

BEN HILL COUNTY BOARD OF EDUCATION
FITZGERALD, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011
(Including Independent Auditor's Reports)

BEN HILL COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

August 21, 2012

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

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

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through I) of the Ben Hill County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ben Hill County Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ben Hill County Board of Education, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2012, on our consideration of the Ben Hill County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on page 25, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ben Hill County Board of Education's financial statements as a whole. The accompanying supplementary information consists of Schedules 2 through 5, which includes the Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, 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,

Greg S. Griffin
State Auditor

GSG:as
2011ARL-11

BEN HILL COUNTY BOARD OF EDUCATION

BEN HILL COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 8,076,663.94
Investments	2,787,696.47
Accounts Receivable, Net	
Taxes	1,156,834.58
State Government	2,190,235.78
Federal Government	652,755.64
Other	21,839.17
Inventories	17,910.98
Capitalized Bond Issuance Costs	161,974.15
Capital Assets, Non-Depreciable	13,505,025.88
Capital Assets, Depreciable (Net of Accumulated Depreciation)	21,040,133.12
Total Assets	$ 49,611,069.71
LIABILITIES	
Accounts Payable	$ 137,172.17
Salaries and Benefits Payable	3,189,906.64
Interest Payable	143,384.00
Contracts Payable	81,459.00
Retainages Payable	599,641.00
Deposits and Deferred Revenues	7,277.79
Long-Term Liabilities	
Due Within One Year	1,944,734.50
Due in More than One Year	6,063,407.00
Total Liabilities	$ 12,166,982.10
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 27,652,681.94
Restricted for	
Bus Replacement	40,306.00
Continuation of Federal Programs	410,505.38
Debt Service	1,943,746.00
Capital Projects	3,280,060.95
Unrestricted	4,116,787.34
Total Net Assets	$ 37,444,087.61
Total Liabilities and Net Assets	$ 49,611,069.71

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

BEN HILL COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 20,299,186.03	$ 12,084.98
Support Services		
Pupil Services	842,331.27	
Improvement of Instructional Services	1,080,762.41	
Educational Media Services	446,260.48	
General Administration	578,097.87	
School Administration	1,977,527.01	
Business Administration	355,514.59	
Maintenance and Operation of Plant	1,785,937.66	44,450.00
Student Transportation Services	1,388,722.95	
Other Support Services	101,883.16	
Operations of Non-Instructional Services		
Enterprise Operations	179,982.76	202,134.84
Food Services	1,890,366.82	171,898.05
Interest on Short-Term and Long-Term Debt	350,455.00	
Total Governmental Activities	$ 31,277,028.01	$ 430,567.87
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Service		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Assets		
Net Assets - Beginning of Year (Restated)		
Net Assets - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 15,174,237.74		$ -5,112,863.31
256,897.37		-585,433.90
790,510.75		-290,251.66
428,500.59		-17,759.89
753,508.55		175,410.68
921,968.74		-1,055,558.27
1,104.32		-354,410.27
963,969.16		-777,518.50
469,263.41	$ 152,584.00	-766,875.54
86,739.68		-15,143.48
		22,152.08
1,437,494.65		-280,974.12
		-350,455.00
$ 21,284,194.96	$ 152,584.00	$ -9,409,681.18
		$ 5,398,436.82
		22.14
		15,060.50
		2,300,465.34
		44,132.29
		2,303,892.00
		98,104.46
		460,690.42
		$ 10,620,803.97
		$ 1,211,122.79
		36,232,964.82
		$ 37,444,087.61

BEN HILL COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 4,088,539.24	$ 3,988,124.70		$ 8,076,663.94
Investments		2,787,696.47		2,787,696.47
Accounts Receivable, Net				
Taxes	920,654.72	229,545.07	$ 6,634.79	1,156,834.58
State Government	2,190,235.78			2,190,235.78
Federal Government	652,755.64			652,755.64
Other	21,839.17			21,839.17
Inventories	17,910.98			17,910.98
Total Assets	$ 7,891,935.53	$ 7,005,366.24	$ 6,634.79	$ 14,903,936.56
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 133,787.17	$ 3,385.00		$ 137,172.17
Salaries and Benefits Payable	3,189,906.64			3,189,906.64
Contracts Payable		81,459.00		81,459.00
Retainages Payable		599,641.00		599,641.00
Deposits and Deferred Revenue	746,607.63		$ 6,634.79	753,242.42
Total Liabilities	$ 4,070,301.44	$ 684,485.00	$ 6,634.79	$ 4,761,421.23
FUND BALANCES				
Nonspendable	$ 17,910.98			$ 17,910.98
Restricted	432,900.40	$ 6,320,881.24	$ 0.00	6,753,781.64
Assigned	981,338.54			981,338.54
Unassigned	2,389,484.17			2,389,484.17
Total Fund Balances	$ 3,821,634.09	$ 6,320,881.24	$ 0.00	$ 10,142,515.33
Total Liabilities and Fund Balances	$ 7,891,935.53	$ 7,005,366.24	$ 6,634.79	$ 14,903,936.56

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

BEN HILL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 10,142,515.33
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 363,797.00	
Construction in Progress	13,141,228.88	
Land Improvements	2,571,286.00	
Buildings	28,096,941.66	
Equipment	4,708,607.00	
Accumulated Depreciation	-14,336,701.54	
Total Capital Assets		34,545,159.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.		745,964.63
Other Long-Term Assets are not available to pay for current period expenditures and therefore, are deferred on the Statement of Net Assets.		
Deferred Charges - Capitalized Bond Issuance Costs		161,974.15
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:		
Bonds Payable	$ -7,800,000.00	
Accrued Interest	-143,384.00	
Unamortized Bond Premiums	-208,141.50	
Total Long-Term Liabilities		-8,151,525.50
Net Assets of Governmental Activities (Exhibit "A")		$ 37,444,087.61

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

BEN HILL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 5,307,148.80		$ 485.40	$ 5,307,634.20
Sales Taxes	44,132.29	$ 2,300,465.34		2,344,597.63
State Funds	18,069,677.39			18,069,677.39
Federal Funds	5,670,993.57			5,670,993.57
Charges for Services	430,567.87			430,567.87
Investment Earnings	73,184.03	24,920.43		98,104.46
Miscellaneous	430,955.92			430,955.92
Total Revenues	$ 30,026,659.87	$ 2,325,385.77	$ 485.40	$ 32,352,531.04
EXPENDITURES				
Current				
Instruction	$ 19,023,363.66			$ 19,023,363.66
Support Services				
Pupil Services	831,831.27			831,831.27
Improvement of Instructional Services	1,080,762.41	$ 39,540.00		1,120,302.41
Educational Media Services	411,209.51			411,209.51
General Administration	573,908.68		$ 3,675.00	577,583.68
School Administration	1,977,527.01			1,977,527.01
Business Administration	319,176.16			319,176.16
Maintenance and Operation of Plant	1,776,642.47			1,776,642.47
Student Transportation Services	1,165,530.60			1,165,530.60
Other Support Services	101,883.16			101,883.16
Enterprise Operations	179,982.76			179,982.76
Food Services Operation	1,786,893.98			1,786,893.98
Capital Outlay		3,735,588.58		3,735,588.58
Debt Services				
Principal			1,855,000.00	1,855,000.00
Interest			381,360.00	381,360.00
Total Expenditures	$ 29,228,711.67	$ 3,775,128.58	$ 2,240,035.00	$ 35,243,875.25
Excess of Revenues over (under) Expenditures	$ 797,948.20	$ -1,449,742.81	$ -2,239,549.60	$ -2,891,344.21
OTHER FINANCING SOURCES (USES)				
Transfers In			$ 1,925,692.67	$ 1,925,692.67
Transfers Out		$ -1,925,692.67		-1,925,692.67
Total Other Financing Sources (Uses)		$ -1,925,692.67	$ 1,925,692.67	$ 0.00
Net Change in Fund Balances	$ 797,948.20	$ -3,375,435.48	$ -313,856.93	$ -2,891,344.21
Fund Balances - Beginning	3,023,685.89	9,696,316.72	313,856.93	13,033,859.54
Fund Balances - Ending	$ 3,821,634.09	$ 6,320,881.24	$ 0.00	$ 10,142,515.33

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

BEN HILL COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2011

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -2,891,344.21
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 2,915,835.42	
Depreciation Expense	-811,754.01	
Excess of Capital Outlay over Depreciation Expense		2,104,081.41
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		105,885.26
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of Bond Principal Retirements.		1,855,000.00
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:		
Amortization of Bond Issuance Cost	$ -23,139.17	
Amortization of Bond Premium	29,734.50	
Net Decrease in Accrued Interest	30,905.00	
Total Additional Expenditures		37,500.33
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 1,211,122.79

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

BEN HILL COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 4,768.36	$ 88,416.95
LIABILITIES		
Funds Held for Others		$ 88,416.95
NET ASSETS		
Held in Trust for Private Purposes	$ 4,768.36	
Total Liabilities and Net Assets	$ 4,768.36	$ 88,416.95

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

BEN HILL COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT H

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Investment Earnings	
Interest	$ 58.79
DEDUCTIONS	
Other Deductions	$ 10.56
Change in Net Assets	$ 48.23
Net Assets - Beginning	4,720.13
Net Assets - Ending	$ 4,768.36

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

District-wide Statements:

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

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

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

Fund Financial Statements:

The fund financial statements provide information about the School District's funds. 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Special Purpose Local Option Sales Tax (SPLOST)that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

- Private Purpose Trust fund reports a trust arrangement, Cumbee-McCall Trust Fund, under which income is to be used for the purpose of providing for the care and support of under privileged children.
- Agency funds account for assets held by the School District as an agent for various funds, governments or individuals.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary 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, and grants. 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities 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 System for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the School System over the same twelve month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued. Since the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2011, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of this Statement establish accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

RESTATEMENT OF PRIOR YEAR NET ASSETS/FUND BALANCE

For fiscal year 2011, the School District restated Capital Assets due to errors and omissions. The School District overstated Construction in Progress in previous years by $263,138.00. The result is a decrease in Net Assets at July 1, 2010, of $263,138.00. This change is in accordance with generally accepted accounting principles.

Net assets, July 1, 2010 as previously reported	$	36,496,102.82
Construction in Progress Error		-263,138.00
Net assets, July 1, 2010, as restated	$	36,232,964.82

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

1. Obligations issued by the State of Georgia or by other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime banker's acceptances,
6. The Georgia Fund 1 administered by the State of Georgia, Office of the State Treasurer,
7. Repurchase agreements, and

8. Obligations of other political subdivisions of the State of Georgia.

RECEIVABLES

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

PROPERTY TAXES

The Ben Hill County Board of Commissioners fixed the property tax levy for the 2010 tax digest year (calendar year) on August 26, 2010 (levy date). Taxes were due on December 20, 2010 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2010 tax digest are reported as revenue in the governmental funds for fiscal year 2011. The Ben Hill 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, 2011, for maintenance and operations amounted to $5,292,088.30 and for school bonds amounted to $485.40.

The tax millage rate levied for the 2010 tax year (calendar year) for the Ben Hill County Board of Education was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	15.496 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $2,300,465.34 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.

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives

of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	$ 50,000.00	15 years
Buildings and Improvements	$ 50,000.00	60 to 75 years
Equipment	$ 5,000.00	5 to 25 years
Construction in Progress	$ 50,000.00	N/A
Intangibles - Software	$ 100,000.00	10 years
All Other Intangibles	$ 10,000.00	20 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives, with the exception of intangible assets which are amortized.

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 20 years.

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 straight-line 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.

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 bus replacement, continuation of Federal Programs, debt service, and capital projects in accordance with restrictions imposed by external third parties.

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

FUND BALANCES

The School District's fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources are either (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board of Education or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – The residual classification for the General Fund. This classification represents fund balances that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Fund Balances of the Governmental Funds at June 30, 2011, are as follows:

Nonspendable		
Inventories		$ 17,910.98
Restricted		
Bus Replacement	$ 40,306.00	
Continuation of Federal Programs	392,594.40	
Capital Projects	4,233,751.24	
Debt Service	2,087,130.00	6,753,781.64
Assigned		
Subsequent Period Expenditures	$ 877,305.00	
School Activity Accounts	104,033.54	981,338.54
Unassigned		2,389,484.17
Fund Balance, June 30, 2011		$ 10,142,515.33

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year end of not less than 5% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal policy for managing custodial credit risk. At June 30, 2011, the bank balances were $9,525,395.97. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution in the School District's name.

CATEGORIZATION OF INVESTMENTS

At June 30, 2011, the carrying value of the School District's total investments was $2,787,696.47, which is materially the same as fair value. This investment consisted entirely of funds invested in the Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of the State Treasurer which are not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at http://www.audits.ga.gov/SGD/cafr.html.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAAm rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2011, was 59 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

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2010 (Restated)	Increases	Decreases	Balances June 30, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 363,797.00			$ 363,797.00
Construction Work In Progress	10,441,552.46	$ 2,699,676.42	$ 0.00	13,141,228.88
Total Capital Assets, Not Being Depreciated	$ 10,805,349.46	$ 2,699,676.42	$ 0.00	$ 13,505,025.88
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 28,096,941.66		$ 0.00	$ 28,096,941.66
Equipment	4,492,448.00	$ 216,159.00		4,708,607.00
Land Improvements	2,571,286.00			2,571,286.00
Less: Accumulated Depreciation:				
Buildings and Improvements	9,198,048.64	459,931.45		9,657,980.09
Equipment	2,884,392.99	266,564.96		3,150,957.95
Land Improvements	1,442,505.90	85,257.60		1,527,763.50
Total Capital Assets, Being Depreciated, Net	$ 21,635,728.13	$ -595,595.01	$ 0.00	$ 21,040,133.12
Governmental Activity Capital Assets - Net	$ 32,441,077.59	$ 2,104,081.41	$ 0.00	$ 34,545,159.00

Current year depreciation expense by function is as follows:

Instruction		$ 568,674.16
Support Services		
Educational Media Services	$ 15,451.85	
General Administration	1,674.00	
Business Administration	5,870.15	
Maintenance and Operation of Plant	4,033.05	
Student Transportation Services	170,040.39	197,069.44
Food Services		46,010.41
		$ 811,754.01

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer to	Transfers From District-wide Capital Projects
Debt Service Fund	$ 1,925,692.67

Transfers are used to move sales tax revenues collected by the District-wide Capital Projects Fund to the Debt Service Fund to pay bond principal and interest payments.

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, errors or omissions, and job related illness or injuries to employees. 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 elected to self-insure 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 expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2010	$ 14,062.20	$ 45,347.73	$ 53,881.20	$ 5,528.73
2011	$ 5,528.73	$ 10,973.19	$ 14,525.25	$ 1,976.67

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

Position Covered	Amount
Superintendent	$ 99,000.00
Military Property Custodian	$ 24,000.00
Each Principal	$ 9,000.00
Director of Budget and Finance	$ 8,000.00
Each Lunchroom Manager and Assistant Manager	$ 4,000.00
Each Secretary and Bookkeeper	$ 4,000.00
Payroll Administrator	$ 3,000.00

NOTE 8: OPERATING LEASES

Ben Hill County Board of Education has entered into various leases as lessee for copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2011, for governmental funds amounted to $54,614.80. Future minimum lease payments for these leases are as follows:

Year Ending	Governmental Funds
2012	$ 41,342.16
2013	1,524.00
2014	1,524.00
2015	1,524.00
Total	$ 45,914.16

NOTE 9: LONG-TERM DEBT'

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2006	3.85% - 5.0%	$ 7,800,000.00

Voters have authorized $4,000,000.00 in general obligation debt for construction and renovation projects which was not issued as of June 30, 2011.

The changes in Long-Term Debt during the fiscal year ended June 30, 2011, were as follows:

	Governmental Funds				
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
G. O. Bonds	$ 9,655,000.00	$ 0.00	$ 1,855,000.00	$ 7,800,000.00	$ 1,915,000.00
Bond Premiums Amortized	237,876.00		29,734.50	208,141.50	29,734.50
	$ 9,892,876.00	$ 0.00	$ 1,884,734.50	$ 8,008,141.50	$ 1,944,734.50

At June 30, 2011, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
Fiscal Year Ended June 30:			
2012	$ 1,915,000.00	$ 305,960.00	$ 29,734.50
2013	1,980,000.00	218,160.00	29,734.50
2014	725,000.00	152,347.50	29,734.50
2015	750,000.00	121,035.00	29,734.50
2016	780,000.00	87,509.50	29,734.50
2017 - 2021	1,650,000.00	72,292.50	59,469.00
Total Principal and Interest	$ 7,800,000.00	$ 957,304.50	$ 208,141.50

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $74,186.19 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-Certificated Personnel
In the amount of $45,519.57

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $13,319.62

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of $15,347.00

NOTE 11: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2011, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
07RA-609-001/09LW-609-001	$ 670,870.06	$ 228,254.20
Gym Renovation	482,190.00	231,027.00
	$ 1,153,060.06	$ 459,281.20

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

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 13: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

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

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2011:

For certificated teachers, librarians and regional educational service agencies:

July 2010 - April 2011	21.955%	of covered payroll for August - May Coverage
May 2011 - June 2011	1.429%	of covered payroll for June - July Coverage

For non-certificated school personnel:

July 2010 - December 2010	$162.72	per member per month
January 2011 - May 2011	$218.20	per member per month
June 2011	$246.20	per member per month

The Department of Education was appropriated an additional $25,081,633 for non-certificated personnel health insurance payments. The amount attributable to the School District is reflected in the On-behalf note disclosure.

No additional contribution was required by the Board for fiscal year 2011 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

The School District's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the current fiscal year and the preceding two fiscal years were as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 2,699,349.99
2010	100%	$ 2,580,804.01
2009	100%	$ 2,072,567.26

NOTE 14: RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. 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, 2011, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2011 were 10.28% of annual salary as required by the June 30, 2008, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

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

Fiscal Year	Percentage Contributed		Required Contribution
2011	100%	$	1,637,628.90
2010	100%	$	1,598,353.86
2009	100%	$	1,594,437.04

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

Bus drivers, lunchroom personnel, and maintenance and custodial personnel are members of the Public School Employees' Retirement System of Georgia. The System is funded by contributions by the employees and by the State of Georgia. The School District makes no contribution to this plan.

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BEN HILL COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL	FINAL	AMOUNTS
REVENUES			
Property Taxes	$ 4,941,319.00	$ 4,941,319.00	$ 5,307,148.80
Sales Taxes			44,132.29
State Funds	17,334,179.00	17,539,114.08	18,069,677.39
Federal Funds	5,450,953.00	6,397,524.11	5,670,993.57
Charges for Services	273,568.00	273,568.00	430,567.87
Investment Earnings	113,685.00	113,685.00	73,184.03
Miscellaneous	753,788.00	753,788.00	430,955.92
Total Revenues	$ 28,867,492.00	$ 30,018,998.19	$ 30,026,659.87
EXPENDITURES			
Current			
Instruction	$ 18,969,109.00	$ 18,960,050.67	$ 19,023,363.66
Support Services			
Pupil Services	741,800.00	903,899.00	831,831.27
Improvement of Instructional Services	1,007,384.00	1,682,783.00	1,080,762.41
Educational Media Services	416,976.00	443,089.00	411,209.51
General Administration	624,262.00	745,695.00	573,908.68
School Administration	1,685,750.00	1,776,378.00	1,977,527.01
Business Administration	320,605.00	320,605.00	319,176.16
Maintenance and Operation of Plant	1,676,038.00	1,664,153.00	1,776,642.47
Student Transportation Services	958,213.00	1,197,839.00	1,165,530.60
Central Support Services	10,000.00		
Other Support Services	31,043.00	159,732.00	101,883.16
Enterprise Operations	197,401.00	197,401.00	179,982.76
Food Services Operations	1,905,788.00	1,905,788.00	1,786,893.98
Total Expenditures	$ 28,544,369.00	$ 29,957,412.67	$ 29,228,711.67
Excess of Revenues over (under) Expenditures	$ 323,123.00	$ 61,585.52	$ 797,948.20
OTHER FINANCING SOURCES (USES)			
Other Sources	$ 95,000.00	$ 95,000.00	
Other Uses	-95,000.00	-95,000.00	
Total Other Financing Sources (Uses)	$ 0.00	$ 0.00	
Net Change in Fund Balances	$ 323,123.00	$ 61,585.52	$ 797,948.20
Fund Balances - Beginning	2,996,017.47	2,996,017.47	3,023,685.89
Adjustments		-377.77	
Fund Balances - Ending	$ 3,319,140.47	$ 3,057,225.22	$ 3,821,634.09

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.

See notes to the basic financial statements.

BEN HILL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

SCHEDULE "2"

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		10.555	N/A	$ 1,730,580.60	(1)
Total U. S. Department of Agriculture				$ 1,730,580.60	
Education, U. S. Department of					
Education Technology State Grants Cluster					
Pass-Through From Georgia Department of Education					
Education Technology State Grants		84.318	N/A	$ 22,587.00	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 73,076.56	
ARRA - Preschool Grants	*	84.392	N/A	6,948.11	
Grants to States	*	84.027	N/A	579,249.52	
Preschool Grants	*	84.173	N/A	35,125.39	
Total Special Education Cluster				$ 694,399.58	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 592,036.76	
Title I Grants to Local Educational Agencies	*	84.010	N/A	1,654,685.52	
Total Title I, Part A Cluster				$ 2,246,722.28	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	$ 42.84	
Career and Technical Education - Basic Grants to States		84.048	N/A	52,074.00	
Education Jobs Fund	*	84.410	N/A	643,129.00	
English Language Acquisition Grants		84.365	N/A	23,542.08	
Even Start - State Educational Agencies		84.213	N/A	171,173.76	
Improving Teacher Quality State Grants		84.367	N/A	205,427.39	
Migrant Education - State Grant Program		84.011	N/A	14,962.50	
Rural Education		84.358	N/A	84,099.05	
Safe and Drug-Free Schools and Communities - State Grants		84.186	N/A	2,087.33	
Total Other Programs				$ 1,196,537.95	
Total U. S. Department of Education				$ 4,160,246.81	
Health and Human Services, U. S. Department of					
Other Programs					
Pass-Through From Children and Youth Coordination Council					
Abstinence Education		93.235	N/A	$ 73,222.09	
Defense, U.S. Department of					
Direct					
Department of the Army					
R.O.T.C. Program				$ 45,750.88	
Total Expenditures of Federal Awards				$ 6,009,800.38	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $42,808.93.
(2) Expenditures for the funds earned on the School Breakfast Program ($345,649.74) were not maintained separately and are included in the 2011 National School Lunch Program.

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

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

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Ben Hill 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.

BEN HILL COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2011

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 767,134.16
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	1,478,240.00
Kindergarten Program - Early Intervention Program	145,946.00
Primary Grades (1-3) Program	2,612,641.00
Primary Grades - Early Intervention (1-3) Program	315,687.00
Upper Elementary Grades (4-5) Program	1,409,462.94
Upper Elementary Grades - Early Intervention (4-5) Program	135,869.00
Middle School (6-8) Program	2,240,959.20
High School General Education (9-12) Program	1,269,864.48
Vocational Laboratory (9-12) Program	763,764.38
Students with Disabilities	2,328,866.00
Gifted Student - Category VI	595,113.00
Remedial Education Program	176,154.00
Alternative Education Program	151,427.00
English For Speakers of Other Languages (Eusol)	211,087.00
Media Center Program	382,565.00
20 Days Additional Instruction	112,591.00
Staff and Professional Development	70,269.00
Indirect Cost	
Central Administration	555,085.00
School Administration	692,290.00
Facility Maintenance and Operations	865,354.00
Categorical Grants	
Pupil Transportation	
Regular	369,493.00
Nursing Services	63,889.00
Vocational Supervisors	14,635.00
Education Equalization Funding Grant	2,303,892.00
Food Services	55,120.00
Vocational Education	101,709.96
Amended Formula Adjustment	-2,447,757.00
Other State Programs	
Dual Enrollment	6,625.00
Health Insurance	45,519.57
Math and Science Supplements	23,084.08
Preschool Handicapped Program	71,697.00
State Bonds for Buses	152,584.00
Teachers Retirement	13,319.62
Virtual Schools Grant	150.00
Office of State Treasurer	
Public School Employees Retirement	15,347.00
	$ 18,069,677.39

See notes to the basic financial statements.

BEN HILL COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2011

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
(i) acquiring, constructing, equipping a new elementary school and related facilities, including necessary furnishings, fixtures and equipment; (ii) renovating, extending, repairing and equipping, Ben Hill Primary School and Pre-K Center, including necessary furnishings, fixtures and equipment; (iii) acquiring, constructing and equipping a new transportation shop; (iv) renovating, extending, repairing and equipping existing School District schools to include roof repairs; (v) acquiring and installing system-wide instructional administrative technology, safety equipment; (vi) acquisition of school buses and transportation equipment; (vii) acquisition of music, vocational, and physical education/athletic equipment; (viii) acquiring and necessary property therefore, both real and personal; (ix) paying capitalized interest through August 1, 2007; and (x) paying expenses incident to accomplishing the foregoing.	$ 15,101,140.00	$ 19,163,399.84	$ 4,160,163.58	$ 15,003,236.26	Ongoing

(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 project. Includes all cost from project inception to completion.

(3) The voters of Ben Hill County approved the imposition of a 1% sales tax to fund the above project and retire associated debt. Amounts expended for this project may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project.

See notes to the basic financial statements.

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BEN HILL COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2011

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 1,617,538.00	$ 1,313,352.88	$ 24,221.82	$ 1,337,574.70
Kindergarten Program-Early Intervention Program	162,986.00	139,849.86		139,849.86
Primary Grades (1-3) Program	2,878,578.00	2,034,779.36	81,172.77	2,115,952.13
Primary Grades-Early Intervention (1-3) Program	356,222.00	288,845.10		288,845.10
Upper Elementary Grades (4-5) Program	1,466,142.00	1,540,278.30	33,211.02	1,573,489.32
Upper Elementary Grades-Early Intervention (4-5) Program	167,994.00	258,896.20		258,896.20
Middle School (6-8) Program	2,313,119.00	2,254,875.91	48,096.70	2,302,972.61
High School General Education (9-12) Program	1,333,644.00	2,023,119.16	89,484.35	2,112,603.51
Vocational Laboratory (9-12) Program	822,633.00	733,993.16	62,550.87	796,544.03
Students with Disabilities	2,523,129.00			
Category II		816,166.75		816,166.75
Category III		1,488,318.86		1,488,318.86
Category IV		240,453.97	2,048.75	242,502.72
Gifted Student - Category VI	650,489.00	281,746.26	1,912.21	283,658.47
Remedial Education Program	198,473.00			
Alternative Education Program	165,849.00	548,031.27		548,031.27
English Speakers of Other Languages (ESOL)	229,185.00	264,703.12		264,703.12
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 14,885,981.00	$ 14,227,410.16	$ 342,698.49	$ 14,570,108.65
Media Center Program	420,249.00	385,908.23	17,521.07	403,429.30
Staff and Professional Development	77,362.00			11,710.05
TOTAL QBE FORMULA FUNDS	$ 15,383,592.00	$ 14,613,318.39	$ 360,219.56	$ 14,985,248.00

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

August 21, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Ben Hill 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 Ben Hill County Board of Education as of and for the year ended June 30, 2011, which collectively comprise Ben Hill County Board of Education's basic financial statements and have issued our report thereon dated August 21, 2012. 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

Management of Ben Hill County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Ben Hill 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 Ben Hill County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ben Hill 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. However, we consider item FS-6091-11-01, described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ben Hill 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 Ben Hill County Board of Education in a separate letter dated August 21, 2012.

Ben Hill County Board of Education's response to the finding identified in our audit is described in the accompanying Schedule of Management's Responses. We did not audit Ben Hill County Board of Education's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, members of the Ben Hill 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,



Greg S. Griffin
State Auditor

GSG:as
2011YB-30

DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

August 21, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Ben Hill 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 Ben Hill 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, 2011. Ben Hill 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 Ben Hill County Board of Education's management. Our responsibility is to express an opinion on Ben Hill 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 Ben Hill 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 Ben Hill County Board of Education's compliance with those requirements.

In our opinion, the Ben Hill 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, 2011.

Internal Control Over Compliance

Management of Ben Hill 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 Ben Hill 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 Ben Hill 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 Ben Hill 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,



Greg S. Griffin
State Auditor

GSG:as
2011SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

BEN HILL COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

BEN HILL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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? — No
- Significant deficiency identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — 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 Numbers	Name of Federal Program or Cluster
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.410	Education Jobs Fund

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

CAPITAL ASSETS
Failure to Adequately Maintain Capital Assets
Significant Deficiency
Finding Control Number: FS-6091-11-01

Condition:
The accounting procedures of the School District were insufficient to provide adequate internal controls over Capital Assets.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide assurance that transactions are processed according to established procedures.

Questioned Cost:
N/A

Information:
The School District did not have adequate procedures in place to ensure that Capital Assets were being properly maintained. Deficiencies noted during our testing were as follows:

- An equipment addition was understated by $6,836.00 when capitalized on the general ledger.
- A few intangible asset additions, in the amount of $38,575.00, were capitalized incorrectly according to the School District's capital assets policy.
- Construction in Progress, Beginning Balance and Additions, were overstated by $263,138.00 and $930,789.64, respectively. The School District included several items that should not have been included per the School District's capitalization policy. An audit entry was proposed and accepted by the School District for the Governmental Activities financial statements.

Cause:
The deficiencies noted above were a result of management's failure to implement adequate internal controls over Capital Assets.

Effect:
Without satisfactory accounting controls and procedures in place, the School District could place itself in a position where potential misappropriation of assets could occur. In addition, the lack of controls could impact reporting of the School District's financial position and results of operations.

Recommendation:
The School District's management should implement adequate internal controls that provide reasonable assurance that Capital Assets transactions are processed according to established policies and procedures.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V

MANAGEMENT'S RESPONSES

BEN HILL COUNTY BOARD OF EDUCATION
SCHEDULE OF MANAGEMENT'S RESPONSES
YEAR ENDED JUNE 30, 2011

Finding Control Number: FS-6091-11-01

We concur with this finding. In the future the Finance Department will follow Board policy DIB when classifying capital assets, following the thresholds set forth in said policy. We recognize that the capitalization of technology equipment and furniture purchased for the elementary school construction project should not have been included in capital assets and should have been booked as a current expense under the guidelines of policy DIB as follows:

CLASS OF ASSET	THRESHOLD
Land	Any Amount
Land Improvements	$ 50,000
Building and Building Additions	$ 50,000
Building Improvements	$ 50,000
Machinery and Equipment	$ 5,000
Construction in Progress	$ 50,000

The Finance Department will take steps to ensure that all purchases relative to new construction will conform to the thresholds as set forth, according to the class of the asset, as set forth in Board policy DIB.

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