grants - ARRA	84.394A	N/A	7,239,492
Total U. S. Department of Education			14,059,701
			(continued)

**BARTOW COUNTY BOARD OF EDUCATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor /Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Entity ID Number</b>	<b>Total Expenditures</b>
<i>Health and Human Resources, U.S. Department of Early Care and Learning, Department of ARRA - Pre-K</i>	93.713	N/A	<u>5,851</u>
<i>Total U. S. Department of Health and Human Resources</i>			<u>5,851</u>
<i>Total Federal Assistance</i>			<u><u>\$ 18,876,215</u></u>

Notes to the Schedule of Expenditures of Federal Awards

- (1) The schedule of Expenditures of Federal Awards includes the federal grant activity of the Board of Education and is presented on the modified accrual basis of accounting.
- (2) The amount shown for National School Lunch Program-Commodities represents the Federally assigned value of nonmonetary assistance for donated commodities received/consumed by the School District during the current
- (3) The School District did not provide Federal assistance to any subrecipients.
- (4) The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bartow County Board of Education and is presented on the modified accrual basis of accounting.
- (5) The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State and 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 financial statements.

**BARTOW COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SECTION I  
SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes    X no

Significant deficiency(ies) identified?

\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?

X yes    \_\_\_ no

Significant deficiency(ies) identified?

\_\_\_yes    X none reported

Type of auditor's report issued on compliance for  
major programs

Qualified for allowable costs for the  
Special Education Cluster (IDEA)  
Grants

Unqualified for other requirements of  
the Special Education Cluster (IDEA)  
grants and for all requirements of the  
Title I, Part A Cluster grants, Child  
Nutrition Cluster grants, and the State  
Fiscal Stabilization Funds grants

Any audit findings disclosed that are required to  
be reported in accordance with Section 510(a)  
of OMB Circular?

X yes    \_\_\_no

**BARTOW COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SECTION I  
SUMMARY OF AUDITOR'S RESULTS (CONTINUED)**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster (IDEA)
84.010, 84.389	Title I, Part A Cluster
84.394A	State Fiscal Stabilization Funds

Dollar threshold used to distinguish between  
Type A and Type B programs: \$566,286

Auditee qualified as low-risk auditee?                      ☐ yes    ☒ no

**SECTION II  
FINANCIAL STATEMENT FINDINGS**

**None reported.**



**BARTOW COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**2010-1 Semi – Annual Certification of Time and Efforts Sheets – Special Education Cluster (IDEA):**

*U.S. Department of Education, Flow Through, CFDA #84.027*

*U.S. Department of Education, Preschool, CFDA #84.173*

*U.S. Department of Education, Flow Through - ARRA, CFDA #84.391*

*U.S. Department of Education, Preschool - ARRA, CFDA #84.392*

**Criteria:** Per OMB A-87, Cost Principles, an employee who works solely on a single cost objective (i.e., a single Federal program whose administrative funds have not been consolidated) must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3). An employee who works in part on a single cost objective (i.e., a single Federal program whose administrative funds have not been consolidated), and in part on consolidated Federal administrative activities or activities funded from other revenue sources, must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.

**Condition and Context:** For the year ended June 30, 2010, we reviewed sixty (60) teachers paid out of Special Education (IDEA) funds to determine if the School System was properly maintaining semi-annual certification of time and effort sheets. We found that all teachers paid out of Special Education (IDEA) funds that were not properly maintaining semi-annual certification or time and effort sheets.

**Questioned Costs:** \$1,294,562

**Effects or possible effects:** Personnel salaries unrelated to Special Education (IDEA) services could be funded with Special Education (IDEA) funds. Therefore, unallowable costs could be charged to the grant.

**Cause:** There was a lack of oversight of management in relation to required requirements of the reports.

**Recommendation:** We recommend the School District maintain semi-annual certification of time and effort sheets that meet all the OMB A-87 requirements on all employees whose salaries are funded out of Special Education (IDEA) funds.

**Views of Responsible Officials:** We concur with the finding and corrective action has already been taken to ensure the School District complies with the time and effort requirement.

**BARTOW COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SECTION IV  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**2009-1 Semi – Annual Certification of Time and Efforts Sheets - *Title II Improving Teacher Quality, CFDA #84.367***

***Condition and Context:*** For the year ended June 30, 2009, the School District was not properly maintaining semi-annual certification of time and effort sheets for one Literacy Specialist and one Math Coach out of the four teachers tested. We noted four total teachers being paid with Title II Improving Teacher Quality funds. For the Literacy Specialist, seven (7) time and effort reports were not signed by the employee, which is a requirement in OMB A-87. Also for the Math Coach, proper monthly, after the fact documentation was not maintained and also was not signed by the employee. These are also requirements in OMB A-87.

***Status:*** This finding was resolved in the current year.

**2009-2 Error in student benefit determination – Child Nutrition Cluster: *School Breakfast Program, CFDA #10.553; School Lunch Program, CFDA #10.555; and School Snack Program, CFDA #10.555***

***Condition and Context:*** For the year ended June 30, 2009, we noted one (1) instance, out of thirty-four (34) applications tested, in which an ineligible student received benefits under the program. There were a total of 3,140 approved free/reduced applications for the year ended June 30, 2009.

***Status:*** This finding was resolved in the current year.