WHITE COUNTY BOARD OF EDUCATION
CLEVELAND, GEORGIA

REPORT ON AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

STATE OF GEORGIA

DEPARTMENT OF AUDITS AND ACCOUNTS

Russell W. Hinton
State Auditor

WHITE COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

May 26, 2006

Honorable Sonny Perdue, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
White County Board of Education

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

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through I) of the White County Board of Education, as of and for the year ended June 30, 2005, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White County Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the White County Board of Education, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

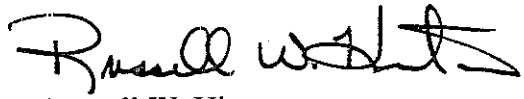
In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2006, on our consideration of the White County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through vii and page 25 respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the White County Board of Education's basic financial statements. The accompanying supplementary information which consist 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken 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
State Auditor

RWH:as
2005ARL-11

WHITE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

INTRODUCTION

Our discussion and analysis of the White County School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2005 are as follows:

- On the District-wide financial statements, the assets of the School District exceeded liabilities by $33.8 million. Of this amount, $2.2 million is unrestricted and is available for spending at the School District's discretion.

- The School District had $31.5 million in expenses relating to governmental activities; only $18.3 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $15.8 million were adequate to provide for these programs.

- As stated above, general revenues accounted for $15.8 million or 46.4% of all revenues totaling $34.1 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The Fiduciary Funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial

statements reflect the School District's most significant funds. In the case of the White County School District, the General Fund, District-wide Capital Projects Fund, and Debt Service Fund are the most significant funds.

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

District-wide Statements

The District-wide financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the District-wide financial statements, a reader might ask the question, are we in a better financial position than last year? The Statement of Net Assets and the Statement of Activities provides the basis for answering this question. These financial statements include all School District's assets and liabilities and uses the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Fund Financial Statements

The School District uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detail information about only the School District's significant or major funds.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the **modified accrual method of accounting** which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial

resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled to the financial statements.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for this fiscal year. Net asset comparisons to fiscal year 2004 are available and have been included in the following analysis.

Table 1
Net Assets

	Governmental Activities	
	Fiscal Year 2005	Fiscal Year 2004
Assets		
Current and Other Assets	$ 8,717,144	$ 10,798,723
Capital Assets, Net	39,116,257	36,730,748
Total Assets	$ 47,833,401	$ 47,529,471
Liabilities		
Current and Other Liabilities	$ 3,294,874	$ 3,338,402
Long-Term Liabilities	10,760,000	13,000,000
Total Liabilities	$ 14,054,874	$ 16,338,402
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 29,135,715	$ 24,774,301
Restricted	2,401,420	3,066,870
Unrestricted	2,241,392	3,349,898
Total Net Assets	$ 33,778,527	$ 31,191,069

Table 2 shows the Changes in Net Assets for this fiscal year. Revenue and Expense comparisons to fiscal year 2004 are available and are included in the following analysis.

Table 2
Change in Net Assets

	Governmental Activities	
	Fiscal Year 2005	Fiscal Year 2004
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 1,020,628	$ 1,285,624
Operating Grants and Contributions	17,124,399	16,714,306
Capital Grants and Contributions	158,972	385,944
Total Program Revenues	$ 18,303,999	$ 18,385,874
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	$ 10,710,493	$ 9,797,503
For Debt Service	306,417	295,954
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Service	2,233,318	2,378,886
For Capital Projects	573,772	329,561
Intangible Recording Tax	289,550	476,610
Real Estate	114,686	38,067
Grants and Contributions not Restricted to Specific Programs	394,008	498,716
Investment Earnings	202,451	138,202
Miscellaneous	1,003,097	590,411
Special Items		
Gain on Sale		93,042
Total General Revenues	$ 15,827,792	$ 14,636,952
Total Revenues	$ 34,131,791	$ 33,022,826
Program Expenses		
Instruction	$ 20,129,723	$ 19,449,755
Support Services		
Pupil Services	1,111,374	1,069,981
Improvement of Instructional Services	732,525	628,827
Educational Media Services	721,112	687,344
General Administration	607,367	451,281
School Administration	1,848,249	1,622,816
Business Administration	188,518	182,608
Maintenance and Operation of Plant	2,055,998	1,823,750
Student Transportation Services	1,379,077	1,223,470
Central Support Services	91,749	170,862
Other Support Services	208,697	131,005
Operations of Non-Instructional Services		
Enterprise Operations	328,316	386,835
Food Services	1,685,155	1,548,346
Interest on Short-Term and Long-Term Debt	456,473	529,264
Total Expenses	$ 31,544,333	$ 29,906,144
Increase in Net Assets	$ 2,587,458	$ 3,116,682

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity. Cost of service comparisons to fiscal year 2004 are available and have been included in the following analysis.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2005	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2004
Instruction	$ 20,129,723	$ 19,449,755	$ 7,313,420	$ 6,589,505
Support Services				
Pupil Services	1,111,374	1,069,981	527,136	399,047
Improvement of Instructional Services	732,525	628,827	402,752	461,503
Educational Media Services	721,112	687,344	407,733	297,159
General Administration	607,367	451,281	410,164	400,285
School Administration	1,848,249	1,622,816	1,295,451	1,040,487
Business Administration	188,518	182,608	136,093	182,608
Maintenance and Operation of Plant	2,055,998	1,823,750	1,163,942	921,619
Student Transportation Services	1,379,077	1,223,470	764,784	588,043
Central Support Services	91,749	170,862	69,905	170,862
Other Support Services	208,697	131,005	180,501	109,148
Operations of Non-Instructional Services				
Enterprise Operations	328,316	386,835	140,880	-29,132
Food Services	1,685,155	1,548,346	-28,900	-140,128
Interest on Short-Term and Long-Term Debt	456,473	529,264	456,473	529,264
Total Expenses	$ 31,544,333	$ 29,906,144	$ 13,240,334	$ 11,520,270

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $34.4 million and total expenditures and other financing uses of $36.4 million.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund. During the course of fiscal year 2005, the School District amended its general fund budget as needed.

For the General Fund, the final actual revenues and other financing sources of $31.1 million exceeded the original budgeted amounts of $30.4 million by $700k. The significant changes (final actual vs. original budget) were the additional Ad Valorem taxes of $29k, $100k Contribution from a Private Source, $89k from Georgia Department of Education and other State Agencies, $167k from School Nutrition, and $25k from the Principal's accounts.

The actual revenues of $30.9 million exceeded the final budgeted amounts by $400k. This difference is due primarily to the $167k from School Nutrition and $100k Contribution from a Private Source, $89k from Georgia Department of Education and other State Agencies as mentioned above.

The final actual expenditures of $31.2 million were less than the original budgeted amount of $31.6 million by $400k. These were salaries and benefits for additional teachers that were not hired during the fiscal year.

The final actual expenditures of $31.2 million were less than the final budgeted amount of $31.9 million by $700k. These differences were primarily $400k for salaries and benefits for additional teachers not hired and $200k not spent in Federal programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2005, the School District had $39.1 million invested in capital assets, all in governmental activities. Table 4 reflects a summary of these balances by category and accumulated depreciation. Capital assets comparisons to fiscal year 2004 are available and have been included in the following analysis.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2005	Fiscal Year 2004
Land	$ 2,021,886	$ 2,021,886
Construction in Progress	1,617,519	871,420
Buildings and Improvements	31,937,143	30,249,743
Equipment	2,604,456	2,561,530
Land Improvements	935,253	1,026,169
Total	$ 39,116,257	$ 36,730,748

Due to the ongoing growth in the county, the School District has construction projects including new buildings, additions and renovations.

Debt

At fiscal year ended June 30, 2005, the School District had $10.76 million in bonds outstanding. Table 5 summarizes the School District's debt for general obligation bonds.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2005	Fiscal Year 2004
Bonds Payable	$ 10,760,000	$ 13,000,000

CURRENT ISSUES

Currently known facts, decisions or conditions that are expected to have a significant effect on financial positions or results of operations.

- Economic Slowdown - State funding for education has been stagnant and as a result more pressure is being placed on the local school districts to prioritize its educational programs and provide additional local funding. Additional costs to the School District will be required with the continued implementation of House Bill 1187, which mandates lower teacher to student ratios, requiring additional teachers and additional classrooms. Despite these challenges, the White County School District is strong financially and we remain optimistic about the ability of the School District to maximize all of the financial resources to provide a quality education to our students.

- Capital Improvements - The School District plans capital improvements as future capital needs arise due to increased student population and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Tom McLean, Finance Director at White County School District, 113 North Brooks Street, Cleveland, Georgia 30528. Mailing address is same as above. You may also email your question to Mr. McLean at tmclean@white.k12.ga.us.

WHITE COUNTY BOARD OF EDUCATION

WHITE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2005

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 5,684,024
Accounts Receivable, Net	
Taxes	683,381
State Government	2,006,669
Federal Government	285,133
Other	2,046
Inventories	55,891
Capital Assets	
Land	2,021 886
Construction in Progress	1,617 519
Land Improvements	2 647,060
Buildings	36 096,859
Equipment	6,740,317
Less: Accumulated Depreciation	-10,007,384
Total Assets	$ 47,833,401
LIABILITIES	
Accounts Payable	$ 727,839
Salaries Payable	2,479 426
Retainages Payable	84,729
Deposits and Deferred Revenues	2 880
Long-Term Liabilities	
Due Within One Year	2,325,000
Due in More Than One Year	8,435,000
Total Liabilities	$ 14,054,874
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 29,135,715
Restricted for	
Continuation of Federal Programs	497,167
Debt Service	1,904,253
Unrestricted	2,241,392
Total Net Assets	$ 33,778,527
Total Liabilities and Net Assets	$ 47,833,401

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

WHITE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 20,129,723	$ 4,390
Support Services		
Pupil Services	1,111,374	
Improvement of Instructional Services	732,525	
Educational Media Services	721,112	
General Administration	607,367	
School Administration	1,848,249	
Business Administration	188,518	
Maintenance and Operation of Plant	2,055,998	
Student Transportation Services	1,379,077	
Central Support Services	91,749	
Other Support Services	208,697	
Operations of Non-Instructional Services		
Enterprise Operations	328,316	187,436
Food Services	1,685,155	828,802
Interest on Short-Term and Long-Term Debt	456,473	
Total Governmental Activities	$ 31,544,333	$ 1,020,628
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Services		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Intangible Recording Tax		
Real Estate		
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.

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 12,751,882	$ 60,031	$ -7,313,420
581,269	2,969	-527,136
329 768	5	-402,752
313 379		-407 733
197,203		-410 164
552,798		-1,295,451
52,425		-136,093
891 988	68	-1,163,942
520,808	93,485	-764,784
21,844		-69,905
28,196		-180,501
		-140,880
882,839	2,414	28,900
		-456,473
$ 17,124,399	$ 158,972	$ -13,240,334
		$ 10,710,493
		306,417
		2 233 318
		573 772
		289 550
		114 686
		394,008
		202,451
		1,003,097
		$ 15,827,792
		$ 2,587,458
		31,191,069
		$ 33,778,527

WHITE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 4 221 851	$ 67 437	$ 1,394,736	$ 5,684,024
Accounts Receivable Net				
Taxes	209,438		510 069	719,507
State Government	1,941,182	65 487		2,006,669
Federal Government	285 133			285 133
Other	2,046			2,046
Inventories	55,891			55,891
Total Assets	$ 6,715,541	$ 132,924	$ 1,904,805	$ 8,753,270
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 727,839			$ 727,839
Salaries Payable	2 479,426			2 479 426
Retainages Payable		$ 84,729		84 729
Deposits and Deferred Revenue	2,880			2,880
Total Liabilities	$ 3,210,145	$ 84,729		$ 3,294,874
FUND BALANCES				
Reserved for:				
Continuation of Federal Programs	$ 441,276			$ 441,276
Debt Service			$ 1,904,805	1,904,805
Inventories	55,891			55,891
Unreserved				
Undesignated Reported in:				
General Fund	3,008 229			3,008,229
Capital Projects		$ 48,195		48,195
Total Fund Balances	$ 3,505,396	$ 48,195	$ 1,904,805	$ 5,458,396
Total Liabilities and Fund Balances	$ 6,715,541	$ 132,924	$ 1,904,805	$ 8,753,270

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

WHITE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 5,458 396
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	$ 2 021,886	
Construction in Progress	1,617,519	
Land Improvements	2 647,060	
Buildings	36,096,859	
Equipment	6 740 317	
Accumulated Depreciation	-10,007,384	
Total Capital Assets		39,116,257
Some of the School District's property tax revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures		-36,126
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		-10,760,000
Net Assets of Governmental Activities (Exhibit "A")		$ 33,778,527

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

WHITE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 10,751 268		$ 307,975	$ 11,059 243
Sales Taxes	391,248	$ 573,772	2,246,306	3,211 326
State Funds	14,981 432	65 487		15 046,919
Federal Funds	2,630 460			2 630,460
Charges for Services	1 020,628			1,020,628
Investment Earnings	145 259	24,024	33 168	202,451
Miscellaneous	991,901	11,196		1,003,097
Total Revenues	$ 30,912,196	$ 674,479	$ 2,587,449	$ 34,174,124
EXPENDITURES				
Current				
Instruction	$ 20 250,618			$ 20,250,618
Support Services				
Pupil Services	1 062 340			1 062 340
Improvement of Instructional Services	732 446			732,446
Educational Media Services	721,112			721,112
General Administration	607,367			607,367
School Administration	1,848,249			1,848,249
Business Administration	188,518			188,518
Maintenance and Operation of Plant	2,073 618			2,073 618
Student Transportation Services	1,374 200			1 374,200
Central Support Services	91,749			91,749
Other Support Services	208 697			208,697
Enterprise Operations	328 316			328 316
Food Services Operation	1,699 394			1,699 394
Capital Outlay		$ 2,286,745		2 286,745
Debt Services				
Principal			$ 2 240,000	2,240 000
Interest			456,473	456,473
Total Expenditures	$ 31,186,624	$ 2,286,745	$ 2,696,473	$ 36,169,842
Excess of Revenues over (under) Expenditures	$ -274,428	$ -1,612,266	$ -109,024	$ -1,995,718
OTHER FINANCING SOURCES (USES)				
Transfers In		$ 200 000		$ 200,000
Transfers Out	$ -200,000			-200,000
Total Other Financing Sources (Uses)	$ -200,000	$ 200,000		$ 0
Net Change in Fund Balances	$ -474 428	$ -1,412,266	$ -109,024	$ -1,995,718
Fund Balances - Beginning	3,979,824	1,460,461	2,013,829	7,454,114
Fund Balances - Ending	$ 3,505,396	$ 48,195	$ 1,904,805	$ 5,458,396

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

WHITE 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, 2005

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -1,995.718
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	$ 3,400,968	
Depreciation Expense	-1,015,459	
Excess of Capital Outlay over Depreciation Expense		2,385,509
Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues.		-42,333
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		2,240,000
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 2,587,458

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

EXHIBIT "G"

WHITE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 13,917	$ 64,140
Investments		
Certificates of Deposit	23,544	
Total Assets	$ 37,461	$ 64,140
LIABILITIES		
Funds Held for Others		$ 64,140
NET ASSETS		
Held in Trust for Private Purposes	$ 37,461	
Total Liabilities and Net Assets	$ 37,461	$ 64,140

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

WHITE COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2005

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Contributions	
Donors	$ 4,437
Investment Earnings	
Interest	419
Total Additions	$ 4,856
DEDUCTIONS	
Scholarships	2,101
Change in Net Assets	$ 2,755
Net Assets - Beginning	34,706
Net Assets - Ending	$ 37,461

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 White 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 White 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- District-wide Capital Projects Fund accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- Debt Service Fund accounts for 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 types:

- Private Purpose Trust fund reports trust arrangements under which principal is to be invested and preserved intact with the resultant income to be used to provide awards or scholarships.
- 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 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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

CASH AND CASH EQUIVALENTS

COMPOSITION OF DEPOSITS
Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia Laws OCGA 45-8-14 authorize the School District to deposit its funds in one or more solvent banks or insured Federal savings and loan associations.

INVESTMENTS

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

(1) Obligations issued by the State of Georgia or by other states,

(2) Obligations issued by the United States government,

(3) Obligations fully insured or guaranteed by the United States government or a United States government agency,

(4) Obligations of any corporation of the United States government,

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(5) Prime banker's acceptances,

(6) The Local Government Investment Pool administered by the State of Georgia, Office of Treasury and Fiscal Services,

(7) Repurchase agreements, and

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

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

RECEIVABLES

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

PROPERTY TAXES

The White County Board of Commissioners fixed the property tax levy for the 2004 tax digest year (calendar year) on September 12, 2004 (levy date). Taxes were due on December 20, 2004 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2004 tax digest are reported as revenue in the governmental funds for fiscal year 2005. The White County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2005, for maintenance and operations amounted to $10,751,268 and for school bonds amounted to $307,975.

Tax millage rates levied for the 2004 tax year (calendar year) for the White County Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	14.50 mills
School Bonds	.39 mills
	14.89 mills

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $2,807,090 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.

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 or more	20 years
Buildings and Improvements	$5,000 or more	up to 80 years
Equipment	$5,000 or more	5 to 20 years

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. 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.

Note 3: DEPOSITS

COLLATERALIZATION OF DEPOSITS

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

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

Note 3: DEPOSITS

(7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

At June 30, 2005, the bank balances were $6,486,135. The amounts of the total bank balances are classified into four categories of custodial credit risk:

Category 1 - Cash that is insured (e.g., Federal Deposit Insurance) or collateralized with securities held by the School District or by the School District's agent in the School District's name.

Category 2 - Cash collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.

Category 3 - Cash collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the School District's name.

Category 4 - Uncollateralized.

The School District's deposits are classified by custodial credit risk category at June 30, 2005, as follows:

Custodial Credit Risk Category	Bank Balance
1	$ 1,570,950
2	0
3	4,915,185
4	0
Total	$ 6,486,135

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:

Note 5: CAPITAL ASSETS

	Balances July 1, 2004	Increases	Decreases	Balances June 30, 2005
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 2,021,886			$ 2,021,886
Construction in Progress	871,420	$ 1,617,519	$ 871,420	1,617,519
Total Capital Assets Not Being Depreciated	$ 2,893,306	$ 1,617,519	$ 871,420	$ 3,639,405
Capital Assets Being Depreciated				
Buildings and Improvements	$ 33,968,230	$ 2,128,629	$ 0	$ 36,096,859
Equipment	6,245,527	494,790		6,740,317
Land Improvements	2,615,610	31,450		2,647,060
Less Accumulated Depreciation for:				
Buildings and Improvements	3,718,487	441,229		4,159,716
Equipment	3,683,997	451,864		4,135,861
Land Improvements	1,589,441	122,366		1,711,807
Total Capital Assets, Being Depreciated, Net	$ 33,837,442	$ 1,639,410	$ 0	$ 35,476,852
Governmental Activity Capital Assets - Net	$ 36,730,748	$ 3,256,929	$ 871,420	$ 39,116,257

Current year depreciation expense by function is as follows:

Instruction		$ 749,652
Support Services		
Pupil Services	$ 46,039	
Improvements of Instructional Services	74	
Maintenance and Operation of Plant	1,061	
Student Transportation Services	181,205	228,379
Food Services		37,428
		$ 1,015,459

Note 6: RESTRICTED ASSETS

Special Purpose Local Option Sales Tax (SPLOST), general obligation bond proceeds and property tax levied specifically for retirement of outstanding bond principal, interest and paying agent's fees (Debt Service Funds) are reported as restricted assets in the Statement of Net Assets because their use is limited by applicable bond covenants or statutory provisions. Restricted assets at June 30, 2005, were as follows:

Note 6: RESTRICTED ASSETS

	District-wide Capital Projects Bond Proceeds	Debt Service Funds
Restricted Cash and Cash Equivalents:		
Debt Services		$ 1,394,736
Capital Acquisitions	$ 19,242	

Note 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2005, consisted of the following:

Transfer to	Transfers From General Fund
District-wide Capital Projects	$ 200,000

Transfers are used to move property tax revenues collected by the General Fund to the District-wide Capital Projects Fund as supplemental funding source for capital construction projects.

Note 8: RISK MANAGEMENT

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

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

Georgia Textbook/Instructional Materials Recommendation Cycle

Each year, textbooks in the state-funded courses for one or more subject areas are considered for recommendation by the Georgia Department of Education. Each state recommendation becomes effective on January 1 of the following year. For example, the 2005 state recommendation in grades 6-12 Career, Technical and Agricultural Education became effective on January 1, 2006. Georgia state law requires that each Georgia school system "shall implement textbook recommendation cycles from textbook listings prescribed by the state board . . . within 18 months of the time said textbook listings are provided by the state board." (O.C.G.A 20-2-168)

The re-aligned schedule of state recommendation cycles is as follows:

2005-2006	6-12 Agricultural Education; Conservation and Renewable Natural Resources; Business, Marketing and Information Management; Career Explorations and Career Connection; Computer and Other Informational Sciences; Family and Consumer Sciences; Intervention Programs; Technology Education; Trade and Industrial Education; and 9-12 Teacher Education
2006-2007	K-8 Mathematics
2007-2008	K-12 Science 9-12 Mathematics
2008-2009	K-8 English/Language Arts K-12 Health and Physical Education
2009-2010	9-12 English/Language Arts K-12 Foreign Language and ESOL
2010-2011	K-12 Fine Arts, Social Studies

Notes:

1. Dictionaries are also adopted with English/Language Arts and Foreign Language.
2. Atlases and map-skill kits are also adopted with Social Studies.

Note 8: RISK MANAGEMENT

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
2004	$ 0	$ 3,000	$ 3,000	$ 0
2005	$ 0	$ 5,700	$ 5,700	$ 0

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 $400,000 loss per occurrence, up to $1,000,000.

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

Position Covered	Amount
All Employees	$ 100,000

Note 9: LONG-TERM DEBT

GENERAL OBLIGATION DEBT OUTSTANDING
General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2001	4.05%	$ 5,750,000
General Government - Refunding - Series 2003	2.90%	5,010,000
		$ 10,760,000

The changes in Long-Term Debt during the fiscal year ended June 30, 2005, were as follows:

Note 9: LONG-TERM DEBT

	Governmental Funds General Obligation Bonds
Balance July 1, 2004	$ 13,000,000
Deductions	
Debt Retired	2,240,000
Balance June 30, 2005	$ 10,760,000
Portion of Long-Term Debt Due within One Year	$ 2,325,000

At June 30, 2005, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30	General Obligation Debt Principal	Interest
2006	$ 2,325,000	$ 371,133
2007	2,420,000	282,258
2008	2,515,000	189,838
2009	535,000	93,742
2010	560,000	77,865
2011 - 2013	2,405,000	142,173
Total Principal and Interest	$ 10,760,000	$ 1,157,009

Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $304,008 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 $295,413

Note 10: ON-BEHALF PAYMENTS

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 $8,595

Note 11: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2005, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
White County Middle School Additions	$ 577,935	$ 849,874

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

Note 12: SIGNIFICANT CONTINGENT LIABILITIES

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

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

Note 13: SUBSEQUENT EVENTS

On March 21, 2006, the voters of White County voted in favor of a Special Purpose Local Option Sales Tax Referendum for educational purposes. The imposition of the tax approved by the voters, as stated on the Official Ballot of White County, is as follows:

> "Shall a special one percent sales and use tax for educational purposes be continued in White County for a period not to exceed twenty (20) calendar quarters beginning upon expiration of the sales and use tax for educational purposes presently in effect, and for the purpose of raising not more than $19,000,000 of net proceeds by said tax, which net proceeds shall go to the White County School District for the purpose of (i) acquiring, constructing and equipping one new elementary school, (ii) acquiring, constructing and equipping a new gymnasium at the

Note 13: SUBSEQUENT EVENTS

existing middle school, (iii) acquiring computers and computer technology equipment, (iv) acquiring constructing and equipping a new agriculture exhibition facility, (v) adding to, constructing, renovating, repairing, improving and equipping school system buildings and facilities and security improvements and equipment, (vi) acquiring heating, air conditioning and energy efficiency equipment, (vii) acquiring textbooks and other instructional materials and transportation equipment, (viii) paying a portion of the principal and interest due on the School District's Series 2003 General Obligation Bonds from August 1, 2008, through and including February 1, 2013, the maximum amount of such payments not to exceed $1,600,000, with the maximum cost of the projects described in items (i) - (viii) payable from said tax being $19,000,000, and (ix) paying any general obligation debt of the School District in conjunction with the imposition of such sales and use tax."

If the imposition of the tax is approved by the voters, such vote shall also constitute approval of the issuance of general obligation debt of White County School District in the principal amount of $12,500,000 for the purposes of the White County School District described in items (i) - (vii) above and for the purpose of payment of a portion of the interest on such debt.

Note 14: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

TRS CONTRIBUTIONS REQUIRED AND MADE
Employees of the School District who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. The School District makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. The required employer contribution rate is 9.24% and employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2005	100%	$ 1,571,871
2004	100%	$ 1,486,790
2003	100%	$ 1,444,790

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WHITE COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL	FINAL	AMOUNTS
REVENUES			
Property Taxes	$ 10 730,716	$ 10,730,716	$ 10 751 268
Sales Taxes			391 248
State Funds	14,489,586	14,405 942	14 981 432
Federal Funds	2,963 630	3,091,799	2,630 460
Charges for Services	1,546,200	1 580,100	1,020,628
Investment Earnings	76 320	84,520	145,259
Miscellaneous	505,500	605,500	991,901
Total Revenues	$ 30,311,952	$ 30,498,577	$ 30,912,196
EXPENDITURES			
Current			
Instruction	$ 20 573,468	$ 20,803,602	$ 20 250,618
Support Services			
Pupil Services	1,494,211	1,128,522	1,062,340
Improvement of Instructional Services	836 317	837 594	732 446
Educational Media Services	705 650	719,459	721 112
General Administration	614,400	627,038	607,367
School Administration	1,804,370	1,891 185	1 848 249
Business Administration	188 005	192 080	188 518
Maintenance and Operation of Plant	2 036 055	2,058 451	2 073 618
Student Transportation Services	1 328,030	1 328,475	1,374,200
Central Support Services	106 955	106,627	91,749
Other Support Services	188 210	180 619	208,697
Enterprise Operations	5 500	327 800	328 316
Food Services Operation	1,679,172	1,679,897	1,699,394
Total Expenditures	$ 31,560,343	$ 31,881,349	$ 31,186,624
Excess of Revenues over (under) Expenditures	$ -1,248,391	$ -1,382,772	$ -274,428
OTHER FINANCING SOURCES (USES)			
Other Sources	$ 70 080	$ 76,230	
Other Uses	-70,400	-276,550	$ -200,000
Total Other Financing Sources (Uses)	$ -320	$ -200,320	$ -200,000
Net Change in Fund Balances	$ -1,248 711	$ -1,583 092	$ -474 428
Fund Balances - Beginning	4,656 479	4,750,140	3,979 824
Inventory - Net Change in Period	-50,282	145,383	
Fund Balances - Ending	$ 3,357,486	$ 3,312,431	$ 3,505,396

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

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

See notes to the basic financial statements

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

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	$ 1,504,727
Total Child Nutrition Cluster				$ 1,504,727
Other Programs				
Pass-Through From Georgia Department of Education				
Food Donation (1)		10.550	N/A	108,280
Pass-Through From Office of Treasury and Fiscal Services				
National Forest Reserve Funds		10.665	N/A	(3)
Total U. S. Department of Agriculture				$ 1,613,007
Corporation for National and Community Service				
Pass-Through From Georgia Department of Education				
Learn and Serve America				
School and Community Based Programs		94.004	N/A	$ 25,000
Education, U. S. Department of				
Special Education Cluster				
Pass-Through From Georgia Department of Education				
Special Education				
Grants to States		84.027	N/A	$ 569,980
Preschool Grants		84.173	N/A	28,376
Total Special Education Cluster				$ 598,356
Other Programs				
Pass-Through From Georgia Department of Education				
Enhancing Education Through Technology Program		84.318	N/A	19,964
Improving Teacher Quality State Grants		84.367	N/A	154,481
Safe and Drug-Free Schools and Communities		84.186	N/A	17,159
State Grants for Innovative Programs		84.298	N/A	17,740
Title I Grants to Local Educational Agencies		84.010	N/A	862,173
Vocational Education - Basic Grants to States		84.048	N/A	37,048
Total U. S. Department of Education				$ 1,706,921
Health and Human Services U. S. Department of				
Pass-Through From Ninth District Opportunity, Incorporated				
Head Start		93.600	N/A	$ 83,642
Total Federal Financial Assistance				$ 3,428,570

N/A = Not Available

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

SCHEDULE "2"

Notes to the Schedule of Expenditures of Federal Awards

(1) The amount shown for the Food Donation Program represents the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the School District during the current fiscal year.
(2) Expenditures for the funds earned on the School Breakfast Program ($174,272) were not maintained separately and are included in the 2005 National School Lunch Program.
(3) Funds earned on this program in the amount of $20,046 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 White 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.

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2005

SCHEDULE '3'

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 198,328		$ 198 328
Education Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	999 236		999,236
Kindergarten Program - Early Intervention Program	111 988		111,988
Primary Grades (1-3) Program	2,202,355		2,202,355
Primary Grades - Early Intervention (1-3) Program	216 965		216 965
Upper Elementary Grades (4-5) Program	1 005 437		1,005 437
Upper Elementary Grades - Early Intervention (4-5) Program	321,796		321,796
Middle Grades (6-8) Program	1 909 015		1 909 015
High School General Education (9-12) Program	1 396 731		1,396 731
Vocational Laboratory (9-12) Program	666 055		666 055
Students with Disabilities			
Category I	248 116		248 116
Category II	138 977		138 977
Category III	1 046 474		1 046 474
Category IV	334,627		334,627
Category V	122 948		122 948
Gifted Student - Category VI	444,691		444,691
Remedial Education Program	26 497		26 497
Alternative Education Program	144 100		144 100
Media Center Program	309,603		309,603
20 Days Additional Instruction	97 911		97 911
Staff and Professional Development	63 132		63 132
Student Achievement Grant	18 550		18 550
Indirect Cost			
Central Administration	438 178		438 178
School Administration	681 224		681 224
Facility Maintenance and Operations	891 677		891 677
Categorical Grants			
Pupil Transportation			
Regular	508 088		508 088
Bus Replacement	93 485		93,485
Sparsity	19 500		19 500
Nursing Services	83,998		83 998
Principal Supplements	13 143		13 143
Education Equalization Funding Grant	69 954		69 954
Food Services	93 284		93 284
Vocational Education	337 333		337,333
Austerity Reduction	-869 556		-869 556
Other State Programs			
Health Insurance	295 413		295,413
Mentor Teachers	3 811		3,811
National Teacher Certification	37 424		37 424
Preschool Handicapped Program	50 018		50,018
School Improvement - CRCT Remediation	5 936		5 936
School Improvement - High School	3 820		3 820
Statewide After School Program (4-8)	18 144		18 144
Statewide Reading Program (K-3)	51 689		51,689
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 65 487	65 487
Office of Treasury and Fiscal Services			
Public School Employees Retirement	8 595		8,595

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2005

SCHEDULE 3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
CONTRACT			
Human Resources, Georgia Department of Family Connection	$ 122,742		$ 122,742
	$ 14,981,432	$ 65,487	$ 15,046,919

See notes to the basic financial statements.

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2005

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
Acquisition, construction and equipping one new elementary school; adding to, renovating repairing improving and equipping existing school buildings; acquiring computers and computer technology equipment for the school system, and acquisition of land for additional schools	$ 16,750,000	$ 20,663 324	$ 2,591 112	$ 7,898,351	Ongoing
Paying a portion of the principal and interest due on the White County School District's Series 1993 General Obligation Bonds from August 1, 2003 through and including February 1, 2008	2,250,000	2,250,000	152,105	79,460	Ongoing
	$ 19,000,000	$ 22,913,324	$ 2,743,217	$ 7,977,811	

(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 White 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) During fiscal year 2003 the White County Board of Education issued General Obligation Refunding Bond Issue 2003 to refund portions of the 1993 Bond Issue. The amount expended in the Current Year includes debt service on the replacement refunding issues

See notes to the basic financial statements

SCHEDULE "5"

WHITE COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES BY PROGRAM
YEAR ENDED JUNE 30, 2005

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 1 223 020	$ 1,113 204	$ 42,447	$ 1 155 651
Kindergarten Program-Early Intervention Program	145,594	117 290	7,956	125,246
Primary Grades (1-3) Program	2,712,046	2,762,430	109,686	2,872,116
Primary Grades-Early Intervention (1-3) Program	276,015	312 397	2,444	314,841
Upper Elementary Grades (4-5) Program	1,241 250	1 663 234	71,507	1,734 741
Upper Elementary Grades-Early Intervention (4-5) Program	386 352	267 448		267,448
Middle School (6-8) Program	2 364 045	2,616 656	138 654	2,755,310
High School General Education (9-12) Program	1 737 480	2,610,621	322 456	2,933,077
Vocational Laboratory (9-12) Program	806 341	676 975	89 986	766 961
Students with Disabilities	2 318,322			
Category I		146,178		146,178
Category II		335,603	3,583	339,186
Category III		1 617 057	24 149	1 641 206
Category IV		365 267	3,367	368 634
Category V			188	188
Gifted Student - Category VI	542,892	588,059	13,854	601 913
Remedial Education Program	33 258	75 553	1 279	76,832
Alternative Education Program	178 371	93,856	15 371	109 227
English Speakers of Other Languages (ESOL)		31,122		31,122
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 13,964,986	$ 15 392,950	$ 846 927	$ 16,239,877
Media Center Program	382 859	516,704	132,860	649 564
Staff and Professional Development	78,277	21,423	52,836	74,259
TOTAL QBE FORMULA FUNDS	$ 14,426,122	$ 15,931,077	$ 1,032,623	$ 16,963,700

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

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

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

May 26, 2006

Honorable Sonny Perdue, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
White County Board of Education

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 White County Board of Education as of and for the year ended June 30, 2005, which collectively comprise White County Board of Education's basic financial statements and have issued our report thereon dated May 26, 2006. 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 White County Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect White County Board of Education's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item FS-7541-05-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether White 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 the audit committee, management and members of the White County Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Russell W. Hinton
State Auditor

RWH:as
2005YB-30

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

May 26, 2006

Honorable Sonny Perdue, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
White County Board of Education

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Ladies and Gentlemen:

Compliance

We have audited the compliance of White County Board of Education with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. White 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 White County Board of Education's management. Our responsibility is to express an opinion on White 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 White 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 White County Board of Education's compliance with those requirements.

In our opinion, the White County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005.

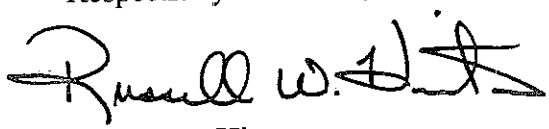
Internal Control Over Compliance

The management of White County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered White County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, members of the White County Board of Education, 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
State Auditor

RWH:as
2005SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

WHITE COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-7541-03-01	Further Action Not Warranted
FS-7541-04-01	Partially Resolved - See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
Inadequate Separation of Duties
Finding Control Number: FS-7541-04-01

We concur with this finding. The Board has created and hired the position of Staff Accountant to assure that there is separation of those who perform monthly bank reconciliation and recordkeeping/voucher payment functions. Pre-numbered tickets for athletic events are being issued so that cash collections can be reconciled to monies taken in.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FA-7541-03-01	Further Action Not Warranted
FA-7541-04-01	Previously Reported Corrective Action Implemented

SECTION IV

FINDINGS AND QUESTIONED COSTS

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

I SUMMARY OF AUDITOR'S RESULTS

1. Type of Report Issued on the Financial Statements
   The auditor's opinion on the White County Board of Education's financial statements was unqualified.

2. Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements
   The audit report for the White County Board of Education disclosed a financial statement reportable condition related to the following control category.

   Revenues/Receivables/Receipts

   The reportable condition described above is not considered to be a material weakness.

3. Noncompliance Material to the Financial Statements
   The audit of the White County Board of Education disclosed no instances of noncompliance that were deemed to be material to the financial statements.

4. Reportable Conditions in Internal Control Over Major Programs
   The audit report for the White County Board of Education did not disclose any reportable conditions in internal control over major programs.

5. Type of Report Issued on Compliance for Major Programs
   The auditor's opinion on the White County Board of Education's report on compliance with requirements applicable to major programs was unqualified.

6. Audit Findings Required to be Reported by Section .510(a) of OMB Circular A-133
   The White County Board of Education's audit did not disclose audit findings required to be reported by section .510(a) of OMB Circular A-133.

7. Major Programs
   Federal awards audited as major programs are as follows:
   - 10.553 Food Services - School Breakfast Program
   - 10.555 Food Services - National School Lunch Program

8. Type "A" Program Dollar Threshold
   The dollar threshold for type "A" programs was $300,000.

9. Low Risk Auditee
   The White County Board of Education qualified as a low risk auditee as defined by Section .530 of OMB Circular A-133.

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

REVENUES/RECEIVABLES/RECEIPTS
Inadequate Separation of Duties
Reportable Condition
Repeated From Prior Year
Finding Control Number: FS-7541-05-01

Our examination of the Principal's accounts disclosed a weakness in internal controls as discussed below:

Revenues/Receivables/Receipts
Deposit preparation was not separated from the record keeping and cash custody functions.

This deficiency was a result of management's decision to limit the number of administrative staff designed. Management should implement procedures to ensure that the key accounting functions of custody and record keeping be segregated.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V

MANAGEMENT'S RESPONSES

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF MANAGEMENT'S RESPONSES
YEAR ENDED JUNE 30, 2005

Finding Control Number: FS-7541-05-01

We concur with this finding. The Board has hired a Staff Accountant that is assisting the Finance Director with the School Activity accounts. The bookkeepers will no longer receipt money. This procedure was started in fiscal year 2006. The school secretary/teachers receipt the money collected and turn the collection over to the bookkeeper who verifies the receipt and prepares the deposit slip. The Principal/Assistant Principal makes the deposit.

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E-mail Address: tmclean@white.k12.ga.us