

CITY OF DUBLIN
BOARD OF EDUCATION
LAURENS COUNTY, GEORGIA

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY

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SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
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Greg S. Griffin
STATE AUDITOR
(404) 656-2174

October 3, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
City of Dublin Board of Education

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

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through H) of the City of Dublin 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 City of Dublin 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 City of Dublin 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 City of Dublin 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 October 3, 2012, on our consideration of the City of Dublin 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 27, 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 City of Dublin 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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 5,235,554
Investments	899,735
Accounts Receivable, Net	
Taxes	929,019
State Government	1,735,731
Federal Government	179,779
Other	126,063
Inventories	43,147
Deferred Charges	168,661
Capital Assets, Non-Depreciable	41,857,717
Capital Assets, Depreciable (Net of Accumulated Depreciation)	19,654,116
Total Assets	$ 70,829,522
LIABILITIES	
Accounts Payable	$ 383,494
Salaries and Benefits Payable	3,438,185
Short-Term Debt	2,535,874
Interest Payable	167,640
Contracts Payable	858,529
Retainages Payable	65,995
Deposits and Deferred Revenues	367,403
Long-Term Liabilities	
Due Within One Year	2,584,328
Due in More Than One Year	17,296,567
Total Liabilities	$ 27,698,015
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 43,047,192
Restricted for	
Continuation of Federal Programs	661,523
Debt Service	167,641
Unrestricted (Deficit)	-744,849
Total Net Assets	$ 43,131,507
Total Liabilities and Net Assets	$ 70,829,522

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 17,291,153	$ 241,369
Support Services		
Pupil Services	1,423,115	
Improvement of Instructional Services	1,575,894	
Educational Media Services	445,186	
General Administration	707,695	
School Administration	1,577,536	
Business Administration	426,504	
Maintenance and Operation of Plant	2,423,557	
Student Transportation Services	1,239,530	
Central Support Services	334,600	
Other Support Services	139,235	
Operations of Non-Instructional Services		
Enterprise Operations	17,994	
Community Services	1,492	4,586
Food Services	1,181,242	68,930
Interest on Short-Term and Long-Term Debt	680,950	
Total Governmental Activities	$ 29,465,683	$ 314,885
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
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		
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
$ 12,757,288	$ 429,360	$ -3,863,136
354,887		-1,068,228
1,296,049		-279,845
349,838		-95,348
749,528	6,264	48,097
1,014,565		-562,971
1,599		-424,905
780,654	5,152	-1,637,751
13,970	76,292	-1,149,268
1,826		-332,774
107,962		-31,273
5,238		-12,756
		3,094
1,611,622	17,970	517,280
		-680,950
$ 19,045,026	$ 535,038	$ -9,570,734
		$ 7,636,796
		2,496,208
		60,834
		285,344
		21,504
		734,988
		$ 11,235,674
		$ 1,664,940
		41,466,567
		$ 43,131,507

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	$ 3,824,889	$ 781,346	$ 629,319	$ 5,235,554
Investments	7,698	891,955	82	899,735
Accounts Receivable, Net				
Taxes	692,501	236,518		929,019
State Government	1,735,731			1,735,731
Federal Government	179,779			179,779
Other	126,063			126,063
Inventories	43,147			43,147
Due from Other Funds	629,401	458,746		1,088,147
Total Assets	$ 7,239,209	$ 2,368,565	$ 629,401	$ 10,237,175
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 327,497	$ 55,997		$ 383,494
Salaries and Benefits Payable	3,438,185			3,438,185
Short-Term Debt	2,535,874			2,535,874
Due to Other Funds	458,746		$ 629,401	1,088,147
Contracts Payable		858,529		858,529
Retainages Payable		65,995		65,995
Deposits and Deferred Revenue	880,312			880,312
Total Liabilities	$ 7,640,614	$ 980,521	$ 629,401	$ 9,250,536
FUND BALANCES				
Nonspendable	$ 43,147		$ 0	$ 43,147
Restricted	618,376	$ 1,388,044		2,006,420
Unassigned	-1,062,928			-1,062,928
Total Fund Balances	$ -401,405	$ 1,388,044	$ 0	$ 986,639
Total Liabilities and Fund Balances	$ 7,239,209	$ 2,368,565	$ 629,401	$ 10,237,175

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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")		$ 986,639
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 1,600,732	
Construction in Progress	40,256,985	
Land Improvements	1,080,634	
Buildings	27,428,051	
Equipment	2,394,895	
Accumulated Depreciation	-11,249,464	
Total Capital Assets		61,511,833
Property Taxes that are not available to pay for current period expenditures are deferred in the funds.		512,909
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		168,661
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	$ -15,055,000	
Accrued Interest	-167,640	
Capital Leases Payable	-59,762	
Intergovernmental Contract	-4,500,000	
Unamortized Bond Premiums	-266,133	
Total Long-Term Liabilities		-20,048,535
Net Assets of Governmental Activities (Exhibit "A")		$ 43,131,507

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	$ 7,944,380			$ 7,944,380
Sales Taxes	60,834	$ 2,496,208		2,557,042
State Funds	12,554,508			12,554,508
Federal Funds	6,852,154			6,852,154
Charges for Services	314,885			314,885
Investment Earnings	10,790	9,325	$ 1,389	21,504
Miscellaneous	734,988	458,746		1,193,734
Total Revenues	$ 28,472,539	$ 2,964,279	1,389	$ 31,438,207
EXPENDITURES				
Current				
Instruction	$ 17,690,808	$ 246,477		$ 17,937,285
Support Services				
Pupil Services	1,423,115			1,423,115
Improvement of Instructional Services	1,575,894			1,575,894
Educational Media Services	418,214	26,972		445,186
General Administration	698,213			698,213
School Administration	1,575,150	2,386		1,577,536
Business Administration	425,979		$ 525	426,504
Maintenance and Operation of Plant	2,430,838			2,430,838
Student Transportation Services	1,239,458	493,679		1,733,137
Central Support Services	334,353	247		334,600
Other Support Services	139,235			139,235
Enterprise Operations	17,994			17,994
Community Services	1,492			1,492
Food Services Operation	1,165,407			1,165,407
Capital Outlay		5,573,124		5,573,124
Debt Services				
Principal	5,432	56,911	2,300,000	2,362,343
Interest	26	5,845	709,201	715,072
Total Expenditures	$ 29,141,608	$ 6,405,641	$ 3,009,726	$ 38,556,975
Excess of Revenues over (under) Expenditures	$ -669,069	$ -3,441,362	$ -3,008,337	$ -7,118,768
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 27,670		$ 2,135,492	$ 2,163,162
Transfers Out		$ -2,163,162		-2,163,162
Total Other Financing Sources (Uses)	$ 27,670	$ -2,163,162	$ 2,135,492	$ 0
Net Change in Fund Balances	$ -641,399	$ -5,604,524	$ -872,845	$ -7,118,768
Fund Balances - Beginning	239,994	6,992,568	872,845	8,105,407
Fund Balances - Ending	$ -401,405	$ 1,388,044	$ 0	$ 986,639

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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")		$ -7,118,768
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	$ 7,389,267	
Depreciation Expense	-694,441	
Excess of Capital Outlay over Depreciation Expense		6,694,826
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-307,584
Bond issuance costs, deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Assets and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Bond Issuance Costs	$ -42,137	
Amortization of Bond Premium	24,566	
Total Bond Issuance Costs		-17,571
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	$ 2,300,000	
Capital Lease Payments	62,343	
Total Long-Term Debt Repayments		2,362,343
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		51,694
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 1,664,940

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 25,100
LIABILITIES	
Funds Held for Others	$ 25,100

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 City of Dublin 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 City of Dublin 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.

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) and Bond Proceeds 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 (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

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

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

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

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.

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

RECEIVABLES

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

PROPERTY TAXES

The City of Dublin fixed the property tax levy for the 2010 tax digest year (calendar year) on November 18, 2010 (levy date). Taxes were due on January 31, 2011 (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 Dublin City Clerk 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 $7,944,380.

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

School Operations	19.705 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $2,496,208 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.

During 1994, the School District became a separate legal entity and the City of Dublin deeded all land and buildings in use by the School District to the School District. A stipulation in the agreement was made that if the property was no longer needed for educational purposes, the property would revert to the City of Dublin. Currently, all property transferred to the School District's possession at that time is being used for educational purposes, therefore these capital assets are considered to be the property of the City of Dublin Board of Education and will be reported on the School District's basic financial statements.

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
Construction in Progress	$ 5,000	N/A
Land Improvements	$ 5,000	20 to 80 years
Buildings and Improvements	$ 5,000	10 to 80 years
Equipment	$ 5,000	5 to 50 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 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 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		$ 43,147
Restricted		
Continuation of Federal Programs	$ 618,376	
Capital Projects	1,052,763	
Debt Service	335,281	2,006,420
Unassigned		-1,062,928
Fund Balance, June 30, 2011		$ 986,639

It is the goal of the School District to achieve and maintain unassigned, assigned and committed fund balances in the general fund at fiscal year end of not less than 8.3% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, net of any committed reserve balance for capital expenditures and assigned fund balances "to cover unanticipated deficiencies in revenue or unanticipated expenditures", in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. As a result, the fund balance amount will:

- provide adequate funding to cover approximately one (1) month or 8.3% of operating expenses,
- provide the liquidity necessary to accommodate the District's uneven cash flow, which is inherent in its periodic property tax collections,
- provide the liquidity to respond to contingent liabilities, and
- provide additional resources for other funds.

If the total of the unassigned, assigned and committed fund balances (net of previous allowances) at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance. Unbudgeted School Activity Funds shall be excluded from the calculation.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts of fund balance first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order:

(i) Committed

(ii) Assigned

(iii) Unassigned

DEFICIT FUND BALANCES

The fund reporting a deficit fund balance at June 30, 2011, is as follows:

Fund Type/Fund Name	Deficit Balance
General Fund	$ 1,062,928

The School District plans to eliminate the deficit by implementing furloughs, staff reductions and reducing future expenditures.

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 deposit policy for custodial credit risk. At June 30, 2011, the bank balances were $9,651,727. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.

CATEGORIZATION OF INVESTMENTS

At June 30, 2011, the carrying value of the School District's total investments was $899,735, 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	Increases	Decreases	Balances June 30, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,600,732			$ 1,600,732
Construction Work In Progress	33,762,708	$ 6,494,277	$ 0	40,256,985
Total Capital Assets, Not Being Depreciated	$ 35,363,440	$ 6,494,277	$ 0	$ 41,857,717
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 27,428,051		$ 0	$ 27,428,051
Equipment	1,499,905	$ 894,990		2,394,895
Land Improvements	1,080,634			1,080,634
Less: Accumulated Depreciation:				
Buildings and Improvements	8,687,979	533,637		9,221,616
Equipment	952,677	142,905		1,095,582
Land Improvements	914,367	17,899		932,266
Total Capital Assets, Being Depreciated, Net	$ 19,453,567	$ 200,549	$ 0	$ 19,654,116
Governmental Activity Capital Assets - Net	$ 54,817,007	$ 6,694,826	$ 0	$ 61,511,833

Current year depreciation expense by function is as follows:

Instruction		$ 590,338
Support Services		
General Administration	$ 9,482	
Maintenance and Operation of Plant	7,799	
Student Transportation Services	59,619	76,900
Food Services		27,203
		$ 694,441

NOTE 6: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2011, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	$ 629,401	$ 458,746
District-wide Capital Projects	458,746	
Debt Service Fund		629,401
	$ 1,088,147	$ 1,088,147

Amounts due from the Debt Service Fund to the General Fund represent interest paid on outstanding bonds. Amounts due from the General Fund to the District-wide Capital Projects Fund represent monies deposited into the General Fund which more accurately represent revenues of the District-wide Capital Projects Fund.

NOTE 7: INTERFUND TRANSFERS

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

	Transfers From
Transfer to	District-wide Capital Projects
General Fund	$ 27,670
Debt Service Fund	2,135,492
Total	$ 2,163,162

Transfers are used to (1) reimburse the General Fund for construction expenditures incurred, and (2) to move Special Purpose Local Option Sales Tax revenues collected by the District-wide Capital Projects Fund to the Debt Service Fund to pay principal and interest on bonds.

NOTE 8: RISK MANAGEMENT

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

The School District has obtained commercial insurance for risk of loss associated with automobiles. The School District has neither significantly reduced coverage for this risk nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage. Additional coverage is provided through agreements by the system with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the system varies by line of coverage.

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims 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	$ 0	$ 777	$ 777	$ 0
2011	$ 0	$ 41,101	$ 1,056	$ 40,045

The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of $1,000,000 loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Company with a loss fund percentage of 100%, based on the Fund's annual normal premium, up to a maximum limit of indemnity of aggregate limit of $2,000,000.

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

Position Covered	Amount
Superintendent	$ 50,000
Drivers Education	$ 2,500
All Employees	$ 100,000

NOTE 9: SHORT-TERM DEBT

The School District issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt is to provide cash for operations until property tax collections are received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75 percent of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

Short-term debt activity for the fiscal year is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ 0	$ 5,035,874	$ 2,500,000	$ 2,535,874

NOTE 10: LONG-TERM DEBT

CAPITAL LEASES

The City of Dublin Board of Education entered into various lease agreements for equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

INTERGOVERNMENTAL CONTRACT

The City of Dublin Board of Education entered into a contract with the Laurens County Public Facilities Authority dated April 1, 2008, for the issuance of revenue bonds to provide funds to acquire, construct, and equip capital outlay projects of the School District. Under the terms of the contract, the Laurens County Public Facilities Authority issued $4,500,000 (less issuance costs of $83,500) in revenue bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will recommend to the Mayor and the Council of the City of Dublin, Georgia, to exercise its power of taxation on behalf of the School District, to the extent necessary to pay the amounts required to be paid by the contract.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2007	2.905%	$ 2,100,000
General Government - Series 2008	2.408%	3,200,000
General Government - Series 2010	3.0% - 4.0%	9,755,000
		$ 15,055,000

INTERGOVERNMENTAL CONTRACT

The debt at June 30, 2011, associated with this agreement was as follows:

Purpose	Interest Rate	Amount
Laurens County Public Facility Authority	3.94%	$ 4,500,000

Voters have authorized $7,995,000 in general obligation debt for various construction 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	$ 17,355,000	$ 0	$ 2,300,000	$ 15,055,000	$ 2,500,000
Capital Leases	122,105		62,343	59,762	59,762
Intergovernmental Contract	4,500,000			4,500,000	
Bond Premiums Amortized	290,699		24,566	266,133	24,566
	$ 22,267,804	$ 0	$ 2,386,909	$ 19,880,895	$ 2,584,328

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

	Capital Leases		Intergovernmental Contract	
	Principal	Interest	Principal	Interest
Fiscal Year Ended June 30:				
2012	$ 59,762	$ 2,994		$ 177,300
2013				177,300
2014			$ 500,000	177,300
2015			700,000	157,600
2016			1,000,000	130,020
2017 - 2021			2,300,000	137,900
Total Principal and Interest	$ 59,762	$ 2,994	$ 4,500,000	$ 957,420

	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
Fiscal Year Ended June 30:			
2012	$ 2,500,000	$ 493,261	$ 24,566
2013	2,800,000	428,091	24,566
2014	500,000	355,200	24,566
2015	750,000	340,200	24,566
2016	1,000,000	317,700	24,566
2017 - 2021	7,505,000	904,500	143,303
Total Principal and Interest	$ 15,055,000	$ 2,838,952	$ 266,133

NOTE 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $63,600 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 $38,867

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $14,252

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 $10,481

NOTE 12: SIGNIFICANT COMMITMENTS

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

Project		Unearned Executed Contracts
Dublin High School Track and Tennis	$	638,140
Saxon Elementary School, Hillcrest Elementary School and Susie Dasher Elementary School Renovations		1,248,210
	$	1,886,350

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

NOTE 13: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 14: SUBSEQUENT EVENTS

On December 8, 2011, the School District issued Series 2011 general obligation bonds in the amount of $4,085,000. The proceeds from these bonds will be used to partially refund the Series 2007 general obligation bonds. The bonds mature in years 2019 through 2023 and carry interest rates ranging from 2.5% to 4.0%.

On January 1, 2012, the School District issued a tax anticipation note for up to $6,000,000 in anticipation of property tax collections. This note carried an interest rate of 3.25% and matured on April 1, 2012. A total of $6,000,000 was drawn on this note, of which $3,000,000 was repaid on April 3, 2012. The note was converted to a commercial loan on April 16, 2012, for $3,050,917, which included unpaid interest. The new loan had a maturity date of December 31, 2012, and carried an interest rate of 6.5%. On August 13, 2012, the Board obtained a line of credit up to $6,000,000 which carries an interest rate of 6%. Proceeds were drawn to pay off the $3,050,917 commercial loan. The remaining balance is to be used for payroll in anticipation of November 2012 and December 2012 property tax receipts.

NOTE 15: 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%	$ 2,285,969
2010	100%	$ 2,087,957
2009	100%	$ 1,660,486

NOTE 16: RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

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%	$ 1,609,593
2010	100%	$ 1,569,706
2009	100%	$ 1,461,107

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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CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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 (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	$ 8,131,566	$ 8,131,566	$ 7,944,380
Sales Taxes			60,834
State Funds	12,575,852	12,575,852	12,554,508
Federal Funds	7,520,220	6,929,221	6,852,154
Charges for Services	96,790	96,790	314,885
Investment Earnings	10,500	10,500	10,790
Miscellaneous	166,900	166,900	734,988
Total Revenues	$ 28,501,828	$ 27,910,829	$ 28,472,539
EXPENDITURES			
Current			
Instruction	$ 17,324,052	$ 17,436,647	$ 17,690,808
Support Services			
Pupil Services	849,897	852,797	1,423,115
Improvement of Instructional Services	1,621,098	1,571,613	1,575,894
Educational Media Services	422,471	422,471	418,214
General Administration	529,358	660,263	698,213
School Administration	1,467,557	1,465,161	1,575,150
Business Administration	267,115	267,115	425,979
Maintenance and Operation of Plant	1,990,493	1,990,493	2,430,838
Student Transportation Services	993,202	996,202	1,239,458
Central Support Services	243,387	245,887	334,353
Other Support Services	115,104	135,486	139,235
Enterprise Operations			17,994
Community Services Operations			1,492
Food Services Operation	1,658,417	1,658,417	1,165,407
Debt Services			5,458
Total Expenditures	$ 27,482,151	$ 27,702,552	$ 29,141,608
Excess of Revenues over (under) Expenditures	$ 1,019,677	$ 208,277	$ -669,069
OTHER FINANCING SOURCES			
Operating Transfers From Other Funds			27,670
Net Change in Fund Balances	$ 1,019,677	$ 208,277	$ -641,399
Fund Balances - Beginning	-211,830	-211,830	239,994
Adjustments	-230,606	-29,851	
Fund Balances - Ending	$ 577,241	$ -33,404	$ -401,405

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

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

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

See notes to the basic financial statements.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	$ 1,641,577	(1)
Total Child Nutrition Cluster				$ 1,641,577	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Fresh Fruit and Vegetable Program		10.582	N/A	67,245	
Total U. S. Department of Agriculture				$ 1,708,822	
Education, U. S. Department of					
Education of Homeless Children and Youth Cluster					
Pass-Through From Georgia Department of Education					
Education for Homeless Children and Youth		84.196	N/A	$ 14,174	
Educational Technology State Grants Cluster					
Pass-Through From Georgia Department of Education					
Education Technology State Grants		84.318	N/A	$ 38,038	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 224,610	
ARRA - Preschool Grants	*	84.392	N/A	12,295	
Grants to States	*	84.027	N/A	512,928	
Preschool Grants	*	84.173	N/A	18,309	
Total Special Education Cluster				$ 768,142	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 848,269	
Title I Grants to Local Educational Agencies	*	84.010	N/A	2,500,402	
Total Title I, Part A Cluster				$ 3,348,671	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	$ 52,240	
Education Jobs Fund	*	84.410	N/A	544,655	
Improving Teacher Quality State Grants	*	84.367	N/A	246,260	
Rural Education		84.358	N/A	102,139	
Twenty-First Century Community Learning Centers	*	84.287	N/A	336,161	
Total Other Programs				$ 1,281,455	
Total U. S. Department of Education				$ 5,450,480	

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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
Defense, U. S. Department of			
Direct			
Department of the Air Force			
J.R.O.T.C. Program			$ 58,203
Total Expenditures of Federal Awards			$ 7,217,505

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 $71,539.
(2) Expenditures for the funds earned on the School Breakfast Program ($426,665) 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 City of Dublin 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.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	$ 738,585
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	959,952
Kindergarten Program - Early Intervention Program	135,002
Primary Grades (1-3) Program	2,266,559
Primary Grades - Early Intervention (1-3) Program	137,173
Upper Elementary Grades (4-5) Program	1,165,123
Upper Elementary Grades - Early Intervention (4-5) Program	-268
Middle Grades (6-8) Program	34,585
Middle School (6-8) Program	1,369,312
High School General Education (9-12) Program	1,722,845
Vocational Laboratory (9-12) Program	332,219
Students with Disabilities	1,395,190
Gifted Student - Category VI	379,587
Remedial Education Program	18,529
Alternative Education Program	123,906
English Speakers of Other Languages (ESOL)	16,510
Media Center Program	289,289
20 Days Additional Instruction	90,327
Staff and Professional Development	49,693
Indirect Cost	
Central Administration	452,029
School Administration	796,002
Facility Maintenance and Operations	646,534
Categorical Grants	
Pupil Transportation	
Regular	158,834
Nursing Services	55,817
Mid-term Adjustment Hold-Harmless	191,258
Vocational Supervisors	7,318
Education Equalization Funding Grant	285,344
Food Services	49,350
Vocational Education	301,459
Amended Formula Adjustment	-1,892,469
Other State Programs	
Dual Enrollment	6,481
Health Insurance	38,867
Math and Science Supplements	16,054
Preschool Handicapped Program	35,171
Resident Treatment Centers	81,266
State Bonds for Buses	76,292
Teachers' Retirement	14,252
Virtual Schools Grant	50
Office of State Treasurer	
Public School Employees' Retirement	10,481
	$ 12,554,508

See notes to the basic financial statements.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	PROJECT STATUS
Acquiring, constructing, and equipping renovations and improvements to the Dublin Junior High School Auditorium, including partial demolition of Dublin Junior High School, renovations and additions at Dublin High School, the purchase of school buses, the installation of computer cabling on a system-wide basis and technology upgrades, the acquisition of certain property and equipment, including any heating and air conditioning equipment, which may be subject to lease by the Dublin School District, and additions, renovations, and improvements to Central Elementary School, Susie Dasher Elementary School, Saxon Heights Elementary School, Hillcrest Elementary School, Moore Street Elementary School, and Dublin Middle School.	$ 14,850,000	$ 12,973,018	$ 62,756	$ 7,346,479	Ongoing
Acquire, construct, and equip a New Dublin High School, including land acquisition, renovations to the existing gymnasium, construction of tennis courts and a track, and demolition of existing buildings, make renovations and improvements to the Shamrock Bowl, make renovations and improvements at Susie Dasher Elementary School, Moore Street Elementary School, and Saxon Heights Elementary School, purchase food service equipment, and acquire school buses and maintenance vehicles.	13,562,200	33,556,517	584,173	32,972,344	Completed
Acquisition of real property and construction, equipping and furnishing of new school buildings and facilities, including, but not limited to, a new elementary school including physical education and athletic facilities, and the completion of the new Dublin High School and auditorium; additions, renovations, repairs and improvements to existing school buildings and facilities, including, but not limited to Moore Street Elementary, Susie Dasher Elementary, Saxon Heights Elementary, Dublin Middle School, and Hillcrest Center; new physical education and athletic facilities for Dublin High School and Dublin Middle School, including, but not limited to, a tennis court complex at Dublin High School; technology equipment, school nutrition program equipment, and improvements throughout the Dublin School District; the acquisition of school vehicles, including, but not limited to, school buses and equipment; additions renovations, repairs and improvements to the central office building including, but not limited to, HVAC; and to retire previously incurred general obligation debt.	17,750,000	17,750,000	5,299,966	2,723,633	Ongoing
	$ 46,162,200	$ 64,279,535	$ 5,946,895	$ 43,042,456	

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2011

SCHEDULE "4"

(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 Laurens 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	$ 894,477
Current Year	709,201
Total	$ 1,603,678

See notes to the basic financial statements.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	$ 1,147,232	$ 1,140,117	$ 1,697	$ 1,141,814
Kindergarten Program-Early Intervention Program	169,067	121,196		121,196
Primary Grades (1-3) Program	2,645,165	2,544,326	38,798	2,583,124
Primary Grades-Early Intervention (1-3) Program	161,983	77,336	900	78,236
Upper Elementary Grades (4-5) Program	1,357,765	859,185	12,205	871,390
Upper Elementary Grades-Early Intervention (4-5) Program	20,201	150,674	298	150,972
Middle Grades (6-8) Program	37,675		25,237	25,237
Middle School (6-8) Program	1,670,002	1,613,053	38,122	1,651,175
High School General Education (9-12) Program	1,944,762	2,009,259	174,829	2,184,088
Vocational Laboratory (9-12) Program	407,421	422,484	27,395	449,879
Students with Disabilities	1,689,496			
Category I		26,988	-1,124	25,864
Category II		183,060		183,060
Category III		472,963	5,652	478,615
Category IV		151,158		151,158
Category V		758,545	313	758,858
Gifted Student - Category VI	459,688	269,692	13,781	283,473
Remedial Education Program	47,009	41,242		41,242
Alternative Education Program	151,226	241,928	952	242,880
English Speakers of Other Languages (ESOL)	19,908	63		63
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 11,928,600	$ 11,083,269	$ 339,055	$ 11,422,324
Media Center Program	349,358	402,962	13,631	416,593
Staff and Professional Development	59,758	219	12,306	12,525
TOTAL QBE FORMULA FUNDS	$ 12,337,716	$ 11,486,450	$ 364,992	$ 11,851,442

(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

October 3, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
City of Dublin 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 City of Dublin Board of Education as of and for the year ended June 30, 2011, which collectively comprise City of Dublin Board of Education's basic financial statements and have issued our report thereon dated October 3, 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 City of Dublin Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Dublin 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 City of Dublin Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Dublin Board of Education's internal control over financial reporting.

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 and therefore, there can be no assurances that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider items FS-7741-11-01, FS-7741-11-02, FS-7741-11-03, and FS-7741-11-04 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Dublin 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 City of Dublin Board of Education in a separate letter dated October 3, 2012.

City of Dublin Board of Education's response to the findings identified in our audit is described in the accompanying Schedule of Management's Responses. We did not audit City of Dublin Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, members of the City of Dublin 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-42

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

October 3, 2012

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

In our opinion, the City of Dublin 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 City of Dublin 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 City of Dublin 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 City of Dublin 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 City of Dublin 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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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

FINDING CONTROL NUMBER	AUDITEE'S RESPONSE/STATUS	SEE AUDITOR'S COMMENTS
FS-7741-09-01	Further Action Not Warranted	
FS-7741-09-02	Further Action Not Warranted	
FS-7741-09-03	Further Action Not Warranted	
FS-7741-09-04	Further Action Not Warranted	
FS-7741-10-01	Partially Resolved - See Corrective Action/Responses	
FS-7741-10-02	Partially Resolved - See Corrective Action/Responses	
FS-7741-10-03	Further Action Not Warranted	(1)
FS-7741-10-04	Unresolved - See Corrective Action/Responses	

CORRECTIVE ACTION/RESPONSES

FINANCIAL REPORTING
Inadequate Controls over Financial Reporting
Finding Control Number: FS-7741-10-01

The Board has begun the process of ensuring proper presentation of financial statements and its reporting process including note disclosures. Procedures will be reviewed and implemented to ensure that all activity is properly recorded in the general ledger. A monitoring process will also be implemented to evaluate the accuracy of the financial statements presented for audit.

CASH AND CASH EQUIVALENTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
REVENUES/RECEIVABLES/RECEIPTS
GENERAL LEDGER
Inadequate Internal Controls at the Central Office
Finding Control Number: FS-7741-10-02

The Board will establish, revise and/or monitor procedures to ensure that bank accounts are properly reconciled to the general ledger and that the Inter-fund Cash account is accurate. In addition, management will review current policies regarding expenditures and implement controls to ensure that expenditures are properly documented, approved and recorded correctly. Also, the Board will establish sufficient internal control procedures to require that all journal entries are documented and approved prior to posting.

CAPITAL ASSETS
Failure to Adequately Maintain Capital Assets
Finding Control Number: FS-7741-10-04

The School District will review its capital assets activity and make appropriate adjustments to ensure that the capital assets activity conforms to the Board's approved capital assets policy and generally accepted accounting principles.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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

AUDITOR'S COMMENTS

(1) This deficiency was materially resolved in fiscal year 2011. The remaining unresolved discrepancies do not require reporting in the audit report in accordance with *Statements on Auditing Standards* (SAS) 112 or *Governmental Auditing Standards* (Yellow Book) will be communicated in a management letter.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER	AUDITEE'S RESPONSE/STATUS	SEE AUDITOR'S COMMENTS
FA-7741-08-01	Further Action Not Warranted	
FA-7741-08-02	Unresolved - See Corrective Action/Responses	
FA-7741-09-01	Partially Resolved - See Corrective Action/Responses	(2)
FA-7741-09-02	Unresolved - See Corrective Action/Responses	(2)
FA-7741-09-03	Previously Reported Corrective Action Implemented	
FA-7741-10-01	Unresolved - See Corrective Action/Responses	(2)
FA-7741-10-02	Unresolved - See Corrective Action/Responses	
FA-7741-10-03	Previously Reported Corrective Action Implemented	

CORRECTIVE ACTION/RESPONSES

SPECIAL TESTS AND PROVISIONS
Failure to Transfer Funds Timely
U. S. Department of Agriculture
Through Georgia Department of Education
Child Nutrition Cluster (CFDA 10.553, 10.555)
Questioned Cost: $10,660.02
Finding Control Number: FA-7741-08-02

Management will review control procedures in place and implement procedures to ensure that Child Nutrition Cluster Funds are transferred in a timely manner. The School District will transfer $10,660.02 to the Child Nutrition Program from the General Fund.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CORRECTIVE ACTION/RESPONSES

ALLOWABLE COSTS/COST PRINCIPLES
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
Inadequate Internal Control Procedures
U. S. Department of Agriculture
Through Georgia Department of Education
Child Nutrition Cluster (CFDA 10.553, 10.555)
U. S. Department of Education
Through Georgia Department of Education
Special Education Cluster (CFDA 84.027, 84.173)
Questioned Cost: $520.00 (CFDA 84.027 and 84.173)
Finding Control Number: FA-7741-09-01

Management will review control procedures in place and implement procedures to ensure that costs are allowable under OMB Circular A-87 and properly approved by management. The School District will contact the Georgia Department of Education to determine if a refund is appropriate.

ALLOWABLE COSTS/COST PRINCIPLES
Time and Attendance Records Not Utilized
U. S. Department of Education
Through Georgia Department of Education
Title I, Part A Cluster (84.010)
Special Education Cluster (CFDA 84.027, 84.173)
Questioned Cost: $33,971.67 (CFDA 84.010), $33,971.67 (CFDA 84.027, 84.173)
Finding Control Number: FA-7741-09-02

The School District will contact the Georgia Department of Education to determine if a refund is appropriate.

ALLOWABLE COSTS/COST PRINCIPLES
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
Inadequate Internal Control Procedures
U. S. Department of Education
Through Georgia Department of Education
Special Education Cluster (CFDA 84.027, 84.173, 84.391, 84.392)
Title I, Part A Cluster (CFDA 84.010, 84.389)
Improving Teacher Quality State Grants (CFDA 84.367)
Questioned Cost: $3,051.97 (CFDA 84.367), $947.00 (CFDA 84.027)
Finding Control Number: FA-7741-10-01

The Board will review control procedures in place and implement procedures to ensure that costs are allowable under OMB Circular A-87 and properly approved by management. The School District will contact the Georgia Department of Education to determine if a refund is appropriate.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CORRECTIVE ACTION/RESPONSES

SPECIAL TESTS AND PROVISIONS
Failure to Transfer Funds Timely
U. S. Department of Agriculture
Through Georgia Department of Education
Child Nutrition Cluster (CFDA 10.553, 10.555)
Questioned Cost: $667.02
Finding Control Number: FA-7741-10-02

Management will review control procedures in place and implement procedures to ensure that Child Nutrition Cluster Funds are transferred in a timely manner. The School District will transfer $667.02 to the Child Nutrition Program from the General Fund.

AUDITOR'S COMMENTS

(2) This finding is pending review by the Georgia Department of Education to determine if a refund is appropriate.

SECTION IV

FINDINGS AND QUESTIONED COSTS

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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 weaknesses identified? — Yes
- Significant deficiency identified? — None Reported

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
84.287	Twenty-First Century Community Learning Centers
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINANCIAL REPORTING
Inadequate Controls over Financial Reporting
Material Weakness
Finding Control Number: FS-7741-11-01

Condition:
This is a repeat finding (FS-7741-10-01, FS-7741-09-01 and FS 7741-08-01) from the years ended June 30, 2010, June 30, 2009, and June 30, 2008, respectively. The School District did not have adequate controls in place over the financial statement reporting process.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Criteria:
Management is responsible for having adequate controls over the financial reporting process, which not only includes proper recording of transactions to the general ledger, but extends to accurate preparation and presentation of the financial statements, including note disclosures and SPLOST reporting requirement set forth in Official Code of Georgia Annotated (O.C.G.A.) §48-8-122.

Questioned Cost:
N/A

Information:
During the audit, numerous errors and misclassifications (both material and nonmaterial) were noted with the financial statements presented for audit. These errors are summarized as follows:

- Several entries were proposed and accepted by the client to properly record Cash, Accounts Receivable, Capital Assets, Accounts Payable, Deferred Revenue, Salary and Benefits Payable, State Revenues, Federal Revenues and Property Tax Revenues.

- Several accounts which were not custodial in nature were recorded as Agency Funds Held for Others. Due to the materiality of the balances of these accounts, an adjustment was proposed and accepted by the client to properly report Funds Held for Others.

- Numerous reclassification entries were made to improve financial statement presentation of Accounts Receivable, Accounts Payable, Short-Term Debt Liability, Long-Term Liabilities, State Revenues, Federal Revenues, Charges for Services, Revenues, Miscellaneous Revenues and Fund Balance.

- The School District's SPLOST schedule as submitted to the Georgia Department of Audits and Accounts was inaccurate.

Cause:
The School District did not implement an adequate system of internal control over the financial statement reporting process.

Effect:
The School District did not have adequate controls in place to ensure that the financial statements were properly prepared in accordance with generally accepted accounting principles.

Recommendation:
The School District should develop and implement internal controls over financial statement reporting process to ensure that activity is properly recorded in the general ledger; to verify that financial statements (including note disclosures) properly reflect activity reported in the general ledger; and to include a monitoring process to evaluate the accuracy of the financials presented for audit. In addition, the School District should ensure the SPLOST projects collections and expenditures are reported based on the requirements set forth in O.C.G.A. §48-8-122.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

CASH AND CASH EQUIVALENTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
REVENUES/RECEIVABLES/RECEIPTS
GENERAL LEDGER
Inadequate Internal Controls at the Central Office
Material Weakness
Finding Control Number: FS-7741-11-02

Condition:
This is a repeat finding (FS-7741-10-02, FS-7741-09-02 and FS-7741-08-02) from the years ended June 30, 2010, June 30, 2009, and June 30, 2008, respectively. The accounting procedures of the School District were insufficient to provide for adequate internal controls at the Central Office.

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

Questioned Cost:
N/A

Information:
Cash and Cash Equivalents

- Several bank accounts were not properly reconciled to the general ledger.
- Reconciling items were not investigated and adjusted timely.
- The School District's general ledger reflected an overall balance in the Interfund Cash account of $57,264. This amount should always carry an overall balance of zero.
- The School District failed to perform a monthly reconciliation for several bank accounts throughout the year.
- Management failed to document their review and approval of the bank reconciliations. Auditor was unable to determine if accounts were reconciled in a timely manner.
- Petty cash had a negative cash balance of $2,121.

Expenditures/Liabilities/Disbursements

A review of voucher packages revealed the following deficiencies:

- Several voucher packages were missing adequate documentation or proper approval.
- Several voucher packages were charged to the wrong account codes and/or improper period.

A review of credit card transactions revealed the following deficiencies:

- Several credit card transactions were missing adequate documentation and proper approval.
- Certain credit card transactions were determined to be in violation of state travel regulations.
- The School District incurred late fees for failure to make timely payments on credit cards.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Employee Compensation

- No subsidiary listing of Salary and Benefits Payable was provided.
- The portion of the Salaries and Benefits Payable account balance related to the School Nutrition Program contained invalid prior years' accruals that were never reversed when the salaries were paid.

Revenues/Receivables/Receipts

- No subsidiary listing of Accounts Receivable was provided.

General Ledger

The Capital Projects Funds were not adequately maintained by funding source or project.

A review of journal entries revealed the following deficiencies:

- Journal entries were not reviewed by someone independent of the general ledger posting function.
- Numerous journal entries did not have sufficient supporting documentation. Due to this lack of documentation, several journal entries could not be determined to be valid or appropriate.

Cause:

These deficiencies were the result of management's failure to ensure that internal controls were established, implemented and functioning.

Effect:

Errors and/or irregularities may not be detected in a timely manner.

Recommendation:

The School District should establish, revise and/or monitor procedures to ensure that bank accounts are properly reconciled to the general ledger and that the Interfund Cash account is accurate. In addition, management should review current policies regarding expenditures, including credit card transactions and implement controls to ensure that expenditures are properly documented, approved and recorded correctly. Subsidiary listings should be available for Accounts Receivable and Salaries and Benefits Payable. Also, the School District should establish sufficient internal control procedures to require that all journal entries are documented and approved prior to posting.

CAPITAL ASSETS

Failure to Adequately Maintain Capital Assets

Material Weakness

Finding Control Number: FS-7741-11-03

Condition:

This is a repeat finding (FS-7741-10-04 and FS-7741-09-04) from the years ended June 30, 2010, and June 30, 2009, respectively. The School District did not adequately maintain capital assets inventory records.

Criteria:

Chapter 37 *Implementing a Capital Assets Management System* of the Financial Management for Georgia Local Units of Administration provides that School Districts must establish fixed asset policies, define system requirements, implement a fixed asset system, and maintain fixed asset inventory records.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Questioned Cost:
N/A

Information:
A review of the School District's capital assets policies and procedures and the related capital assets records noted the following deficiencies:

- The School District has not updated their capitalization policy to include the adoption of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Reporting for Intangible Assets*.
- The subsidiary ledger did not agree to the financial statements.
- Construction in Progress additions were not calculated properly. An audit entry was proposed and accepted by the client for the governmental activities financial statements.
- Depreciation expense and the related Accumulated Depreciation for the year under review were not recorded properly.
- A physical inventory of capital assets has not been performed in several years.

Cause:
The School District failed to properly maintain its capital assets records in accordance with the School District's approved capital assets policy and requirements set-forth in Chapter 37 *Implementing a Capital Assets Management System* of the Financial Management for Georgia Local Units of Administration.

Effect:
The failure of the School District to properly account for capital assets activity can lead to inaccurate internal and external reporting, as well as noncompliance with generally accepted accounting principles.

Recommendation:
The School District should review its capital assets activity and make appropriate adjustments to ensure that the capital assets activity conforms to the School District's approved capital assets policy and generally accepted accounting principles.

BUDGET PREPARATION/EXECUTION
Deficit Fund Balance
Material Weakness
Finding Control Number: FS-7741-11-04

Condition:
At June 30, 2011, the General Fund of the City of Dublin Board of Education reported a deficit fund balance. In addition, the School District failed to adopt a balanced budget for the General Fund.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Criteria:

Chapter 25, *Governmental Fund Deficits* of the Financial Management for Georgia Local Units of Administration states in part: "The seriousness of fund balance deficits cannot be overstated. The Georgia Department of Education requires those LUAs with deficit governmental fund balances to meet certain reporting requirements."

Chapter 32, *Preparing Operating Budgets*, of the Financial Management for Georgia Local Units of Administration states (FMGLUA) states in part: "The budget must be balanced for all budgeted funds. Total anticipated revenues should equal total estimated expenditures. In the event anticipated revenues are insufficient to fund anticipated essential expenditures, a portion of unreserved fund balance from the previous years must be used to fund the shortfall. In the event there is insufficient unreserved fund balance from previous years to fund anticipated expenditures, then such expenditures must be reduced to equal anticipated revenues plus available unreserved fund balance".

Questioned Cost:

N/A

Information:

The School District's General Fund reported a deficit fund balance of $1,062,928.

Cause:

The School District's General Fund incurred expenditures in excess of revenues during the year under review. In addition, management failed to use effective budgeting techniques and continued charging expenditures to State and Federal programs after the award amounts had been depleted. Management also approved a final budget for the General Fund that budgeted a deficit fund balance in the amount of $33,904.

Effect:

A financial statement irregularity in accordance with the Official Code of Georgia Annotated (O.C.G.A.) §20-2-67.

Recommendation:

The School District should establish policies and procedures designed to ensure that expenditures do not exceed available resources, so that in future periods the School District does not incur a deficit fund balance. In addition, appropriate procedures should be implemented to ensure that the adopted budget for each budgeted fund is balanced as required.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SPECIAL TESTS AND PROVISIONS
Failure to Transfer Funds Timely
Nonmaterial Noncompliance
U. S. Department of Agriculture
Through Georgia Department of Education
Food Services – School Breakfast Program (CFDA 10.553)
Food Services – National School Lunch Program (CFDA 10.555)
Finding Control Number: FA-7741-11-01

Condition:
This is a repeat finding (FA-7741-10-02, FA-7741-09-03 and FA-7741-08-02) from the years ended June 30, 2010, June 30, 2009, and June 30, 2008, respectively. The School District failed to transfer School Breakfast Program (CFDA 10.553) and National School Lunch Program (CFDA 10.555) funds to the School Food Service account in a timely manner.

Criteria:
USDA Policy 210.14-06 states that USDA funds should be entered into the school food service account as soon as possible on receipt and that any interest on these funds must also be credited to the school food service account.

Questioned Cost:
N/A

Information:
Two months of receipts reviewed were not transferred to the School Food Service account in a timely manner.

Cause:
The School District failed to implement appropriate procedures to ensure compliance in accordance with Federal guidelines.

Effect:
Failure to ensure appropriate transfers can result in noncompliance with the requirements of the Federal grant.

Recommendation:
The School District should ensure that funds are transferred promptly in compliance with Federal guidelines.

SECTION V

MANAGEMENT'S RESPONSES

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
SCHEDULE OF MANAGEMENT'S RESPONSES
YEAR ENDED JUNE 30, 2011

Finding Control Number: FS-7741-11-01

We concur with this finding. The Board will develop and implement internal controls over financial statement reporting and ensure that activity is properly recorded in the general ledger. We will verify that financial statements (including note disclosures) properly reflect the activity reported in the general ledger and that the financial information presented for audit will be accurate. The Board hired a new Director of Finance in July 2012 and anticipates immediate implementation and improvement in FY13.

Finding Control Number: FS-7741-11-02

We concur with this finding. The Board has implemented procedures to reconcile all bank accounts on a monthly basis to the general ledger and to have documented management review and approval. The Interfund Cash account is also being reconciled on a monthly basis to maintain an overall zero balance. Additionally, all journal entries are properly documented, reviewed and approved by management. State travel regulations are being followed with credit card usage being controlled as well as being paid on a timely basis.

Finding Control Number: FS-7741-11-03

We concur with this finding. The Board will review its capital assets activity and ensure that activity conforms to the approved capital assets policy and generally accepted accounting principles. A physical inventory of capital assets will be performed in FY13.

Finding Control Number: FS-7741-11-04

We concur with this finding. The Board has implemented a three year plan to reduce our negative fund balance, which includes staff reductions and reduction in days for staff. Properly tax revenue is anticipated to increase during this three year period as property is re-assessed and taxes are levied accordingly.

Finding Control Number: FA-7741-11-01

We concur with this finding. The Board has implemented a procedure to transfer School Food Service USDA funds promptly in compliance with Federal guidelines.

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