FAYETTE COUNTY
BOARD OF EDUCATION

Fayetteville, Georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2012

FAYETTE COUNTY BOARD OF EDUCATION
Fayetteville, Georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2012

Prepared by
Laura Brock,
Coordinator of Audits and Purchasing
and

Fayette County Board of Education Finance Department
210 Stonewall Avenue West
Fayetteville, Georgia 30214

Fayette County Board of Education

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INTRODUCTORY SECTION



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FAYETTE COUNTY BOARD OF EDUCATION

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Board Members
Mrs. Marion Key, Chair
Dr. Bob Todd, *Vice Chair*
Mr. Leonard Presberg
Dr. Barry Marchman
Dr. Mary Kay Bacallao

Mr. Dan Colwell
Interim Superintendent

"Where Excellence Counts"

March 18, 2013

To the Members of the Fayette County Board of Education and the Citizens of Fayette County, Georgia:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Fayette County Board of Education (the School System) for the fiscal year ended June 30, 2012. The finance department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School System's administration.

We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the School System as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a reasonable understanding of the School System's financial affairs have been included.

Mauldin & Jenkins, Certified Public Accountants, LLC, has issued an unqualified ("clean") opinion on the Fayette County Board of Education's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the School System

The School System was established under the laws of the State of Georgia in 1927 when the existing local schools were consolidated. The School System is an independent K-12 district and is not considered to be a component unit of any other government. It serves the communities of Brooks, Fayetteville, Peachtree City, Tyrone and Woolsey. The School System provides all basic services required by state law and policies of the State Board of Education. These services include: regular and special education instructional programs at the elementary, middle and secondary levels and additional service in pre-kindergarten and adult education.

The Board of Education is made up of five members elected to serve four year terms. Its primary functions are to develop and adopt policies by which the schools are administered, to continually evaluate the effectiveness of these policies and to make certain that they are being administered as the Board intended. The administration of the educational programs and school business is the responsibility of the superintendent of schools and his staff.

There were 20,506 students enrolled in the School System in school year 2011-2012. Projected enrollment for the 2012-2013 school year is 20,463 students. The School System has five high schools. The oldest high school facility was built in 1981 but was renovated and expanded in 2005. The School System has six middle schools. The oldest middle school facility was built in 1979 but was renovated and expanded in 2001. A new middle school opened in school year 2007-2008. The School System has seventeen (17) elementary schools. Three of these facilities were built prior to 1970, eleven were built between 1970 and 1999, and four were built after 2000, with one opening in school year 2008-2009. In the fall of 2009, construction of an elementary school was completed and it currently houses the exceptional children's services department and a regional program for some of the children it serves. Administration and the Board have recently evaluated enrollment numbers compared to building capacity and overall operational costs and determined the need to close four school facilities for the 2013-2014 school year. All facilities are periodically evaluated to assess the need for renovation or expansion. A schedule of building information is provided in the Statistical Section of the CAFR.

Local economy

The national economy hit a significant downturn in the fall of 2008 and it has not fully recovered. Fayette County felt the same effects of the downturn that the rest of the nation felt. For Fayette County, the economic affects have been seen primarily in real estate, residential construction and banking.

As with most of Georgia and the nation as a whole, the job market of Fayette County has remained tight over the last year. According to the Georgia Department of Labor, Fayette County's unemployment rate (preliminary-not seasonally adjusted) of 7.2% at December 2012 is lower than the national average rate of 7.6% and the State of Georgia average rate of 8.8%. The unemployment rate has improved locally, state-wide and nationally since December 2011. Fayette County's unemployment rate for December 2011 was 7.9%.

The changes in the real estate market have significantly impacted the School System's local revenue. Like much of the state and nation, Fayette County experienced growth in the real property digest in the seven years from fiscal year 2002 to fiscal year 2009 of 61%, averaging 8.7% growth per year. Since then, the property tax digest values have fallen 22% creating a loss in local tax revenue of over $21 million. For 2013, initial indications are that the property tax digest may have stabilized in residential property but commercial property is expected to continue to decline.

The Fayette County Development Authority (FCDA) has developed two local economy indices to help measure the current state of the County's economy and to project the economic outlook over the coming six to nine months. The Index of Leading Economic Indicators considers initial unemployment claims, single housing building permits, interest rate spread based on the Federal Reserve Treasury Constant Maturities Nominal 10-Year compared to the Federal Funds Effective Rate, and the South Atlantic Consumer Confidence Expectations as released by The Conference Board. The index for January 2013 was 95.74, the highest since January 2008 when it was 96.60 and 3.2% above the January 2012 index. The FDCA believes that the movement in this index suggests that the county's economy is on a sustainable path to economic recovery and that the economy is continuing to expand. The FCDA's report can be found on its website at www.fayettega.org.

Recently, an investment group has announced plans to develop a major film production center in Fayette County with management and operations of Pinewood Studios Group of London. Initial development would include five state-of-the-art sound stages, administration offices and buildings for set and effects development and film equipment vendors. Future plans include the establishment of a film production school. While the economic impact is not expected to be felt immediately, the potential growth of support businesses and new residents moving into the county could have a huge impact on the School System in the coming years.

In February 2013, Capis America Inc., a Japanese biotech manufacture, announced plans to locate its U.S. headquarters and first manufacturing operation in Peachtree City. Capis joins several other Japanese companies in Fayette County, including Panasonic, TDK Components and Hoshizaki America.

Since K-12 education is the largest portion of the State of Georgia's (the State) budget, the state economy directly impacts the financial picture of all school systems in Georgia. The State of Georgia has been funding a smaller percentage of the total cost of education over the last several years. School systems historically had been funded approximately 60% by the State. In 1996, the overall educational support for education in Georgia was funded 59.39% by the State. By 2010, the split between state and local is 50/50.

Most of the funding reductions have occurred due to years of "austerity reductions" (also called "amended formula adjustment) or budget cuts imposed by the State. These are reductions to the amounts earned by school systems based on a funding formula written in state law that have been allocated to all systems across the state to help the State provide for a balanced budget. From fiscal year 2003 to fiscal year 2012, the Fayette County School System received approximately $69.8 million less than it earned due to these cuts. This reduction is net of $12.4 million in federal funds from the American Recovery and Reinvestment Act (ARRA) that flowed through the State of Georgia that was intended to offset the cuts. In addition, the funding formula has not been adjusted in recent years for inflation. As a result, the local taxpayer has had to shoulder the burden of state budget cuts and inflationary costs.

While recent news suggests that state level economic indicators have been improving, administration does not believe that state revenue growth will translate into improved QBE funding. After several years of declining revenues, cuts to its budget and dipping into reserves, there are many gaps to fill with any increases in revenue, education being only one. At best, administration is hopeful that there are no mid-term reductions to the fiscal year 2013 state allotment and that austerity cuts will stabilize and not increase for the 2013-2014 fiscal year.

Long-term Financial Planning

Total fund balance of the General Fund has dropped from 15% to 9.4% of total operating expenditures and represents just over one month's expenditures. Since fund balance was significantly increasing from a low $1.7 million in fiscal year 2008 as a result of conservative revenue estimates, significant salary reductions and deliberate cut backs in operational costs and changes in staffing requirements, the Board determined in late fiscal year 2011 to reinstate salary schedules to pre-2008 levels. Due to continued erosion of local tax revenues and of state funding and the increases in cost related to the increased salary schedules and in employer matching costs for health insurance, fund balance has been budgeted to close the gap between revenues and expenditures in fiscal year 2012 and again in fiscal year 2013. Without a significant increase in revenues and or a significant decrease in expenditures, the School System will be in deficit spending during fiscal year 2014.

The School System has traditionally used general obligation bonds to finance construction of new schools. The recent 2005 and 2007 bond issuances have provided funding for the construction of one middle school and two elementary schools. Based on recent population projections, the School System does not foresee the need to construct any schools in the foreseeable future. Furthermore, with declining enrollment projections, the School System has excess capacity. Currently, administration and the Board are working on a plan to reduce that capacity and to streamline school administration costs, which includes school closures.

In November 2009, the citizens of Fayette County passed a 1% educational Special Purpose Local Option Sales Tax (SPLOST). This additional funding will be used toward technology (including infrastructure improvements, hardware and software), security, textbooks, facilities improvements and debt service on existing general obligation bonds. The SPLOST is significant to the immediate future financial needs of the School System, as it will allow the System to make much needed purchases, such as textbooks and computers, while relieving the operating budget of those costly expenditures. In November 2011, the citizens of Fayette County voted to extend the current SPLOST for an additional five years. The new SPLOST will be used for needs similar to the current SPLOST.

Relevant Financial Policies

The Fayette County School System annually evaluates and sets its strategic directions in order to realize its mission of committing to excellence through effective instruction, high expectations and continued improvement. One of these strategies is to obtain the necessary funding to provide quality educational opportunities. This is accomplished, in part, by maximizing the use of financial resources by improving financial reporting and by enhancing internal control systems.

In developing and evaluating the School System's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the School System's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal and state financial assistance, the School System is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation for weaknesses by management and staff.

As part of the School System's annual single audit required to be performed in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Nonprofit Organizations, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the School System has complied with applicable laws and regulations.

The School System maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, Debt Service Fund and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the aggregate level by fund type. The School System also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Budget balances are encumbered, or set aside, when purchase orders are issued. Encumbered amounts lapse at year end but may be re-appropriated as a part of the following year's budget.

Major Initiatives

The mission of the Fayette County School System is to deliver effective instruction and set high expectations resulting in continued improvement in student achievement. In order to achieve this mission, the School System annually evaluates its strategic directions and the goals associated with those strategies. One of the School System's strategic directions has been to apply information technology in each school and the Central Office to improve the effectiveness and quality of instruction, as well as to increase the efficiency of administrative operations. Following this strategic direction, the School System began a "technology renewal" process in 2004. The School System has continued its commitment to technology improvements and renewal through the 2008 SPLOST. Through this funding mechanism, the School System has been able to replace computers throughout all schools and administrative offices, provide 21st century class rooms in all schools, improve local area networks and internet connectivity. As the learning environment changes for students, the School System is committed to providing resources for students to learn in a 21st century environment, full of technology possibilities. To further the educational experience for students, the School System has embarked on a "BYOT" or "bring your own technology" initiative where students can use various personal electronic devices, from laptops to smart phones, to enhance learning. To aid in this initiative, wireless networks are now going into all schools and administrative offices.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fayette County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Fayette County Board of Education for the year ended June 30, 2011. This was the first year that the School System received this prestigious award. This award certifies that the comprehensive annual financial report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after intensive reviews of financial reports by an expert panel of practicing school business officials.

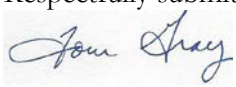
ASBO's Certificate of Excellence in Financial Reporting is valid for one year only. We believe that our current comprehensive annual financial report also conforms to the principles and standards are we are submitting it to ASBO for review to determine its eligibility for another certificate.



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The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the superintendent and the members of the Board of Education for their unfailing support in maintaining the highest standards of professionalism in the management of the School System's finances.

Respectfully submitted,



Tom Gray
Assistant Superintendent of Business
and Personnel Management



Laura Brock
Coordinator of Audits and Purchasing

Association of School Business Officials International

The Certificate of Excellence in Financial Reporting Award
is presented to

Fayette County Board of Education

For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards

Brian L. Mee, SFO, RSBA
President

John D. Musso, CAE, RSBA
Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fayette County Board of Education

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P Morrill

President

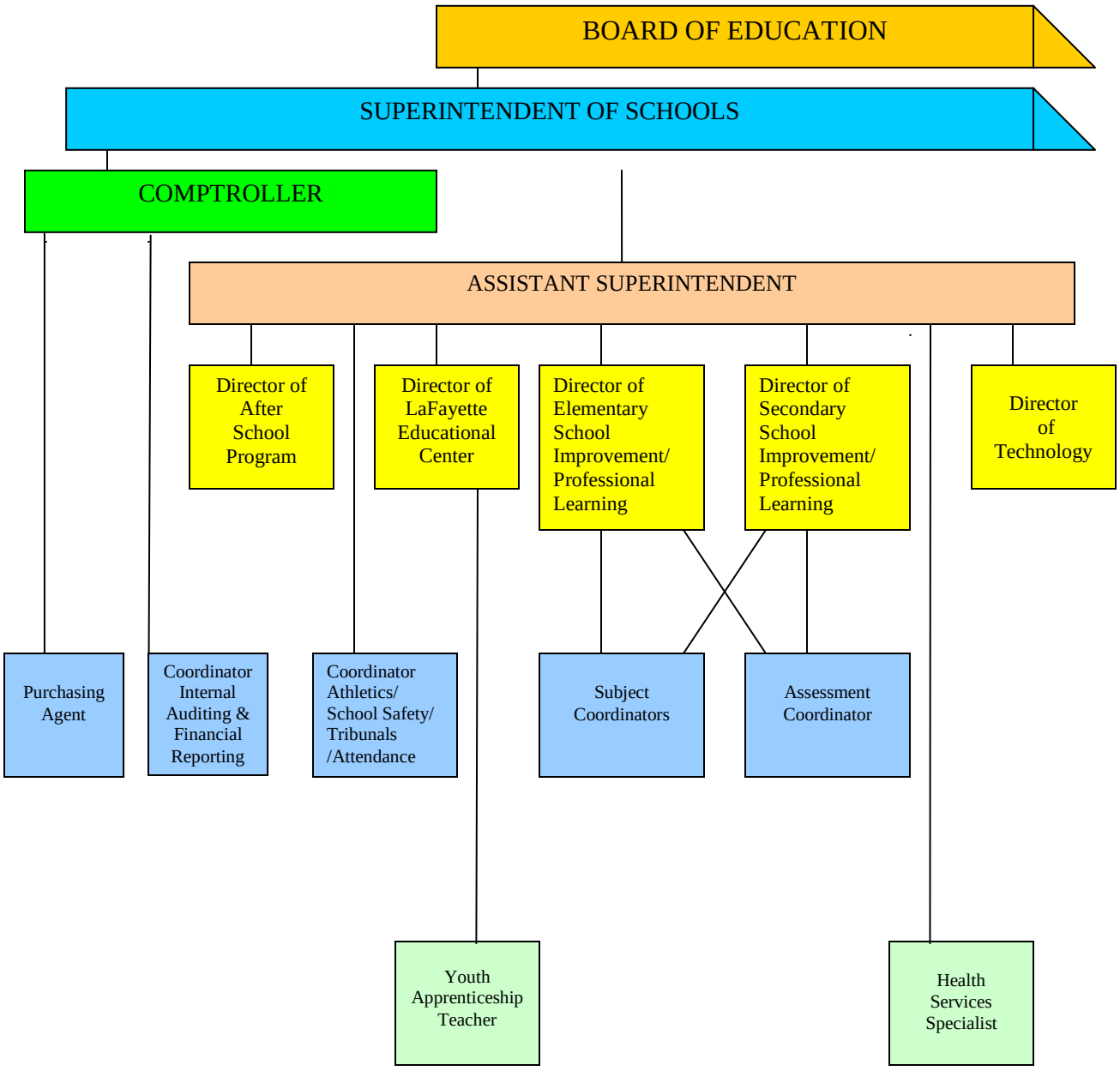
Jeffrey R. Esser

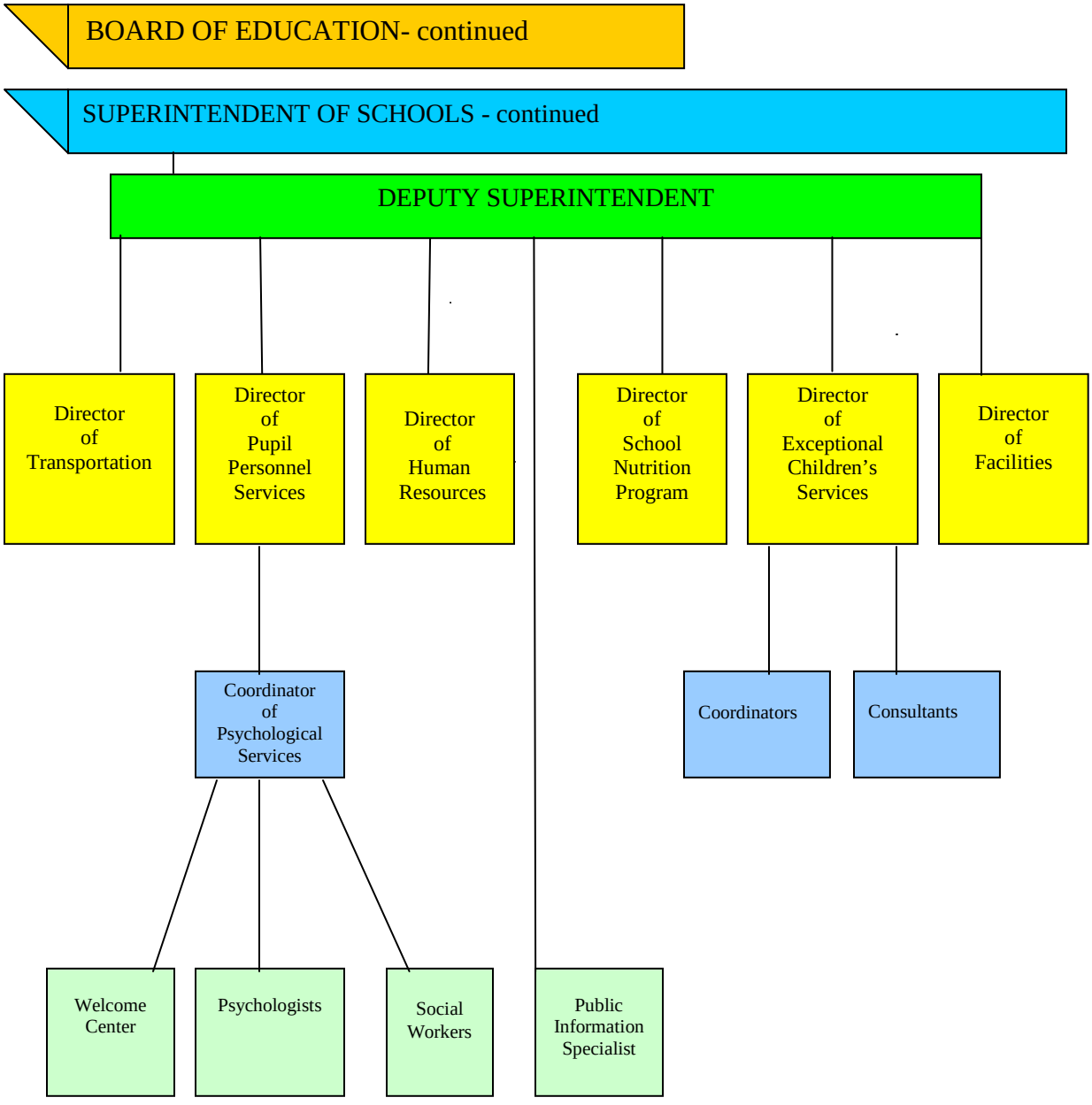
Executive Director

Fayette County Board of Education

ORGANIZATIONAL CHART

June 30, 2012




BOARD OF EDUCATION- continued
SUPERINTENDENT OF SCHOOLS - continued
DEPUTY SUPERINTENDENT
Director of Transportation
Director of Pupil Personnel Services
Director of Human Resources
Director of School Nutrition Program
Director of Exceptional Children's Services
Director of Facilities
Coordinator of Psychological Services
Coordinators
Consultants
Welcome Center
Psychologists
Social Workers
Public Information Specialist

Fayette County Board of Education

LISTING OF PRINCIPAL OFFICALS

June 30, 2012

BOARD MEMBERS

Mr. Leonard Presberg, Chair Post 5

Terri Smith, Vice Chair, Post 2

Janet Smola, Post 1

Marion Key, Post 3

Dr. Bob Todd, Post 4

SUPERINTENDENT'S CABINET

Jeff Bearden, Ed.D., Superintendent

Fred Oliver, Deputy Superintendent

Laura Brock, Comptroller

Sam Sweat, Assistant Superintendent of Education and Operations

Reanee' Ellis, Ph.D., Director of Human Resources

Chris Horton, Director of Exceptional Children

Tracie Fleming, Director of Secondary Education and Professional Learning

Sandra Watson, Director of Elementary Education, Professional Learning and Fine Arts

FINANCIAL SECTION



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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Superintendent and Members of the
Fayette County Board of Education
Fayetteville, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Fayette County Board of Education** (the "School System") as of and for the year ended June 30, 2012, which collectively comprise the School System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School System'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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 Fayette County Board of Education as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 March 18, 2013 on our consideration of the Fayette County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 19 through 32) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures by Object – Lottery Program, the Quality Basic Education Program – Earnings and Expenditures by Program Schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

Mauldin & Jenkins, LLC

Macon, Georgia
March 18, 2013

Our discussion and analysis of the Fayette County Board of Education's (the School System) financial performance provides an overview of the School System's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School System's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School System's financial performance.

Financial Highlights

- The assets of the School System exceeded its liabilities at the close of fiscal year 2012 by $219,661,777 (net assets).

- The School System's total net assets increased by $64,187.

- At the end of fiscal 2012, the School System's governmental funds reported combined ending fund balances of $56,788,886, a decrease of $4,196,016 in comparison with the prior year. Of this total, $17,911,157 is available for spending at the School System's discretion (assigned and unassigned fund balance).

- At the end of fiscal 2012, assigned and unassigned fund balance for the General Fund was $16,387,549 or 9.14% of total General Fund expenditures.

- Total bonded debt for the School System decreased by $7,036,780, a result of the scheduled debt service payments on bonds issued in 2005, 2007 and 2009.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements. These basic financial statements consist of three sections: system-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other information supplementary to the basic financial statements.

System-wide Financial Statements

The system-wide financial statements are designed to provide readers with a broad overview of the Fayette County School System's finances in a manner similar to a private-sector business. They include the Statement of Net Assets and the Statement of Activities found on pages 34 and 35 of this report.

The Statement of Net Assets presents information on the School System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School System is improving or deteriorating.

The Statement of Activities presents information showing how the School System's net assets changed during the current fiscal year. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. Therefore, some revenues and expenses are reported here that will only result in cash flows in future years, such as uncollected property taxes and earned but unused vacation leave. Additionally, this statement shows how much of the School System's activities are funded by program revenue (charges for services, state funding, grants and contributions) and how much of the School System's functions rely on general revenues (primarily taxes) for funding.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fayette County School System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the School System can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the system-wide financial statements. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the system-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the system-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Fayette County School System maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects SPLOST Fund, each of which are considered to be a major fund. Data from the other twenty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 73-87 of this report.

The Fayette County School System adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate its compliance with this budget. One should note that the budget is not prepared on the same basis as accounting principles generally accepted in the United States of America ("USGAAP"). A reconciliation of general fund revenues and expenditures on a USGAAP basis and on the budgetary basis is provided in Note B to the financial statements.

Proprietary funds – The financial statements of the School System include one internal service fund: the Workers' Compensation Fund. Internal service funds are a type of proprietary fund used to accumulate and allocate costs internally among various functions within the School System.

Basic proprietary fund financial statements can be found on pages 41-43 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the School System. Fiduciary funds are not reflected in the system-wide financial statements because the resources of those funds are not available to support the School System's own programs.

The basic fiduciary fund financial statements can be found on pages 44-45 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the system-wide and fund financial statements. Notes to the financial statements can be found on pages 47-71 of this report.

Other information – In addition to the basic financial statements and the notes that accompany them, this report includes combining fund statements referred to earlier and schedules of the special local option sales tax (SPLOST), lottery program and the Georgia Quality Basic Education (QBE) Program. This other information follows the notes to the financial statements.

System-wide Financial Analysis

As noted earlier, changes in net assets over time can be a useful indicator of a School System's financial position. At the end of the fiscal year ending June 30, 2012, the School System's assets exceeded liabilities by $219,661,777.

The following summarizes the components to the School System's net assets at June 30, 2012 and 2011:

Fayette County School System's Net Assets

	2012	2011
Current assets	$ 88,482,085	$ 92,695,830
Capital assets	250,044,365	255,778,958
Other assets	263,927	297,166
Total assets	338,790,377	348,771,954
Current liabilities	39,064,018	39,687,321
Noncurrent liabilities	80,064,582	89,487,043
Total liabilities	119,128,600	129,174,364
Net assets		
Invested in capital assets, net of related debt	175,064,622	172,653,135
Restricted	31,257,451	26,335,635
Unrestricted	13,339,704	20,608,820
Total net assets	$ 219,661,777	$ 219,597,590

The School System's current assets decreased approximately $4.2 million over the prior year. The most significant component of this decrease was a net decrease in balances held in bank deposits and investments of $2.3 million. This net decrease was a result of overall spending in excess of revenue inflows. Additionally, the School System shifted more available funds from investment pools into bank deposits to offset banking fees. Taxes receivable decreased by $0.9 million as a result of a decrease in the digest and significant collections in prior year levies. Amounts receivable from other governments decreased by $0.8 million as a result of lower State funding.

The School System's capital assets had a $5.7 million net decrease. Depreciation of $9.8 million reduced the net book value of capital assets. Also, the School System expended $4.1 million in capital outlay, of which $3.3 million was related to the educational Special Purpose Local Option Sales Tax (SPLOST) approved in fiscal year 2009. The SPLOST will continue to provide future funding for computers, technology upgrades, transportation, security, facility improvements, and general obligation debt reduction.

Current liabilities of the School System decreased $0.6 million over the prior year. Changes in accounts payable (increase of $0.4 million) are affected by the timing of payments at or near year end. The decrease in accrued interest ($0.5 million) is the result of scheduled debt service payments on previously accrued deferred interest on the 2005 Bond series. Additionally, a portion of the workers' compensation claims payable was reclassified to non-current, creating a $0.4 million decrease.

Non-current liabilities (which include the current portion of those liabilities) decreased significantly, reflecting $9.5 million in annual scheduled payments on the existing bonded debt and capital leases.

The School System's investment in capital assets, less any outstanding related debt used to acquire those capital assets and accumulated depreciation, equals 79.7% of total net assets. The School System uses these capital assets to provide services to students, and consequently, these assets are not available for future spending. Although the School System's investment in capital assets is reported net of related debt, it should be noted that the assets themselves cannot be used to liquidate these liabilities. The investment in capital assets increased $2.4 million over prior year due to a net decrease in debt of $8.1 million spent to finance those capital additions and a decrease in capital assets, net of depreciation, of $5.7 million.

Total restricted net assets increased $4.9 million over the prior year. Net assets are restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The most significant increase related to this change is the increase in unspent SPLOST proceeds of $6.1 million. Additionally, unspent bond proceeds decreased by $0.9 million while balances related to grants decreased by $0.3.

Unrestricted net assets of $13.3 million indicates the amount of liquid assets the School System has to meet the existing obligations to its creditors. Most of the School System's obligations are for long-term debt which will be repaid based on future property taxes levied specifically for the repayment of bonded indebtedness.

Fayette County School System's Changes in Net Assets

	2012	2011
Revenues:		
Program revenues		
Charges for services	$ 6,587,504	$ 6,460,701
Operating grants and contributions	91,800,116	102,475,842
Capital grants and contributions	228,659	1,213,372
General revenues		
Property taxes	94,275,592	99,163,635
Sales taxes	20,009,700	18,259,865
Other taxes	1,681,275	1,598,273
Interest and investment earnings	78,268	108,504
Other	488,765	486,970
Total revenues	215,149,879	229,767,162
Expenses:		
Instruction	138,166,002	140,677,264
Pupil services	9,361,037	9,331,883
Improvement of instructional services	4,396,525	4,229,846
Educational media services	3,714,750	3,757,201
General administration	1,328,258	1,192,086
School administration	13,925,349	13,192,469
Business administration	937,222	1,139,105
Maintenance and operation of facilities	16,157,767	16,161,495
Student transportation services	9,031,403	8,073,549
Central support services	3,402,613	4,140,542
Other support services	303,373	290,337
Community services	2,385,232	2,194,891
Food services	8,078,108	7,925,808
Interest expense	3,898,053	4,557,031
Total expenses	215,085,692	216,863,507
Increase in net assets	64,187	12,903,655
Net assets, beginning of the year	219,597,590	206,693,935
Net assets, end of year	$ 219,661,777	$ 219,597,590

Total revenues of the School System decreased approximately $14.62 million, driven primarily by the following items:

- Property taxes decreased by $4.89 million. The decrease is the result of a net taxable digest that dropped 4.8 %. This decrease is reflective of the declining housing market seen across Georgia.

- Operating grants and contributions decreased by $10.68 million. In prior year, federal stimulus money provided $4.30 million under the Jobs Bill for teachers' salaries and $1.79 million under the American Recovery and Reinvestment Act (ARRA) for special education programs. Similar funding was not available in 2012. Additionally, state QBE funding decreased by $4.32 million.

- The School System saw a decrease in revenue from capital grants and contributions in 2012 of $0.98 million. Funding for construction projects through the Georgia State Financing and Investing Commission (GSFIC) is based on a needs assessment performed by the State and applications made by the School System. Timing of funding is based upon stages of completion and review of documents by the State Department of Education. This amount fluctuates year to year and accounts for $0.76 of the decrease in this category. Additionally, the State funded the partial purchase of school buses through state-issued bonds. The School System received $0.22 million less from this funding than in prior year.

Total expenses decreased by $1.78 million over prior year. Significant changes were:

- Total costs of capital project funds that were not capitalized as capital assets in the system-wide financial statements were $4.97 million lower in 2012 than in 2011. Many of the assets purchased under the SPLOST have a cost below the School System's capitalization threshold of $5,000. These items include, but are not limited to computers, LCD projectors (i.e., technology in the classroom) and textbooks. Most of these initial costs related to technology in the classroom were incurred in 2012. Depreciation of capital assets decreased by $125,000 over prior year.

- During the last half of prior year, the School System restored pay scales to the pre-FY 2010 level. As a result, salaries increase by approximately $4.48 million or 3.5%.

- Benefits costs increased over prior year. Rates set by the Board of Community Health for health insurance matching continued to increase during the year. For non-certified employees, the weighted average rate went from $199.75/month in 2011 to $287.87/month in 2012. The change in rate translated into an increase of approximately $985,000. While teachers' retirement and social security/medicare rates remained the same, the increase in salaries pushed these costs upwards as well.

- Energy costs rose during fiscal year 2012. Bus fuel cost the system approximately $221,000 more than in the prior year. Electricity/natural gas bills went down by approximately $326,000.

- Operating lease costs for computers decreased approximately $370,000 as lease agreements expired and computers were replaced by purchased computers agreements funded through SPLOST.

- Interest expense decreased by $659,000 resulting from a reduction of accrued interest incurred as of year end compared to prior year end.

By function, variances in expenses were driven by the following items:

- Instruction costs increased $2.51 million or 1.79%, a net result of a $3.49 million increase in salaries and benefits related to the pay restoration and health insurance matching increases for paraprofessionals, a $5.35 million decrease in capital project related costs (primarily textbooks and technology in the classroom), a $0.52 million decrease in instructional supplies and materials and a $0.12 million decrease in depreciation expense.

- School administration increased by $0.73 million. In 2011, the school system had five teachers who were given administrative duties under the job description of teacher leader. These duties were similar to those of an assistant principal and a portion (about 10%) of the salary and benefits for these individuals were classified as school administration. For the 2012 school year, these individuals were reclassified to full time assistant principals and all of the salaries and benefits were classified as school administration.

- Transportation increased $0.96 million as the result of higher fuel prices, the increase in salaries resulting from the pay restoration and additional scheduled field trips, and the increase in health insurance matching for all transportation personnel (non-certified).

- Central support services decreased by $0.78 million due to a decrease in the cost related to operating leases for computers of $0.37 million and a decrease in depreciation of $0.29 million.

Financial Analysis of the School System's Funds

As noted earlier, the School System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the School System's financing requirements. Unassigned fund balance is a useful measure of the School System's net resources available for spending at the end of the fiscal year.

As of June 30, 2012, the School System's governmental funds reported combined ending fund balances of $56,788,886, a decrease of $4,196,016 in comparison with the previous year. The net change is primarily the result of collecting $6.1 million more of local option sales tax under the SPLOST referendum than was spent during the year and of expenditures exceeding revenues in the General Fund by $9.5 million. Approximately 3.4% ($2,190,268) of ending fund balance is made up of unassigned fund balance of the General Fund that is available for spending at the School System's discretion. Fund balances of special revenue funds and capital project funds are classified as restricted, committed or assigned. These categories are defined based on the level of limitations imposed on their use. Note A10 on page 52 of provides a definition of the various categories of

fund balance. Note J on pages 61 to 63 provides additional detail. Total fund balances for the governmental funds are as follows:

Fund Balances at June 30, 2012	
Nonspendable	$ 326,816
Restricted	$ 35,521,197
Committed	$ 3,029,716
Assigned	$ 15,720,889
Unassigned	$ 2,190,268

The *General Fund* is the chief operating fund of the School System. Its fund balance decreased $9.5 million over the prior year. While management operates under a balanced budget, there are times when revenues fall below expected levels and, conversely, when revenues will exceed expected levels. Further discussion of budget to actual comparisons can be found under "General Fund Budgetary Highlights." Overall, revenues for the General Fund decreased approximately $13.87 million compared to the prior year. This was a result of a decrease of $4.82 million in state funds, a decrease of $4.30 million in federal funds, and a decrease of $4.75 million in local funds.

- All public school systems in Georgia receive state funding based on the Quality Basic Education Act (QBE) earnings formula. The formula is based on a system's enrollment multiplied by dollar values for different cost categories. As the economy worsened at the end of fiscal 2008, the State of Georgia began dramatically increasing the "amended formula adjustment" (a funding reduction also known as austerity cuts). For fiscal year 2011, the School System's austerity cut, net of ARRA funding, was $12.90 million. For fiscal year 2012, that cut increased to $15.10 million, a $2.20 million funding decrease. Additionally, enrollment for the School System dropped by 756 students (FTE), creating a decrease in gross QBE earnings of $0.87 million. Because Fayette County's tax digest had been growing in fiscal year 2010, the calculation for the System's local 5 mill share portion of the formula increased by $0.65 million. This increase translated into a reduction of state funding by the same amount. Categorical grants under QBE for transportation costs and nursing services were cut by $0.06 million. Additionally, QBE earnings as recorded at year end (on the modified accrual basis) includes adjustments for an amount receivable from the state at year end to pay for teachers' salaries for July and August. The change in this receivable adjustment from 2011 to 2012 decreased revenue by $0.54 million compared to prior year. In total, on the modified accrual basis, total QBE earnings decreased by $4.32 million.

- State bond funding for bus purchases decreased by $0.23 million and state paid on-behalf revenues decreased by $0.24 million.

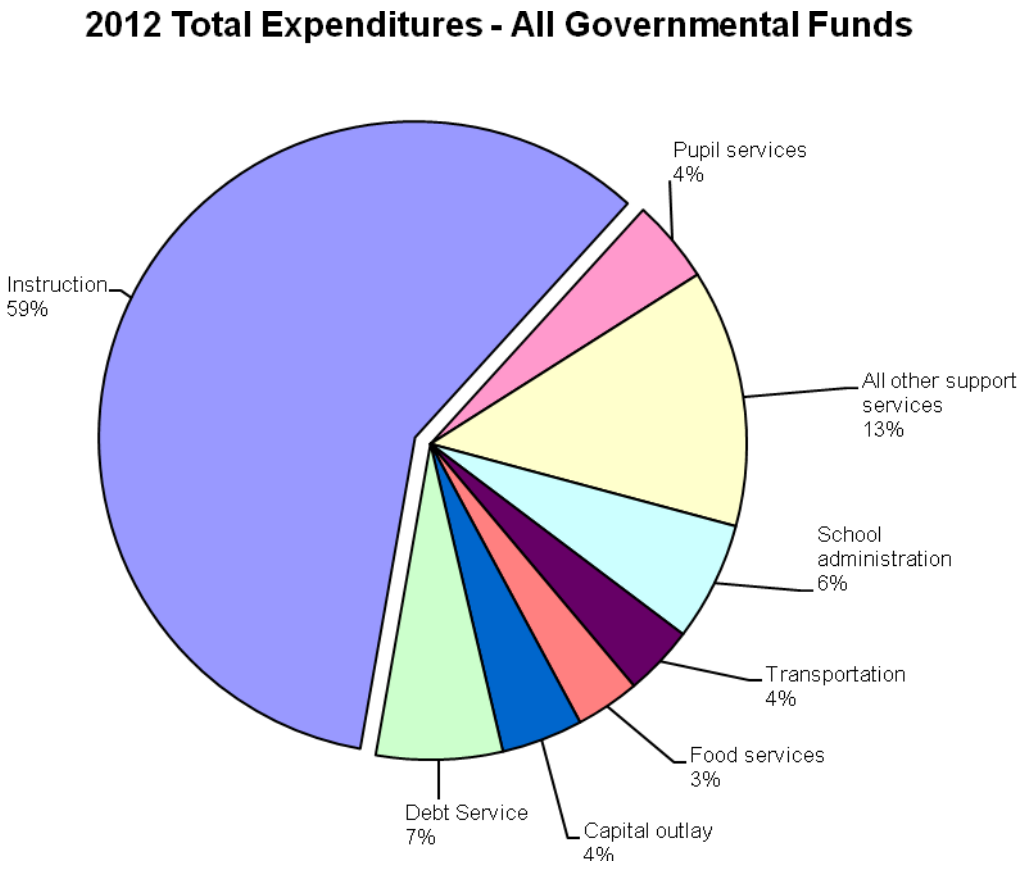
- Federal sources in the General Fund decreased $4.30 million. In September 2010 (fiscal year 2011) the federal government passed the Jobs Bill that provided the School System with $4.33 million. While that federal stimulus money was a one-time aid package, the State distributed a small amount of unspent funds that had previously been held back from distribution to local school systems to pay for administration of the grant.

- Property taxes decreased by $5.2 million. The decrease is reflective of the decrease in the property tax digest as a result of the significant downturn in the housing market.

- Auto ad valorem taxes were up $0.31 million. Intangible and transfer taxes, both related to real estate transactions, were up $0.15 million.

- The School System received $0.12 million less in vendor reimbursements related to eRate of $0.46 million than in 2011.

Expenditures for the General Fund increased $4.52 million or 2.58% from 2011. The restoration of pay scales drove salaries to increase by $4.62 million. Benefits increased by $1.79 million as a result of both the increase in salaries and the increase in non-certified health insurance rate. Overall, operations costs dropped $1.78 million. Principal and interest payments made from the General Fund for capital leases on buses, certificates of participation, and operating leases on computers decreased $0.63 million based on the payment structure. Fuel and energy costs were $0.11 million lower than the previous year. Additional operating cost decreases in all areas were the result of a concerted effort of School System administration to be as frugal as possible.



The *Debt Service Fund* is used to accumulate resources in order to pay current and future principal and interest amounts on bonded debt. Tax revenues decreased approximately $1.1 million over 2011, a result of a decrease in the net school bond digest of 4.7%. During the year, $4.2 million of SPLOST proceeds were spent on debt service.

The *Capital Projects SPLOST Fund* is used to account for various projects funded through a one-cent local option sales tax for education as approved through voter referendum. During the year sales tax and interest earned for fiscal year 2012 was $20.0 million. Approximately $14.0 million was spent during the year, including a $4.2 million transfer to debt service to pay existing bonded debt. The remaining balance has been set aside to continue the projects as specified in the SPLOST referendum.

Other governmental funds consist of non-major special revenue funds and non-major capital project funds. The aggregate fund balance of these funds decreased by approximately $1.0 million over the prior year. Most of the decrease was in the capital project funds. The After School Program had the largest increase with a $0.2 million increase and the School Nutrition Service had the largest decrease with a $0.2 million decrease.

Proprietary funds- The School System's proprietary fund provides the same type of information found in the system-wide financial statements, but in more detail. The proprietary fund consists of an internal service fund, the Workers' Compensation Fund. At June 30, 2012, the proprietary fund has net assets of approximately $33,000, up slightly from prior year.

General Fund Budgetary Highlights

The School System's original budget was set based on preliminary state QBE allotments communicated by the State in May 2011. As in prior years, the State amended the QBE allotments several times during the year. Once the earnings sheets were finalized near the end of the fiscal year, actual QBE earnings were approximately $202,000 less than the initial budget. The adjustments were primarily the result of adjustments for transportation, nursing services and reduction of FTEs for Senate Bill 10. Additionally, other State grants were budgeted based on prior year awards. Revenue was not budgeted for the math and science supplement grant, dual enrollment grant or bus bonds. Actual revenues for these items were $340,000 more than budgeted. The Board did not amend the budget for any changes to the QBE allotment sheet or other state grants during the year.

Additionally, the State allocated additional 2011 Jobs Bill stimulus money that was not spent at the state level for administrative costs associated with grant reporting requirements. The Board did not amend the budget for the additional funding.

Overall, local revenues slightly exceeded the budget. Property tax revenue was approximately $1.24 million under budget. This gap, however, was made up for with positive variances in other categories of local revenue. Auto ad valorem taxes exceeded budget by approximately $0.50 million while intangible and transfer taxes exceeded the budget by approximately $0.23 million. Other local revenues exceeded the budget by approximately $0.84 million. Included in other local revenues are eRate reimbursements of $0.33 million which were not budgeted.

Overall, salaries and benefits cost for the General Fund were lower than budgeted. Actual salaries were $2.02 million lower than budget and benefits were $2.71 million lower than budget. Much of the favorable variance was due to leaving vacancies open or filling them with temporary or substitute staff who are not eligible for benefits. Additionally, teaching positions that were vacant near the end of the FY 2012 budgeting process were generally budgeted at a high experience salary level. The employees who filled those vacancies generally were less experienced and therefore received a lower salary than budgeted. Costs associated with substitute teachers was $0.43 million less than budgeted. Open enrollment for health insurance and other employee benefit plans are based on a calendar year.

Employer rates are subject to change at any point in the middle of the fiscal year as determined by the Department of Community Health and employee participation may change during the year. Therefore, for budget purposes, the School System assumes that most employees will participate in a health and dental insurance plans at the rates in effect at the beginning of the fiscal year. Since not all employees participated in health and dental plans, the School System under spent budgeted amounts for employer paid benefits supplements. Furthermore, some employees do not participate in social security. Employer payroll taxes were therefore lower than assumed in budget calculations. The School System experienced favorable budget variances of $1.48 million related to health insurance, $0.97 million for social security and $0.26 million for all other employee benefits (retirement, disability, life, workers' compensation and dental supplements).

The favorable budget variance related to salaries and benefits impacted instruction the most, as 74% of all personnel costs are budgeted under instruction. For non-personnel costs within instruction, the School System under spent the budget by approximately $0.50 million with most of the savings in supplies and expendable computer equipment.

Almost all of the positive budget variance related to pupil services relates to salaries and benefits. Less than $75,000 of savings related to non-personnel costs.

Half of the favorable budget variance in maintenance and operations related to salaries and benefits. All custodians are accounted for under this category. During the year, the school system experienced high staff turnover and vacancies. Many vacancies were left unfilled or filled with part-time, non-benefitted personnel. Energy costs were $339,000 under budget as the result of milder temperatures. Insurance was approximately $140,000 lower than budget, resulting from a combination of unused budget for deductible payments and a misallocation of budget between the maintenance and operations function and the transportation function of approximately $50,000.

Technology services drove the favorable budget variance for central support services by under expending its budget by approximately $700,000 through thoughtful consideration of each expenditure and leveraging technology purchased through SPLOST proceeds. Whenever possible, the department purchased equipment and hardware from SPLOST, eliminating over $100,000 from the general fund budget. The refresh of core hardware and software through the use of SPLOST proceeds resulted in fewer repair and consultation costs, thus allowing technology services to further consolidate the School System's server domain, reducing the cost of servers and services for those servers. The cost of technology for products and services utilized by the School System also has dropped. As computing power and services increase, the price for that power and services is reduced. Of the budget savings, $143,000 was attributable to changing vendors for internet and managed router services after bidding pricing. The School System also changed vendors for filtering services, reaping an additional $100,000 of savings. The district also moved towards the usage of GoogleDocs, eliminating significant requirements for licensing fees.

Expenditures recorded in other support services are primarily related to salaries funded by a source other than the School System such as booster clubs and parent teacher organizations (PTOs). As such, the School System does not budget for these expenditures. Proceeds related to these costs are recorded in other local revenue and are not budgeted also.

The School System saved $110,000 budgeted for interest on tax anticipation notes. Due to the timing of federal stimulus money under the Jobs Bill, the School System did not have to have short-term borrowings to meet cash flow needs.

While the School System budgeted to use up to $390,000 of General Fund balances to cover shortfalls in funding of special revenue funds, only $348,766 was needed. Additionally, the School System budgeted to transfer $500,000 of fund balance from Community Schools to cover shortfalls within the General Fund. Since actual results were significantly better than budgeted, this transfer was not required to be made.

Capital Assets and Debt Administration

Capital assets – The School System's investment in capital assets as of June 30, 2012, amounts to $250,044,365, net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings, autos and trucks, other equipment and construction in progress. This represents a net decrease in capital assets of $5.7 million. The change in the investment in capital assets is affected by additions to capital assets and depreciation expense.

Major capital asset related events during the year included the following:

- The School System purchased 22 buses totaling approximately $1.8 million, funded with State issued bond proceeds and SPLOST receipts.
- During the year, the School System replaced a HVAC chiller at an elementary school and a HVAC cooling tower at a middle school.
- Audio/visual systems were installed in common areas (cafeterias, gymnasiums and auditoriums) at most of the schools.
- Wireless networks were installed at the high and middle schools.

Additional information on the School System's capital assets can be found in Note G on page 58 and 59 of this report.

Long-term debt – As of June 30, 2012, the School System had total bonded debt of $72,691,588 from three separate bond issuances. This bonded debt is payable from an ad valorem tax on all taxable property within the School District, without limit as to rate or amount. Additionally, the School System had debt of $3,750,622 under one capital lease for buses, four capital leases for computer equipment and one certificate of participation (similar to a capital lease) related to construction of facilities.

The School System maintains a "AA-" rating from Standard & Poor's and a "Aa3" rating from Moody's Investor Services for general obligation debt, without credit enhancements as a result of the Georgia Intercept Program or bond insurance.

State statues limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the School System is $440,050,269 which is significantly in excess of the School System's outstanding general obligation debt.

Additional information on the School System's long-term debt can be found in Note I on pages 60 and 61 of this report.

Economic Factors and Next Year's Budgets and Rates

In preparing the fiscal year 2013 budget, School System administration had to consider several factors that would impact the 2013 revenues as compared to the previous year:

- School System enrollment has continued to decline which would negatively impact earnings of State funding.
- The tax digest was expected to decrease at least 8%. Additionally, the maintenance and operations millage rate was already at the 20.00 mill maximum.
- A continued weak economy with high foreclosure and unemployment levels may have a negative effect on property tax collections.
- The State of Georgia may continue to reduce state aid allocations to local school districts, even after the fiscal year started.

In developing the 2013 budget, administration knew that it was faced with significant health insurance costs for classified employees, increases to employer contributions to the Teachers' Retirement System (TRS) and inflationary increases in general operating cost such as bus fuel and electricity. Also, until after the budget was adopted, there was uncertainty about how changes to employer health insurance contributions for certified staff would impact the budget. Administration also considered that significant reductions had been made over the past three years in operational costs, and that there were few areas left to cut without greatly impacting student learning and achievement. Administration's goals to the 2013 budget were to 1.) maintain educational programs, 2.) maintain employee salary scales 3.) support the integration of instructional technology. By working collaboratively, system leaders built an operating cost spending plan with budget reductions in almost every department, instructional area and school, equating to a 4% non-personnel budget reduction. Additionally, due to careful spending during the fiscal year 2012, the School System placed itself in a position of having more fund balance than previously anticipated available to make up for shortfalls between revenues and expenditures. As a result, the superintendent presented his budget for approval to the Board included an appropriation of fund balance of $14.2 million but also met administration's goals.

Even with the anticipated decline in tax revenue, the School System was able to lower the debt service millage rate to 1.45 mills. The School System budgeted $5 million of SPLOST receipts to be used toward the principal and interest payments on outstanding general obligation bonds. Additionally, the debt service fund has a fund balance of approximately $4.1 million to make up for any shortfalls in tax collections.

During 2013, the School System will continue to use sales tax receipts from the 2008 SPLOST to fund capital improvements, including computer replacements, technology upgrades, bus purchases and safety and facilities improvements. In November 2012, the School Board presented a referendum to the voters of the county requesting a continuation of the current SPLOST after its expiration in March 2014. Fortunately, the referendum passed. This alternative funding source has been extremely vital to the School System over the last several years and will continue to be significant. As a result of the current SPLOST, technology replacements and upgrades can continue

without impacting other budgetary decisions. Additionally, by shifting the funding for items that had been previously budgeted in the General Fund (such as annual textbook purchases) to the SPLOST fund, more General Fund money will be available for operating costs. The future SPLOST will continue to provide funding for capital needs for instruction, technology, facilities, transportation and debt service while continuing to provide relief to a general fund experiencing budget stresses.

Just after the passage of the fiscal year 2013 budget, administration began considering the steps needed in developing the fiscal year 2014 budget. Based on the FY 2013 budget and expected cost increases, the School System began the fiscal year with an expected FY 2014 budget shortfall. During 2013, administration has committed to cut spending to provide a larger fund balance for the FY 2014 budget. The Board will be faced with tough decisions to bring financial stability back to the System, including improving efficiencies through school closures, increasing class size and eliminating paraprofessional positions throughout the System.

Requests for Information

This financial report is designed to provide a general overview of the School System's finances for all those with an interest in the School System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laura Brock, Coordinator of Audits and Purchasing, P.O. Box 879, Fayetteville, Georgia, 30214.

Basic Financial Statements

Fayette County Board of Education

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities
ASSETS	
Cash	$ 19,954,492
Investments	50,295,163
Due from other governments	12,891,626
Interest receivable	110
Taxes receivable	4,818,165
Prepaid items	226,288
Inventory	296,241
Capital assets, not being depreciated:	
Land	15,431,494
Construction in progress	37,610
Capital assets, net of accumulated depreciation:	
Buildings	218,486,889
Trucks and autos	7,249,212
Other equipment	8,839,160
Debt issuance costs, net	263,927
Total assets	338,790,377
LIABILITIES	
Accounts payable	4,351,973
Accrued interest	9,781,121
Salaries and benefits payable	24,608,821
Retainage payable	39,900
Unearned revenue	82,203
Claims payable	200,000
Noncurrent liabilities:	
Due within one year	9,963,647
Due in more than one year	
Accrued compensated absences	1,632,064
Claims payable	415,000
Bonds and leases	68,053,871
Total liabilities	119,128,600
NET ASSETS	
Invested in capital assets, net of related debt	175,064,622
Restricted for:	
Capital projects	29,723,299
Grant purposes	1,534,152
Unrestricted	13,339,704
TOTAL NET ASSETS	$ 219,661,777

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities
Governmental Activities:					
Instruction	$ 138,166,002	$ 455,409	$ 69,143,176	$ -	$ (68,567,417)
Support services					
Pupil services	9,361,037	-	1,544,127	-	(7,816,910)
Improvement of instructional services	4,396,525	-	1,288,174	-	(3,108,351)
Educational media services	3,714,750	-	2,198,768	-	(1,515,982)
General administration	1,328,258	-	2,514,225	-	1,185,967
School administration	13,925,349	-	4,783,474	-	(9,141,875)
Business administration	937,222	-	2,275	-	(934,947)
Maintenance and operation of facilities	16,157,767	-	4,905,609	-	(11,252,158)
Student transportation services	9,031,403	-	1,550,072	228,659	(7,252,672)
Central support services	3,402,613	-	340,199	-	(3,062,414)
Other support services	303,373	-	127,119	-	(176,254)
Community services	2,385,232	2,220,197	354,936	-	189,901
Food services	8,078,108	3,911,898	3,047,962	-	(1,118,248)
Interest expense	3,898,053	-	-	-	(3,898,053)
Total governmental activities	$ 215,085,692	$ 6,587,504	$ 91,800,116	$ 228,659	(116,469,413)
General revenues					
Taxes					
Property taxes, levied for general purposes					86,977,609
Property taxes, levied for debt service					7,297,983
Intangible taxes, general purposes					1,285,979
Intangible taxes, debt service					106,585
Transfer taxes, general purposes					252,268
Transfer taxes, debt service					20,864
Other taxes, general purposes					15,579
Sales tax, capital outlay and debt service					20,009,700
Interest and investment earnings					78,268
Other					488,765
Total general revenues					116,533,600
Change in net assets					64,187
Net assets - beginning of year					219,597,590
Net assets - end of year					$ 219,661,777

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2012

	Major Governmental Funds				
	General	Debt Service Fund	Capital Projects SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 11,444,283	$ 22,447	$ 1,685,257	$ 6,801,459	$ 19,953,446
Investments	16,728,981	4,150,905	26,006,302	3,408,688	50,294,876
Due from other governments	11,723,530	-	-	1,168,096	12,891,626
Interest receivable	89	-	20	1	110
Taxes receivable	2,791,324	289,745	1,737,096	-	4,818,165
Due from other funds	1,077,634	-	-	18,008	1,095,642
Prepaid items	30,575	-	195,713	-	226,288
Inventory	-	-	-	296,241	296,241
Total assets	$ 43,796,416	$ 4,463,097	$ 29,624,388	$ 11,692,493	$ 89,576,394
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,210,598	$ -	$ 2,854,624	$ 265,270	$ 4,330,492
Salaries and benefits payable	23,255,340	-	-	1,353,481	24,608,821
Due to other funds	668,000	-	51,503	1,044,139	1,763,642
Retainage payable	-	-	39,900	-	39,900
Deferred revenue	1,845,302	199,351	-	-	2,044,653
Total liabilities	26,979,240	199,351	2,946,027	2,662,890	32,787,508
Fund Balances:					
Nonspendable	30,575	-	195,713	296,241	522,529
Restricted	-	4,263,746	26,482,648	4,579,090	35,325,484
Committed	399,052	-	-	2,630,664	3,029,716
Assigned	14,197,281	-	-	1,523,608	15,720,889
Unassigned	2,190,268	-	-	-	2,190,268
Total fund balances	16,817,176	4,263,746	26,678,361	9,029,603	56,788,886
Total liabilities and fund balances	$ 43,796,416	$ 4,463,097	$ 29,624,388	$ 11,692,493	$ 89,576,394

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2012

Total fund balances - governmental funds	$	56,788,886
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 as assets in governmental funds.		250,044,365
Property taxes receivable not collected within sixty days of year-end are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		1,962,450
Internal service funds are used to charge the costs of workers' compensation claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		32,852
Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabililities at year end consist of:		
Bonds payable		(72,691,588)
Capital leases payable		(3,750,622)
Accrued interest on bonds and leases		(9,781,121)
Compensated absences payable		(1,867,402)
Unamortized discount on issuance of bonds		64,544
Unamortized premium on issuance of bonds		(1,404,514)
Deferred debt issuance costs, net of amortization		263,927
Total net assets - governmental activities	$	219,661,777

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended June 30, 2012

	Major Governmental Funds				
	General	Debt Service Fund	Capital Projects SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
State funds	$ 80,023,632	$ -	$ -	$ 863,367	$ 80,886,999
Federal funds	52,761	-	-	8,831,654	8,884,415
Local and other funds	90,131,422	7,504,255	20,037,359	8,055,860	125,728,896
Total revenues	170,207,815	7,504,255	20,037,359	17,750,881	215,500,310
Expenditures					
Current					
Instruction	124,208,756	-	-	5,304,669	129,513,425
Support services					
Pupil services	8,158,107	-	-	1,220,563	9,378,670
Improvement of instructional services	3,324,493	-	-	896,400	4,220,893
Educational media services	3,407,021	-	-	90,690	3,497,711
General administration	1,041,636	-	-	258,130	1,299,766
School administration	12,988,316	-	-	396,627	13,384,943
Business administration	944,784	-	-	-	944,784
Maintenance and operation of facilities	13,628,544	-	-	104,524	13,733,068
Student transportation services	7,706,782	-	-	179,828	7,886,610
Central support services	2,614,046	-	-	-	2,614,046
Other support services	179,510	-	-	123,863	303,373
Community service	-	-	-	2,376,826	2,376,826
Food services	2,428	-	-	7,204,631	7,207,059
Capital outlay	228,659	-	7,957,783	965,389	9,151,831
Debt Service					
Principal retirement	858,600	7,036,780	1,601,563	-	9,496,943
Interest and fees	87,645	4,402,781	195,952	-	4,686,378
Total expenditures	179,379,327	11,439,561	9,755,298	19,122,140	219,696,326
Excess (deficiency) of revenues over (under) expenditures	(9,171,512)	(3,935,306)	10,282,061	(1,371,259)	(4,196,016)
Other financing sources (uses)					
Transfers in (out)	(348,766)	4,215,702	(4,215,702)	348,766	-
Total other financing sources (uses)	(348,766)	4,215,702	(4,215,702)	348,766	-
Net change in fund balances	(9,520,278)	280,396	6,066,359	(1,022,493)	(4,196,016)
Fund balances, beginning of year	26,337,454	3,983,350	20,612,002	10,052,096	60,984,902
Fund balances, end of year	$ 16,817,176	$ 4,263,746	$ 26,678,361	$ 9,029,603	$ 56,788,886

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE SYSTEM-WIDE STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Total net change in fund balances - governmental funds	$	(4,196,016)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation ($9,793,282) exceeds capital outlay ($4,058,689) and the net value of assets disposed ($0).		(5,734,593)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.		7,036,780
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		2,460,163
Governmental funds report the effect of debt issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Amortization expense is netted against interest expense.		250,700
Because some property taxes will not be collected for several months after the School System's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues decreased by this amount this year.		(350,431)
In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick leave earned exceeded the amounts used by this amount.		56,579
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of accrued interest on bonds and capital leases which increased by this amount.		537,625
Internal service funds are used to charge the costs of workers' compensation claims to the individual funds. Net income of the internal service fund are reported in the governmental activities.		3,380
Change in net assets of governmental activities	$	64,187

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

General Fund
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - (NON-GAAP BASIS)

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual (Budget basis)	Variance
Revenues				
State funds	$ 79,908,865	$ 79,908,865	$ 80,047,938	$ 139,073
Federal funds	-	-	52,761	52,761
Local and other funds	89,820,000	89,820,000	90,131,422	311,422
Total revenues	169,728,865	169,728,865	170,232,121	503,256
Expenditures				
Current				
Instruction	127,823,645	127,823,645	123,955,128	3,868,517
Support services				
Pupil services	9,248,745	9,248,745	8,140,959	1,107,786
Improvement of instructional services	3,468,229	3,468,229	3,318,443	149,786
Educational media services	3,601,570	3,601,570	3,400,626	200,944
General administration	1,165,413	1,165,413	1,040,276	125,137
School administration	12,856,745	12,856,745	12,962,378	(105,633)
Business administration	1,139,389	1,139,389	942,509	196,880
Maintenance and operation of facilities	14,652,006	14,652,006	13,610,962	1,041,044
Student transportation services	8,402,326	8,402,326	8,396,229	6,097
Central support services	3,333,000	3,333,000	2,611,747	721,253
Other support services	-	-	178,950	(178,950)
Food services	-	-	1,752	(1,752)
Debt service				
Principal retirement	410,000	410,000	410,000	-
Interest and fees	173,745	173,745	63,745	110,000
Total expenditures	186,274,813	186,274,813	179,033,704	7,241,109
Excess (deficiency) of revenues over expenditures	(16,545,948)	(16,545,948)	(8,801,583)	7,744,365
Other financing sources (uses)				
Transfers in	500,000	500,000	-	(500,000)
Transfers out	(390,000)	(390,000)	(348,766)	41,234
Total other financing sources (uses)	110,000	110,000	(348,766)	(458,766)
Net change in fund balances	$ (16,435,948)	$ (16,435,948)	$ (9,150,349)	$ 7,285,599

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2012

	Governmental Activities-- Internal Service Workers' Compensation Fund
ASSETS	
Current Assets:	
Cash	$ 1,046
Investments	287
Due from other funds	668,000
Total assets	669,333
LIABILITIES	
Current Liabilities:	
Accounts payable	21,481
Claims payable	200,000
Total current liabilities	221,481
Noncurrent Liabilities:	
Claims payable	415,000
Total noncurrent liabilities	415,000
Total liabilities	636,481
NET ASSETS	
Unrestricted	32,852
Total net assets	$ 32,852

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Proprietary Funds

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the year ended June 30, 2012

	Governmental Activities-- Internal Service Workers' Compensation Fund
Revenues	
Local and other funds	$ 580,000
Total revenues	580,000
Expenses	
Administration	122,598
Claims	454,022
Total expenses	576,620
Operating income	3,380
Nonoperating revenues	
Interest	-
Net income	3,380
Net assets, beginning of year	29,472
Net assets, end of year	$ 32,852

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Proprietary Funds

STATEMENT OF CASH FLOWS

For the year ended June 30, 2012

	Governmental Activities-- Internal Service Workers' Compensation Fund
Cash flows from operating activities:	
Cash received from interfund services	$ 580,000
Cash paid to suppliers	(580,756)
Net cash used in operating activities	(756)
Net decrease in cash	(756)
Cash at beginning of year	1,802
Cash at end of year	$ 1,046
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 3,380
Adjustments to reconcile operating income to net cash used in operating activities:	
Change in assets and liabilities:	
Accounts payable	(4,136)
Net cash used in operating activities	$ (756)

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Fiduciary Funds

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012

	David Phillips Memorial Private-Purpose Trust Fund	Agency Fund Club and Class Funds
ASSETS		
Cash	$ -	$ 1,533,935
Investments	10,003	-
Total assets	10,003	1,533,935
LIABILITIES		
Due to student groups	-	1,533,935
NET ASSETS		
Reserved for scholarships	$ 10,003	$ -

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the year ended June 30, 2012

	David Phillips Memorial Private-Purpose Trust Fund
ADDITIONS	
Donations	$ 430
Interest	14
Total additions	444
DELETIONS	
Other support services	500
Change in net assets	(56)
NET ASSETS, beginning of year	10,059
NET ASSETS, end of year	$ 10,003

The accompanying notes are an integral part of this statement.



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Fayette County Board of Education

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fayette County Board of Education (the "School System") have been prepared in conformity with accounting principles generally accepted in the United States of America ("USGAAP") as applicable to government units. The more significant of the School System's accounting policies are summarized below.

1. Reporting Entity

The School System was established under the laws of the State of Georgia and operates under the guidance of a five member school board (the "Board") elected by the voters of Fayette County and a superintendent appointed by the Board. The School System is organized as a separate legal entity and has the power to levy taxes, issue bonds with voter approval, and conduct all other business pursuant to the operation of the School System. Its budget is not subject to approval by any other entity. Accordingly, the School System is a primary government and consists of all the organizations that compose its legal entity. There are no component units included in the School System's reporting entity as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14.

2. System-wide and Fund Financial Statements

The system-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the School System. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the system-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

3. Measurement Focus, Basis of Accounting, and Basis of Presentation

The system-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, report only assets and liabilities and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, grant revenue, state QBE ("Quality Basic Education") revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School System must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School System on a reimbursement basis.

The State of Georgia ("the State") reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State reimburses the School System over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State has a signed appropriation that includes this final amount, which represents the State's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

3. Measurement Focus, Basis of Accounting, and Basis of Presentation – continued

All other revenue items are considered to be measurable and available only when cash is received by the School System.

The School System reports the following major governmental funds:

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

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service.

The *Capital Projects – SPLOST Fund* is used to account for various projects funded by an educational special purpose local option sales tax and approved by voter referendum.

Additionally, the School System reports the following fund types:

The *special revenue funds* account for revenue sources that are restricted or committed to expenditure for specific programs, primarily federal and state grant funded programs. These grants are awarded to the School System for the purpose of accomplishing specific educational tasks as defined in the grant agreements. These funds also contain several locally funded programs whose expenditures are limited to specific purposes. School Activity Funds are also reported as special revenue funds. The School Activity Funds are used to account for funds collected primarily through the fund raising efforts of the individual school. Each school's principal is responsible, under the authority of the School System, for collecting, controlling, disbursing and accounting for his or her school's funds. All resources of the fund, including any earnings on invested resources, may be used to support the schools' activities.

The *capital project funds* account for resources provided for the acquisition, construction or renovation of major capital facilities.

The *internal service fund* accounts for the self-insurance of workers' compensation of the School System's employees.

The *fiduciary funds* are a classification of funds used to account for assets held on behalf of various funds, governments or individuals. The fiduciary funds include the following fund types:

The *agency fund* accounts for student club and class accounts.

The *private-purpose trust fund* accounts for resources devoted to the presentation of a scholarship award to a student each year. The corpus of this trust fund is to be invested and remain intact, with the investment earnings to be used to provide the scholarships.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

3. Measurement Focus, Basis of Accounting, and Basis of Presentation – continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the system-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The School System does not report business-type activities or enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the system-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School System's internal service funds are charges to customers for sales and services. Operating expenses for the internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the School System's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Deposits and Investments

The School System's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Official Code of Georgia Annotated ("O.C.G.A.") 45-8-14 authorizes the School System to deposit its funds in one or more solvent banks or insured Federal savings and loan associations.

Investments made in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-bearing contract 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

5. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All property tax receivables are shown net of an allowance for uncollectibles.

6. Inventories and Prepaid Items

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 using the first-in, first-out method (FIFO). The School System uses the consumption method to account for both donated and purchased inventories whereby donated food commodities are recorded as an asset and as revenue when received or purchased, and expenditures/expenses are recorded as inventories are used.

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items using the consumption method by recording as asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

7. Capital Assets

Capital assets, which include property and equipment, are reported in the system-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the School System is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	25 to 50 years
Computers	5 years
Machinery and equipment	5 to 20 years
Kitchen equipment	15 to 20 years
Vehicles	10 years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

8. Compensated Absences

It is the School System's policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when incurred in the system-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick and personal leave does not vest with the employee and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

9. Long-term Obligations

In the system-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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 actual proceeds, are reported as debt service expenditures.

10. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School System is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable: Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Fund balances are reported as restricted when there are limitations imposed on their use whether through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

10. Fund Equity - continued

Committed: Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board also may modify or rescind the commitment.

Assigned: Fund balances are reported as assigned when amounts are constrained by the Board's intent to be used for specific purposes, but are neither restricted or committed.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

It is the School System's policy that the Board may impose constraints on amounts classified as committed and assigned fund balance through majority vote. Once established, fund balance commitments cannot be used for any other purpose unless modified or rescinded by majority vote. Additionally, when restricted and unrestricted fund balances are both available for expenditure when the expenditure is incurred, the restricted fund balance is considered to be expended first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications (committed, assigned or unassigned) could be used, the School System considers that committed amounts are to be reduced first, followed by assigned amounts, and then by unassigned amounts.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance description above. Net assets are reported as restricted when there are limitations imposed on their use whether through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fayette County Board of Education adopts annual budgets for its general fund, debt service fund and special revenue funds. Appropriations not spent or encumbered lapse at year end. Any outstanding encumbrances must be reappropriated in the budget of the following year. The budget process begins when the School System's administration prepares a tentative budget for the Board's approval. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality. At the next regular meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. This final budget is then submitted to the Georgia Department of Education, in accordance with provisions of the Quality Basic Education Act.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the aggregate level by fund type. Management may make transfers of appropriations within a specific fund and between funds within the same fund type.

The Statement of Revenues and Expenditures - Budget and Actual presents actual and budget data for the General Fund. To facilitate comparison with the budget, adjustments have been made to actual revenues and expenditures to reflect actual amounts on the budget basis.

The primary differences between the budget basis and accounting principles generally accepted in the United States of America ("USGAAP") are:

(a) State revenue relating to Quality Basic Education expenditures is recorded when received (budget) rather than when susceptible to accrual (USGAAP).

(b) Payments made by the State of Georgia for School System employee benefits are recognized as revenues and expenditures under USGAAP and are not recognized on the budget basis.

(c) Capital leases are recorded as expenditures and as other financing sources under USGAAP and are not recorded under the budgetary basis.

Adjustments necessary to convert the General Fund's net change in fund balance from the USGAAP basis to the budget basis are shown below:

USGAAP Basis Net Change in Fund Balances	$	(9,520,278)
Adjustments for:		
State QBE revenue		369,929
State paid employee benefit revenue		(345,623)
State paid employee benefit expenditures		345,623
Budget Basis Net Change in Fund Balances	$	(9,150,349)

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued

Additionally, the School System budgets purchases of buses and capital lease payments for buses under transportation services. In reporting actual expenditures – budget basis, these items have been reclassified from capital outlay and debt service, respectively, to student transportation services.

NOTE C – DEPOSTS AND INVESTMENTS

Credit Risk. O.C.G.A. 36-83-4 authorizes the School System 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. The School System may invest its funds in obligations of the State of Georgia or other states, obligations issued by the United States government, obligations fully insured or guaranteed by the United States government or a United States government agency, obligations of any corporation of the United States government, prime banker's acceptances, the Georgia Fund 1 administered and regulated by the Georgia Office of the State Treasurer, repurchase agreements, and obligations of political subdivisions of the State of Georgia. The School System does not have a policy for credit risk beyond the types of investments authorized by Georgia State law.

At June 30, 2012, the School System had the following investments:

Investment Type	Maturities	Rating	Fair Value
Georgia Fund 1	48 day weighted average	AAAm	$ 50,235,591
Money market mutual funds	N/A	N/A	9,283
Certificates of deposit	11.0 month weighted average	N/A	60,292
			$ 50,305,166

Georgia Fund 1, created by O.C.G.A. 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the Securities Exchange Commission as an investment company. The Office of the State Treasurer is the regulatory oversight agency for Georgia Fund 1. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Pooled cash and cash equivalents and investments are reported at cost which approximates fair value. The pool does not issue any legally binding guarantees to support the value of the shares. Participation in the pool is voluntary and deposits consist of funds from local governments; operating and trust funds of Georgia's state agencies; colleges and universities; and current operating funds of the State of Georgia's General Fund. Investments in Georgia Fund 1 are directed toward short-term instruments such as U.S. Treasury obligations, securities issued or guaranteed as to principal and interest by the U.S. government or any of its agencies or instrumentalities, banker's acceptances and repurchase agreements.

NOTE C – DEPOSTS AND INVESTMENTS – continued

Interest rate risk. 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. However, the School System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of failure of a depository financial institution or of counterparties to investment transactions, the School System will not be able to recover deposits, investments or collateral securities that are in the possession of an outside party. The School System follows Georgia State law which requires bank balances to be covered by federal deposit insurance or by collateral held by the School System's agent in the School System's name. As of June 30, 2012, the School System was not exposed to custodial credit risk for investments.

NOTE D – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of grant reimbursements due primarily from the Georgia Department of Education.

NOTE E – TAXES RECEIVABLE

Property taxes were levied on September 1, 2011, based on property values assessed as of January 1, 2011, and were considered past due if not paid on or before November 15, 2011, at which time the applicable property is subject to lien, and penalties and interest may be assessed. State law limits the School System's tax levy for operations to 20 mills (one mill equals $1 per thousand dollars of assessed value). Taxes levied in calendar year 2011 were levied at 20.00 mills for operations and 1.65 mills for school bonds.

In addition, Fayette County designates a portion of its intangible and transfer taxes for school purposes. Intangible and transfer taxes are collected by Fayette County Superior Court on behalf of the School System.

Tax revenues, at the fund reporting level, amounted to $88,808,906 for maintenance and operations and $7,498,392 for school bonds.

A one percent Special Purpose Local Option Sales Tax (SPLOST) is to be used for capital outlay for educational purposes and for debt service. The State of Georgia will terminate collection of this tax once a total of $115,000,000 has been collected or on March 31, 2014, whichever occurs first.

SPLOST tax revenues, at the fund reporting level, amounted to $20,009,700 as of June 30, 2012.

NOTE E – TAXES RECEIVABLE – continued

At June 30, 2012, taxes receivable, at the fund reporting level, consisted of the following:

- $1,962,450 (net of $1,010,959 in allowances for doubtful accounts) in delinquent property taxes receivable was recognized as receivable and as deferred revenue,
- $981,266 of property tax was recognized as receivable and as revenue because it was considered susceptible for accrual based on collections within 60 days of year end,
- $1,737,096 of SPLOST receipts recognized as receivables and as revenue because it was considered susceptible for accrual based on collections within 60 days of year end,
- and $137,353 of intangible and transfer taxes collected by the Superior Court of Fayette County on behalf of the School System.

NOTE F – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2012, interfund receivables and payables consisted of the following:

	RECEIVABLE FUNDS			
		Non-Major Fund		
	General Fund	Bond 2007	Workers' Compensation	Total
PAYABLE FUNDS				
General Fund	$ -	$ -	$ 668,000	$ 668,000
SPLOST	33,495	18,008		51,503
Non-Major Funds:		-		
Nutrition Service	316,396	-	-	316,396
Title I	115,263	-	-	115,263
IDEA	447,174	-	-	447,174
Vocational Grants	23,070	-	-	23,070
Drug Free	1,024	-	-	1,024
Title II	24,579	-	-	24,579
Title III	20,395	-	-	20,395
Building Connections	79,007	-	-	79,007
Family Connections	14,119	-	-	14,119
Community School	3,112	-		3,112
	$ 1,077,634	$ 18,008	$ 668,000	$ 1,763,642

Interfund balances resulted from the time lag between receiving and recognizing certain revenues and meeting temporary cash flow requirements.

NOTE G – CAPITAL ASSETS

The following is a summary of capital asset activity for the fiscal year ending June 30, 2012:

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
Capital assets, not being depreciated					
Land	$ 15,431,494	$ -	$ -	$ -	$ 15,431,494
Construction in progress	5,425	229,970	-	(197,785)	37,610
Total capital assets, not being depreciated	15,436,919	229,970	-	(197,785)	15,469,104
Capital asset, being depreciated					
Buildings and improvements	331,598,199	8,679	-		331,606,878
Autos and trucks	21,270,151	1,864,669	(3,504,905)	-	19,629,915
Other equipment	22,585,155	1,955,371	-	197,785	24,738,311
Total capital assets, being depreciated	375,453,505	3,828,719	(3,504,905)	197,785	375,975,104
Less accumulated depreciation for:					
Buildings and improvements	(106,276,980)	(6,843,009)	-	-	(113,119,989)
Autos and trucks	(14,798,587)	(1,087,021)	3,504,905	-	(12,380,703)
Other equipment	(14,035,899)	(1,863,252)	-	-	(15,899,151)
Total accumulated depreciation	(135,111,466)	(9,793,282)	3,504,905	-	(141,399,843)
Total capital assets being depreciated, net	240,342,039	(5,964,563)	-	197,785	234,575,261
Governmental activities capital assets, net	$ 255,778,958	$ (5,734,593)	$ -	$ -	$ 250,044,365

Depreciation expense was charged to various functions for governmental activities as follows:

Instruction	$ 6,348,133
Support services	
Pupil services	885
Improvement of instructional services	191,297
Educational media services	217,039
General administration	25,432
School administration	421,945
Business administration	9,563
Maintenance and operations of facilities	83,753
Student transportation services	1,051,925
Central support services	552,359
Community service	18,582
Food services	872,369
Total depreciation	$ 9,793,282

NOTE G – CAPITAL ASSETS – continued

Assets being acquired under capital leases and certificates of participation are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Buildings and Improvements	$ 1,033,630	$ (254,895)	$ 778,735
Autos and trucks	1,479,618	(665,828)	813,790
Total	$ 2,513,248	$ (920,723)	$ 1,592,525

NOTE H – LEASES

Operating Leases

The School System leased a portion of its computers under an operating lease agreement. Total cost for this lease was approximately $162,316 for the year ended June 30, 2012. The terms of the lease expired in fiscal year 2012 and there are no required future payments.

Capital Leases

The School System has entered into various lease agreements for the acquisition of buses and computers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

In June 1999, the School System issued $5,080,000 in Certificates of Participation (COPS) to advance refund $3,035,000 of outstanding 1991 COPS as well as to finance additional construction. These COPS are treated like a capital lease. A portion of the net proceeds was used to purchase U.S. government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 COPS. As a result, the 1991 COPS are considered to be defeased and the liability for those COPS has been removed from the School System's financial statements. The defeased certificates of participation were paid in full during fiscal year ending June 30, 2002. The balance of the 1999 COPS was $890,000 at June 30, 2012.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012:

2013	$ 2,608,030
2014	1,350,304
Total minimum lease payments	3,958,334
Less: Amount representing interest	(207,712)
Present value of future minimum lease payments	$ 3,750,622

NOTE I – LONG-TERM DEBT

General Obligation Bonds

In July 2009, the School System issued $24,800,000 in General Obligation Bonds (2009 Series) to currently refund $24,905,000 of outstanding 1999 General Obligation Bonds (1999 Series).

In March 2007, the School System issued $29,965,000 in 2007 General Obligation Bonds for the purpose of acquiring, constructing and equipping new school buildings and facilities, renovating existing facilities, and acquiring, installing and equipping system-wide technology.

In February 2005, the School System issued $35,000,800 in 2005 General Obligation Bonds for the purpose of acquiring, constructing and equipping new school buildings and facilities, renovating existing facilities, and acquiring, installing and equipping system-wide technology.

General obligation bonds consist of the following as of June 30, 2012:

Series	Coupon Rate	Maturities	Balance
2005	3.65% to 4.50%	2010 to 2025	$ 31,396,588
2007	3.50% to 5.00%	2011 to 2027	27,965,000
2009	2.50% to 5.00%	2010 to 2015	13,330,000
			$ 72,691,588

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Principal	Interest	Total
2013	$ 7,283,849	$ 4,176,343	$ 11,460,192
2014	7,583,118	3,881,024	11,464,142
2015	7,875,520	3,596,122	11,471,642
2016	3,464,955	3,263,380	6,728,335
2017	3,647,394	3,125,077	6,772,471
2018-2022	21,517,014	13,219,381	34,736,395
2023-2027	21,319,738	5,832,370	27,152,108
Total	$ 72,691,588	$ 37,093,697	$ 109,785,285

NOTE I – LONG-TERM DEBT – continued

Changes in Long-Term Liabilities

The changes in long-term debt during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 79,728,368	$ -	$ (7,036,780)	$ 72,691,588	$ 7,283,849
Less discount on issuance of bonds	(69,640)	-	5,096	(64,544)	-
Plus premium on issuance of bonds	1,693,549	-	(289,035)	1,404,514	-
Total bonds payable	81,352,277	-	(7,320,719)	74,031,558	7,283,849
Capital leases payable	6,210,785	-	(2,460,163)	3,750,622	2,444,460
Claims payable	615,000	454,022	(454,022)	615,000	200,000
Accrued compensated absences payable	1,923,981	1,051,106	(1,107,685)	1,867,402	235,338
	$ 90,102,043	$ 1,505,128	$ (11,342,589)	$ 80,264,582	$ 10,163,647

Claims payable and compensated absences are generally liquidated by the General Fund.

NOTE J - FUND BALANCES

Nonspendable – The following fund balance are nonspendable because they are allocated to:

General Fund:	
Prepaid items	$ 30,575
SPLOST Fund:	
Prepaid items	195,713
Nonmajor Special Revenue Funds:	
School Nutrition Service Fund inventory	296,241
Total Nonspendable Fund Balance	$ 522,529

NOTE J - FUND BALANCES - continued

Restricted – The following balances are restricted for:

Debt Service Fund: used to account for debt service payments on general obligation debt	$	4,263,746
Capital Projects-SPLOST Fund: used to account for capital projects financed with SPLOST		26,482,648
Nonmajor Special Revenue Funds:		
School Nutrition Services Fund – used to account for activity of the school lunch program		1,510,478
Friends Mentoring Program Fund– used to account for proceeds of grant from Department of Human Resources		18,935
Other Grants Fund– used to account for various grant awards		4,739
Nonmajor Capital Project Funds:		
Bond 2007 Fund– used to account for capital projects financed with proceeds of the 2007 bond referendum		3,044,938
Total Restricted Fund Balance	$	35,325,484

Committed - The following fund balances are committed to:

General Fund : to account for a portion of net eRate receipts set aside by the Board to be used on technology infrastucture	$	399,052
Nonmajor Special Revenue Funds:		
Community Education Fund – used to account for the activities of community school programs		508,751
After School Program Fund – used to account for the activities of after school programs		745,315
Donations Fund – used to account for resources provided by donations		79,003
Auditorium Rentals Fund – used to account for resources generated by auditorium facility rentals		52,517
Principals' Fund – used to account for resources generated by schools for various school activities and needs		1,245,078
Total Committed Fund Balance	$	3,029,716

NOTE J - FUND BALANCES - continued

Assigned – The following fund balances are assigned to:

General Fund: to account for a portion of the year end fund balance which is appropriated in the subsequent year's budget	$ 14,197,281
Nonmajor Special Revenue Funds:	
Community School Fund – to account for a portion of the year end fund balance which is appropriated in the subsequent year's budget	500,000
Nonmajor Capital Project Funds:	
Regular Capital Project Fund – to account for amounts intended to be spent on capital outlay	1,023,608
Total Assigned Fund Balance	$ 15,720,889

NOTE K – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2012 consisted of the following amounts:

	TRANSFERS OUT		
	Major Funds		
	General Fund	SPLOST	Total
TRANSFERS IN			
Debt Service Fund	$ -	$ 4,215,702	$ 4,215,702
Non-Major Funds:			
Title II	22,942	-	22,942
JR ROTC	214,294	-	214,294
Lottery	111,530	-	111,530
	$ 348,766	$ 4,215,702	$ 4,564,468

NOTE K – INTERFUND TRANSFERS – continued

As authorized by the SPLOST referendum, a portion of SPLOST receipts are to be used toward principal and interest payments on certain general obligation debt. During the year, $4,215,702 of SPLOST receipts were transferred to the Debt Service Fund in order to make these debt service payments.

The General Fund provides funding for various programs accounted for in special revenue funds but which are not completely funded by state, federal or local grants.

NOTE L – RISK MANAGEMENT

The School System is exposed to various risks of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; job related injuries to employees; natural disasters and unemployment compensation.

Risk Pool

The School System has elected to be a member of the Georgia School Boards Association- Risk Management Fund (GSBA–RMF), an interlocal risk management agency created under Georgia law. Coverage for losses arising from certain liability and property risks to the School System is provided through a group self-insurance plan. For accounting purposes, this plan is considered to be a Risk Transfer Pool. Under this plan, the School System is responsible for the first $10,000 of each property loss, the first $500 of auto physical damage loss, the first $2,500 of each auto liability claim and the first $10,000 of each school leader's liability claim. The plan assumes certain risks of the School System in excess of the stated retentions up to certain customary coverage limits. The School System is required to make a financial contribution to the plan each year in an amount that is determined on the basis of actuarial projections of losses.

Management of GSBA–RMF has informed the School System it had no outstanding liabilities within the loss retentions stated in the preceding paragraph. Management of GSBA–RMF has also informed the School System that there is a possibility of additional contribution liability in the event that the plan is terminated or the School System elects to withdraw prematurely. No amount has been recorded in financial statements due to the belief that plan termination is unlikely and withdrawal by the School System is not contemplated.

NOTE L – RISK MANAGEMENT – continued

Workers' Compensation Claims

The School System is self-insured for workers' compensation claims. The School System accounts for workers' compensation claims in an internal service fund. Workers' compensation claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School System, in consultation with its claims administrator, has accrued a liability for claims that have been incurred but not reported.

Changes in the workers' compensation claims liability during the last two fiscal years were as follows:

Year Ended June 30,	Beginning of Year Liability	Current Year Claims Accrual	Claims Paid	End of Year Liability
2012	$ 615,000	$ 454,022	$ 454,022	$ 615,000
2011	$ 615,000	$ 521,054	$ 521,054	$ 615,000

Unemployment Claims

The School System is self insured for unemployment compensation claims. These claims are accounted for in the School System's General Fund. Unemployment compensation expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the unemployment compensation liability during the last two fiscal years were as follows:

Year Ended June 30,	Beginning of Year Liability	Current Year Unemployment Accrual	Unemployment Paid	End of Year Liability
2012	$ -	$ 20,189	$ 20,189	$ -
2011	$ -	$ 35,269	$ 35,269	$ -

NOTE M – ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The School System has recognized revenue and expenditures in the General Fund for health insurance and retirement contributions paid on the School System's behalf as follows:

Georgia Department of Education	
Paid to Teachers' Retirement System (TRS)	$ 176,923
Office of Treasury and Fiscal Services	
Paid to the Public School Employees' Retirement System (PSERS)	168,700
	$ 345,623

NOTE N – RETIREMENT PLANS

Teachers Retirement System (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 plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits to 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 Teachers Retirement System of Georgia at Two Northside 75, Suite 100, Atlanta, Georgia 30318.

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 415 imposed limitations on benefits.

TRS provides service retirement, disability retirement and survivor's benefits for its members. The benefit structure of TRS is defined and may be amended by state statute. A member is eligible for retirement after 30 years of 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 benefits paid to members are equal to 2% of the average of the member's two consecutive highest paid 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 7% for each year or fraction of a year by which the member has less than 30 years of creditable 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.

Retirement benefits also include death and disability benefits whereby the disabled member or surviving spouse is entitled to receive annually an amount equal to the member's service retirement benefit or disability retirement, whichever is greater. The benefit is based on the member's creditable service (minimum of 10 years) and compensation up to the date of death.

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest.

NOTE N – RETIREMENT PLANS – continued

Teachers Retirement System (TRS) - continued

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the TRS 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. Required member contributions were 5.53% of annual salary for the fiscal year ended June 30, 2012 (5.25% in 2011 and 2010). The member contribution rate will increase to 6% effective July 1, 2012. The employer contribution rate was 10.28% for fiscal year ending June 30, 2012 and 2011, and 9.74% for fiscal year ending June 30, 2010. The employer contribution rate will increase to 11.41% effective July 1, 2012.

The School System's actual and required contributions to TRS for the years ending June 30, 2012, 2011, and 2010 were approximately $11,903,726, $11,539,365, and $10,998,048, respectively.

Public School Employees' Retirement System (PSERS)

Plan Description. Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by local school systems are covered by the Public School Employees' Retirement System of Georgia (PSERS), which is a cost-sharing multiple employer defined benefit plan. PSERS is administered by a Board of Trustees under the authority of the Employees' Retirement System of Georgia. PSERS issues an annual financial report that includes financial statements and required supplementary information and a copy can be obtained from the Employees' Retirement System of Georgia at Two Northside 75, Suite 299, Atlanta, Georgia 30318.

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of service and retiring between the ages of 60 and 65 receives a reduced benefit. Monthly retirement benefits paid to members are equal to $8.00 multiplied by the number of years of creditable service. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary on the member's death.

Retirement provisions include death and disability benefits. Disability benefits are the same as if the employee had retired at age 65 as long as the employee has 15 or more years of creditable service. Death benefits are dependent upon the number of years of service. If there are less than ten years of service, a lump sum refund of the employee's contributions and interest are made to the beneficiary. If there are more than ten years of service, the beneficiary shall receive for life half of what the employee would have received upon retirement.

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, nonvesting of employer contributions occurs, but the member's contributions are refunded with interest.

NOTE N – RETIREMENT PLANS – continued

Public School Employees' Retirement System (PSERS)- continued

Funding Policy. Covered employees are required by state statute to contribute $4.00 a month for the nine-month school year. Unlike TRS, the School System makes no contribution to PSERS. The State of Georgia is required by statute to make employer contributions as actuarially determined and approved by the PSERS's Board of Trustees. Total required and actual contributions from the State of Georgia to PSERS for the School System was approximately $168,700, $81,000, and $60,000 for the years ended June 30, 2012, 2011, and 2010, respectively.

Fayette County School System Supplemental Retirement Plan

Plan Description. The Fayette County School System Supplemental Retirement Plan (the "Plan") is a single employer defined contribution plan established and administered by the Fayette County Board of Education for those employees covered by PSERS who did not elect coverage under Social Security in 2002. The Plan provides retirement benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the Board. At June 30, 2012, there were 3,052 plan participants.

Funding Policy. Under the Plan, the School System contributes 7.5% of each participant's base compensation. Participants may not make contributions to the Plan. For the fiscal year ending June 30, 2012, the School System's contribution to the Plan was approximately $176,000.

NOTE O – POSTEMPLOYMENT BENEFITS

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

NOTE O – POSTEMPLOYMENT BENEFITS – continued

Funding Policy. The contribution requirements of plan members and participating employers are established and may be amended by the Board of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012 pay approximately twenty-five percent (25%) of the cost of health insurance coverage. In accordance with the Board of Community Health resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board of Community Health may be changed at any time by resolution and does not constitute a contract or promise of any amount of subsidy.

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

The combined active and retiree contribution rates established by the Board of Community Health for employers participating in the School OPEB Fund are as follows for the fiscal year ended June 30, 2012:

Certificated employees (teachers):

Period	Percentage of Covered Payroll (State Base Salary)
July 2011	18.534% for August coverage
August 2011 – March 2012	24.000% for September – April coverage
April 2012 – June 2012	3.958% for May – July coverage

Non-certificated employees:

Period	Rate per Employee
July 2011 – August 2011	$246.20 per month for August - September coverage
September 2011 – June 2012	$296.20 per month for October – July coverage

NOTE O – POSTEMPLOYMENT BENEFITS – continued

No additional contribution was required by the Board of Community Health for fiscal year 2012 nor was contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board of Community Health in accordance with the state plan for other postemployment benefits and are subject to appropriation.

The School System's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the fiscal years ended June 30, 2012, 2011 and 2010 was approximately $19,939,016, $18,973,647, and $16,190,927 respectively. Additionally, the School System paid supplemental amount towards the employee portion of coverage of approximately $2,031,459, $2,034,319, and $2,090,591 for the years ended June 30, 2012, 2011 and 2010, respectively. See Note M for discussion of on-behalf payments.

NOTE P – NON-MONETARY TRANSACTIONS

The School System received from the United States Department of Agriculture through the Georgia Department of Education approximately $515,000 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenues when received and as expenditures when used.

NOTE Q – COMMITMENTS AND CONTINGENCIES

Contracts

The School System has entered into various construction and renovation contracts that are in progress at year end. At year end, approximately $1,218,000 remains to be paid on these contracts.

Grant Programs

The School System participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School System has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the School System, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE Q – COMMITMENTS AND CONTINGENCIES - continued

Litigation

The School System is engaged in other various lawsuits arising in the ordinary course of business. These lawsuits are in various stages of the litigation process, and their ultimate outcome cannot be determined currently. Management does not believe the ultimate outcome of these lawsuits will have a material impact on the School System's financial statements.



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Combining Statements and Schedules

Fayette County Board of Education

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for funds received from other governmental agencies that are legally restricted to be expended for specified purposes. These funds also account for receipt and expenditures of resources transferred from the General Fund when these funds are inadequate to finance the specified activities. The following funds are included in the Special Revenue Funds category:

School Nutrition Service Fund is used to account for the school breakfast and lunch programs which are funded primarily by the Federal government.

Title I Fund was established to account for federal grant funds flowing through the State of Georgia Department of Education to the School System for the purpose of providing remedial education in the areas of reading and math and of providing a special education program for children who are physically handicapped.

Individuals With Disabilities Education Act (IDEA) Fund was established to account for federal grant funds flowing through the State of Georgia Department of Education to the School System, for the purpose of providing special education programs for children in pre-kindergarten through the twelfth grade.

Vocational Grants Fund was established to account for federal grant funds flowing through the Georgia Department of Education for providing a vocational curriculum program for students.

Drug Free Schools and Communities Act Fund was established to account for federal grant funds flowing through the State of Georgia Department of Education to the School System, for the purpose of providing health education in the area of drug abuse.

Eisenhower Professional Development (Title II) Fund was established to account for federal grant funds flowing through the State of Georgia Department of Education to the School System, for the purpose of training teachers in the math, science, foreign language and computer science programs.

Title III Fund was established to account for federal funds flowing through the State of Georgia Department of Education for the purpose of providing programs for training teachers in new teaching methods of ESOL and providing learning materials for students.

Jr. ROTC Fund was established to account for federal funds from the Department of Defense for the purpose of training students in military protocol and serving as an incentive for students to further seek a career in the United States Air Force.

Building Connections Fund was established to account for federal funds flowing directly from the U.S. Department of Education for the purpose of improving instruction related to American history.

Lottery Fund was established to account for state lottery funds.

Fayette County Board of Education

NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED

SPECIAL REVENUE FUNDS - continued

Friends Mentoring Program Fund was established to account for funds flowing through the Department of Human Resources to the School System for the purpose of providing services to at risk youths to prevent juvenile delinquency and substance abuse.

DHR Family Connections Fund was established to account for funds flowing through the Department of Human Resources, whereby the School System serves as fiscal agent for the Family Connections Program, which will use the funds to improve the quality of family life of Fayette County citizens.

Other Grants Fund was established to account for various grant awards not reported in other special revenue funds.

Community Education Fund was established to account for local fees paid by students for the Community School classes.

After School Program Fund was established to account for local fees paid for the after school program in place at various Fayette County Schools.

Donations Fund was established to account for donations by various businesses and individuals for various specified purposes.

Auditorium Rentals Fund was established to account for the proceeds and costs of renting auditorium facilities to various outside groups.

Principals' Fund was established for funds raised at each school for local school programs.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for resources provided for the acquisition or construction of major capital facilities (other than facilities of enterprise funds). Capital projects may be financed by the sale of bonds, state or federal grants, special tax levies, or transfers of resources from other funds. The following capital projects funds are used by the School System:

Regular – This fund accounts for locally funded construction and renovation projects.

Bond 2007 – This fund accounts for construction and renovation projects funded by general obligation bonds issued in fiscal year 2007.

Fayette County Board of Education

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue Funds	Capital Project Funds	Total Non-Major Funds
ASSETS			
Cash	$ 5,872,768	$ 928,691	$ 6,801,459
Investments	67,010	3,341,678	3,408,688
Due from other governments	1,168,096	-	1,168,096
Interest receivable	-	1	1
Due from other funds	-	18,008	18,008
Inventory	296,241	-	296,241
Total assets	$ 7,404,115	$ 4,288,378	$ 11,692,493
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 45,438	$ 219,832	$ 265,270
Salaries payable	1,353,481	-	1,353,481
Due to other funds	1,044,139	-	1,044,139
Total liabilities	2,443,058	219,832	2,662,890
Fund balances			
Nonspendable	296,241	-	296,241
Restricted	1,534,152	3,044,938	4,579,090
Committed	2,630,664	-	2,630,664
Assigned	500,000	1,023,608	1,523,608
Total fund balances	4,961,057	4,068,546	9,029,603
Total liabilities and fund balances	$ 7,404,115	$ 4,288,378	$ 11,692,493

Fayette County Board of Education

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2012

	Special Revenue Funds	Capital Project Funds	Total Non-Major Funds
Revenues			
State funds	$ 863,367	$ -	$ 863,367
Federal funds	8,831,654	-	8,831,654
Local and other funds	8,051,594	4,266	8,055,860
Total revenues	17,746,615	4,266	17,750,881
Expenditures			
Current			
Instruction	5,304,669	-	5,304,669
Support services			
Pupil services	1,220,563	-	1,220,563
Improvement of instructional services	896,400	-	896,400
Educational media services	90,690	-	90,690
General administration	258,130	-	258,130
School administration	396,627	-	396,627
Maintenance and operation of facilities	104,524	-	104,524
Student transportation services	179,828	-	179,828
Other support services	123,863	-	123,863
Community service	2,376,826	-	2,376,826
Food services	7,204,631	-	7,204,631
Capital outlay	-	965,389	965,389
Total expenditures	18,156,751	965,389	19,122,140
Deficiency of revenues over expenditures	(410,136)	(961,123)	(1,371,259)
Other financing sources			
Transfers in	348,766	-	348,766
Total other financing sources	348,766	-	348,766
Net change in fund balances	(61,370)	(961,123)	(1,022,493)
Fund balances, beginning of year	5,022,427	5,029,669	10,052,096
Fund balances, end of year	$ 4,961,057	$ 4,068,546	$ 9,029,603

Fayette County Board of Education

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2012

	School Nutrition Service	Title I	IDEA	Vocational Grants
ASSETS				
Cash	$ 2,371,321	$ 3,009	$ 49,580	$ 12,786
Investments	-	-	-	-
Due from other governments	-	121,839	849,709	15,049
Inventory	296,241	-	-	-
Total assets	$ 2,667,562	$ 124,848	$ 899,289	$ 27,835
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ 5,431	$ 15,715	$ 4,765
Salaries payable	544,447	4,154	436,400	-
Due to other funds	316,396	115,263	447,174	23,070
Total liabilities	860,843	124,848	899,289	27,835
Fund balances				
Nonspendable	296,241	-	-	-
Restricted	1,510,478	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	1,806,719	-	-	-
Total liabilities and fund balances	$ 2,667,562	$ 124,848	$ 899,289	$ 27,835

Drug Free	Title II	Title III	JR ROTC	Building Connections	Lottery
$ -	$ 19,591	$ 3,070	$ 26,589	$ -	$ 121,496
-	-	-	-	-	-
1,024	64,186	24,310	4,673	83,691	-
-	-	-	-	-	-
$ 1,024	$ 83,777	$ 27,380	$ 31,262	$ 83,691	$ 121,496
$ -	$ -	$ 292	$ -	$ 4,684	$ -
-	59,198	6,693	31,262	-	121,496
1,024	24,579	20,395	-	79,007	-
1,024	83,777	27,380	31,262	83,691	121,496
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 1,024	$ 83,777	$ 27,380	$ 31,262	$ 83,691	$ 121,496

continued

Fayette County Board of Education

COMBINING BALANCE SHEET - CONTINUED
NON-MAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2012

	Friends Mentoring Program	DHR Family Connections	Other Grants	Community Education
ASSETS				
Cash	$ 18,935	$ 10,504	$ 4,739	$ 1,025,534
Investments	-	-	-	-
Due from other governments	-	3,615	-	-
Inventory	-	-	-	-
Total assets	$ 18,935	$ 14,119	$ 4,739	$ 1,025,534
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 13,671
Salaries payable	-	-	-	-
Due to other funds	-	14,119	-	3,112
Total liabilities	-	14,119	-	16,783
Fund balances				
Nonspendable	-	-	-	-
Restricted	18,935	-	4,739	-
Committed	-	-	-	508,751
Assigned	-	-	-	500,000
Total fund balances	18,935	-	4,739	1,008,751
Total liabilities and fund balances	$ 18,935	$ 14,119	$ 4,739	$ 1,025,534

After School Program	Donation Funds	Auditorium Rentals	Principals' Fund	Total
$ 895,146	$ 73,165	$ 52,517	$ 1,184,786	$ 5,872,768
-	6,718	-	60,292	67,010
-	-	-	-	1,168,096
-	-	-	-	296,241
$ 895,146	$ 79,883	$ 52,517	$ 1,245,078	$ 7,404,115
$ -	$ 880	$ -	$ -	$ 45,438
149,831	-	-	-	1,353,481
-	-	-	-	1,044,139
149,831	880	-	-	2,443,058
-	-	-	-	296,241
-	-	-	-	1,534,152
745,315	79,003	52,517	1,245,078	2,630,664
-	-	-	-	500,000
745,315	79,003	52,517	1,245,078	4,961,057
$ 895,146	$ 79,883	$ 52,517	$ 1,245,078	$ 7,404,115

Fayette County Board of Education

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Special Revenue Funds
For the year ended June 30, 2012

	School Nutrition Service	Title I	IDEA	Vocational Grants
Revenues				
State funds	$ 186,748	$ -	$ -	$ -
Federal funds	2,860,538	1,291,379	3,716,967	86,827
Local and other funds	3,911,936	-	-	-
Total revenues	6,959,222	1,291,379	3,716,967	86,827
Expenditures				
Current				
Instruction	-	783,453	2,436,859	44,710
Support services				
Pupil services	-	-	1,151,934	-
Improvement of instructional services	-	167,051	1,827	42,117
Educational media services	-	-	-	-
General administration	-	155,762	100,224	-
School administration	-	50	-	-
Maintenance and operation of facilities	-	-	-	-
Student transportation services	-	61,304	26,123	-
Other support services	-	123,759	-	-
Community service	-	-	-	-
Food services	7,204,631	-	-	-
Total expenditures	7,204,631	1,291,379	3,716,967	86,827
Excess (deficiency) of revenues over (under) expenditures	(245,409)	-	-	-
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(245,409)	-	-	-
Fund balances, beginning of year	2,052,128	-	-	-
Fund balances, end of year	$ 1,806,719	$ -	$ -	$ -

Drug Free	Title II	Title III	JR ROTC	Building Connections	Lottery
$ -	$ -	$ -	$ -	$ -	$ 632,619
1,140	339,369	83,776	132,577	318,281	800
-	-	-	-	-	-
1,140	339,369	83,776	132,577	318,281	633,419
-	-	13,011	346,871	-	742,687
1,140	-	67,489	-	-	-
-	362,311	1,683	-	318,281	-
-	-	-	-	-	-
-	-	-	-	-	2,144
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,593	-	-	118
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,140	362,311	83,776	346,871	318,281	744,949
-	(22,942)	-	(214,294)	-	(111,530)
-	22,942	-	214,294	-	111,530
-	22,942	-	214,294	-	111,530
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -

continued

Fayette County Board of Education

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
Special Revenue Funds
For the year ended June 30, 2012

	Friends Mentoring Program	DHR Family Connections	Other Grants	Community Education
Revenues				
State funds	$ -	$ 44,000	$ -	$ -
Federal funds	-	-	-	-
Local and other funds	2,800	-	-	463,833
Total revenues	2,800	44,000	-	463,833
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Pupil services	-	-	-	-
Improvement of instructional services	-	-	-	-
Educational media services	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Maintenance and operation of facilities	-	-	-	13,834
Student transportation services	-	-	-	-
Other support services	-	-	-	-
Community service	751	44,000	5,920	417,344
Food services	-	-	-	-
Total expenditures	751	44,000	5,920	431,178
Excess (deficiency) of revenues over (under) expenditures	2,049	-	(5,920)	32,655
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	2,049	-	(5,920)	32,655
Fund balances, beginning of year	16,886	-	10,659	976,096
Fund balances, end of year	$ 18,935	$ -	$ 4,739	$ 1,008,751

After School Program	Donation Funds	Auditorium Rentals	Principals' Fund	Total
$ -	$ -	$ -	$ -	$ 863,367
-	-	-	-	8,831,654
1,796,540	41,252	19,824	1,815,409	8,051,594
1,796,540	41,252	19,824	1,815,409	17,746,615
-	-	-	937,078	5,304,669
-	-	-	-	1,220,563
-	3,130	-	-	896,400
-	-	-	90,690	90,690
-	-	-	-	258,130
-	-	-	396,577	396,627
-	-	-	90,690	104,524
-	-	-	90,690	179,828
-	104	-	-	123,863
1,580,933	40,743	15,066	272,069	2,376,826
-	-	-	-	7,204,631
1,580,933	43,977	15,066	1,877,794	18,156,751
215,607	(2,725)	4,758	(62,385)	(410,136)
-	-	-	-	348,766
-	-	-	-	348,766
215,607	(2,725)	4,758	(62,385)	(61,370)
529,708	81,728	47,759	1,307,463	5,022,427
$ 745,315	$ 79,003	$ 52,517	$ 1,245,078	$ 4,961,057

Fayette County Board of Education

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
Capital Project Funds

June 30, 2012

	Regular	Bond 2007	Total
ASSETS			
Cash	$ 912,635	$ 16,056	$ 928,691
Investments	110,973	3,230,705	3,341,678
Interest receivable	-	1	1
Due from other funds	-	18,008	18,008
Total assets	$ 1,023,608	$ 3,264,770	$ 4,288,378
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ -	$ 219,832	$ 219,832
Total liabilities	-	219,832	219,832
Fund balances			
Restricted	-	3,044,938	3,044,938
Assigned	1,023,608	-	1,023,608
Total fund balances	1,023,608	3,044,938	4,068,546
Total liabilities and fund balances	$ 1,023,608	$ 3,264,770	$ 4,288,378

Fayette County Board of Education

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Capital Project Funds

For the year ended June 30, 2012

	Regular	Bond 2007	Total
Revenues			
State funds	$ -	$ -	$ -
Local and other funds	137	4,129	4,266
Total revenues	137	4,129	4,266
Expenditures			
Capital outlay	102,402	862,987	965,389
Total expenditures	102,402	862,987	965,389
Net change in fund balances	(102,265)	(858,858)	(961,123)
Fund balances, beginning of year	1,125,873	3,903,796	5,029,669
Fund balances, end of year	$ 1,023,608	$ 3,044,938	$ 4,068,546

Fayette County Board of Education

School Nutrition Service
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
State funds	$ 139,800	$ 139,800	$ 186,748	$ 46,948
Federal funds	2,090,800	2,090,800	2,860,538	769,738
Local and other funds	4,825,000	4,825,000	3,911,936	(913,064)
Total revenues	7,055,600	7,055,600	6,959,222	(96,378)
Expenditures				
Current				
Food services	7,287,750	7,287,750	7,204,631	83,119
Total expenditures	7,287,750	7,287,750	7,204,631	83,119
Net change in fund balances	$ (232,150)	$ (232,150)	$ (245,409)	$ (13,259)

Fayette County Board of Education

Title I
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 1,120,910	$ 1,484,610	$ 1,291,379	$ (193,231)
Total revenues	1,120,910	1,484,610	1,291,379	(193,231)
Expenditures				
Current				
Instruction	644,034	865,507	783,453	82,054
Support services				
Pupil services	2,066	5,124	-	5,124
Improvement of instructional services	161,411	211,520	167,051	44,469
General administration	119,058	167,611	155,762	11,849
School administration	-	50	50	-
Student transportation services	57,418	80,126	61,304	18,822
Other support services	136,923	154,672	123,759	30,913
Total expenditures	1,120,910	1,484,610	1,291,379	193,231
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

IDEA
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 4,422,115	$ 4,218,229	$ 3,716,967	$ (501,262)
Total revenues	4,422,115	4,218,229	3,716,967	(501,262)
Expenditures				
Current				
Instruction	2,982,104	2,734,381	2,436,859	297,522
Support services				
Pupil services	1,263,000	1,359,448	1,151,934	207,514
Improvement of instructional services	15,182	1,900	1,827	73
General administration	132,829	98,700	100,224	(1,524)
Maintenance and operation of facilities	7,000	-	-	-
Student transportation services	22,000	23,800	26,123	(2,323)
Total expenditures	4,422,115	4,218,229	3,716,967	501,262
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Vocational Grants
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 92,356	$ 88,382	$ 86,827	$ (1,555)
Total revenues	92,356	88,382	86,827	(1,555)
Expenditures				
Current				
Instruction	5,994	43,882	44,710	(828)
Support services				
Improvement of instructional services	86,362	44,500	42,117	2,383
Total expenditures	92,356	88,382	86,827	1,555
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Drug Free
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 7,298	$ 1,140	$ 1,140	$ -
Total revenues	7,298	1,140	1,140	-
Expenditures				
Current				
Support services				
Pupil services	7,298	1,140	1,140	-
Total expenditures	7,298	1,140	1,140	-
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Title II
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 382,292	$ 338,727	$ 339,369	$ 642
Total revenues	382,292	338,727	339,369	642
Expenditures				
Current				
Support services				
Improvement of instructional services	382,292	338,727	362,311	(23,584)
Total expenditures	382,292	338,727	362,311	(23,584)
Deficiency of revenues under expenditures	-	-	(22,942)	(22,942)
Other financing sources				
Transfers in	-	-	22,942	22,942
Total other financing sources	-	-	22,942	22,942
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Title III
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 84,434	$ 82,358	$ 83,776	$ 1,418
Total revenues	84,434	82,358	83,776	1,418
Expenditures				
Current				
Instruction	15,000	13,900	13,011	889
Support services				
Pupil services	64,392	64,509	67,489	(2,980)
Improvement of instructional services	2,889	1,796	1,683	113
Student transportation services	2,153	2,153	1,593	560
Total expenditures	84,434	82,358	83,776	(1,418)
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

JR ROTC
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 140,000	$ 140,000	$ 132,577	$ (7,423)
Total revenues	140,000	140,000	132,577	(7,423)
Expenditures				
Current				
Instruction	405,000	405,000	346,871	58,129
Total expenditures	405,000	405,000	346,871	58,129
Deficiency of revenues under expenditures	(265,000)	(265,000)	(214,294)	50,706
Other financing sources				
Transfers in	265,000	265,000	214,294	(50,706)
Total other financing sources	265,000	265,000	214,294	(50,706)
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Building Connections
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 387,600	$ 387,600	$ 318,281	$ (69,319)
Total revenues	387,600	387,600	318,281	(69,319)
Expenditures				
Current				
Support services				
Improvement of instructional services	387,600	387,600	318,281	69,319
Total expenditures	387,600	387,600	318,281	69,319
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Lottery
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
State funds	$ 675,000	$ 675,000	$ 632,619	$ (42,381)
Federal funds	-	-	800	800
Total revenues	675,000	675,000	633,419	(41,581)
Expenditures				
Current				
Instruction	800,000	800,000	742,687	57,313
Support services				
General administration	-	-	2,144	(2,144)
Student transportation services	-	-	118	(118)
Total expenditures	800,000	800,000	744,949	55,051
Deficiency of revenues under expenditures	(125,000)	(125,000)	(111,530)	13,470
Other financing sources				
Transfers in	125,000	125,000	111,530	(13,470)
Total other financing sources	125,000	125,000	111,530	(13,470)
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Friends Mentoring Program
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 5,000	$ 5,000	$ 2,800	$ (2,200)
Total revenues	5,000	5,000	2,800	(2,200)
Expenditures				
Current				
Support services				
Other support services	5,000	5,000	-	5,000
Community service	-	-	751	(751)
Total expenditures	5,000	5,000	751	4,249
Net change in fund balances	$ -	$ -	$ 2,049	$ 2,049

Fayette County Board of Education

DHR Family Connections
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
State funds	$ 40,000	$ 44,000	$ 44,000	$ -
Total revenues	40,000	44,000	44,000	-
Expenditures				
Community service	40,000	44,000	44,000	-
Total expenditures	40,000	44,000	44,000	-
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Other Grants
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 5,000	$ 5,000	$ -	$ (5,000)
Total revenues	5,000	5,000	-	(5,000)
Expenditures				
Current				
Community service	5,000	5,000	5,920	(920)
Total expenditures	5,000	5,000	5,920	(920)
Net change in fund balances	$ -	$ -	$ (5,920)	$ (5,920)

Fayette County Board of Education

Community Education
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 360,000	$ 360,000	$ 463,833	$ 103,833
Total revenues	360,000	360,000	463,833	103,833
Expenditures				
Current				
Support services				
Maintenance and operation of facilities	-	-	13,834	(13,834)
Community service	371,021	371,021	417,344	(46,323)
Total expenditures	371,021	371,021	431,178	(60,157)
Excess (defieciency) of revenues over (under) expenditures	(11,021)	(11,021)	32,655	43,676
Other financing uses				
Transfers out	(500,000)	(500,000)	-	500,000
Total other financing uses	(500,000)	(500,000)	-	500,000
Net change in fund balances	$ (511,021)	$ (511,021)	$ 32,655	$ 543,676

Fayette County Board of Education

After School Program
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 1,661,213	$ 1,661,213	$ 1,796,540	$ 135,327
Total revenues	1,661,213	1,661,213	1,796,540	135,327
Expenditures				
Current				
Community service	1,658,143	1,658,143	1,580,933	77,210
Total expenditures	1,658,143	1,658,143	1,580,933	77,210
Net change in fund balances	$ 3,070	$ 3,070	$ 215,607	$ 212,537

Fayette County Board of Education

Donations
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 30,000	$ 30,000	$ 41,252	$ 11,252
Total revenues	30,000	30,000	41,252	11,252
Expenditures				
Current				
Support services				
Improvement of instructional services	-	-	3,130	(3,130)
Other support services	-	-	104	(104)
Community service	30,000	30,000	40,743	(10,743)
Total expenditures	30,000	30,000	43,977	(13,977)
Net change in fund balances	$ -	$ -	$ (2,725)	$ (2,725)

Fayette County Board of Education

Auditorium Rentals
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 5,000	$ 5,000	$ 19,824	$ 14,824
Total revenues	5,000	5,000	19,824	14,824
Expenditures				
Current				
Community service	5,000	5,000	15,066	(10,066)
Total expenditures	5,000	5,000	15,066	(10,066)
Net change in fund balances	$ -	$ -	$ 4,758	$ 4,758

Fayette County Board of Education

Principal Accounts
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 2,600,000	$ 2,600,000	$ 1,815,409	$ (784,591)
Total revenues	2,600,000	2,600,000	1,815,409	(784,591)
Expenditures				
Current				
Instruction	-	-	937,078	(937,078)
Support services				
Educational media services	-	-	90,690	(90,690)
School administration	-	-	396,577	(396,577)
Maintenance and operation of facilities	-	-	90,690	(90,690)
Student transportation services	-	-	90,690	(90,690)
Central support services	-	-	-	-
Other support services	2,600,000	2,600,000	-	2,600,000
Community service	-	-	272,069	(272,069)
Total expenditures	2,600,000	2,600,000	1,877,794	722,206
Net change in fund balances	$ -	$ -	$ (62,385)	$ (62,385)

Fayette County Board of Education

Debt Service Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 7,228,510	$ 7,228,510	$ 7,504,255	$ 275,745
Total revenues	7,228,510	7,228,510	7,504,255	275,745
Expenditures				
Debt services				
Principal retirement	7,036,781	7,036,781	7,036,780	1
Interest and fees	4,407,431	4,407,431	4,402,781	4,650
Total expenditures	11,444,212	11,444,212	11,439,561	4,651
Deficiency of revenues under expenditures	(4,215,702)	(4,215,702)	(3,935,306)	280,396
Other financing sources				
Transfers in	4,215,702	4,215,702	4,215,702	-
Total other financing sources	4,215,702	4,215,702	4,215,702	-
Net change in fund balances	$ -	$ -	$ 280,396	$ 280,396

Fayette County Board of Education

AGENCY FUNDS

Agency funds are used to accumulate assets held by the School System in a trustee capacity.

Club and Class Funds – To account for monies collected at the schools in connection with student athletic, class and club activities.

Fayette County Board of Education

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the year ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash	$ 1,690,390	$ 5,012,791	$ 5,169,246	$ 1,533,935
LIABILITIES				
Due to student groups	$ 1,690,390	$ 5,012,791	$ 5,169,246	$ 1,533,935

ADDITIONAL FINANCIAL INFORMATION

FAYETTE COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE YEAR ENDED JUNE 30, 2012

Project	Original Estimated Cost	Current Estimated Cost	Prior Years' Expenditures	Current Year's Expenditures
Debt service payments on bonded debt (Series 1999, 2001 and 2005)	$ 38,000,000	$ 28,600,000	$ 8,000,000	$ 4,215,702
Additions, renovations, repairs, improvements and equipment for existing school buildings and school system facilities	17,000,000	14,800,000	368,714	1,668,590
Acquisition of miscellaneous new equipment, fixtures and furnishings the school system, including technology infrastructure, equipment and software, safety and security equipment	47,500,000	40,380,000	13,790,649	6,169,762
Acquisition of textbooks	2,500,000	2,750,000	1,720,376	312,542
Acquisition of school buses and transportation and maintenance equipment	10,000,000	8,800,000	2,833,248	1,604,404
	$ 115,000,000	$ 95,330,000	$ 26,712,987	$ 13,971,000

FAYETTE COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES BY OBJECT
LOTTERY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2012

Expenditures		
Operating costs		
Salaries	$	542,021
Employee benefits		193,057
Supplies and materials		5,020
Supplies and materials related to technology		327
Expendable equipment		2,575
Expendable computer equipment		1,353
Books and periodicals		189
Dues and fees		360
Purchase of fuel		47
Total expenditures	$	744,949

FAYETTE COUNTY BOARD OF EDUCATION

QUALITY BASIC EDUCATION PROGRAM
EARNINGS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2012

Description	Allotments from Georgia Department of Education (1) (2)	Actual State Funded Expenditures		
		Salaries	Operations	Total
Kindergarten Program	$ 5,465,063	$ 6,809,273	$ 36,466	$ 6,845,739
Kindergarten Program-Early Intervention Program	85,603	-	160	160
Primary Grades (1-3) Program	14,425,347	18,366,093	102,583	18,468,676
Primary Grades-Early Intervention (1-3) Program	1,104,485	2,240,476	3,736	2,244,212
Upper Elementary Grades (4-5) Program	7,669,011	11,337,946	56,117	11,394,063
Upper Elem Grades-Early Intervention (4-5) Program	774,800	1,231,254	1,195	1,232,449
Middle School (6-8) Program	14,812,907	21,227,593	95,109	21,322,702
High School General Education (9-12) Program	16,698,469	24,143,363	210,864	24,354,227
Vocational Laboratory (9-12) Program	2,319,810	2,261,953	82,176	2,344,129
Students with Disabilities	13,107,730			
Category I		1,002,286	10,827	1,013,113
Category II		916,640	1,412	918,052
Category III		8,543,254	42,315	8,585,569
Category IV		3,319,163	27,700	3,346,863
Category V		-	12,670	12,670
Gifted Student - Category VI	5,948,328	3,715,378	47,984	3,763,362
Remedial Education Program	794,505	800,719	2,014	802,733
Alternative Education Program	1,267,370	1,044,075	8,925	1,053,000
English Speakers of Other Languages (ESOL)	894,376	1,554,615	8,112	1,562,727
TOTAL DIRECT INSTRUCTIONAL FUNDS	85,367,804	108,514,081	750,365	109,264,446
Media Center Program	2,377,686	2,974,957	409,819	3,384,776
Staff and Professional Development	478,738	-		229,333
TOTAL QBE FORMULA FUNDS	$ 88,224,228	$ 111,489,038	$ 1,160,184	$ 112,878,555

(1) Comprised of gross state funds, before reduction of local five mill share.

(2) Allotments do not include the impact of the State Amended Formula Adjustment.

STATISTICAL SECTION

This part of the Fayette County Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School System's overall financial health.

Contents **Page**

Financial Trends 114
These schedules contain trend information to help the reader understand how the School System's financial performance and well-being have changed over time.

Revenue Capacity 123
These schedules contain information to help the reader assess the School System's most significant local revenue source, the property tax.

Debt Capacity 131
These schedules present information to help the reader assess the affordability of the School System's current level of outstanding debt and the School System's ability to issue additional debt in the future.

Operating Information 136
These schedules contain service and infrastructure data to help the reader understand how the information in the School System's financial report relates to the services the School System provides and the activities it performs.

Demographic and Economic Information 148
Theses schedules offer demographic and economic indications to help the reader understand the environment within which the School System's financial activities take place.

Fayette County Board of Education
Net Assets by Component
Last Ten Fiscal Years
(unaudited)

	Fiscal Year			
	2012	**2011**	**2010**	**2009**
Governmental Activities				
Invested in capital assets, net of related debt	$ 175,064,622	$ 172,653,135	$ 169,508,268	$ 158,499,410
Restricted	31,257,451	26,335,635	8,971,932	11,911,480
Unrestricted	13,339,704	20,608,820	28,213,735	1,620,066
Total governmental activities net assets	$ 219,661,777	$ 219,597,590	$ 206,693,935	$ 172,030,956

Source: School System records.

2008	2007	2006	2005	2004	2003
$ 150,461,882	$ 141,200,087	$ 131,639,978	$ 123,283,904	$ 108,982,803	$ 81,613,702
19,677,495	34,954,814	23,254,509	40,201,991	18,274,136	32,676,468
(13,255,093)	(20,464,970)	(10,668,482)	(26,387,084)	4,905,722	6,963,207
$ 156,884,284	$ 155,689,931	$ 144,226,005	$ 137,098,811	$ 132,162,661	$ 121,253,377

Fayette County Board of Education
Changes in Net Assets
Last Ten Fiscal Years
(unaudited)

	Fiscal Year			
Expenses	**2012**	**2011**	**2010**	**2009**
Governmental Activities				
Instruction	$ 138,166,002	$ 140,677,264	$ 138,121,383	$ 146,934,039
Support Services				
Pupil services	9,361,037	9,331,883	5,132,093	5,139,847
Improvement of instructional services	4,396,525	4,229,846	4,331,092	4,495,310
Educational media services	3,714,750	3,757,201	3,620,838	4,122,924
General administration	1,328,258	1,192,086	1,162,135	1,180,835
School administration	13,925,349	13,192,469	12,788,338	13,521,964
Business administration	937,222	1,139,105	1,078,060	969,569
Maintenance and operation of facilities	16,157,767	16,161,495	14,884,267	15,880,952
Student transportation services	9,031,403	8,073,549	7,710,847	8,273,658
Central support services	3,402,613	4,140,542	4,434,557	4,517,985
Other support services	303,373	290,337	282,244	326,650
Community services	2,385,232	2,194,891	2,401,650	2,978,945
Education	-	-	-	-
Food services	8,078,108	7,925,808	7,709,527	8,568,176
Other non-instructional services	-	-	-	-
Interest expense	3,898,053	4,557,031	5,022,769	5,694,228
Total governmental activities expenses	$ 215,085,692	$ 216,863,507	$ 208,679,800	$ 222,605,082
Program Revenues				
Charges for services				
Instruction	$ 455,409	$ 335,649	$ 392,228	$ 314,311
Support services	2,220,197	2,181,465	2,330,335	2,572,638
Education	-	-	-	-
Food services	3,911,898	3,943,587	4,120,152	4,476,338
Other non-instructional services	-	-	-	-
Operating grants and contributions	91,800,116	102,475,842	99,837,085	100,129,904
Capital grants and contributions	228,659	1,213,372	398,221	3,614,327
Total governmental activities program revenues	$ 98,616,279	$ 110,149,915	$ 107,078,021	$ 111,107,518
NET (EXPENSE) REVENUE	$ (116,469,413)	$ (106,713,592)	$ (101,601,779)	$ (111,497,564)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes	$ 94,275,592	$ 99,163,635	$ 115,268,389	$ 115,084,744
Intangible taxes	1,392,564	1,331,459	1,273,783	1,623,315
Transfer taxes	288,711	266,814	265,509	340,522
Other taxes	-	-	-	-
State reimbursement of homestead exemption, general purpose	-	-	-	3,768,591
Sales tax, capital outlay and debt service	20,009,700	18,259,865	18,802,125	4,488,524
Interest and investment earnings	78,268	108,504	121,947	470,896
Other	488,765	486,970	533,005	867,644
Total governmental activities general revenues	$ 116,533,600	$ 119,617,247	$ 136,264,758	$ 126,644,236
Change in Net Assets	$ 64,187	$ 12,903,655	$ 34,662,979	$ 15,146,672

Note (A): In year of implementation, all instruction and support service expenses classified under education.

Source: School System records

2008	2007	2006	2005	2004	2003 (A)
$ 150,943,576	$ 139,532,687	$ 129,110,116	$ 120,102,348	$ 114,285,902	$ -
5,273,876	5,052,964	4,381,135	4,500,471	4,244,930	-
4,893,730	4,959,046	4,841,891	4,194,351	3,654,878	-
4,413,871	4,134,587	3,901,888	3,825,244	3,633,377	-
1,463,251	1,865,056	2,089,660	1,891,969	2,006,204	-
13,856,589	12,363,255	10,965,459	10,692,347	9,922,166	-
1,199,535	1,256,946	1,235,347	1,021,899	1,007,631	-
16,159,214	14,994,627	14,128,544	12,719,694	11,927,783	-
8,616,819	7,864,526	7,226,965	6,877,733	5,962,203	-
4,446,113	3,696,847	2,546,504	2,699,301	2,767,767	-
227,472	241,819	195,724	341,205	289,995	-
3,143,072	3,323,812	2,959,370	2,973,067	2,401,678	-
-	-	-	-	-	162,931,029
8,053,566	7,129,145	6,981,926	7,171,596	7,107,293	5,788,470
2,311,561	2,572,397	2,656,276	3,216,384	3,491,013	-
6,433,790	6,210,948	6,271,738	5,763,735	5,365,458	5,904,412
$ 231,436,035	$ 215,198,662	$ 199,492,543	$ 187,991,344	$ 178,068,278	$ 174,623,911
$ 200,639	$ 380,875	$ 432,037	$ 241,439	$ 294,436	$ -
3,016,894	2,953,235	2,692,836	2,823,292	2,752,414	-
-	-	-	-	-	5,762,422
4,465,461	4,178,251	4,164,794	4,105,404	3,874,727	3,864,869
2,226,598	2,443,673	2,831,385	3,249,690	3,739,338	-
107,519,664	102,112,584	93,582,335	85,404,204	82,746,889	84,580,360
1,549,115	4,154,760	-	391,608	6,101,161	53,544
$ 118,978,371	$ 116,223,378	$ 103,703,387	$ 96,215,637	$ 99,508,965	$ 94,261,195
$ (112,457,664)	$ (98,975,284)	$ (95,789,156)	$ (91,775,707)	$ (78,559,313)	$ (80,362,716)
$ 104,382,015	$ 99,496,866	$ 92,166,178	$ 87,468,396	$ 79,192,771	71,782,580
2,149,764	2,791,990	3,033,194	2,909,438	3,517,674	3,738,421
578,761	872,943	931,184	771,895	755,296	-
-	27,790	13,424	16,735	218,882	425,612
3,537,233	3,549,276	3,576,846	3,546,985	3,477,950	3,154,754
-	-	-	-	-	-
2,450,562	2,826,447	2,678,460	1,381,476	1,049,443	2,063,527
553,682	873,898	517,064	616,932	1,256,581	778,454
$ 113,652,017	$ 110,439,210	$ 102,916,350	$ 96,711,857	$ 89,468,597	$ 81,943,348
$ 1,194,353	$ 11,463,926	$ 7,127,194	$ 4,936,150	$ 10,909,284	$ 1,580,632

Fayette County Board of Education
Fund Balances of Governmental Funds
Last Ten Fiscal Years

(unaudited)

	Fiscal Year			
	2012	**2011 (A)**	**2010**	**2009**
General Fund				
Nonspendable	$ 30,575	$ 38,475	$ -	$ -
Restricted	-	-	-	-
Committed	399,052	230,102	-	-
Assigned	14,197,281	16,435,948	-	-
Unassigned	2,190,268	9,632,929	-	-
Reserved	-	-	-	-
Unreserved	-	-	17,288,019	4,509,616
Total General Fund	$ 16,817,176	$ 26,337,454	$ 17,288,019	$ 4,509,616
All other governmental funds				
Nonspendable	$ 491,954	$ 259,836	$ -	$ -
Restricted	35,325,484	30,318,985	-	-
Committed	2,630,664	2,442,754	-	-
Assigned	1,523,608	1,625,873	-	-
Unassigned	-	-	-	-
Reserved	-	-	3,453,437	2,635,889
Unreserved, reported in:				
Special projects funds	-	-	4,117,102	3,099,256
Capital projects funds	-	-	21,596,282	14,433,786
Total all other governmental funds	$ 39,971,710	$ 34,647,448	$ 29,166,821	$ 20,168,931

Note: Includes all governmental fund types.

A Reflects implementation of GASB Statement No. 54

[1] Balances previously reported as reserved fund balance related to capital project funds funded with bond proceeds and as reserved fund balance related to special revenue funds have been reclassified to unreserved classification because the funds in which the balances are accounted limit its usage. That is, the restriction on the fund balance is not narrower than the purpose of the fund itself.

[2] Increase in fund balance in this period was due to the issuance of general obligation bonds during the period for capital projects.

Source: School System records

Fiscal Year						
2008	**2007**	**2006**	**2005**	**2004**	**2003**
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,678,283	6,555,409	5,427,148	4,799,001	6,120,096	6,338,338
$ 1,678,283	$ 6,555,409	$ 5,427,148	$ 4,799,001	$ 6,120,096	$ 6,338,338
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,298,020	4,629,016	4,667,476 [1]	42,253,938	19,956,232	34,595,240
2,638,343	2,699,479	2,821,627	-	-	-
18,850,160	34,227,555	21,738,700	3,145,184	-	-
$ 23,786,523	$ 41,556,050 [2]	$ 29,227,803	$ 45,399,122 [2]	$ 19,956,232	$ 34,595,240

Fayette County Board of Education
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year			
	2012	**2011**	**2010**	**2009**
Revenues				
State funds	80,886,999	$ 86,636,341	$ 77,735,483	$ 91,168,857
Federal funds	8,884,415	14,515,896	20,439,527	9,745,900
Local and other funds	125,728,896	130,272,481	144,926,435	135,324,244
Total revenues	215,500,310	231,424,718	243,101,445	236,239,001
Expenditures				
Current				
Instruction	129,513,425	126,536,594	129,413,149	138,027,216
Support services				
Pupil services	9,378,670	9,305,224	5,133,136	5,139,291
Improvement of instructional services	4,220,893	4,132,770	4,303,987	4,430,882
Educational media services	3,497,711	3,540,744	3,406,581	3,910,192
General administration	1,299,766	1,155,654	1,162,559	1,167,459
School administration	13,384,943	12,772,049	12,502,590	13,316,070
Business administration	944,784	1,112,059	1,064,214	941,630
Maintenance and operation of facilities	13,733,068	13,790,653	13,920,860	14,723,060
Student transportation services	7,886,610	7,153,794	7,078,540	7,301,975
Central support services	2,614,046	3,181,093	3,605,247	3,668,489
Other support services	303,373	297,832	282,244	326,650
Community service	2,376,826	2,177,702	2,387,429	2,979,114
Food services	7,207,059	7,030,245	6,810,308	7,328,239
Other non-instructional services	-	-	-	-
Capital outlay	9,151,831	12,914,799	8,612,189	13,591,204
Debt Service				
Principal retirement	9,496,943	11,062,504	18,766,832	18,068,590
Interest and fees	4,686,378	4,042,368	3,009,514	4,391,888
Bond issuance cost	-	-	81,061	-
Total expenditures	219,696,326	220,206,084	221,540,440	239,311,949
Excess (deficiency) of revenues over (under) expenditures	(4,196,016)	11,218,634	21,561,005	(3,072,948)
Other financing sources (uses)				
Sale of assets	-	-	-	-
Issuance of bonds	-	-	-	-
Premium (discount) on issuance of bonds	-	-	1,118,947	-
Capital lease	-	3,311,428	127,103	2,286,689
Refunding bonds	-	-	24,800,000	-
Payment to refunded bond escrow agent	-	-	(25,830,762)	-
Total other financing sources (uses)	-	3,311,428	215,288	2,286,689
Net change in fund balances	(4,196,016)	14,530,062	21,776,293	(786,259)
Debt service as a percentage of noncapital expenditures	6.6%	6.9%	10.1%	9.8%

[1] Negative change in total fund balance is the result of spending proceeds of previously issued debt on large capital projects.

[2] Positive change in total fund balance is the result of the issuance of general obligation debt.

[3] Capital assets not recorded. Ratio calculated on capital outlay, not capital asset additions.

Source: School System records

Fiscal Year						
2008	**2007**	**2006**	**2005**	**2004**	**2003**
$ 101,587,596	$ 98,868,501	$ 85,750,375	$ 79,716,303	$ 83,334,681	$ 79,088,535
7,234,301	6,909,759	7,521,162	5,750,007	5,244,106	5,453,695
123,177,217	120,567,784	113,314,825	106,519,973	100,441,851	91,281,390
231,999,114	226,346,044	206,586,362	191,986,283	189,020,638	175,823,620
143,371,200	133,447,372	123,924,803	113,571,854	108,246,557	105,478,766
5,260,974	5,039,509	4,427,063	4,485,522	4,217,086	4,098,437
4,853,123	4,884,050	4,780,798	4,110,379	3,536,290	3,570,616
4,205,362	3,925,284	3,651,713	3,404,294	3,299,354	3,401,268
1,448,959	1,809,808	2,027,439	1,769,569	1,936,236	1,590,361
13,556,618	12,092,048	10,718,073	10,285,912	9,612,826	10,436,569
1,193,107	1,327,015	1,178,267	1,009,732	990,234	901,104
15,609,988	14,495,969	13,957,845	12,494,337	11,509,039	11,793,871
9,054,471	7,274,856	8,668,870	7,004,495	6,211,512	4,765,947
3,826,798	3,538,616	2,839,589	3,030,099	2,957,379	2,138,900
227,472	241,819	195,724	347,824	289,995	507,437
3,134,538	3,304,322	2,955,767	2,997,403	2,396,438	2,443,388
7,262,468	6,462,068	6,304,995	6,176,344	5,697,961	5,594,411
2,311,561	2,572,397	2,656,276	3,216,384	3,491,013	3,091,298
18,882,946	23,975,915	17,753,339	12,280,797	34,479,105	27,788,797
16,967,044	15,203,484	13,589,396	12,216,292	11,514,270	9,589,215
4,958,756	4,406,505	4,896,009	5,317,301	5,545,593	6,047,871
-	158,412	21,044	160,712	-	-
256,125,385	244,159,449	224,547,010	203,879,250	215,930,888	203,238,256
(24,126,271)	(17,813,405)	(17,960,648)	(11,892,967)	(26,910,250)	(27,414,636)
-	-	-	52,106	901,000	390,879
-	29,965,000	-	35,000,800	-	-
-	1,304,913	-	(101,915)	-	-
1,479,618	-	2,417,476	1,063,771	1,152,000	-
-	-	-	-	-	-
-	-	-	-	-	-
1,479,618	31,269,913	2,417,476	36,014,762	2,053,000	390,879
(22,646,653)	13,456,508 [2]	(15,543,172) [1]	24,121,795 [2]	(24,857,250) [1]	(27,023,757) [1]
9.2%	9.0%	9.1%	9.2%	8.9%	9.3%



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Fayette County Board of Education
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
(unaudited)

MAINTENANCE AND OPERATIONS

Fiscal Year	Assessed Valued: Real Property	Assessed Valued: Personal Property	Assessed Valued: Privately-Owned Public Utilities	Less: Freeport Homestead Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Values as a Percentage of Actual Value
2012	4,685,363	320,053	72,841	720,582	4,357,675	20.000	12,695,643	40%
2011	4,889,256	320,137	73,325	704,898	4,577,820	20.000	13,206,795	40%
2010	5,278,389	397,857	71,407	727,311	5,020,342	20.000	14,369,133	40%
2009	5,245,804	390,440	67,292	670,759	5,032,777	19.750	14,258,840	40%
2008	5,085,472	350,968	70,522	627,651	4,879,311	18.596	13,767,405	40%
2007	4,794,801	329,427	64,713	582,484	4,606,457	18.600	12,972,353	40%
2006	4,372,044	339,547	64,757	512,898	4,263,450	18.750	11,940,870	40%
2005	4,036,879	345,487	64,305	469,733	3,976,938	18.990	11,116,678	40%
2004	3,709,205	346,465	62,756	435,809	3,682,617	18.869	10,296,065	40%
2003	3,442,392	339,847	61,966	403,125	3,441,080	17.650	9,610,513	40%

DEBT SERVICE

Fiscal Year	Assessed Valued: Real Property	Assessed Valued: Personal Property	Assessed Valued: Privately-Owned Public Utilities	Less: Freeport Homestead Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Values as a Percentage of Actual Value
2012	4,685,363	320,053	72,841	677,754	4,400,503	1.650	12,695,643	40%
2011	4,889,256	320,137	73,325	660,854	4,621,864	1.650	13,206,795	40%
2010	5,278,389	397,857	71,407	682,653	5,065,000	3.420	14,369,133	40%
2009	5,514,344	390,440	67,292	625,965	5,346,111	4.170	14,930,190	40%
2008	5,326,038	350,968	70,522	582,355	5,165,173	3.550	14,368,820	40%
2007	4,794,801	329,427	64,713	537,084	4,651,857	3.550	12,972,353	40%
2006	4,372,044	339,547	64,757	467,752	4,308,596	3.600	11,940,870	40%
2005	4,036,879	345,487	64,305	425,345	4,021,326	3.687	11,116,678	40%
2004	3,709,205	346,465	62,756	391,943	3,726,483	3.825	10,296,065	40%
2003	3,442,392	339,847	61,966	360,477	3,483,728	4.044	9,610,513	40%

Source: Georgia Department of Revenue

Fayette County Board of Education
Direct and Overlapping
Property Tax Rates
Last Ten Fiscal Years
(unaudited)

	School System			County			
	Operating Millage	Debt Service Millage	Total Millage	Unincorporated Operating Millage	Incorporated Operating Millage	Fire (1) District Millage	EMS (2) District Millage
2012	20.000	1.650	21.650	5.645	5.645	2.500	0.450
2011	20.000	1.650	21.650	7.391	5.400	1.991	0.548
2010	20.000	3.420	23.420	7.391	5.400	1.991	0.548
2009	19.750	4.170	23.920	7.391	5.400	1.991	0.548
2008	18.596	3.550	22.146	5.432	5.432	2.000	0.550
2007	18.600	3.550	22.150	4.888	5.692	2.906	N/A
2006	18.750	3.600	22.350	5.191	6.083	3.091	N/A
2005	18.990	3.687	22.677	5.420	6.380	3.230	N/A
2004	18.869	3.825	22.694	5.870	6.820	3.390	N/A
2003	17.650	4.044	21.694	6.200	7.120	3.580	N/A

Source: Georgia Department of Revenue

Notes (1) In 2012, levied in all incorporated and unincorporated areas. Prior to 2012, levied in all municipalities except Fayetteville and Peachtree City.

(2) Established EMS tax district to allocate cost of EMS based on use.

Overlapping Governments

City of Fayetteville Millage	City of Tyrone Millage	City of Brooks Millage	City of Peachtree City Millage	City of Peachtree City Debt Service	State Millage
3.441	2.889	0.816	6.384	0.399	0.250
3.240	2.889	0.789	6.384	0.399	0.250
2.988	2.889	0.730	5.134	0.399	0.250
2.988	2.889	0.730	5.120	0.411	0.250
2.990	2.900	0.764	4.985	0.548	0.250
2.990	2.900	0.794	5.533	-	0.250
3.033	2.900	0.862	5.283	-	0.250
3.033	2.900	0.900	5.283	-	0.250
3.033	2.900	0.935	5.283	-	0.250
3.110	2.900	1.000	4.703	-	0.250

Fayette County Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	M&O Tax Levy	Debt Service Tax Levy	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy	
				Amount	Percentage of Levy
2012	87,153,494	7,260,829	94,414,323	91,614,015	97.0%
2011	89,949,880	7,493,511	97,443,391	95,253,547	97.8%
2010	95,475,793	16,479,111	111,954,904	107,530,037	96.0%
2009	99,164,240	21,124,335	120,288,575	116,809,520	97.1%
2008	90,226,100	17,384,940	107,611,040	105,166,788	97.7%
2007	85,394,697	16,459,467	101,854,164	100,341,217	98.5%
2006	79,600,481	15,445,744	95,046,225	93,417,376	98.3%
2005	74,971,265	14,720,465	89,691,730	88,077,077	98.2%
2004	68,984,474	14,151,670	83,136,144	81,597,242	98.1%
2003	59,755,477	14,088,195	73,843,672	72,328,989	97.9%

Source: As reported by the Fayette County Tax Commissioner

Note Tax levy includes levy on motor vehicles.

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
-	91,614,015	97.0%
2,709,433	97,962,980	100.5%
4,988,911	112,518,948	100.5%
3,425,187	120,234,707	100.0%
2,304,573	107,471,361	99.9%
1,439,474	101,780,691	99.9%
143,086	93,560,462	98.4%
1,521,627	89,598,704	99.9%
1,537,211	83,134,453	100.0%
1,509,871	73,838,860	100.0%

Fayette County Board of Education
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	Auto Ad Valorem	Intangible Tax	Transfer Tax	State Reimbursement of Homestead Exemption
2012	$ 86,806,456	$ 7,469,136	$ 1,392,564	$ 273,132	$ -
2011	91,741,352	7,422,283	1,331,459	266,814	-
2010	107,637,996	7,630,393	1,273,783	265,509	-
2009	107,123,149	7,961,595	1,623,315	340,522	3,768,591
2008	96,299,582	8,082,433	2,149,764	578,761	3,537,233
2007	91,485,816	8,011,050	2,791,990	872,943	3,549,276
2006	84,382,779	7,783,399	3,033,194	931,184	3,576,846
2005	79,681,683	7,686,713	2,909,438	771,895	3,546,985
2004	71,488,701	7,704,070	3,517,674	755,296	3,477,950
2003	NA	NA	NA	NA	NA

Source: School System records

NA: Data not available

Special Purpose Local Option Sales Tax	Other Taxes	Total
$ 20,009,700	$ 15,579	$ 115,966,567
18,259,865	-	119,021,773
18,802,125	-	135,609,806
4,488,524	-	125,305,696
-	-	110,647,773
-	27,790	106,738,865
-	13,424	99,720,826
-	16,735	94,613,449
-	218,882	87,162,573
NA	NA	NA

Fayette County Board of Education
Principal Taxpayers (Top Ten)
June 30, 2012 and Nine Years Ago

Taxpayer	FY 2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	FY 2003 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
NCR Corporation	29,676,954	1	0.58%	37,534,080	1	0.98%
DDRTC Fayette Pavilion I & II	27,642,168	2	0.54%			
DDRTC Fayette Pavilion III & IV	14,521,196	3	0.29%			
BellSouth	12,889,306	4	0.25%	16,715,301	7	0.43%
Coweta-Fayette EMC	12,767,602	5	0.25%	17,513,240	5	0.46%
Georgia Power Company	11,968,740	6	0.24%			
Hoshizaka America	11,848,407	7	0.23%			
Atlanta Gas Light	10,600,002	8	0.21%	10,543,102	10	0.27%
Coweta-Fayette EMC & VP Finance	9,910,542	9	0.20%			
Camden Summit Partnership	9,865,200	10	0.19%			
Fourth Quarter Properties				34,829,148	2	0.91%
TDK/Electronic Corp.				29,415,061	3	0.77%
Matsushita Communications Corp.				25,000,086	4	0.65%
Photocircuits Corporation				16,896,662	6	0.44%
Lawson Mardon Packaging Co.				13,957,023	8	0.36%
AMLI Residential Property LP				11,661,077	9	0.30%
Other Taxpayers	4,926,566,883		97.01%	3,630,139,647		94.43%
	5,078,257,000		100.00%	3,844,204,427		100.00%

Source: Fayette County Tax Commissioner (current year information) and the Fayette County Comprehensive Annual Financial Report (FY2003 information).

Note: Amounts for FY 2012 relate to tax year 2011.

Fayette County Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					
	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2012	$ 72,691,588	$ 890,000	$ 2,860,622	$ 76,442,210	NA	NA
2011	79,728,368	1,300,000	4,910,785	85,939,153	1.79%	797.33
2010	88,670,800	1,690,000	3,329,429	93,690,229	2.04%	875.53
2009	105,720,800	2,065,000	4,649,158	112,434,958	2.48%	1,065.80
2008	122,345,800	2,420,000	3,451,059	128,216,859	2.65%	1,218.88
2007	138,045,800	2,765,000	2,893,485	143,704,285	2.95%	1,368.76
2006	122,185,800	3,095,000	3,661,969	128,942,769	2.93%	1,238.66
2005	134,780,800	3,410,000	1,923,889	140,114,689	3.34%	1,374.20
2004	110,980,000	3,710,000	1,576,410	116,266,410	2.92%	1,169.18
2003	121,605,000	3,995,000	1,028,679	126,628,679	3.31%	1,296.97

Note: Details regarding the School System's debt can be found in the notes to the basic financial statements.

Source: School System records

NA: Personal income data and population data not available for calculation of amounts.

Fayette County Board of Education
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2012	$ 72,691,588	$ 4,263,746	$ 68,427,842	0.54%	NA
2011	79,728,368	3,983,350	75,745,018	0.57%	702.75
2010	88,670,800	2,120,810	86,549,990	0.60%	808.80
2009	105,720,800	2,407,462	103,313,338	0.72%	979.34
2008	122,345,800	2,133,051	120,212,749	0.87%	1,142.79
2007	138,045,800	4,452,153	133,593,647	1.03%	1,272.45
2006	122,185,800	4,474,443	117,711,357	0.99%	1,130.76
2005	134,780,800	5,147,919	129,632,881	1.17%	1,271.40
2004	110,980,000	5,608,690	105,371,310	1.02%	1,059.62
2003	121,605,000	6,317,619	115,287,381	1.20%	1,180.81

Note: Details regarding the School System's outstanding debt can be found in the notes to the basic financial statements.

See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 123 for property value data.

NA - population data not available for calculation of per capita amount.

Fayette County Board of Education
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Peachtree City			
2002 Bonds	$ 455,000	100%	$ 455,000
2003 Bonds	1,085,000	100%	1,085,000
2011 Bonds	2,590,000	100%	2,590,000
Total Overlapping Debt			4,130,000
Fayette County Board of Education			77,782,180
Total Direct and Overlapping Debt			$ 81,912,180

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundries of the School System. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the School System's boundries. This process recognizes that, when considering the School System's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the municipality/authority's taxable assessed value that is within the School System's boundries and dividing it by the the municipality/authority's total taxable assessed value.

Fayette County Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value 2011 tax digest	$ 4,400,502,694
Limit of bonded indebtedness, 10% of net assessed taxable property value	440,050,269
Amount of debt applicable to the debt limit	73,581,588
Legal Debt Margin	$ 366,468,681

	2012	2011	2010	2009
Debt limit	$ 440,050,269	$ 462,186,375	$ 506,500,006	$ 534,611,072
Total debt applicable to limit	73,581,588	81,028,368	90,360,800	107,785,800
Legal debt margin	$ 366,468,681	$ 381,158,007	$ 416,139,206	$ 426,825,272
Total debt applicable as a percentage of debt limit	16.7%	17.5%	17.8%	20.2%

Source: School System records

Note: Under the Constitution of the State of Georgia, the School System may not incur long-term debt in excess of ten percent of the assessed value of all taxable property within the district.

2008	2007	2006	2005	2004	2003
$ 516,517,319	$ 465,185,735	$ 430,859,581	$ 282,698,104	$ 251,131,394	$ 233,286,603
124,765,800	140,810,800	125,280,800	142,245,000	83,840,000	90,840,000
$ 363,165,289	$ 324,374,935	$ 305,578,781	$ 140,453,104	$ 167,291,394	$ 142,446,603
24.2%	30.3%	29.1%	50.3%	33.4%	38.9%

Fayette County Board of Education
Operating Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year	General Fund Expenditures	Student Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
2012	$ 179,379,327	20,506	8,747.65	5.7%	1,483	14.24
2011	174,862,115	21,120	8,279.46	3.3%	1,483	14.62
2010	173,796,697	21,683	8,015.34	-5.3%	1,493	14.77
2009	186,618,421	22,047	8,464.57	-5.7%	1,570	14.09
2008	198,344,607	22,108	8,971.62	8.9%	1,675	13.35
2007	184,323,313	22,367	8,240.86	6.4%	1,620	13.76
2006	172,647,046	22,291	7,745.15	9.0%	1,565	14.27
2005	158,711,504	22,338	7,105.00	2.5%	1,529	14.14
2004	149,840,860	21,624	6,929.38	1.5%	1,515	14.02
2003	144,960,971	21,239	6,825.23	4.9%	1,524	13.66

Source: School System records

Fayette County Board of Education
Teacher Salaries
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	Statewide Base
2012	34,723	80,383	33,424
2011	34,723	80,383	33,424
2010	33,161	76,766	33,424
2009	34,723	80,383	33,424
2008	33,953	78,614	32,609
2007	33,055	76,553	31,659
2006	31,904	73,909	30,441
2005	31,340	72,615	29,259
2004	30,787	69,494	29,259
2003	30,482	68,806	29,259

Source: School System records

Fayette County Board of Education
School Building Information
Last Ten Years
(unaudited)

	2012	2011	2010	2009	2008
Elementary					
Braelinn (1989)					
Square feet	70,860	70,860	70,860	70,860	70,860
Capacity	675	675	675	675	675
Enrollment	471	493	544	568	516
Brooks (1962)					
Square feet	60,413	60,413	60,413	60,413	60,413
Capacity	525	525	525	525	525
Enrollment	298	307	313	315	324
Robt. J. Burch (1989)					
Square feet	73,146	73,146	73,146	73,146	73,146
Capacity	675	675	675	675	675
Enrollment	576	634	664	701	734
Crabapple Lane (2004)					
Square feet	94,816	94,816	94,816	94,816	94,816
Capacity	800	800	800	800	800
Enrollment	508	535	554	565	488
East Fayette (1955)					
Square feet	53,386	53,386	53,386	53,386	53,386
Capacity	-	-	-	-	550
Enrollment	-	-	-	-	572
Fayetteville Intermediate (1974)					
Square feet	72,673	72,673	72,673	72,673	72,673
Capacity	550	550	550	550	550
Enrollment	389	421	455	469	469
Hood Avenue (1970)					
Square feet	73,176	73,176	73,176	73,176	73,176
Capacity	575	575	575	575	575
Enrollment	365	394	404	417	425
Huddleston (1979)					
Square feet	79,694	79,694	79,694	79,694	79,694
Capacity	625	625	625	625	625
Enrollment	562	565	590	633	619
Inman Road (2009)					
Square feet	86,172	86,172	86,172	86,172	-
Capacity	663	663	663	663	-
Enrollment	490	507	546	539	-
Kedron (1995)					
Square feet	87,734	87,734	87,734	87,734	87,734
Capacity	725	725	725	725	725
Enrollment	560	586	597	592	510

Note: Capacity information is based on State of Georgia capacity calculations using the total number of instructional units for the facility and allowable class sizes.

2007	2006	2005	2004	2003
70,860	70,860	70,860	70,860	70,860
675	675	675	675	675
504	519	519	586	629
60,413	52,725	52,725	52,725	52,725
525	450	450	450	450
326	358	354	358	403
73,146	73,146	73,146	73,146	73,146
675	675	675	675	675
726	754	628	588	604
94,816	94,179	94,179	94,179	-
800	800	800	800	-
560	495	481	463	-
53,386	53,386	53,386	51,014	51,014
550	575	575	575	575
586	617	580	587	635
72,673	65,792	65,792	65,792	65,792
550	550	550	550	550
486	471	429	480	470
73,176	73,176	73,176	73,176	73,176
575	575	575	575	575
438	410	415	429	467
79,694	79,694	79,694	79,694	79,694
625	625	625	625	625
624	607	605	631	668
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
87,734	87,734	87,734	87,734	87,734
725	725	725	725	725
527	422	434	471	849

continued

Fayette County Board of Education
School Building Information- continued
Last Ten Years
(unaudited)

	2012	2011	2010	2009	2008
Elementary - continued					
Cleveland (2003)					
Square feet	94,179	94,179	94,179	94,179	94,179
Capacity	800	800	800	800	800
Enrollment	523	542	556	556	539
S. H. Minter (2003)					
Square feet	94,179	94,179	94,179	94,179	94,179
Capacity	800	800	800	800	800
Enrollment	593	593	613	648	689
North Fayette (1980)					
Square feet	75,785	75,785	75,785	75,785	75,785
Capacity	750	750	750	750	750
Enrollment	478	458	478	492	476
Oak Grove (1986)					
Square feet	71,040	71,040	71,040	71,040	71,040
Capacity	725	725	725	725	725
Enrollment	521	514	516	485	506
Peachtree City (1968)					
Square feet	62,732	62,732	62,732	62,732	62,732
Capacity	525	525	525	525	525
Enrollment	509	490	467	446	550
Peeples (1998)					
Square feet	94,655	94,655	94,655	94,655	94,655
Capacity	800	800	800	800	800
Enrollment	618	669	699	751	839
Spring Hill (1996)					
Square feet	94,655	94,655	94,655	94,655	94,655
Capacity	800	800	800	800	800
Enrollment	512	518	542	556	582
Tyrone (1980)					
Square feet	59,580	59,580	59,580	59,580	59,580
Capacity	450	450	450	450	450
Enrollment	344	346	338	329	336
Middle					
Fayette (1986)					
Square feet	135,649	135,649	135,649	135,649	135,649
Capacity	1,125	1,125	1,125	1,125	1,125
Enrollment	720	751	791	820	823

2007	2006	2005	2004	2003
94,179	94,179	94,179	94,179	94,179
800	800	800	800	800
508	469	437	374	350
94,179	94,179	94,179	94,179	94,179
800	800	800	800	800
711	732	738	717	635
75,785	75,785	75,785	75,785	75,785
750	750	750	750	750
471	521	481	487	496
71,040	71,040	71,040	71,040	71,040
725	725	725	725	725
496	465	474	543	561
62,732	62,732	62,732	62,732	62,732
525	550	550	550	550
507	562	481	463	448
94,655	94,655	87,734	87,734	87,734
800	800	725	725	725
876	846	842	823	776
94,655	94,655	87,734	87,734	87,734
800	800	725	725	725
582	599	648	598	615
59,580	59,580	59,580	59,580	59,580
450	450	450	450	450
367	418	388	362	403
135,649	135,649	135,649	135,649	135,649
1,125	1,162	1,162	1,162	1,162
1,030	1022	989	955	981

continued

Fayette County Board of Education
School Building Information- continued
Last Ten Years
(unaudited)

	2012	2011	2010	2009	2008
Middle continued					
Bennett's Mill (2008)					
Square feet	158,653	158,653	158,653	158,653	158,653
Capacity	1,475	1,475	1,175	1,175	1,175
Enrollment	598	607	625	569	548
J. C. Booth (1979)					
Square feet	139,581	139,581	139,581	139,581	139,581
Capacity	1,175	1,175	1,175	1,175	1,175
Enrollment	1,025	1,021	1,018	988	994
Flat Rock (1989)					
Square feet	137,068	137,068	137,068	137,068	137,068
Capacity	1,012	1,012	1,012	1,012	1,012
Enrollment	824	839	826	840	845
Rising Starr (1996)					
Square feet	156,409	156,409	156,409	156,409	156,409
Capacity	1,175	1,175	1,175	1,175	1,175
Enrollment	1,039	1,039	1,103	1,077	1,058
Whitewater (1989)					
Square feet	137,879	137,879	137,879	137,879	137,879
Capacity	1,050	1,050	1,050	1,050	1,050
Enrollment	817	818	855	907	935
High					
Fayette County (1998*)					
Square feet	259,536	259,536	259,536	259,536	259,536
Capacity	1,725	1,725	1,725	1,725	1,725
Enrollment	1,280	1,360	1,431	1,451	1,359
McIntosh (1981)					
Square feet	270,793	270,793	270,793	270,793	270,793
Capacity	1,625	1,625	1,625	1,625	1,625
Enrollment	1,578	1,636	1,621	1,600	1,598
Sandy Creek (1990)					
Square feet	248,280	248,280	248,280	248,280	248,280
Capacity	1,625	1,625	1,625	1,625	1,625
Enrollment	1,157	1,178	1,240	1,278	1,329
Starr's Mill (1998)					
Square feet	226,980	226,980	226,980	226,980	226,980
Capacity	1,650	1,650	1,650	1,650	1,650
Enrollment	1,480	1,555	1,508	1,621	1,653
Whitewater (2004)					
Square feet	279,822	279,822	279,822	279,822	279,822
Capacity	1,475	1,475	1,475	1,475	1,475
Enrollment	1,453	1,533	1,623	1,679	1,679

Source: School System records

2007	2006	2005	2004	2003
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
139,581	139,581	139,581	139,581	139,581
1,175	1,175	1,175	1,175	1,175
1,200	1,192	1,166	1,142	1,137
137,068	137,068	137,068	137,068	137,068
1,012	1,075	1,075	1,075	1,075
926	945	928	868	925
156,409	141,013	141,013	141,013	141,013
1,175	1,087	1,087	1,087	1,087
1,091	1,120	1,213	1,158	1,224
137,879	137,879	137,879	137,879	137,879
1,050	1,070	1,070	1,070	1,070
1,177	1,185	1,158	1,078	984
259,536	259,536	259,536	259,536	259,536
1,725	1,700	1,700	1,700	1,700
1,291	1528	1736	1976	2260
270,793	270,793	205,598	205,598	205,598
1,625	1,600	1,600	1,600	1,600
1,552	1,568	1,569	1,499	1,505
248,280	248,280	248,280	248,280	227,711
1,625	1,562	1,562	1,562	1,562
1,342	1,327	1,285	1,243	1,272
226,980	226,980	226,980	226,980	226,980
1,650	1,625	1,625	1,625	1,625
1,611	1,722	1,717	1,751	1,870
279,822	279,822	279,822	279,822	-
1,475	1,475	1,475	1,475	-
1,696	1249	826	435	-

Fayette County Board of Education
System Employees
Last Ten Fiscal Years
(unaudited)

	2012	2011	2010	2009	2008
Position					
Administrators	101	100	100	102	102
Teachers	1,483	1,483	1,493	1,570	1,675
Media	28	28	28	36	35
Counselors	58	58	58	61	65
Clerical	156	157	160	162	189
Paraprofessionals	296	320	320	350	356
Custodians	171	171	177	178	177
Lunchroom	178	178	174	174	174
Other Areas*	432	420	428	456	510
Total employees	2,903	2,915	2,938	3,088	3,283

Source: School System records

Note: Employee data does not include substitute teachers and is based on fulltime equivalent employment.

* Prior to 2009, Other Areas may have included Community Coaches, After School Employees, and At-Will Employees.

2007	2006	2005	2004	2003
103	102	97	99	96
1,620	1,565	1,529	1,515	1,524
36	35	34	32	31
59	59	57	56	53
169	163	161	157	146
339	303	291	294	280
184	183	172	169	163
170	166	159	162	164
570	557	480	393	445
3,250	3,133	2,980	2,877	2,902

Fayette County Board of Education
School Lunch and Breakfast Program
Last Ten Fiscal Years
(unaudited)

	2012	2011	2010	2009
Lunch Meals Served				
Free	561,152	544,183	487,840	417,595
Reduced	116,127	102,357	126,018	125,967
Paid	920,006	975,988	1,063,608	1,214,298
Total	1,597,285	1,622,528	1,677,466	1,757,860
Daily Average	8,899	9,150	9,449	9,861
Student Price	$2.15 - $2.35	$2.10 - $2.25	$2.05 - $2.15	$2.00 - $2.10
Breakfast Meals Served				
Free	116,773	112,236	101,422	80,954
Reduced	15,550	14,370	17,014	14,437
Paid	29,779	33,602	27,857	29,936
Total	162,102	160,208	146,293	125,327
Daily Average	923	932	853	688
Student Price	$1.35 - $1.45	$1.35 - $1.45	$1.35 - $1.45	$1.35 - $1.45
Total Meals Served				
Free	677,925	656,419	589,262	498,549
Reduced	131,677	116,727	143,032	140,404
Paid	949,785	1,009,590	1,091,465	1,244,234
Total	1,759,387	1,782,736	1,823,759	1,883,187
Daily Average	9,822	10,082	10,302	10,549

Source: School System records
NA: data not available.

2008	2007	2006	2005	2004	2003
360,542	337,321	320,901	256,984	225,978	NA
119,440	116,103	101,313	84,992	76,517	NA
1,309,593	1,324,475	1,342,753	1,336,162	1,355,843	NA
1,789,575	1,777,899	1,764,967	1,678,138	1,658,338	NA
9,966	9,913	9,961	9,457	9,384	NA
$1.90 - $2.00	$1.90 - $2.00	$1.90	$1.90	$1.75	$1.75
71,146	59,899	57,145	40,096	35,421	NA
15,442	11,407	10,015	8,544	6,830	NA
27,955	24,148	29,319	24,744	23,628	NA
114,543	95,454	96,479	73,384	65,879	NA
688	561	582	443	398	NA
$1.25	$1.25	$1.15	$1.15	$1.00	$1.00
431,688	397,220	378,046	297,080	261,399	NA
134,882	127,510	111,328	93,536	83,347	NA
1,337,548	1,348,623	1,372,072	1,360,906	1,379,471	NA
1,904,118	1,873,353	1,861,446	1,751,522	1,724,217	NA
10,654	10,474	10,543	9,900	9,782	NA

Fayette County Board of Education
Demographic and Economical Statistics
Last Ten Fiscal Years

Fiscal Year	Estimated Population [1]	Personal Income (in $1,000) [1]	Per Capita Personal Income [1]	School Enrollment	Unemployment Rate [2]
2012	NA	NA	NA	20,506	8.3%
2011	107,784	4,792,110	44,460	21,120	8.6%
2010	107,010	4,595,538	42,945	21,683	8.3%
2009	105,493	4,530,824	42,949	22,047	9.0%
2008	105,192	4,846,398	46,072	22,108	5.2%
2007	104,989	4,875,941	46,442	22,367	4.1%
2006	104,099	4,399,912	42,267	22,291	4.5%
2005	101,961	4,190,399	41,098	22,338	5.0%
2004	99,443	3,975,133	39,974	21,624	4.3%
2003	97,634	3,825,393	39,181	21,239	4.4%

Source [1] Bureau of Economic Analysis, U.S. Department of Commerce, Table CA 1-3, updated November 26, 2012

[2] Bureau of Labor Statistics, U.S. Department of Labor, for June of each year, updated with data from BLS as of February 15, 2013

NA Data not available.

Fayette County Board of Education
Major Employers
Current Year

Employer	Employees [1]	Percentage of County Employment [2]
Piedmont Fayette Hospital	1,400	4.45%
NCR	1,200	3.81%
Cooper Lighting	600	1.91%
Hoshizaki America, Inc.	330	1.05%
Panasonic	300	0.95%
World Airways	255	0.81%
FAA Tracon	190	0.60%
TDK Components	130	0.41%
Cooper Wiring Device	130	0.41%
SANY America	126	0.40%
Total	4,661	14.81%

Sources: [1] Fayette County Development Authority, www.fayettega.org website data as of December 2012

[2] Based on total private sector employment of Fayette County of 31,465. Georgia Department of Labor 2011 data, as updated October 2012.

Note 1: Data for FY 2003 not available.

Note 2: Employment data from the Fayette County Development Authority includes private sector employment only.



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