

**OCONEE COUNTY  
BOARD OF EDUCATION**

**ANNUAL FINANCIAL REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2010  
(Including Independent Auditor's Report)**

OCONEE COUNTY BOARD OF EDUCATION

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## **I. FINANCIAL SECTION**



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 10, 2011

Honorable Nathan Deal, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Oconee County Board of Education

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

Ladies and Gentlemen:

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2011, on our consideration of the Oconee County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our

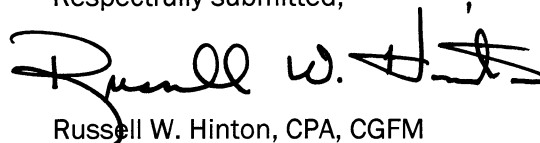
testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through viii and page 24, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oconee County Board of Education's financial statements as a whole. The accompanying supplementary information which includes the Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2010ARL-11

***Oconee County Board of Education***  
***Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010***

**INTRODUCTION**

This discussion and analysis of the Oconee County Board of Education's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of the discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for FY 2010 are as follows:

- On the district-wide financial statements, the assets of the School District exceeded liabilities by \$87.79 million, or an increase of \$4.10 million when compared to 2009.
- The School District had \$62.25 million in expenses relating to governmental activities; only \$31.78 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of almost \$34.57 million were more than adequate to provide for these programs.
- As stated above, General Revenues accounted almost \$34.57 million or about 52% of all revenues totaling \$66.35 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.
- The School District's M&O millage rate was 16.50 mills for the 2008-09 school year and continues at that rate for the 2010-11 school year. The District lowered the General Obligation bond millage rate by 2/10<sup>th</sup> of a one mill for 2006/07 and again by 2/10<sup>th</sup> of a mill for the 2007/08 school year. The current Bond millage rate is 1 mill. The District was able to reduce the bond millage rate due to the growth in the tax digest. However, without digest growth, which is either limited by current economic conditions, and/or by legislative action that adversely affects local government's ability to properly assess real property, the Board of Education may need to consider a bond millage increase in future years in order to meet debt service requirements.
- The School District is in very stable financial condition despite current economic conditions. The General fund balance reflects the full accrual of contracted salaries and benefits unpaid at June 30 in full compliance of GASB 34 regulations.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts; management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the district-wide and fund financial statements.

The district-wide financial statements include the 'Statement of Net Assets' and 'Statement of Activities'. These statements provide information about the activities of the School District presenting both short-term and long-term information about the School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements

***Oconee County Board of Education***  
***Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010***

provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the Oconee County Board of Education, the General Fund, Capital Projects Funds, and Debt Service Funds are all considered to be major funds. The District has no nonmajor funds as defined by GASB Statement 34 for the purposes of this report.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

#### **District-Wide Statements**

Since the Oconee County Board of Education has no operations that have been classified as "Business Activities", the District-Wide financial statements are basically a consolidation of all of the District's operating funds into one column called governmental activities. In reviewing the District-Wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The 'Statement of Net Assets' and the 'Statement of Activities' provides the basis for answering this question. These financial statements include all District's assets and liabilities and uses the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and any changes in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, student-teacher ratios, and other factors.

The 'Statement of Net Assets' and the 'Statement of Activities' reflects 100% of the School District's governmental activities.

#### **Fund Financial Statements**

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District's significant or major funds. As discussed previously, the District has no nonmajor funds as defined by GASB Statement 34.

**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 method of accounting** which measures cash and all other financial assets that can be readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government 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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the financial statements.

**Fiduciary Funds** – The School District is the trustee, or fiduciary, for assets that belong to others and 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.



**Oconee County Board of Education**  
**Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010**

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

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. The reader can think of the District's net assets as the difference between its assets (i.e., what the District owns) and its liabilities (i.e., what the District owes) at the end of a fiscal year. This balance represents one way to measure the District's financial health or its financial position. In the case of the Oconee County Board of Education, assets exceeded liabilities by \$87.79 million at June 30, 2010.

To better understand the District's actual financial position and ability to deliver services in future periods, the reader will need to review the various components of the net asset category. For example, of the \$87.79 million of net assets, \$4.42 million was restricted for continuation of Federal programs and debt service. Accordingly, these funds were not available to meet the District's ongoing obligations to citizens and creditors.

In addition, the District had \$73.95 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets to provide educational services to students within geographic boundaries served by the District. Because of the very nature and on-going use of the assets being reported in this component of net assets, it must be recognized that this portion of the net assets is *not* available for future spending.

The remaining balance of *unrestricted net assets* of \$9.42 million may be used to meet the District's ongoing obligations to citizens and creditors. The funds are used to meet payroll and operational costs through the month of September; after which, local tax revenues are received and permit the infusion of cash necessary to operate the school system. **Table 1** provides a summary of the School District's net assets for the current fiscal year and for prior year FY2009.

<b>Table 1</b>				
<b>Net Assets</b>				
	Governmental Activities FY 2010	Governmental Activities FY 2009	Current Year to Prior Year Difference 2010-2009	
<b>Assets</b>				
Current and Other Assets	\$ 22,525,826	\$ 26,312,414	\$	-3,786,588
Capital Assets, Net	96,390,599	95,487,296		903,303
<b>Total Assets</b>	<b>\$ 118,916,425</b>	<b>\$ 121,799,710</b>	<b>\$</b>	<b>-2,883,285</b>
<b>Liabilities</b>				
Current and Other Liabilities	\$ 7,360,527	\$ 7,926,613	\$	-566,086
Long-Term Liabilities	23,763,850	30,182,016		-6,418,166
<b>Total Liabilities</b>	<b>\$ 31,124,377</b>	<b>\$ 38,108,629</b>	<b>\$</b>	<b>-6,984,252</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 73,949,777	\$ 69,374,505	\$	4,575,272
Restricted	4,423,577	4,035,126		388,451
Unrestricted	9,418,694	10,281,450		-862,756
<b>Total Net Assets</b>	<b>\$ 87,792,048</b>	<b>\$ 83,691,081</b>	<b>\$</b>	<b>4,100,967</b>

***Oconee County Board of Education***  
***Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010***

**Table 2** shows categorical **Changes in Net Assets** for the current fiscal year and for prior year FY2009.

**Table 2**  
**Change in Net Assets**

	Governmental Activities	
	FY 2010	FY 2009
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$ 1,897,845	\$ 2,036,779
Operating Grants and Contributions	29,886,620	30,648,569
Capital Grants and Contributions		1,385,847
Total Program Revenues	<u>\$ 31,784,465</u>	<u>\$ 34,071,195</u>
General Revenues:		
Property Taxes for		
Maintenance and Operations	\$ 26,283,768	\$ 26,626,218
Debt Service	1,560,390	1,649,332
Sales Taxes		
Special Purpose Local Option		
For Debt Service	4,762,110	4,719,551
Intangible Recording & Real Estate Transfer	474,891	579,103
Investment Earnings	94,602	414,232
Miscellaneous	1,394,037	2,210,865
Special Item: Gain on sale of assets		15,415
Total General Revenues	<u>\$ 34,569,798</u>	<u>\$ 36,214,716</u>
<b>Total Revenues</b>	<u><b>\$ 66,354,263</b></u>	<u><b>\$ 70,285,911</b></u>
<b>Program Expenses</b>		
Instruction	\$ 41,190,626	\$ 41,100,876
Support Services		
Pupil Services	1,634,757	1,739,592
Improvement of Instructional Services	1,237,432	1,447,696
Educational Media Services	968,022	1,221,482
General Administration	1,155,337	1,228,902
School Administration	4,704,330	4,347,641
Business Administration	348,165	522,648
Maintenance and Operation of Plant	3,979,337	4,690,931
Student Transportation Services	2,588,299	3,126,407
Central Support Services	129,743	119,350
Other Support Services	288,756	263,199
Operations of Non-Instructional Services		
Enterprise Operations	694,670	781,946
Food Services	2,393,121	2,290,956
Interest on Short-Term/Long-Term Debt	940,701	1,116,413
<b>Total Expenses</b>	<u><b>\$ 62,253,296</b></u>	<u><b>\$ 63,998,039</b></u>
 Increase in Net Assets	 <u><u>\$ 4,100,967</u></u>	 <u><u>\$ 6,287,872</u></u>

**Oconee County Board of Education**  
**Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010**

**Governmental Activities**

The Statement of Activities 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. Data are presented for the current fiscal year and for prior year FY2009. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. **The net costs reflect the financial burden on the School District's taxpayers by each activity.**

**Table 3**  
**Governmental Activities**

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	FY 2010	FY 2009	FY 2010	FY 2009
Instruction	\$ 41,190,626	\$ 41,100,876	\$ 21,566,959	\$ 17,881,374
Support Services				
Pupil Services	1,634,757	1,739,592	1,134,505	1,446,749
Improvement of Instructional Services	1,237,432	1,447,696	603,939	1,000,966
Educational Media Services	968,022	1,221,482	95,711	339,378
General Administration	1,155,337	1,228,902	-205,788	51,868
School Administration	4,704,330	4,347,641	1,976,519	2,453,503
Business Administration	348,165	522,648	300,501	489,185
Maintenance and Operation of Plant	3,979,337	4,690,931	1,211,931	2,480,412
Student Transportation Services	2,588,299	3,126,407	1,747,000	1,568,442
Central Support Services	129,743	119,350	103,113	111,354
Other Support Services	288,756	263,199	121,696	217,756
Operations of Non-Instructional Services				
Enterprise Operations	694,670	781,946	694,670	781,946
Food Services	2,393,121	2,290,956	177,374	-12,502
Interest on Short-term & Long-term Debt	940,701	1,116,413	940,701	1,116,413
Total Expenses	\$ 62,253,296	\$ 63,998,039	\$ 30,468,831	\$ 29,926,844

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

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of almost \$66.30 million and total expenditures of \$69.59 million. Included in the expenditures of \$69.59 million were capital outlay expenditures of \$2.73 million which do not constitute recurring expenditures.

**General Fund Budget Highlights**

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund.

During the course of FY 2010, the School District amended its general fund budget as needed. The School District uses site-based budgeting as a part of the budget process. The budgeting systems are designed to control total site budgets but provide flexibility for site management.

**Oconee County Board of Education**  
**Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010**

For the General Fund, the final actual revenues of \$59.85 million was less than the final budgeted amounts of \$62.69 million, a difference of \$2.84 million or about 4.53%. This major portion of the difference demonstrates that the District overestimated its final revenues which are primarily the result of mid-year state budget reductions.

The final actual expenditures of \$59.46 million is less than the final budgeted amount of \$63.99 million by \$4.53 million. This difference (final actual vs. final budget) was due to a combination of expenditure controls and revenue conservation efforts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2010, the School District had \$96.39 million invested in capital assets, including land, buildings and furniture and equipment for its governmental activities. **Table 4** reflects a summary of these balances net of accumulated depreciation for the current year and for the prior year of FY2009. Oconee County School District began a capital project building campaign that includes additions at one elementary and two middle schools, as-well-as the construction of one new elementary school.

**Table 4**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	Governmental Activities	Governmental Activities
	FY 2010	FY 2009
<b>Land</b>	\$ 4,753,482	\$ 3,853,488
<b>Construction in Progress</b>	690,564	2,773,860
<b>Land Improvements</b>	4,754,957	4,633,858
<b>Buildings</b>	82,842,454	80,556,158
<b>Equipment</b>	3,349,142	3,669,932
<b>Total</b>	\$ 96,390,599	\$ 95,487,296

Additional information on the District's Capital Assets can be found in the Notes to the Financial Statements.

**Debt**

At June 30, 2010, the School District had \$23.76 million in debt outstanding. This debt is the result of General Obligation Bonds (repaid through a property tax levy) originally sold by the District in 1993 and 1995 (refinanced in 2004 and 2005) for the purpose of the acquisition, construction, equipping, renovating, and repairing of school facilities. In the fall of 2006, the School District sold \$24 million in Revenue Bonds (repaid through local option sales tax) for the purpose of the acquisition of land for future schools, construction of new classrooms, renovations of current facilities, a new elementary school, and other facilities as approved by the Board of Education.

All current debt will be serviced by March 2014.

**Oconee County Board of Education**  
**Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010**

Oconee County School District's most recent rating (November 2006 and July 2010) by *Moodys Investors Service, Inc* and *Standard and Poor's Ratings Services* have assigned underlying bond ratings to the District of "Aa2" and "AA+", respectively. Part of the basis for the ratings is the inclusion of the bond indebtedness in the State Aid Intercept Program. **Table 5** summarizes the School District's debt.

**Table 5**  
**Debt at June 30**

	Governmental Activities FY 2010	Governmental Activities FY 2009
Installment Sales Agreement	\$ 240,806	\$ 259,939
General Obligation Bonds	23,210,000	29,425,000
Bond Premium	313,044	497,077
Total Debt Outstanding	\$ 23,763,850	\$ 30,182,016
Debt Due within One Year		
Capital Leases	\$ 0	\$ 0
General Obligation Bonds	6,635,000	6,215,000
Due within One Year	\$ 6,635,000	\$ 6,215,000

Additional Information can be found on the District's Debt obligations in the Notes to the Financial Statements.

**FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

Currently known facts, decisions or conditions that are expected to have a significant effect on financial positions or results of operations in future years are as follows:

- Local Revenue – Oconee County School Districts' priority on academic instruction continues to attract new residents and businesses into the county because of the public school system's focus on quality instructional programs.

Oconee County generally collects above 97% of the assessed taxes. This consistent collection of property taxes has assisted the local school district to meet financial obligations. Current economic conditions and recent state legislation may adversely affect the district's ability to maintain the current millage levy of 16.5 mills for M&O and 1 mill for debt service. The district will need to consider reducing permanent expenses, raising the millage rate or a combination of both approaches in order to maintain quality instructional services. Less than 18% of the local property digest consists of commercial, utility and retail properties.

ELOST receipts continue to be dependent on the local businesses and the citizens' ability to spend. There has been and continues to be increased commercial development but at the same time there has been numerous business closings. The current ELOST was developed with a high ceiling but a conservative collection rate. The district had hoped to fund pay-as-you-go projects but all current ELOST receipts are dedicated to debt service.

**Oconee County Board of Education**  
**Management's Discussion and Analysis for Fiscal Year Ended June 30, 2010**

- Capital Improvements – The School District continues to implement the capital improvement plan approved by the Board in 2006. Current demand for new classroom space has leveled off and the district can now focus on maintaining current buildings, planning improvements to athletic facilities and for a new central office complex.
- State Revenue – Legislation over the past years has reduced revenue sources available for education, and when coupled with poor economic conditions, the state has had to drastically reduce funding available to public schools and other state services. State funds are providing no more than 52% of the local budget where a number of years ago the state funded closer to 60%.

The upcoming General Assembly (January 2011) must carefully examine the impact, on both the citizens and the quality of services, of shifting the tax revenue away from income taxes and onto sales taxes to fund state and local governmental services. Additionally, the General Assembly must follow through on analyzing the impact of tax exemptions and credits on the state's revenue streams to fund services and then be bold enough to take action based on the analysis in order to preserve and protect the economic stability of the State of Georgia.

**Despite these challenges, the Oconee County Board of Education is strong financially and we remain optimistic about the ability of the School District to maximize all of the financial resources to provide a quality education to our students.** However, the District may find it challenging to maintain services for school years FY12 (2011/12) and FY13 (2012/13) if state funding for K-12 education are not restored. The challenge will be to balance revenue streams (the state not fully funding education, the expiration of Federal stimulus funds, and a decline in the local tax digest) with naturally occurring increases in expenses (personnel and operations).

The District has used *AARA and Federal Ed Jobs* funds to stabilize services and has implemented a critical review of required personnel and services to prioritize expenses. This strategy, coupled with long-term planning has allowed the system to forgo the need to implement personnel RIF policies or exhaust the operating reserve. However, the long-term solution can only be found when the state implements consistent funding for public education. The School District continues to maintain a very active process of monitoring departments and programs for efficiency and to evaluate areas to sustain services without additional personnel or operational costs.

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

This financial report is designed to provide our citizens, 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 Mr. Randy Morrison, Assistant Superintendent for Financial Operations, Oconee County Board of Education, Post Office Box 146, 34-B School Street, Watkinsville, Georgia 30677. You may also email your questions to Mr. Morrison at [rmorrison@oconeeshools.org](mailto:rmorrison@oconeeshools.org).

**OCONEE COUNTY  
BOARD OF EDUCATION**

**BASIC FINANCIAL STATEMENTS**

# OCONEE COUNTY BOARD OF EDUCATION

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 16,478,299
Investments	30,021
Receivables:	
Taxes	1,774,848
Intergovernmental:	
State	3,017,297
Federal	992,704
Inventory	88,354
Deferred charges	144,303
Capital assets (nondepreciable)	5,444,046
Capital assets (net of accumulated depreciation)	90,946,553
Total assets	<u>118,916,425</u>
<b>LIABILITIES</b>	
Salaries and benefits payable	7,023,899
Accrued interest payable	301,775
Retainage payable	34,853
Bonds payable due within one year	6,635,000
Bonds payable due in more than one year	16,888,044
Installment sales agreement due in more than one year	240,806
Total liabilities	<u>31,124,377</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	73,949,777
Restricted for:	
Continuation of federal programs	1,081,058
Debt service	3,342,519
Unrestricted	9,418,694
Total net assets	<u>\$ 87,792,048</u>

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



# OCONEE COUNTY BOARD OF EDUCATION

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 41,190,626	\$ 612,117	\$ 19,011,550	\$ -	\$ (21,566,959)
Support services:					
Pupil services	1,634,757	-	500,252	-	(1,134,505)
Improvement of instructional services	1,237,432	-	633,493	-	(603,939)
Educational media services	968,022	-	872,311	-	(95,711)
General administration	1,155,337	-	1,361,125	-	205,788
School administration	4,704,330	-	2,727,811	-	(1,976,519)
Business administration	348,165	-	47,664	-	(300,501)
Maintenance and operation of facilities	3,979,337	-	2,767,406	-	(1,211,931)
Student transportation services	2,588,299	-	841,299	-	(1,747,000)
Central support services	129,743	-	26,630	-	(103,113)
Other support services	288,756	-	167,060	-	(121,696)
Enterprise operation	694,670	-	-	-	(694,670)
Food services operation	2,393,121	1,285,728	930,019	-	(177,374)
Interest on long-term debt	940,701	-	-	-	(940,701)
Total governmental activities	<u>\$ 62,253,296</u>	<u>\$ 1,897,845</u>	<u>\$ 29,886,620</u>	<u>\$ -</u>	<u>(30,468,831)</u>

### General revenues:

#### Taxes:

Property taxes, levied for general purposes 26,283,768

Property taxes, levied for debt service 1,560,390

#### Sales taxes:

For debt service 4,762,110

Other 474,891

Miscellaneous revenues 1,394,037

Unrestricted investment earnings 94,602

Total general revenues 34,569,798

Change in net assets 4,100,967

Net assets, beginning of year 83,691,081

Net assets, end of year \$ 87,792,048

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

# OCONEE 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	\$ 12,134,893	\$ 1,428,629	\$ 2,914,777	\$ 16,478,299
Investments	30,021	-	-	30,021
Receivables:				
Taxes	1,308,072	-	466,776	1,774,848
Intergovernmental:				
State	3,017,297	-	-	3,017,297
Federal	992,704	-	-	992,704
Inventory	88,354	-	-	88,354
<b>Total assets</b>	<b>\$ 17,571,341</b>	<b>\$ 1,428,629</b>	<b>\$ 3,381,553</b>	<b>\$ 22,381,523</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Salaries and benefits payable	7,023,899	-	-	7,023,899
Retainage payable	-	34,853	-	34,853
Deferred revenue	630,927	-	39,034	669,961
<b>Total liabilities</b>	<b>7,654,826</b>	<b>34,853</b>	<b>39,034</b>	<b>7,728,713</b>
<b>FUND BALANCES</b>				
Reserved for:				
Inventory	88,354	-	-	88,354
Debt service	-	-	3,342,519	3,342,519
Federal programs	992,704	-	-	992,704
Unreserved, undesignated:				
Reported in:				
General fund	8,835,457	-	-	8,835,457
Capital projects fund	-	1,393,776	-	1,393,776
<b>Total fund balances</b>	<b>9,916,515</b>	<b>1,393,776</b>	<b>3,342,519</b>	<b>14,652,810</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,571,341</b>	<b>\$ 1,428,629</b>	<b>\$ 3,381,553</b>	

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	113,989,475	
Less accumulated depreciation	(17,598,876)	96,390,599

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

Property taxes	669,961
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds	(23,210,000)	
Bond premium, net of amortization	(313,044)	
Bond issuance costs, net of amortization	144,303	
Accrued interest	(301,775)	
Installment sales agreement	(240,806)	(23,921,322)

Net assets of governmental activities	<u>\$ 87,792,048</u>
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The accompanying notes are an integral part of these financial statements.

**OCONEE 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	\$ 26,138,528	\$ -	\$ 1,552,078	\$ 27,690,606
Sales taxes	-	-	4,857,612	4,857,612
Other taxes	447,755	-	27,136	474,891
State funds	23,799,200	-	-	23,799,200
Federal funds	6,087,420	-	-	6,087,420
Charges for services	1,897,845	-	-	1,897,845
Investment earnings	85,495	4,663	4,444	94,602
Miscellaneous	1,394,037	-	-	1,394,037
Total revenues	59,850,280	4,663	6,441,270	66,296,213
<b>EXPENDITURES</b>				
Current:				
Instruction	39,802,841	-	-	39,802,841
Support services:				
Pupil services	1,634,757	-	-	1,634,757
Improvement of instructional services	1,235,362	-	-	1,235,362
Educational media services	958,941	-	-	958,941
General administration	1,152,144	1,120	-	1,153,264
School administration	4,691,356	-	-	4,691,356
Business administration	228,935	-	-	228,935
Maintenance and operation of facilities	3,931,591	-	-	3,931,591
Student transportation services	2,323,494	-	-	2,323,494
Central support services	128,743	-	-	128,743
Other support services	254,627	-	-	254,627
Enterprise operations	694,670	-	-	694,670
Food services operation	2,393,121	-	-	2,393,121
Capital outlay	-	2,731,466	-	2,731,466
Debt service:				
Principal retirement	19,133	-	6,215,000	6,234,133
Interest and fees	11,268	-	1,185,099	1,196,367
Total expenditures	59,460,983	2,732,586	7,400,099	69,593,668
Excess (deficiency) of revenues over (under) expenditures	389,297	(2,727,923)	(958,829)	(3,297,455)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	32,100	-	-	32,100
Transfers in	-	-	775,000	775,000
Transfers out	(500,000)	(275,000)	-	(775,000)
Total other financing sources (uses)	(467,900)	(275,000)	775,000	32,100
Net changes in fund balance	(78,603)	(3,002,923)	(183,829)	(3,265,355)
<b>FUND BALANCE, beginning of year</b>	9,995,118	4,396,699	3,526,348	17,918,165
<b>FUND BALANCE, end of year</b>	\$ 9,916,515	\$ 1,393,776	\$ 3,342,519	\$ 14,652,810

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

# OCONEE 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	\$	(3,265,355)
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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. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$	2,939,912	
Depreciation expense		<u>(1,932,536)</u>	1,007,376

The net effect of the sale of fixed assets is to decrease net assets		(104,073)
--	--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	153,552
Sales taxes	<u>(95,502)</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	\$	6,215,000	
Principal payments - installment sales agreement		19,133	
Bond premium amortization expense		184,033	
Bond issuance costs amortization expense		<u>(84,830)</u>	6,333,336

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 accrued interest		<u>71,633</u>
	\$	<u>4,100,967</u>

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

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

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	<b>ASSETS</b>	<b>Agency Fund</b>
		<hr/>
Cash		<b>\$ 113,524</b>
		<hr/>
	<b>LIABILITIES</b>	
Funds held for others		<b>\$ 113,524</b>
		<hr/>

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

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

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

**Reporting Entity**

The Oconee County Board of Education (the "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.

**Blended Component Unit - Oconee County Public Facilities Authority**

The Oconee County Public Facilities Authority (the "Authority") was created by House Bill No. 938 during the 2003 session of the Georgia General Assembly. The purpose of the Authority is to provide buildings, facilities, and services for the benefit of the Oconee County School District. The Authority consists of five members who are appointed by the Oconee County School District.

The Oconee County Public Facilities Authority is a component unit of the Oconee County Board of Education and, as such, the Authority's financial activity has been blended with the Oconee County Board of Education's basic financial statements.

**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 Oconee County Board of Education.

***District-wide Statements:***

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

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

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

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***Fund Financial Statements:***

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

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

**Basis of Accounting**

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



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

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

The School District uses funds to report on its financial position and the results of its operations.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

The State of Georgia reimburses the School District 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 District 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 District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

**NEW ACCOUNTING PRONOUNCEMENTS**

In fiscal year 2010, the School District adopted the Governmental Accounting and Standards Board (GASB) Statement No. 51, Accounting and Reporting for Intangible Assets. The provisions of this Statement generally require retroactive reporting for intangible assets acquired after June 30, 1980, with the exception of those intangible assets that have indefinite useful lives and those that are considered internally generated.

In addition, the School District adopted GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The provisions of this Statement impacts disclosure regarding derivative instruments entered into by the state and local governments. Derivative disclosures, if any, will be identified in Note 3.

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

**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. Georgia Laws OCGA 45-8-14 authorize the School District to deposit its funds in one or more solvent banks or insured Federal savings and loan associations.

**Investments**

**COMPOSITION OF INVESTMENTS**

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

- (1) Obligations issued by the State of Georgia or by other states,
- (2) Obligations issued by the United States government,
- (3) Obligations fully insured or guaranteed by the United States government or a United States government agency,
- (4) Obligations of any corporation of the United States government,
- (5) Prime banker's acceptances,
- (6) The Local Government 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 investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

**Receivables**

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

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

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

**Property Taxes**

The Oconee County Board of Commissioners fixed the property tax levy for the 2009 tax digest year (calendar year) on August 25, 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 Oconee 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 \$26,138,528 and for school bonds amounted to \$1,552,078.

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 Oconee County Board of Education is in compliance with this law. Tax millage rates levied for the 2009 tax year (calendar year) for the Oconee County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	16.50 mills
School Bonds	<u>1.00</u> mills
Total	<u>17.50</u> mills

**Sales Taxes**

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$4,857,612 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

**Inventories**

**FOOD INVENTORIES**

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

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

**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.

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$25,000	70 years
Buildings and Improvements	\$25,000	15 to 70 years
All Equipment	\$5,000	5 to 25 years
Intangible Assets	\$100,000	10 years

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

**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. 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. 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.

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

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

**Net Assets**

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

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

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

**Unrestricted net assets** - Unrestricted net assets represent resources derived from property taxes, sales taxes, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School District, and may be used at the discretion of the Board to meet current expenses for those purposes.

**Note 3: DEPOSITS AND INVESTMENTS**

**COLLATERALIZATION OF DEPOSITS**

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a period 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. At June 30, 2010, all deposits were secured by surety bond, insurance or collateral as specified above.

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,

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

**Note 3: DEPOSITS AND INVESTMENTS (Continued)**

- (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, 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 the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

**CATEGORIZATION OF INVESTMENTS**

The School District's investments as of June 30, 2010, are presented below. All investments are presented by investment type.

<u>Investment Type</u>	<u>Fair Value</u>
Other Investments	
U. S. Treasury Money Market Funds	\$ <u>30,021</u>

The U. S. Treasury Money Market Funds are in a Treasury Portfolio Fund managed by Fidelity Investments. The Treasury Portfolio Fund is rated AAAM by Standard and Poor's and Aaa by Moody's. The weighted average maturity of the fund is approximately 60 days.

**Note 4: NON-MONETARY TRANSACTIONS**

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

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

**Note 5: CAPITAL ASSETS**

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

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated				
Land	\$ 3,853,488	\$ 900,000	\$ (6)	\$ 4,753,482
Construction in progress	2,773,860	690,564	(2,773,860)	690,564
Total capital assets not being depreciated	6,627,348	1,590,564	(2,773,866)	5,444,046
Capital assets being depreciated				
Buildings and improvements	92,267,937	3,751,199	(145,752)	95,873,384
Equipment	7,111,548	168,006	(170,278)	7,109,276
Land improvements	5,363,766	204,003	(5,000)	5,562,769
Total capital assets being depreciated	104,743,251	4,123,208	(321,030)	108,545,429
Less accumulated depreciation for				
Buildings and improvements	(11,711,779)	(1,414,835)	95,684	(13,030,930)
Equipment	(3,441,616)	(439,690)	121,172	(3,760,134)
Land improvements	(729,908)	(78,011)	107	(807,812)
Total accumulated depreciation	(15,883,303)	(1,932,536)	216,963	(17,598,876)
Total capital assets being depreciated, net	88,859,948	2,190,672	(104,067)	90,946,553
Total governmental activities capital assets, net	\$ 95,487,296	\$ 3,781,236	\$ (2,877,933)	\$ 96,390,599

Current year depreciation expense by function is as follows.

Instruction	\$ 1,524,258
Support Services	
Improvement of Instructional Services	2,070
Educational Media Services	9,081
General Administration	2,073
School Administration	12,974
Business Administration	34,400
Maintenance and Operations of Facilities	47,746
Student Transportation Services	264,805
Central Support Services	1,000
Food Services Operation	34,129
	<u>\$ 1,932,536</u>

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

**Note 6: INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfers To	Transfers From		
	General	District-Wide Capital Projects	Total Governmental Funds
Debt Service	\$ 500,000	\$ 275,000	\$ 775,000
Total governmental funds	\$ 500,000	\$ 275,000	\$ 775,000

**Note 7: RISK MANAGEMENT**

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

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

The School District has obtained commercial insurance for all losses related to acts of God. The School District has not experienced any losses related to this risk in the past three years.

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

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

	Beginning of Year	Claims and Changes in Estimates	Claims Paid	End of Year
2009	\$ -	\$ 13,888	\$ 2,034	\$ 11,854
2010	\$ 11,854	\$ 11,443	\$ 21,647	\$ 1,650



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

**Note 7: RISK MANAGEMENT (Continued)**

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the "Fund"), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$400,000 loss per occurrence, up to \$1,000,000.

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$100,000

**Note 8: LONG - TERM DEBT**

**INSTALLMENT SALES AGREEMENT**

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

**COMPENSATED ABSENCES**

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

**GENERAL OBLIGATION DEBT OUTSTANDING**

General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
General Government - Refunding -Series 2004	3.16%	\$ 7,265,000
General Government - Series 2006	4.00% - 5.00%	15,945,000
		<u>\$ 23,210,000</u>

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

**Note 8: LONG - TERM DEBT (Continued)**

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

	Governmental Funds			
	Installment Sales Agreement	General Obligation Bonds	Bond Premium	Total
Balance July 1, 2009	\$ 259,939	\$ 29,425,000	\$ 497,077	\$ 30,182,016
Additions:				
Deductions:				
Debt Retired	19,133	6,215,000	-	6,234,133
Bond Premium Amortized	-	-	184,033	184,033
Balance June 30, 2010	<u>\$ 240,806</u>	<u>\$ 23,210,000</u>	<u>\$ 313,044</u>	<u>\$ 23,763,850</u>
Due within One Year	<u>\$ -</u>	<u>\$ 6,635,000</u>	<u>\$ -</u>	<u>\$ 6,635,000</u>
	(1)			

(1) Paid during current year.

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	Installment Sales Agreement	
	Principal	Interest
2011	\$ -	\$ -
2012	19,953	9,602
2013	20,774	8,755
2014	21,593	7,874
2015	22,413	6,959
2016-2020	127,372	19,648
2021	28,701	597
Total	<u>\$ 240,806</u>	<u>\$ 53,435</u>

Fiscal Year Ended June 30	Unamortized Bond Premium	General Obligation Bonds	
		Principal	Interest
2011	\$ 147,823	\$ 6,635,000	\$ 977,524
2012	108,849	7,085,000	726,446
2013	56,372	7,560,000	404,856
2014	-	1,930,000	60,988
Total	<u>\$ 313,044</u>	<u>\$ 23,210,000</u>	<u>\$ 2,169,814</u>

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

**Note 9: ON-BEHALF PAYMENTS**

The School District has recognized revenues and costs in the amount of \$149,479 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 \$92,590

Paid the Teachers Retirement System

For Teachers Retirement (TRS)

In the amount of \$30,154

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 \$26,735

**Note 10: 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 Executed Contracts	Funding Available From State
North Oconee County High School Weight Room	\$ 133,989	-

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

**Note 11: SIGNIFICANT CONTINGENT LIABILITIES**

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

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

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

**Note 12: RETIREMENT PLANS**

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

**TRS PLAN DESCRIPTION**

Substantially all teachers, administrative and clerical personnel employed by local school systems are covered by the Teachers Retirement System of Georgia (TRS), which is a cost-sharing multiple employer defined benefit pension plan. TRS provides service retirement, disability retirement and survivors benefits for its members in accordance with State statute. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

**TRS CONTRIBUTIONS REQUIRED AND MADE**

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

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

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

**FUNDING POLICY**

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

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

**Note 12: RETIREMENT PLANS (Continued)**

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2010	100%	\$ 3,555,074
2009	100%	\$ 3,392,275
2008	100%	\$ 3,156,711

**Note 13: POSTEMPLOYMENT BENEFITS**

**Georgia Retiree Health Benefit Fund**

*Plan Description.* The School District contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. GRHBF 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 Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

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

Certified Teachers		
July 2009	18.534%	of covered payroll for August Coverage
August 2009 - October 2009	14.492%	of covered payroll for September - November Coverage
November 2009 - June 2010	18.534%	of covered payroll for December - July Coverage
Non-Certificated Employees		\$162.72 per month

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

**Note 13: POSTEMPLOYMENT BENEFITS (Continued)**

No additional contribution was required by the Board of Community Health for fiscal year 2010 nor contributed to GRHBF to prefund retire 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 for the fiscal year ended June 30, 2010, was \$5,389,118, which equaled the required contribution.

# OCONEE COUNTY BOARD OF EDUCATION

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Nonappropriated Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 26,651,579	\$ 25,886,260	\$ 26,586,283	\$ 700,023
State funds	26,724,209	26,724,209	23,799,200	(2,925,009)
Federal funds	5,935,785	5,935,785	6,087,420	151,635
Charges for services	2,141,145	2,141,145	1,897,845	(243,300)
Investment earnings	43,268	43,268	85,495	42,227
Miscellaneous	1,961,163	1,961,163	1,394,037	(567,126)
Total revenues	<u>63,457,149</u>	<u>62,691,830</u>	<u>59,850,280</u>	<u>(2,841,550)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	44,249,123	42,386,083	39,802,841	2,583,242
Support services:				
Pupil services	1,574,513	1,574,513	1,634,757	(60,244)
Improvement of instructional services	1,394,640	1,385,695	1,235,362	150,333
Educational media services	954,687	954,687	958,941	(4,254)
General administration	1,111,119	1,111,119	1,152,144	(41,025)
School administration	4,727,823	4,712,866	4,691,356	21,510
Business administration	297,954	294,954	228,935	66,019
Maintenance and operation of facilities	4,735,954	4,689,644	3,931,591	758,053
Student transportation services	2,490,158	2,262,838	2,323,494	(60,656)
Central support services	164,447	163,462	128,743	34,719
Other support services	685,466	685,466	254,627	430,839
Enterprise operations	1,048,344	1,048,344	694,670	353,674
Food services operation	2,691,932	2,658,070	2,393,121	264,949
Debt service:				
Principal retirement	19,187	19,187	19,133	54
Interest and fiscal charges	48,901	48,901	11,268	37,633
Total expenditures	<u>66,194,248</u>	<u>63,995,829</u>	<u>59,460,983</u>	<u>4,534,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,737,099)</u>	<u>(1,303,999)</u>	<u>389,297</u>	<u>1,693,296</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	22,955	22,955	32,100	9,145
Transfers in	275,583	275,583	-	(275,583)
Transfers out	(500,583)	(500,583)	(500,000)	583
Total other financing uses	<u>(202,045)</u>	<u>(202,045)</u>	<u>(467,900)</u>	<u>(265,855)</u>
Net change in fund balances	<u>(2,939,144)</u>	<u>(1,506,044)</u>	<u>(78,603)</u>	<u>1,427,441</u>
<b>FUND BALANCE, beginning of year</b>	<u>9,995,118</u>	<u>9,995,118</u>	<u>9,995,118</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 7,055,974</u>	<u>\$ 8,489,074</u>	<u>\$ 9,916,515</u>	<u>\$ 1,427,441</u>

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

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

# OCONEE COUNTY BOARD OF EDUCATION

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

Funding Agency Program/Grant	CFDA Number	Pass- Through Entity ID Number	Expenditures In Period
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	N/A	\$ (2)
National School Lunch Program - Cash	10.555	N/A	2,201,945
National School Lunch Program - Commodities (1)	10.555	N/A	91,948
Total Child Nutrition Cluster			2,293,893
Pass-Through From Office of Treasury and Fiscal Services			
Schools and Roads - Grants to States	10.665	N/A	123
Total U. S. Department of Agriculture			2,294,016
National Science Foundation			
Pass-Through From University of Georgia			
Education and Human Resources	47.076	N/A	11,857
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	N/A	967,896
Preschool Grants	84.173	N/A	35,834
Grants to States - American Recovery and Reinvestment Act	84.392	N/A	337,631
Preschool Grants - American Recovery and Reinvestment Act	84.391	N/A	38,589
Total Special Education Cluster			1,379,950
Title I, Part A Cluster			
Pass-Through From Georgia Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	N/A	478,314
ARRA - Title I Grants to Local Educational Agencies	84.389	N/A	158,398
Total Title I, Part A Cluster			636,712
Other Programs			
Pass-Through From Georgia Department of Education			
Title II			
Improving Teacher Quality State Grants	84.367	N/A	76,923
Education Technology State Grants	84.318	N/A	3,840
Total Title II			80,763
Title III			
English Language Acquisition Grants	84.365	N/A	24,418



# OCONEE COUNTY BOARD OF EDUCATION

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

Funding Agency Program/Grant	CFDA Number	Pass- Through Entity ID Number	Expenditures In Period
Title IV			
Safe and Drug Free Schools And Communities	84.186	N/A	\$ 11,571
Vocational Education-Basic Grants to States			
Career and Technical Education	84.048	N/A	48,200
State Fiscal Stabilization Fund - Education State Grants			
American Recovery and Reinvestment Act	84.394A	N/A	3,144,938
Total U. S. Department of Education			5,326,552
Total Expenditures of Federal Awards			\$ 7,632,425

N/A = Not Available

### Notes to the Schedule of Expenditures of Federal Awards

- (1) The amounts shown for the Food Donation Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the School District during the current fiscal year.
- (2) Expenditures for the funds earned on the School Breakfast Program were not maintained separately and are included in the National School Lunch Program.

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

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

See notes to the basic financial statements.

# OCONEE 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>Capital Projects Fund</u>	
<b>Grants</b>			
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	\$ 1,823,440	\$ -	\$ 1,823,440
Kindergarten Program - Early Intervention Program	1,491	-	1,491
Primary Grades (1-3) Program	4,854,820	-	4,854,820
Primary Grades - Early Intervention (1-3) Program	93,818	-	93,818
Upper Elementary Grades (4-5) Program	2,487,956	-	2,487,956
Primary Grades - Early Intervention (4-5) Program	94,221	-	94,221
Middle Grades (6-8) Program	3,986,924	-	3,986,924
Students with Disabilities	2,973,820	-	2,973,820
High School General Education (9-12) Program	3,696,605	-	3,696,605
Vocational Laboratory (9-12) Program	1,222,234	-	1,222,234
Program for Intellectually Gifted Students - Category VI	1,447,665	-	1,447,665
Remedial Education Program	202,025	-	202,025
Alternative Education Program	340,500	-	340,500
English Speakers of Other Languages (ESOL)	189,288	-	189,288
Media Center Program	691,290	-	691,290
20 Days Additional Instruction	218,971	-	218,971
Staff and Professional Development	118,949	-	118,949
Indirect Cost			
Central Administration	901,676	-	901,676
School Administration	1,453,037	-	1,453,037
Facility Maintenance and Operations	1,554,626	-	1,554,626
Categorical Grants			
Pupil Transportation	735,705	-	735,705
Mid Term Hold Harmless	196,735	-	196,735
Sparsity	13,794	-	13,794
Nursing Services	116,130	-	116,130
Vocational Supervisors	30,408	-	30,408
Food Services	92,688	-	92,688
Vocational Education	86,882	-	86,882
Amended Formula Adjustment	(6,201,096)	-	(6,201,096)
Other State Programs			
National Teacher Certification	97,451	-	97,451
Preschool Handicapped Program	120,351	-	120,351
	<u>23,642,404</u>	<u>-</u>	<u>23,642,404</u>

# OCONEE 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>Capital Projects Fund</u>	
<b>Grants</b>			
On Behalf Payments			
On Behalf Payments - Health Insurance	\$ 92,590	\$ -	\$ 92,590
On Behalf Payments - Teachers Retirement	30,154	-	30,154
On Behalf Payments - Public School Employees Retirement	26,735	-	26,735
	<u>149,479</u>	<u>-</u>	<u>149,479</u>
Dual Enrollment			
Other Grants from Georgia Department of Education	1,550	-	1,550
	<u>1,550</u>	<u>-</u>	<u>1,550</u>
Virtual Schools Grant			
Other Grants from Georgia Department of Education	425	-	425
	<u>425</u>	<u>-</u>	<u>425</u>
Ga Special Needs Scholarship Fund			
Other Grants from Georgia Department of Education	5,342	-	5,342
	<u>5,342</u>	<u>-</u>	<u>5,342</u>
Total State Funds	<u>\$ 23,799,200</u>	<u>\$ -</u>	<u>\$ 23,799,200</u>

See notes to the basic financial statements.

# OCONEE COUNTY BOARD OF EDUCATION

## SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Project	Original Estimated Cost(1)	Current Estimated Costs(2)	Expended In Current Year (3) (4)	Expended In Prior Years (3) (4)	Project Status
Providing funds to pay a portion of the costs of constructing and equipping a second high school in the School District and to the extent there are sufficient funds available, to provide funds for the costs of constructing new educational facilities and adding to, modifying, renovating, repairing, improving and equipping existing educational buildings, properties and facilities of the School District, including the acquisition of any necessary real property, making system-wide technology improvements, and paying expenses incident to any of the foregoing.	\$ 24,000,000	\$ 35,879,801	\$ 2,732,586	\$ 33,147,215	Ongoing
Providing funds to pay the costs of acquiring real property (improved or unimproved) for future school sites; acquiring, constructing and equipping a new elementary school; adding to, renovating, repairing, improving and equipping existing educational buildings, properties and facilities of the School District, including, without limitation, athletic facilities, road improvement and technology infrastructure and equipment, and to the extent there are additional funds available, constructing additional new schools and administrative facilities, and pay expenses incident thereto, including the payment of any capitalized interest, at a cost of approximately \$38,000,000 and the issuance of general obligation debt of Oconee County School District, in one or more series, in the aggregate principal amount of \$24,000,000 for the above purpose.	38,000,000	38,000,000	1,185,099	24,137,363	Ongoing
	<u>\$ 62,000,000</u>	<u>\$ 73,879,801</u>	<u>\$ 3,917,685</u>	<u>\$ 57,284,578</u>	

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

Prior Years	\$ 899,474
Current Year	<u>-</u>
Total	<u>\$ 899,474</u>

See notes to the basic financial statements.

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# OCONEE 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			
<b>Direct Instructional Funds:</b>								
Kindergarten Program	\$	2,317,243	\$	2,345,539	\$	61,750	\$	2,407,289
Kindergarten Program - Early Intervention Program		14,785		-		38		38
Primary Grades (1-3) Program		6,127,911		6,205,797		279,028		6,484,825
Primary Grades - Early Intervention (1-3) Program		122,454		377,595		842		378,437
Upper Elementary Grades (4-5) Program		3,124,526		3,992,278		148,971		4,141,249
Upper Elementary Grades-Early Intervention (4-5) Program		115,389		-		85		85
Middle School (6-8) Program		5,065,352		5,674,043		256,466		5,930,509
High School General Education (9-12) Program		4,641,423		5,830,657		478,367		6,309,024
Vocational Laboratory (9-12) Program		1,569,330		1,288,420		107,361		1,395,781
Students with Disabilities		3,723,316		-		-		-
Category I		-		50,789		3,416		54,205
Category II		-		149,486		9,212		158,698
Category III		-		2,256,509		25,972		2,282,481
Gifted Student - Category VI		1,936,494		2,092,332		15,568		2,107,900
Remedial Education Program		236,919		-		348		348
Alternative Education Program		419,183		322,033		24,406		346,439
English Speakers of Other Languages (ESOL)		230,773		156,392		3,028		159,420
<b>TOTAL DIRECT INSTRUCTIONAL PROGRAMS</b>		29,645,098	30,741,870		1,414,858		32,156,728	
Media Center Program		855,997		784,021		123,219		907,240
Staff and Professional Development		148,023		-		-		52,538
<b>TOTAL QBE FORMULA FUNDS</b>		\$ 30,649,118	\$ 31,525,891		\$ 1,538,077		\$ 33,116,506	

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

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

## **II.COMPLIANCE AND INTERNAL CONTROL REPORTS SECTION**



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 10, 2011

Honorable Nathan Deal, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Oconee County Board of Education

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oconee County Board of Education as of and for the year ended June 30, 2010, which collectively comprise Oconee County Board of Education's basic financial statements and have issued our report thereon dated March 10, 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 Oconee 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 Oconee County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oconee 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.



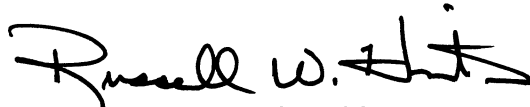
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oconee 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 have reported to management of Oconee County Board of Education in a separate letter dated March 10, 2011.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton". The signature is stylized with a large initial "R" and a long horizontal stroke at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2010YB-10



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 10, 2011

Honorable Nathan Deal, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Oconee County Board of Education

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

Ladies and Gentlemen:

Compliance

We have audited Oconee County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. Oconee County Board of Education's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Oconee County Board of Education's management. Our responsibility is to express an opinion on Oconee County Board of Education's compliance based on our audit.

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

In our opinion, the Oconee 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.

## Internal Control Over Compliance

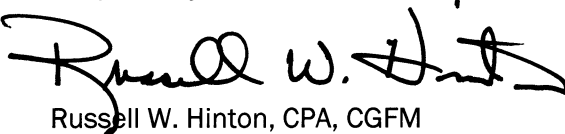
Management of Oconee County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Oconee County 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 the Oconee County Board of Education's internal control over compliance.

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

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2010SA-10

### **III. AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS SECTION**

OCONEE COUNTY BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

#### **IV. FINDINGS AND QUESTIONED COSTS SECTION**

OCONEE COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

**I SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issue:

Governmental Activities; General Fund; Capital Projects Fund; Debt  
Service Fund; Aggregate Remaining Fund Information

Unqualified

Internal control over financial reporting:

- Material weakness identified?
- Significant deficiency identified?

No  
None Reported

Noncompliance material to financial statements noted:

No

Federal Awards

Internal Control over major programs:

- Material weakness identified?
- Significant deficiency identified?

No  
None Reported

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

All major programs

Unqualified

Any audit findings disclosed that are required to be reported in  
accordance with OMB Circular A-133, Section 510(a)?

No

Identification of major programs:

CFDA  
Number(s)

Name of Federal Program or Cluster  
Title I, Part A Cluster  
Special Education Cluster  
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000.00

Auditee qualified as low-risk auditee?

No

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.