

LONG COUNTY
BOARD OF EDUCATION
LUDOWICI, GEORGIA

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

LONG COUNTY BOARD OF EDUCATION

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 10, 2011

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

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

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through H) of the Long County Board of Education, as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Long County Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Long County Board of Education, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

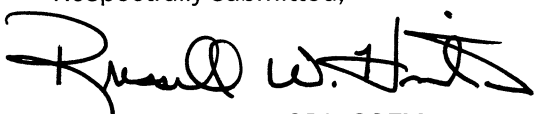
In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2011, on our consideration of the Long County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on page 23, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Long County Board of Education's financial statements as a whole. The accompanying supplementary information consists of Schedules 2 through 5, which includes the Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2010ARL-11

LONG COUNTY BOARD OF EDUCATION

LONG COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 3,088,732.37
Investments	5,886,024.32
Accounts Receivable, Net	
Interest	56,452.86
Taxes	706,944.65
State Government	1,129,848.00
Federal Government	625,230.55
Other	8,138.79
Inventories	43,578.13
Capital Assets, Non-Depreciable	1,165,873.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	13,863,317.00
Total Assets	$ 26,574,139.67
LIABILITIES	
Accounts Payable	$ 100,907.66
Salaries and Benefits Payable	2,148,871.99
Interest Payable	49,070.82
Retainages Payable	175,810.26
Long-Term Liabilities	
Due Within One Year	390,000.00
Due in More Than One Year	3,355,000.00
Total Liabilities	$ 6,219,660.73
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 11,284,190.00
Restricted for	
Continuation of Federal Programs	490,702.60
Debt Service	2,881,733.98
Unrestricted	5,697,852.36
Total Net Assets	$ 20,354,478.94
Total Liabilities and Net Assets	$ 26,574,139.67

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

LONG COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITIES				
Instruction	$ 12,209,622.31	$ 60,468.52	$ 9,904,048.08	$ -2,245,105.71
Support Services				
Pupil Services	1,109,012.97		537,834.52	-571,178.45
Improvement of Instructional Services	1,069,724.27		183,025.57	-886,698.70
Educational Media Services	249,323.24		294,786.17	45,462.93
General Administration	474,462.08		643,075.21	168,613.13
School Administration	951,119.45		590,893.86	-360,225.59
Business Administration	233,873.06		14,007.19	-219,865.87
Maintenance and Operation of Plant	1,194,509.13		816,686.48	-377,822.65
Student Transportation Services	1,071,768.80		348,635.53	-723,133.27
Central Support Services	2,017.50		2,017.50	0.00
Other Support Services	231,317.94		36,488.43	-194,829.51
Operations of Non-Instructional Services				
Community Services	76,879.34	73,859.50	255.63	-2,764.21
Food Services	1,319,224.62	195,473.26	1,232,476.37	108,725.01
Interest on Short-Term and Long-Term Debt	194,260.06			-194,260.06
Total Governmental Activities	$ 20,387,114.77	$ 329,801.28	$ 14,604,230.54	$ -5,453,082.95
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				$ 3,138,477.49
For Debt Services				379,382.50
Other Taxes				11,415.15
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Debt Services				493,713.50
Other Sales Tax				83,647.27
Grants and Contributions not Restricted				
to Specific Programs				1,154,474.00
Investment Earnings				246,012.80
Miscellaneous				235,563.06
Total General Revenues				$ 5,742,685.77
Change in Net Assets				$ 289,602.82
Net Assets - Beginning of Year				20,064,876.12
Net Assets - End of Year				$ 20,354,478.94

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

LONG COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 2,210,635.67	$ 177,234.97	$ 700,861.73	$ 3,088,732.37
Investments		3,831,348.11	2,054,676.21	5,886,024.32
Accounts Receivable, Net				
Interest		22,846.71	33,606.15	56,452.86
Taxes	565,283.94		141,660.71	706,944.65
State Government	1,129,848.00			1,129,848.00
Federal Government	625,230.55			625,230.55
Other	8,138.79			8,138.79
Inventories	43,578.13			43,578.13
Total Assets	$ 4,582,715.08	$ 4,031,429.79	$ 2,930,804.80	$ 11,544,949.67
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 100,907.66			$ 100,907.66
Salaries and Benefits Payable	2,148,871.99			2,148,871.99
Retainages Payable		$ 175,810.26		175,810.26
Deposits and Deferred Revenue	383,325.73		$ 71,187.45	454,513.18
Total Liabilities	$ 2,633,105.38	$ 175,810.26	$ 71,187.45	$ 2,880,103.09
FUND BALANCES				
Reserved for:				
Continuation of Federal Programs	$ 490,702.60			$ 490,702.60
Debt Service			$ 2,859,617.35	2,859,617.35
Unreserved				
Designated for Student Activities	94,959.80			94,959.80
Undesignated Reported in:				
General Fund	1,363,947.30			1,363,947.30
Capital Projects		$ 3,855,619.53		3,855,619.53
Total Fund Balances	$ 1,949,609.70	$ 3,855,619.53	$ 2,859,617.35	$ 8,664,846.58
Total Liabilities and Fund Balances	$ 4,582,715.08	$ 4,031,429.79	$ 2,930,804.80	$ 11,544,949.67

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

LONG COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 8,664,846.58
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	$ 1,165,873.00	
Land Improvements	1,674,367.00	
Buildings	16,872,976.00	
Equipment	3,052,033.00	
Accumulated Depreciation	-7,736,059.00	
Total Capital Assets		15,029,190.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.		454,513.18
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	$ -3,745,000.00	
Accrued Interest	-49,070.82	
Total Long-Term Liabilities		-3,794,070.82
Net Assets of Governmental Activities (Exhibit "A")		$ 20,354,478.94

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

LONG COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 2,904,375.77		$ 363,449.10	$ 3,267,824.87
Sales Taxes	73,301.55		517,544.06	590,845.61
State Funds	10,877,181.89			10,877,181.89
Federal Funds	4,881,522.65			4,881,522.65
Charges for Services	329,801.28			329,801.28
Investment Earnings	56,490.90	$ 139,277.01	50,244.89	246,012.80
Miscellaneous	235,563.06			235,563.06
Total Revenues	$ 19,358,237.10	$ 139,277.01	$ 931,238.05	$ 20,428,752.16
EXPENDITURES				
Current				
Instruction	$ 12,006,389.42			$ 12,006,389.42
Support Services				
Pupil Services	1,098,115.02			1,098,115.02
Improvement of Instructional Services	1,069,724.27			1,069,724.27
Educational Media Services	248,131.46			248,131.46
General Administration	441,996.60			441,996.60
School Administration	939,381.14			939,381.14
Business Administration	231,107.51			231,107.51
Maintenance and Operation of Plant	1,169,205.05			1,169,205.05
Student Transportation Services	1,029,919.59			1,029,919.59
Central Support Services	2,017.50			2,017.50
Other Support Services	150,944.15			150,944.15
Community Services	76,879.34			76,879.34
Food Services Operation	1,343,360.80			1,343,360.80
Capital Outlay		$ 2,323,019.86		2,323,019.86
Debt Services				
Principal			$ 375,000.00	375,000.00
Interest			145,189.24	145,189.24
Total Expenditures	$ 19,807,171.85	$ 2,323,019.86	$ 520,189.24	$ 22,650,380.95
Net Change in Fund Balances	$ -448,934.75	$ -2,183,742.85	$ 411,048.81	$ -2,221,628.79
Fund Balances - Beginning	2,398,544.45	6,039,362.38	2,448,568.54	10,886,475.37
Fund Balances - Ending	$ 1,949,609.70	$ 3,855,619.53	$ 2,859,617.35	$ 8,664,846.58

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

LONG COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -2,221,628.79
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 2,505,428.00	
Depreciation Expense	-568,091.00	
Excess of Capital Outlay over Depreciation Expense		1,937,337.00
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		247,965.43
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.		375,000.00
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		-49,070.82
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 289,602.82

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

LONG COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 21,896.71
LIABILITIES	
Funds Held for Others	$ 21,896.71

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

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

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

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.

- District-wide Capital Projects Fund accounts for financial resources including local funds to be used for the acquisition, construction or renovation of major capital facilities.

- Debt Service Fund accounts for taxes (property and sales) legally restricted for the payment of general long-term principal, interest and paying agent's fees.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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 Treasury and Fiscal Services,
7. Repurchase agreements, and
8. Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Long County Board of Commissioners fixed the property tax levy for the 2009 tax digest year (calendar year) on December 21, 2009 (levy date). Taxes were due on March 23, 2010 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2009 tax digest are reported as revenue in the governmental funds for fiscal year 2010. The Long County Tax Commissioner bills and collects the property taxes for the School District and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2010, for maintenance and operations amounted to $2,892,960.62 and for school bonds amounted to $363,449.10.

Tax millage rates levied for the 2009 tax year (calendar year) for the Long County Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	13.50	mills
School Bonds	1.61	mills
	15.11	mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $507,198.34 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	$ 5,000.00	15 to 60 years
Buildings and Improvements	$ 5,000.00	25 to 60 years
Equipment	$ 5,000.00	10 to 50 years
Intangible Assets	$ 100,000.00	10 years

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

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

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 and 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. To conform to generally accepted accounting principles, bond premiums and discounts, as well as bond issuance costs should be amortized over the life of the bonds on the District-wide statements. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. In addition, general obligation bonds have been issued to refund existing general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

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 and debt service 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.

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

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, 2010, the bank balances were $9,612,463.58. 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.

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, 2009	Increases	Decreases	Balances June 30, 2010
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,165,873.00	$ 0.00	$ 0.00	$ 1,165,873.00
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 15,024,760.00	$ 1,848,216.00	$ 0.00	$ 16,872,976.00
Equipment	2,898,461.00	153,572.00		3,052,033.00
Land Improvements	1,170,727.00	503,640.00		1,674,367.00
Less: Accumulated Depreciation:				
Buildings and Improvements	4,876,519.00	290,610.00		5,167,129.00
Equipment	1,630,188.00	197,726.00		1,827,914.00
Land Improvements	661,261.00	79,755.00		741,016.00
Total Capital Assets, Being Depreciated, Net	$ 11,925,980.00	$ 1,937,337.00	$ 0.00	$ 13,863,317.00
Governmental Activity Capital Assets - Net	$ 13,091,853.00	$ 1,937,337.00	$ 0.00	$ 15,029,190.00

Current year depreciation expense by function is as follows:

Instruction		$ 251,795.00
Support Services		
Pupil Services	$ 11,412.00	
Educational Media Services	1,248.00	
General Administration	3,608.00	
School Administration	12,292.00	
Business Administration	2,896.00	
Maintenance and Operation of Plant	41,246.00	
Student Transportation Services	128,800.00	
Other Support Services	84,165.00	285,667.00
Food Services		30,629.00
		$ 568,091.00

NOTE 6: RISK MANAGEMENT

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

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

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2009	$ 0.00	$ 0.00	$ 0.00	$ 0.00
2010	$ 0.00	$ 7,590.00	$ 7,590.00	$ 0.00

The School District participates in the Georgia School Boards Association Workers' Compensation Fund, a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $500,000.00 loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $500,000.00 loss per occurrence, up to $2,000,000.00.

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

Position Covered	Amount
Superintendent	$ 100,000.00
All Employees	$ 100,000.00

NOTE 7: LONG-TERM DEBT

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Refunding - Series 2004	3.01%	$ 825,000.00
General Government - Refunding - Series 2005	3.70%	2,920,000.00
		$ 3,745,000.00

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

	Governmental Funds				
	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due Within One Year
General Obligation Bonds	$ 4,120,000.00	$ 0.00	$ 375,000.00	$ 3,745,000.00	$ 390,000.00

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

	General Obligation Debt	
	Principal	Interest
Fiscal Year Ended June 30:		
2011	$ 390,000.00	$ 132,872.50
2012	405,000.00	119,788.00
2013	425,000.00	106,183.00
2014	445,000.00	91,907.00
2015	480,000.00	76,960.00
2016 - 2020	1,600,000.00	119,880.00
Total Principal and Interest	$ 3,745,000.00	$ 647,590.50

NOTE 8: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $50,651.48 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Non-Certified Personnel
In the amount of $29,750.20

Paid to the Teachers Retirement System of Georgia
For Teachers Retirement System (TRS) Employer's Cost
In the amount of $10,840.99

Office of Treasury and Fiscal Services
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $10,060.29

NOTE 9: 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 a legal proceeding pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of this proceeding is not presently determinable, but is not believed to be material to the basic financial statements.

NOTE 10: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL EMPLOYEES 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 Fun provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Insurance Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (OCGA) 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).

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 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, 2010:

For certificated teachers, librarians and regional educational service agencies:

July 2009	18.534%	of covered payroll for August Coverage
August 2009 - October 2009	14.492%	of covered payroll for September - November Coverage
November 2009 - June 2010	18.534%	of covered payroll for December - July Coverage

For non-certificated school personnel:

July 2009 - June 2010	$162.72	per member per month plus Department of Education contribution of $22,838,311.00

No additional contribution was required by the Board for fiscal year 2010 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other postemployment benefits and are subject to appropriation.

The School District's 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
2010	100%	$ 1,704,770.12
2009	100%	$ 1,244,982.23
2008	100%	$ 1,647,518.70

NOTE 11: 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, 2010, were 5.25% of annual salary. The member contribution rate will increase to 5.53% effective July 1, 2010. Employer contributions required for fiscal year 2010 were 9.74% of annual salary as required by the June 30, 2007, actuarial valuation. The employer contribution rate will increase to 10.28% effective July 1, 2010.

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

Fiscal Year	Percentage Contributed	Required Contribution
2010	100%	$ 1,075,061.61
2009	100%	$ 993,109.96
2008	100%	$ 857,094.72

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LONG COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	$ 2,957,303.00	$ 3,055,303.00	$ 2,904,375.77
Sales Taxes	68,000.00	25,000.00	73,301.55
State Funds	12,005,505.00	11,996,505.00	10,877,181.89
Federal Funds	4,565,408.00	4,565,408.00	4,881,522.65
Charges for Services	209,000.00	274,000.00	329,801.28
Investment Earnings	142,000.00	87,000.00	56,490.90
Miscellaneous	115,000.00	50,000.00	235,563.06
Total Revenues	$ 20,062,216.00	$ 20,053,216.00	$ 19,358,237.10
EXPENDITURES			
Current			
Instruction	$ 13,136,484.00	$ 12,480,890.00	$ 12,006,389.42
Support Services			
Pupil Services	943,422.00	973,110.00	1,098,115.02
Improvement of Instructional Services	756,321.00	1,382,427.00	1,069,724.27
Educational Media Services	254,388.00	254,388.00	248,131.46
General Administration	526,399.00	526,399.00	441,996.60
School Administration	973,447.00	973,447.00	939,381.14
Business Administration	249,648.00	249,648.00	231,107.51
Maintenance and Operation of Plant	1,254,047.00	1,254,047.00	1,169,205.05
Student Transportation Services	1,063,100.00	1,063,100.00	1,029,919.59
Central Support Services	3,000.00	3,000.00	2,017.50
Other Support Services	141,700.00	141,700.00	150,944.15
Community Services	68,634.00	68,634.00	76,879.34
Food Services Operation	1,287,265.00	1,287,265.00	1,343,360.80
Total Expenditures	$ 20,657,855.00	$ 20,658,055.00	$ 19,807,171.85
Net Change in Fund Balances	$ -595,639.00	$ -604,839.00	$ -448,934.75
Fund Balances - Beginning	2,400,484.41	2,400,484.41	2,398,544.45
Adjustments		14,160.71	
Fund Balances - Ending	$ 1,804,845.41	$ 1,809,806.12	$ 1,949,609.70

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.

LONG COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

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	$ 1,246,628.31	(1)
Total Child Nutrition Cluster				$ 1,246,628.31	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Child Nutrition Discretionary Grants Limited Availability		10.579	N/A	53,385.00	
Total U. S. Department of Agriculture				$ 1,300,013.31	
Education, U. S. Department of					
Impact Aid Cluster					
Direct					
Impact Aid		84.041		(3)	
Education Technology State Grants Cluster					
Pass-Through From Georgia Department of Education					
Education Technology State Grants		84.318	N/A	$ 7,161.00	
School Improvement Grants Cluster					
Pass-Through From Georgia Department of Education					
School Improvement Grants		84.377	N/A	$ 41,228.98	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 308,325.02	
ARRA - Preschool Grants	*	84.392	N/A	13,020.38	
Grants to States	*	84.027	N/A	408,305.18	
Preschool Grants	*	84.173	N/A	8,447.00	
Total Special Education Cluster				$ 738,097.58	
State Fiscal Stabilization Fund Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Education State Grants	*	84.394	N/A	$ 1,164,377.00	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 253,417.08	
Title I Grants to Local Educational Agencies	*	84.010	N/A	840,031.35	
Total Title I, Part A Cluster				$ 1,093,448.43	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	$ 40,464.00	
English Language Acquisition Grants		84.365	N/A	15,374.90	
Improving Teacher Quality State Grants		84.367	N/A	127,285.26	
Migrant Education - State Grant Program		84.011	N/A	146,192.62	
Rural Education		84.358	N/A	64,785.34	
Total Other Programs				$ 394,102.12	
Total U. S. Department of Education				$ 3,438,415.11	

LONG COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of			
Child Care and Development Fund Cluster			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
ARRA - Child Care and Development Block Grant	93.713	N/A	$ 2,400.00
Total Federal Financial Assistance			$ 4,740,828.42

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 $61,190.17.
(2) Expenditures for the funds earned on the School Breakfast Program ($393,236.70) were not maintained separately and are included in the 2010 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $199,902.13, do not require reporting of expenditures.

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 Long County Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

LONG COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2010

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 545,493.41
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	789,754.00
Kindergarten Program - Early Intervention Program	130,855.00
Primary Grades (1-3) Program	1,819,098.00
Primary Grades - Early Intervention (1-3) Program	138,046.00
Upper Elementary Grades (4-5) Program	1,032,326.00
Upper Elementary Grades - Early Intervention (4-5) Program	1,123.00
Middle School (6-8) Program	1,647,063.00
High School General Education (9-12) Program	1,178,014.00
Vocational Laboratory (9-12) Program	479,505.00
Students with Disabilities	1,051,335.00
Gifted Student - Category VI	192,469.00
Remedial Education Program	30,198.00
Alternative Education Program	123,050.00
English Speakers of Other Languages (ESOL)	88,759.00
Media Center Program	268,834.00
20 Days Additional Instruction	83,905.00
Staff and Professional Development	52,199.00
Indirect Cost	
Central Administration	409,901.00
School Administration	490,662.00
Facility Maintenance and Operations	687,773.00
Categorical Grants	
Pupil Transportation	
Regular	306,930.00
Sparsity	25,961.00
Nursing Services	57,211.00
Vocational Supervisors	7,602.00
Migrant Education	26,545.00
Education Equalization Funding Grant	1,154,474.00
Food Services	43,116.00
Vocational Education	11,177.00
Amended Formula Adjustment	-2,102,205.00
Other State Programs	
Dual Enrollment Funding	4,185.00
Health Insurance	29,750.20
Preschool Handicapped Program	51,172.00
Teachers' Retirement	10,840.99
Office of Treasury and Fiscal Services	
Public School Employees Retirement	10,060.29
	$ 10,877,181.89

See notes to the basic financial statements.

LONG COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2010

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
(a) Retiring previously incurred general obligation debt of the School District; and/or	$ 1,520,260.00	$ 3,424,202.00	$ 338,816.66	$ 306,699.07	Ongoing
(b) funding the following capital outlay projects: new construction, adding to remodeling, renovating, improving, repairing, retrofitting, upgrading and equipping buildings and facilities in the Long County School District.	1,903,942.00				Cancelled
	$ 3,424,202.00	$ 3,424,202.00	$ 338,816.66	$ 306,699.07	

(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 Long 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.

See notes to the basic financial statements.

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LONG COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2010

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 872,750.00	$ 783,053.02	$ 10,535.87	$ 793,588.89
Kindergarten Program-Early Intervention Program	138,782.00	133,792.62	454.23	134,246.85
Primary Grades (1-3) Program	2,188,304.00	1,588,042.72	45,380.41	1,633,423.13
Primary Grades-Early Intervention (1-3) Program	147,823.00	144,267.09	454.23	144,721.32
Upper Elementary Grades (4-5) Program	1,095,282.00	786,450.74	23,140.51	809,591.25
Upper Elementary Grades-Early Intervention (4-5) Program	11,340.00	220.68	111.01	331.69
Middle School (6-8) Program	1,757,283.00	1,442,819.04	24,082.46	1,466,901.50
High School General Education (9-12) Program	1,269,699.00	1,119,154.16	56,809.58	1,175,963.74
Vocational Laboratory (9-12) Program	518,006.00	491,858.77	12,617.39	504,476.16
Students with Disabilities	1,122,849.00			
Category I		70,555.46		70,555.46
Category II		142,269.48	617.52	142,887.00
Category III		918,946.55	4,582.20	923,528.75
Category IV			344.85	344.85
Category V		64,828.21		64,828.21
Gifted Student - Category VI	208,671.00	157,480.37	1,478.54	158,958.91
Remedial Education Program	47,507.00	97,352.87		97,352.87
Alternative Education Program	131,934.00	122,256.23	1,057.24	123,313.47
English Speakers of Other Languages (ESOL)	92,127.00	70,796.17	242.15	71,038.32
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 9,602,357.00	$ 8,134,144.18	$ 181,908.19	$ 8,316,052.37
Media Center Program	290,196.00	183,609.83	48,518.02	232,127.85
Staff and Professional Development	56,836.00	19,192.96	25,288.61	44,481.57
TOTAL QBE FORMULA FUNDS	$ 9,949,389.00	$ 8,336,946.97	$ 255,714.82	$ 8,592,661.79

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 10, 2011

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

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Long County Board of Education as of and for the year ended June 30, 2010, which collectively comprise Long County Board of Education's basic financial statements and have issued our report thereon dated March 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

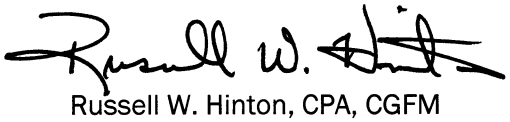
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2010YB-10

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 10, 2011

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

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

Ladies and Gentlemen:

Compliance

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

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

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

Internal Control Over Compliance

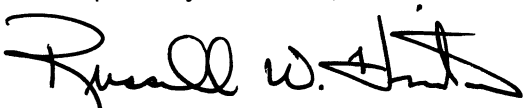
Management of Long County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Long County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Long County Board of Education's internal control over compliance.

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

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

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2010SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue: Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information	Unqualified
Internal control over financial reporting:	
▪ Material weakness identified?	No
▪ 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 Number(s)	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000.00
Auditee qualified as low-risk auditee?	No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.