

WHITE COUNTY BOARD OF EDUCATION
CLEVELAND, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009
(Including Independent Auditor's Reports)

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

August 10, 2010

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, 2009, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the White County Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the White County Board of Education, as of June 30, 2009, 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 August 10, 2010, on our consideration of the White 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.

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, CPA, CGFM
State Auditor

RWH:as
2009ARL-11

WHITE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009. 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 basic financial statements and the notes to these statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2009 are as follows:

- On the District-wide financial statements, the assets of the School District exceeded liabilities by $43.63 million. Of this amount, $1.32 million is unrestricted and is available for spending at the School District's discretion.

- The School District had $41.18 million in expenses relating to governmental activities; only $21.66 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $20.34 million were adequate to provide for these programs.

- As stated above, general revenues accounted for $20.34 million or 49% of all revenues totaling $42.0 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 provide 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 reflect 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 2008 are available and have been included in the following analysis.

Table 1
Net Assets

	Governmental Activities	
	Fiscal Year 2009	Fiscal Year 2008
Assets		
Current and Other Assets	$ 10,729,000.72	$ 12,054,646.44
Capital Assets, Net	50,100,139.93	50,847,347.44
Total Assets	$ 60,829,140.65	$ 62,901,993.88
Liabilities		
Current and Other Liabilities	$ 4,031,866.71	$ 4,099,309.40
Long-Term Liabilities	13,165,000.00	16,000,000.00
Total Liabilities	$ 17,196,866.71	$ 20,099,309.40
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 36,935,139.93	$ 36,055,060.67
Restricted	5,240,872.79	5,644,497.81
Unrestricted	1,456,261.22	1,103,126.00
Total Net Assets	$ 43,632,273.94	$ 42,802,684.48

Table 2 shows the Changes in Net Assets for this fiscal year. Revenue and Expense comparisons to fiscal year 2008 are available and are included in the following analysis.

Table 2
Change in Net Assets

	Governmental Activities	
	Fiscal Year 2009	Fiscal Year 2008
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 1,008,728.44	$ 1,060,925.57
Operating Grants and Contributions	20,547,680.18	22,033,212.74
Capital Grants and Contributions	111,576.00	2,707,203.00
Total Program Revenues	$ 21,667,984.62	$ 25,801,341.31
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	$ 15,483,067.72	$ 14,002,538.97
For Debt Services	374,429.96	355,156.34
Sales Taxes		
Special Purpose Local Option Sales Tax For Capital Projects	3,039,427.43	3,292,695.55
Other Sales Tax	233,023.76	414,542.00
Grants and Contributions not Restricted to Specific Programs		20,669.67
Investment Earnings	85,347.68	388,894.07
Miscellaneous	1,133,011.75	1,068,271.98
Total General Revenues	$ 20,348,308.30	$ 19,542,768.58
Total Revenues	$ 42,016,292.92	$ 45,344,109.89
Program Expenses:		
Instruction	$ 26,824,738.74	$ 26,205,697.31
Support Services		
Pupil Services	1,264,864.46	1,278,030.62
Improvement of Instructional Services	636,558.55	666,996.86
Educational Media Services	952,050.20	799,234.07
General Administration	830,845.55	851,491.59
School Administration	2,565,285.92	2,298,601.37
Business Administration	225,912.38	268,880.45
Maintenance and Operation of Plant	2,493,437.05	2,215,673.37
Student Transportation Services	1,889,694.83	2,026,472.68
Central Support Services	271,993.53	225,140.38
Other Support Services	217,247.42	246,313.42
Operations of Non-Instructional Services		
Enterprise Operations	272,118.32	277,454.02
Food Services	2,180,975.51	1,991,374.79
Interest on Short-Term and Long-Term Debt	560,981.00	606,864.33
Total Expenses	$ 41,186,703.46	$ 39,958,225.26
Increase in Net Assets	$ 829,589.46	$ 5,385,884.63

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 2008 are available and have been included in the following analysis.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2008
Instruction	$ 26,824,738.74	$ 26,205,697.31	$ 12,209,749.74	$ 8,541,859.65
Support Services:				
Pupil Services	1,264,864.46	1,278,030.62	529,179.05	379,427.08
Improvement of Instructional Services	636,558.55	666,996.86	322,299.61	293,288.92
Educational Media Services	952,050.20	799,234.07	459,479.89	179,851.19
General Administration	830,845.55	851,491.59	463,271.94	356,351.91
School Administration	2,565,285.92	2,298,601.37	1,629,957.58	1,183,560.48
Business Administration	225,912.38	268,880.45	152,041.97	187,006.99
Maintenance of Operation of Plant	2,493,437.05	2,215,673.37	1,321,899.68	772,515.84
Student Transportation Services	1,889,694.83	2,026,472.68	1,127,975.90	1,260,051.13
Central Support Services	271,993.53	225,140.38	183,061.57	146,253.17
Other Support Services	217,247.42	246,313.42	178,356.69	205,770.99
Operations of Non-Instructional Services:				
Enterprise Operations	272,118.32	277,454.02	272,118.32	149,298.45
Food Services	2,180,975.51	1,991,374.79	108,345.90	-105,216.18
Interest on Short Term and Long-Term Debt	560,981.00	606,864.33	560,981.00	606,864.33
Total Expenses	$ 41,186,703.46	$ 39,958,225.26	$ 19,518,718.84	$ 14,156,883.95

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 $45.00 million and total expenditures and other financing uses of $46.46 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 2009, the School District amended its General Fund budget as needed.

For the General Fund, the final actual revenues and other financing sources of $38.54 million were less than the original budgeted amounts of $40.63 million by $2.09 million. The significant change (final actual vs. original budget) was the State revenue decrease of $2.28 million.

The actual revenues and other financing sources of $38.54 million were less than the final budgeted amounts of $38.95 million by $0.41 million. The difference is the State and Federal revenue decreases.

The final actual expenditures of $39.46 million were $1.97 million less than the original budgeted amount of $41.43 million. The expenditures for the program decreases accounts for this difference.

The final actual expenditures and other financing uses of $39.58 million were $1.30 million less than the final budgeted amount of $40.88 million for budgeted programs not being spent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2009, the School District had $50.10 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 2008 are available and have been included in the following analysis.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2009	Fiscal Year 2008
Land	$ 2,021,886.00	$ 2,021,886.00
Construction In Progress	25,261.12	25,261.12
Building and Improvements	44,227,879.96	44,859,156.16
Equipment	2,902,670.57	2,937,014.62
Land Improvements	922,442.28	1,004,029.54
Total	$ 50,100,139.93	$ 50,847,347.44

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, 2009, the School District had $13.16 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 2009	Fiscal Year 2008
Bonds Payable	$ 13,165,000.00	$ 16,000,000.00

CURRENT ISSUES

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

- 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, GA 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, 2009

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 6,884,559.91
Accounts Receivable, Net	
Taxes	1,060,419.85
State Government	2,289,447.03
Federal Government	432,295.71
Local	1,398.00
Inventories	60,880.22
Capital Assets, Non-Depreciable	2,047,147.12
Capital Assets, Depreciable (Net of Accumulated Depreciation)	48,052,992.81
Total Assets	$ 60,829,140.65
LIABILITIES	
Accounts Payable	$ 11,648.08
Salaries and Benefits Payable	4,020,218.63
Long-Term Liabilities	
Due Within One Year	2,955,000.00
Due in More Than One Year	10,210,000.00
Total Liabilities	$ 17,196,866.71
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 36,935,139.93
Restricted for	
Continuation of Federal Programs	532,759.03
Debt Service	1,028,619.83
Capital Projects	3,679,493.93
Unrestricted	1,456,261.22
Total Net Assets	$ 43,632,273.94
Total Liabilities and Net Assets	$ 60,829,140.65

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, 2009

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 26,824,738.74	$ 187,040.80
Support Services		
Pupil Services	1,264,864.46	
Improvement of Instructional Services	636,558.55	
Educational Media Services	952,050.20	
General Administration	830,845.55	
School Administration	2,565,285.92	
Business Administration	225,912.38	
Maintenance and Operation of Plant	2,493,437.05	25,000.00
Student Transportation Services	1,889,694.83	24,199.63
Central Support Services	271,993.53	
Other Support Services	217,247.42	
Operations of Non-Instructional Services		
Enterprise Operations	272,118.32	
Food Services	2,180,975.51	772,488.01
Interest on Short-Term and Long-Term Debt	560,981.00	
Total Governmental Activities	$ 41,186,703.46	$ 1,008,728.44
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Services		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 14,427,948.20		$ -12,209,749.74
735,685.41		-529,179.05
314,258.94		-322,299.61
492,570.31		-459,479.89
367,573.61		-463,271.94
935,328.34		-1,629,957.58
73,870.41		-152,041.97
1,146,537.37		-1,321,899.68
625,943.30	$ 111,576.00	-1,127,975.90
88,931.96		-183,061.57
38,890.73		-178,356.69
		-272,118.32
1,300,141.60		-108,345.90
		-560,981.00
$ 20,547,680.18	$ 111,576.00	$ -19,518,718.84
		$ 15,483,067.72
		374,429.96
		3,039,427.43
		233,023.76
		85,347.68
		1,133,011.75
		$ 20,348,308.30
		$ 829,589.46
		42,802,684.48
		$ 43,632,273.94

WHITE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 2,371,766.75	$ 3,497,834.47	$ 1,014,958.69	$ 6,884,559.91
Accounts Receivable, Net				
Taxes	544,604.11	502,154.60	13,661.14	1,060,419.85
State Government	2,289,447.03			2,289,447.03
Federal Government	432,295.71			432,295.71
Local	1,398.00			1,398.00
Inventories	60,880.22			60,880.22
Total Assets	$ 5,700,391.82	$ 3,999,989.07	$ 1,028,619.83	$ 10,729,000.72
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 11,648.08			$ 11,648.08
Salaries and Benefits Payable	4,020,218.63			4,020,218.63
Deposits and Deferred Revenue		$ 188,805.26		188,805.26
Total Liabilities	$ 4,031,866.71	$ 188,805.26		$ 4,220,671.97
FUND BALANCES				
Reserved for:				
Continuation of Federal Programs	$ 532,759.03			$ 532,759.03
Debt Service			$ 1,028,619.83	1,028,619.83
Capital Projects		$ 3,490,688.67		3,490,688.67
Unreserved				
Designated for Student Activities	423,104.84			423,104.84
Undesignated Reported in:				
General Fund	712,661.24			712,661.24
Capital Projects		320,495.14		320,495.14
Total Fund Balances	$ 1,668,525.11	$ 3,811,183.81	$ 1,028,619.83	$ 6,508,328.75
Total Liabilities and Fund Balances	$ 5,700,391.82	$ 3,999,989.07	$ 1,028,619.83	$ 10,729,000.72

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, 2009

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 6,508,328.75
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	$ 2,021,886.00	
Construction in Progress	25,261.12	
Land Improvements	2,643,738.16	
Buildings	50,583,402.13	
Equipment	6,284,941.78	
Accumulated Depreciation	-11,459,089.26	
Total Capital Assets		50,100,139.93
Taxes that are not available to pay for current period expenditures are deferred in the funds.		188,805.26
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		-13,165,000.00
Net Assets of Governmental Activities (Exhibit "A")		$ 43,632,273.94

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, 2009

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 15,467,770.78		$ 374,429.96	$ 15,842,200.74
Sales Taxes	226,889.79	$ 2,850,622.17	6,133.97	3,083,645.93
State Funds	16,733,419.45			16,733,419.45
Federal Funds	3,925,836.74			3,925,836.74
Charges for Services	1,008,728.44			1,008,728.44
Investment Earnings	40,674.57	34,974.42	9,698.69	85,347.68
Miscellaneous	1,133,011.75			1,133,011.75
Total Revenues	$ 38,536,331.52	$ 2,885,596.59	$ 390,262.62	$ 41,812,190.73
EXPENDITURES				
Current				
Instruction	$ 25,771,264.97	$ 318,267.29		$ 26,089,532.26
Support Services				
Pupil Services	1,220,288.99			1,220,288.99
Improvement of Instructional Services	636,558.55			636,558.55
Educational Media Services	904,090.48	61,696.14		965,786.62
General Administration	810,628.58	17,437.60		828,066.18
School Administration	2,559,282.98			2,559,282.98
Business Administration	225,912.38			225,912.38
Maintenance and Operation of Plant	2,496,507.88			2,496,507.88
Student Transportation Services	1,929,663.53			1,929,663.53
Central Support Services	271,993.53			271,993.53
Other Support Services	217,247.42			217,247.42
Enterprise Operations	268,184.94			268,184.94
Food Services Operation	2,143,564.70			2,143,564.70
Capital Outlay		25,925.00		25,925.00
Debt Services				
Principal			$ 2,835,000.00	2,835,000.00
Dues and Fees			500.00	500.00
Interest			560,481.00	560,481.00
Total Expenditures	$ 39,455,188.93	$ 423,326.03	$ 3,395,981.00	$ 43,274,495.96
Excess of Revenues over (under) Expenditures	$ -918,857.41	$ 2,462,270.56	$ -3,005,718.38	$ -1,462,305.23
OTHER FINANCING SOURCES (USES)				
Transfers In		$ 120,000.00	$ 3,069,272.83	$ 3,189,272.83
Transfers Out	$ -120,000.00	-3,069,272.83		-3,189,272.83
Total Other Financing Sources (Uses)	$ -120,000.00	$ -2,949,272.83	$ 3,069,272.83	$ 0.00
Net Change in Fund Balances	$ -1,038,857.41	$ -487,002.27	$ 63,554.45	$ -1,462,305.23
Fund Balances - Beginning	2,707,382.52	4,298,186.08	965,065.38	7,970,633.98
Fund Balances - Ending	$ 1,668,525.11	$ 3,811,183.81	$ 1,028,619.83	$ 6,508,328.75

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, 2009

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -1,462,305.23
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	$ 443,766.60	
Depreciation Expense	-1,190,974.11	
Excess of Capital Outlay over Depreciation Expense		-747,207.51
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		204,102.20
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		2,835,000.00
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 829,589.46

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

WHITE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 17,782.85	$ 115,488.59
Investments	29,044.45	
Total Assets	$ 46,827.30	$ 115,488.59
LIABILITIES		
Funds Held for Others		$ 115,488.59
NET ASSETS		
Held in Trust for Private Purposes	$ 46,827.30	
Total Liabilities and Net Assets	$ 46,827.30	$ 115,488.59

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, 2009

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Investment Earnings	
Interest	$ 3,387.97
DEDUCTIONS	
Other Deductions	$ 2,400.00
Change in Net Assets	$ 987.97
Net Assets - Beginning	45,839.33
Net Assets - Ending	$ 46,827.30

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.

The School District reports the following major governmental funds:

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

- District-wide Capital Projects Fund accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST) and Bond Proceeds to be used for the acquisition, construction or renovation of major capital facilities.

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

The School District reports the following fiduciary fund types:

- Private Purpose Trust fund reports trust arrangements under which principal and income benefit a scholarship.

- 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 and acquisitions under capital leases are reported as other financing sources.

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

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 White County Board of Commissioners fixed the property tax levy for the 2008 tax digest year (calendar year) on July 31, 2008 (levy date). Taxes were due on November 15, 2008 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2008 tax digest are reported as revenue in the governmental funds for fiscal year 2009. 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, 2009, for maintenance and operations amounted to $15,467,770.78 and for school bonds amounted to $374,429.96.

Tax millage rates levied for the 2008 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	14.65 mills
School Bonds	0.34 mills
	14.99 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $2,850,622.17 and is to be used for capital outlay for educational purposes. 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	20 Years
Buildings and Improvements	$ 5,000.00	Up to 80 Years
Equipment	$ 5,000.00	5 to 20 Years

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

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

In the District-wide 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, debt service and capital projects in accordance with restrictions imposed by external third parties.

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

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. At June 30, 2009, the bank balances were $7,703,417.89. The bank balances were entirely covered by Federal depository insurance.

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, 2008	Additions	Reductions	Balances June 30, 2009
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 2,021,886.00	$ 0.00	$ 0.00	$ 2,021,886.00
Construction Work In Progress	25,261.12			25,261.12
Total Capital Assets, Not Being Depreciated	$ 2,047,147.12	$ 0.00	$ 0.00	$ 2,047,147.12
Capital Assets, Being Depreciated:				
Building and Improvements	$ 50,583,402.13			$ 50,583,402.13
Equipment	6,018,023.64	$ 394,401.14	$ 127,483.00	6,284,941.78
Land Improvements	2,594,372.70	49,365.46		2,643,738.16
Less: Accumulated Depreciation:				
Building and Improvements	5,724,245.97	631,276.20		6,355,522.17
Equipment	3,081,009.02	428,745.19	127,483.00	3,382,271.21
Land Improvements	1,590,343.16	130,952.72		1,721,295.88
Total Capital Assets, Being Depreciated, Net	$ 48,800,200.32	$ -747,207.51	$ 0.00	$ 48,052,992.81
Governmental Activity Capital Assets, Net	$ 50,847,347.44	$ -747,207.51	$ 0.00	$ 50,100,139.93

Current year depreciation expense by function is as follows:

Instruction		$ 874,757.66
Support Services		
Pupil Services	$ 46,038.75	
Educational Media Services	6,775.40	
General Administration	2,870.61	
School Administration	6,200.00	
Maintenance and Operation of Plant	2,013.16	
Student Transportation Services	204,337.33	268,235.25
Enterprise Operations		4,062.50
Food Services		43,918.70
		$ 1,190,974.11

NOTE 6: RESTRICTED ASSETS

Special Purpose Local Option Sales Tax (SPLOST) and property tax levied specifically for retirement of outstanding bond principal, interest and paying agent's fees (Debt Service Funds) are 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, 2009, were as follows:

	District-wide Capital Projects SPLOST	Debt Service Funds
Restricted Cash and Cash Equivalents:		
Debt Services		$ 1,014,958.69
Capital Acquisitions	$ 3,177,339.33	

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009, consisted of the following:

	Transfers From	
Transfer to	General Fund	District-wide Capital Projects
District-wide Capital Projects	$ 120,000.00	
Debt Service Fund		$ 3,069,272.83
Total	$ 120,000.00	$ 3,069,272.83

Transfers are used (1) to move Special Purpose Local Option Sales Tax (SPLOST) revenues collected by the District-wide Capital Projects Fund as well as capitalized interest to the Debt Service Fund for the current year bond principal and interest payments and (2) to reimburse Capital Projects Fund for the purchase of School Food Equipment.

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.

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
2008	$ 0.00	$ 568.00	$ 568.00	$ 0.00
2009	$ 0.00	$ 2,484.00	$ 2,484.00	$ 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
All Employees	$ 100,000.00
Superintendent	$ 50,000.00

NOTE 9: SHORT-TERM DEBT

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

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Temporary Loans	$ 0.00	$ 2,700,000.00	$ 2,700,000.00	$ 0.00

NOTE 10: LONG-TERM DEBT

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Refunding - Series 2003	2.90%	$ 2,965,000.00
General Government - Series 2006	3.60% - 3.73%	8,145,000.00
General Government - Series 2007	3.846%	2,055,000.00
		$ 13,165,000.00

The changes in Long-Term Debt during the fiscal year ended June 30, 2009, were as follows:

	Governmental Funds				
	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Due Within One Year
G. O. Bonds	$ 16,000,000.00	$ 0.00	$ 2,835,000.00	$ 13,165,000.00	$ 2,955,000.00

At June 30, 2009, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt	
	Principal	Interest
Fiscal Year Ending June 30:		
2010	$ 2,955,000.00	$ 460,708.80
2011	3,070,000.00	354,372.60
2012	3,190,000.00	243,836.60
2013	3,320,000.00	128,847.60
2014	630,000.00	9,135.00
Total Principal and Interest	$ 13,165,000.00	$ 1,196,900.60

NOTE 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $403,083.30 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 $358,392.04

Paid to the Teachers Retirement System of Georgia
For Teachers Retirement System (TRS) Employer's Cost
In the amount of $26,537.26

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 $18,154.00

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

In the subsequent fiscal year, voters authorized the School District to issue general obligation bonds in the amount of $10,000,000.00. The proceeds from these bonds will be used for the construction of a middle school.

NOTE 14: POSTEMPLOYMENT BENEFITS

GEORGIA RETIREE HEALTH BENEFIT FUND

Plan Description. The School District contributes to the Georgia Retiree Health Benefit Fund (GRHBF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. The GRHBF is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the State including all departments, agencies and local school systems. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries through the health insurance plan for State employees. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the employees' health insurance plan (including benefits to retirees) is assigned to the Board of Community Health (Board). The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

Funding Policy. The contribution requirements of plan members and participating employers are established 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 twenty-five percent (25%) 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 rate is established to fund both the active and retired employee health insurance plans based on projected "pay-as-you-go" financing requirements. The combined rates for the active and retiree plans for the fiscal year ended June 30, 2009, were as follows:

Certified employees

July 2008 - January 2009	18.534% of state-based salaries for August – February coverage
February 2009	8.579% of state-based salaries for March coverage
March 2009 - May 2009	3.688% of state-based salaries for April – June coverage
June 2009	0.000% of state-based salaries for July coverage

Non-Certificated Employees $162.72 per month

No additional contribution was required by the Board for fiscal year 2009 nor contributed to GRHBF 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 contributions to the health insurance plans for the years ended June 30, 2008, and June 30, 2009, were $3,266,232.60, and $2,318,984.76, respectively, which equaled the required contribution.

NOTE 15: 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. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2009, were 5% of annual salary. The member contribution rate will increase to 5.25% effective July 1, 2009, and to 5.53% effective July 1, 2010. Employer contributions required for fiscal year 2009 were 9.28% of annual salary as required by the June 30, 2006, actuarial valuation. The employer contribution rate will increase to 9.74% effective July 1, 2009, and 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
2009	100%	$ 2,045,707.77
2008	100%	$ 1,927,346.12
2007	100%	$ 1,824,388.65

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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, 2009

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL	FINAL	AMOUNTS
REVENUES			
Property Taxes	$ 15,368,275.00	$ 15,368,275.00	$ 15,467,770.78
Sales Taxes		296,200.00	226,889.79
State Funds	19,198,491.00	17,025,538.13	16,733,419.45
Federal Funds	3,498,055.00	3,972,561.00	3,925,836.74
Charges for Services	1,089,600.00	1,089,600.00	1,008,728.44
Investment Earnings	133,720.00	133,720.00	40,674.57
Miscellaneous	1,129,525.00	852,685.00	1,133,011.75
Total Revenues	$ 40,417,666.00	$ 38,738,579.13	$ 38,536,331.52
EXPENDITURES			
Current			
Instruction	$ 27,461,647.00	$ 26,542,911.45	$ 25,771,264.97
Support Services			
Pupil Services	1,145,386.00	1,255,901.23	1,220,288.99
Improvement of Instructional Services	768,311.00	717,140.01	636,558.55
Educational Media Services	924,140.00	910,662.73	904,090.48
General Administration	872,850.00	857,348.98	810,628.58
School Administration	2,594,059.00	2,591,474.94	2,559,282.98
Business Administration	261,955.00	259,860.00	225,912.38
Maintenance and Operation of Plant	2,678,835.00	2,665,160.00	2,496,507.88
Student Transportation Services	1,881,268.00	1,942,627.00	1,929,663.53
Central Support Services	254,705.00	279,184.79	271,993.53
Other Support Services	207,870.00	223,765.00	217,247.42
Food Services Operation	2,090,821.00	2,140,446.00	2,143,564.70
Enterprise Operations	286,400.00	286,400.00	268,184.94
Total Expenditures	$ 41,428,247.00	$ 40,672,882.13	$ 39,455,188.93
Excess of Revenues over (under) Expenditures	$ -1,010,581.00	$ -1,934,303.00	$ -918,857.41
OTHER FINANCING SOURCES (USES)			
Other Sources	$ 210,095.00	$ 210,115.00	
Other Uses	-210,115.00	-210,135.00	$ -120,000.00
Total Other Financing Sources (Uses)	$ -20.00	$ -20.00	$ -120,000.00
Net Change in Fund Balances	$ -1,010,601.00	$ -1,934,323.00	$ -1,038,857.41
Fund Balances - Beginning	2,714,064.52	2,714,064.52	2,707,382.52
Adjustments		855,980.00	
Fund Balances - Ending	$ 1,703,463.52	$ 1,635,721.52	$ 1,668,525.11

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, 2009

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	$ 2,035,184.91	(1)
Total Child Nutrition Cluster				$ 2,035,184.91	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Fresh Fruit and Vegetable Program		10.582	N/A	27,702.45	
Pass-Through From Office of Treasury and Fiscal Services					
National Forest Reserve Funds		10.665	N/A	(3)	
Total U. S. Department of Agriculture				$ 2,062,887.36	
Education, U. S. Department of					
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States		84.027	N/A	$ 748,953.47	
Preschool Grants		84.173	N/A	20,451.62	
Total Special Education Cluster				$ 769,405.09	
State Fiscal Stabilization Fund Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Education State Grants	*	84.394	N/A	393,831.00	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
Title I - Grants to Local Educational Agencies	*	84.010	N/A	864,568.84	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	48,407.38	
English Language Acquisition Grants		84.365	N/A	2,258.00	
Improving Teacher Quality State Grants		84.367	N/A	135,602.55	
Safe and Drug-Free Schools and Communities - State Grants		84.186	N/A	12,451.21	
State Grants for Innovative Programs		84.298	N/A	396.00	
Twenty-First Century Community Learning Centers		84.287	N/A	321,818.00	
Total U. S. Department of Education				$ 2,548,738.07	
Health and Human Services, U. S. Department of					
Pass-Through From Ninth District Opportunity, Incorporated					
Head Start		93.600	N/A	$ 69,702.87	
Defense, U. S. Department of					
Direct					
Department of the Army					
R.O.T.C. Program				$ 59,620.35	
Total Federal Financial Assistance				$ 4,740,948.65	

N/A = Not Available

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

SCHEDULE "2"

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 $109,801.67.
(2) Expenditures for the School Breakfast Program ($253,584.73) were not maintained separately and are included in the 2009 National School Lunch Program.
(3) Funds earned on this program in the amount of $41,794.00, 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, 2009

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 210,549.14
Community Affairs, Georgia Department of	
Driver's Education Grants	24,925.37
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	1,243,191.00
Kindergarten Program - Early Intervention Program	76,034.00
Primary Grades (1-3) Program	2,670,675.00
Primary Grades - Early Intervention (1-3) Program	117,544.00
Upper Elementary Grades (4-5) Program	1,354,140.00
Upper Elementary Grades - Early Intervention (4-5) Program	98,177.00
Middle School (6-8) Program	2,198,029.00
High School General Education (9-12) Program	1,613,876.00
Vocational Laboratory (9-12) Program	767,426.00
Students with Disabilities	2,226,728.00
Gifted Student - Category VI	494,522.00
Remedial Education Program	107,281.00
Alternative Education Program	169,189.00
English Speakers of Other Languages (ESOL)	42,407.00
Media Center Program	376,455.00
20 Days Additional Instruction	115,734.00
Staff and Professional Development	70,679.00
Indirect Cost	
Central Administration	501,705.00
School Administration	840,470.00
Facility Maintenance and Operations	896,396.00
Categorical Grants	
Pupil Transportation	
Regular	550,508.00
Bus Replacement	111,576.00
Sparsity	17,915.00
Nursing Services	80,171.00
Mid-term Adjustment Hold-Harmless	129,241.00
Food Services	93,886.00
Vocational Education	129,706.00
Amended Formula Adjustment	-1,373,785.00
Other State Programs	
Health Insurance	358,392.04
High School Graduation Coach	152,467.00
Middle School Graduation Coach	38,953.00
National Teacher Certification	38,961.75
Preschool Handicapped Program	63,876.48
Teachers' Retirement	26,537.26
Virtual Schools Grant	100.00
Office of Treasury and Fiscal Services	
Public School Employees Retirement	18,154.00
CONTRACT	
Human Resources, Georgia Department of	
Family Connection	80,627.41
	$ 16,733,419.45

See notes to the basic financial statements.

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2009

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.	$ 16,750,000.00	$ 11,722,588.50		$ 11,722,588.50	Completed
Acquiring, construction and equipping one new elementary school; acquiring, constructing and equipping a new gymnasium at the existing middle school; acquiring computers and computer technology equipment; acquiring constructing and equipping a new agriculture exhibition facility; adding to, constructing, renovating, repairing, improving, and equipping school system buildings and facilities; including but not limited to athletic and fine arts facilities and security improvements and equipment; acquiring textbooks and other instructional materials and transportation equipment; and paying any general obligation debt of the School District in conjunction with the imposition of such sales and use tax.	17,400,000.00	17,400,000.00	$ 405,888.43	13,900,233.17	Ongoing
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.	1,600,000.00	1,600,000.00	628,742.50		Ongoing
	$ 35,750,000.00	$ 30,722,588.50	$ 1,034,630.93	$ 25,622,821.67	

(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) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	$ 676,968.19
Current Year	466,738.50
Total	$ 1,143,706.69

See notes to the basic financial statements.

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WHITE COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2009

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 1,574,684.00	$ 1,650,395.07	$ 192,734.07	$ 1,843,129.14
Kindergarten Program-Early Intervention Program	103,239.00	206,703.92	11,598.94	218,302.86
Primary Grades (1-3) Program	3,427,139.00	3,592,389.78	150,125.79	3,742,515.57
Primary Grades-Early Intervention (1-3) Program	157,878.00	326,184.13	3,219.58	329,403.71
Upper Elementary Grades (4-5) Program	1,715,053.00	1,997,135.97	135,876.10	2,133,012.07
Upper Elementary Grades-Early Intervention (4-5) Program	138,593.00	269,430.89		269,430.89
Middle School (6-8) Program	2,835,841.00	3,267,481.69	233,078.46	3,500,560.15
High School General Education (9-12) Program	2,071,645.00	3,099,261.82	287,984.57	3,387,246.39
Vocational Laboratory (9-12) Program	983,800.00	894,793.27	110,387.21	1,005,180.48
Students with Disabilities	2,873,246.00			
Category I		48,117.59		48,117.59
Category II		550,815.82	585.53	551,401.35
Category III		2,227,741.63	31,376.36	2,259,117.99
Category IV		278,465.70	1,727.55	280,193.25
Gifted Student - Category VI	628,811.00	551,138.96	13,208.99	564,347.95
Remedial Education Program	131,940.00	108,919.18	490.70	109,409.88
Alternative Education Program	217,292.00	139,114.27	15,000.00	154,114.27
English Speakers of Other Languages (ESOL)	55,857.00	156,481.99	76.48	156,558.47
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 16,915,018.00	$ 19,364,571.68	$ 1,187,470.33	$ 20,552,042.01
Media Center Program	481,752.00	662,361.13	169,704.12	832,065.25
Staff and Professional Development	90,063.00	47,961.45	21,685.98	69,647.43
TOTAL QBE FORMULA FUNDS	$ 17,486,833.00	$ 20,074,894.26	$ 1,378,860.43	$ 21,453,754.69

(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

August 10, 2010

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, 2009, which collectively comprise White County Board of Education's basic financial statements and have issued our report thereon dated August 10, 2010. 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 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 White County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the White County Board of Education's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the White County Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the White County Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the White County Board of Education's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the White County Board of Education's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be 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 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.*

We noted a certain matter that we have reported to management of White County Board of Education in a separate letter dated August 10, 2010.

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

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2009YB-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

August 10, 2010

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, 2009. 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, 2009.

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, 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 White County Board of Education's internal control over compliance.

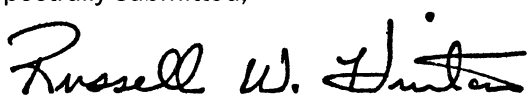
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 White 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
2009SA-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, 2009

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-7541-08-01 Partially Resolved - See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

FINANCIAL REPORTING
Inadequate Controls over Financial Reporting
Finding Control Number: FS-7541-08-01

Tom McLean, Financial Director, and Trish Harris, Accountant, met with Darlene McConnell, Department of Audits and Accounts, for a training session on how to complete the adjusting entries to White County's financial statements. Working papers, training and ongoing assistance were provided by Department of Audits and Accounts that allowed for the completion of the fiscal year 2009 financial statements.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

WHITE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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. Significant Deficiencies in Internal Control Disclosed by the Audit of the Financial Statements
   The audit report for the White County Board of Education did not disclose any significant deficiencies related to the financial statements.

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. Significant Deficiencies in Internal Control Over Major Programs
   The audit report for the White County Board of Education did not disclose any significant deficiencies 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
   - 84.010 Title I Grants to Local Educational Agencies
   - 84.394 ARRA - Education State Grants

8. Type "A" Program Dollar Threshold
   The dollar threshold for type "A" programs was $300,000.00.

9. Low Risk Auditee
   The White County Board of Education did not qualify as a low risk auditee as defined by Section .530 of OMB Circular A-133.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.