

ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(including Independent Auditor's Report)

Dr. Frank G. Roberson, Superintendent
Mr. Marion Barnes, Board President

The Mission of the Richmond County School System is to educate students to become lifelong learners and productive citizens.

Richmond County Board of Education
864 Broad Street
Augusta, GA 30901

RICHMOND COUNTY BOARD OF EDUCATION

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SECTION V

MANAGEMENT'S RESPONSES

SCHEDULE OF MANAGEMENT'S RESPONSES

RICHMOND COUNTY **BOARD OF EDUCATION**

864 Broad Street – 4th Floor
Augusta, Georgia 30901-1215
(706) 826-1125 – Fax: (706) 826-4614

ALEX HOWARD
President

JAMES WHITSON, Ph.D.
Acting Superintendent

VENUS CAIN
Vice-President

April 1, 2011

Board of Trustees
Richmond County Board of Education

Citizens of Richmond County

The annual financial report for the year ended June 30, 2010, prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) is hereby submitted. The Introduction section, which is unaudited, includes this letter of transmittal, the mission and beliefs of the Richmond County School System, a system profile, a listing of the Board of Trustees and the County's organizational chart. The financial section includes the district- wide financial statements, fund level financial statements and the notes to the basic financial statements statewide.

The basic financial statements and accompanying notes have been examined by the Georgia Department of Audits and Accounts. Their report is included here under Section 1, Financial. Responsibility for the accuracy and completeness of the financial statements rests with the Richmond County Board of Education.

Sincerely,

James E. Whitson

James E. Whitson, Ph.D.
Acting Superintendent

INTRODUCTION

MISSION AND BELIEFS

The Mission of the Richmond County School System is to educate students to become lifelong learners and productive citizens.

1. Every person has the right to a quality education.
2. Education is the shared responsibility of the individual, home, school, and the community.
3. Every person can learn.
4. Respect and acceptance are essential for learning and personal development.
5. A safe, healthy and orderly environment is essential to learning.
6. Communication is the key to understanding among people.
7. Excellence cannot be compromised.

SYSTEM PROFILE

ENROLLMENT

	2006	2007	2008	2009	2010
Total Population	32,933	32,638	31,822	31,541	31,241
Asian	1%	1%	1%	1%	1%
Black	72%	73%	73%	73%	74%
Hispanic	2%	2%	2%	2%	2%
Native America	0%	0%	0%	0%	0%
White	22%	22%	21%	21%	20%
Multiracial	2%	2%	2%	2%	2%

STUDENT ATTENDANCE

	2006	2007	2008	2009	2010
Total Population	32,933	32,638	31,822	31,541	31,241
5 or Fewer Days Absent	58.1%	56.7%	54.7%	57.1%	54.1%
6-15 Days Absent	29.5%	30.5%	31.1%	30.0%	32.1%
More than 15 Days	12.4%	12.7%	14.2%	12.9%	13.8%

ACADEMIC PROFILE

	2006	2007	2008	2009	2010
Meeting AYP	69.1%	70.2%	71.9%	73.7%	49.1%

2010 ADEQUATE YEARLY PROGRESS (AYP)

CRCT (Elementary Schools)
24 of 36 schools met AYP
Met 92.6% of AMO (Performance Targets)

CRCT (Middle Schools)
33% met AYP
Met 87.7% of AMO (Performance Targets)

EGHSGT (High Schools)
Met 63.6 % of AMO (Performance Targets)

GRADUATION RATES

2005-2006	66%
2006-2007	66%
2007-2008	64%
2008-2009	70%
2009-2010	77.5%

DROPOUT RATES

2005-2006	5.8%
2006-2007	6.4%
2007-2008	4.1%
2008-2009	3.2%
2009-2010	2.5%

TEST SCORES

	2006	2007	2008	2009	2010
SAT	1433	1387	1383	1374	1332
ACT	18.2	17.6	17.5	17.8	17.8

POINTS OF PRIDE

National/International

- A. R. Johnson Magnet received national certification for Project Lead the Way.
- Cross Creek High School Future Farmers of America chapter named a National 3 Star Chapter for second consecutive year.
- Davidson Fine Arts named to US News Top 100 High Schools for third consecutive year.
- Davidson Fine Arts ranked third nationally for a top 100 school for African American students by US News and World Reports.
- Students from Academy of Richmond High School, Cross Creek High School, and Hephzibah High School received Junior Engineering Technical Society national ranking.
- International Student Media Festival. Eighteen winners with one 4th grade student at Glenn Hills Elementary recognized as Best of Festival.
- Recognized as a 2010 winner of the Digital School Districts for Large Student Populations for the school system's website.

State

- A. R. Johnson Magnet named Governor's Cup winner for 3-AAAA division.
- Davidson Fine Arts recognized as the top scorer in the AAAA division for the second consecutive year.
- Fifteen schools receive Distinguished Achievement awards. The Distinguished Achievement awards are based on the performance of students on the Criterion-Referenced Competency Tests, the Georgia High School Graduation Tests, the End-of-Course Tests, and the state Writing Tests.
- Twenty six schools recognized as Title 1 Distinguished Schools.
- Westside NJROTC named Distinguished Unit for 2010.
- Westside NJROTC Rifle Team takes first place in Shoulder to Shoulder Rifle competition.

Board of Education
2009-2010

President



District 1
Marion Barnes
Term Ends 12/31/12

Vice-President



District 3
Alex Howard
Term Ends 12/31/10



District 4
Barbara Pulliam
Term Ends 12/31/12



District 5
Patsy Scott
Term Ends 12/31/12



District 2
Eloise Curtis
Term Ends 12/31/10



District 6
Jack Padgett, Jr.
Term ends 12/31/10



District 8
James Atkins
Term Ends 12/31/12



District 7
Frank Dolan
Term ends 12/31/10



District 9
Venus Cain
Term Ends 12/31/10



District 10
Helen Minchew
Term Ends 12/31/12

Dr. Frank G. Roberson, Superintendent



As superintendent of schools, I will endeavor to carry out the mission of the school board and, in collaboration with all stakeholders, build high-quality educational opportunities for the community's children that will prepare them for the challenges of an ever-changing world. I am viewed by others as a dynamic, innovative leader who will inspire excellence in every area of the system toward the creation of a world-class operation.

Education

Master of Education	1985	University of South Carolina Columbia, South Carolina
Doctor of Philosophy	1992	University of South Carolina Columbia, South Carolina

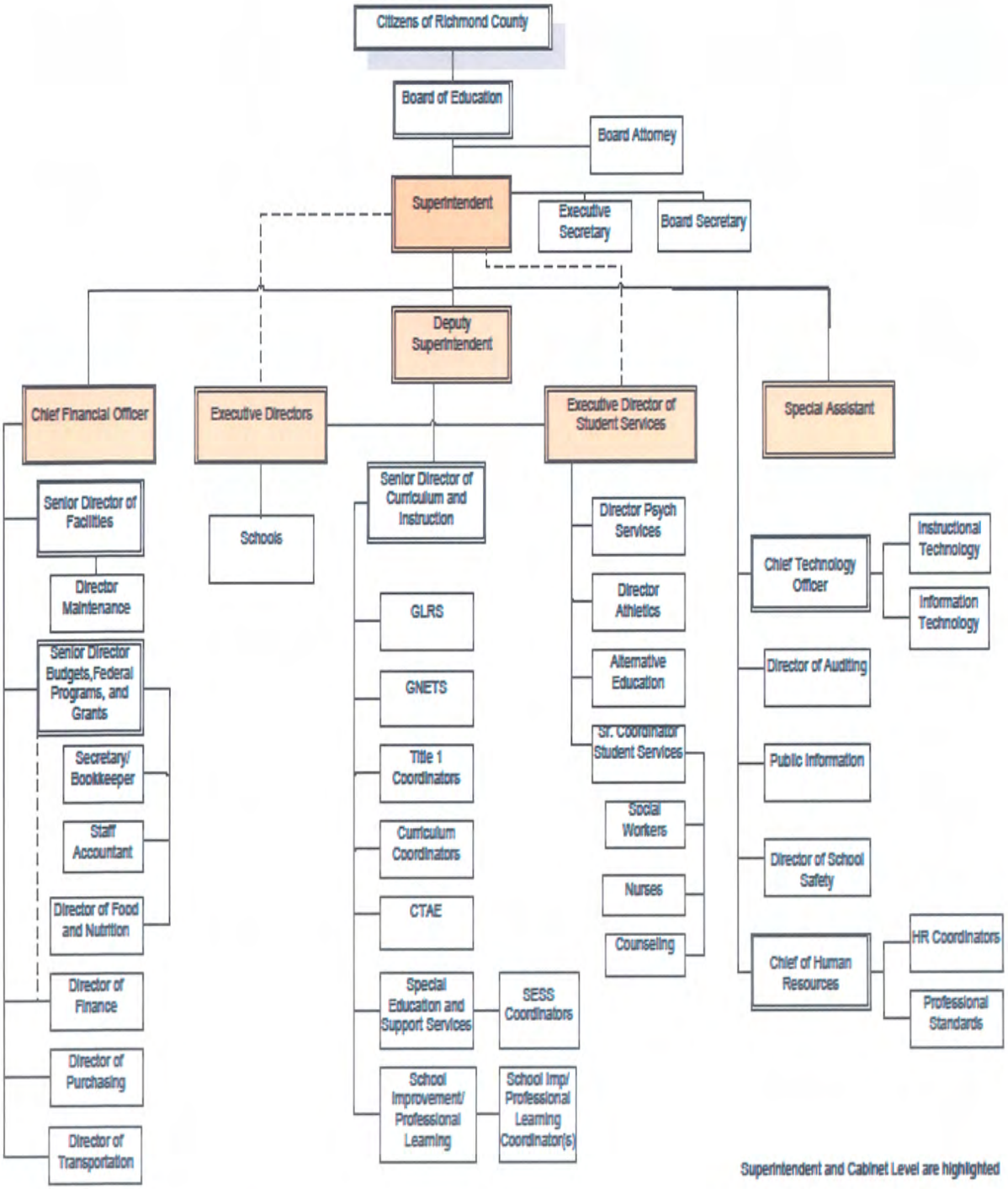
Awards, Honors, Recognitions, and Achievements

Chairman of Superintendents' Division of Instructional Leaders, 2002
Featured as Outstanding Graduate in a University of South Carolina Publication
Named South Carolina Administrator of the Year, 2002
Named Citizen of the Year by Midland Valley Chamber of Commerce, 2004
Named South Carolina District-Level Administrator of the Year, 2005
Recognized by joint sessions of the South Carolina General Assembly, 2005
Recognized by the SC State Board of Education, Educational Leadership, 2005
Recognized by the Aiken County Association of Universal Women, 2006
Featured in state published book titled, *African Americans in South Carolina*
Known for improving the quality and effectiveness of low-performing schools
Selected one of five education leaders to present South Carolina's education reform plan in Washington, D.C. to implement the president's school reform plan

Other Relevant Information

Worked on state committee to improve student achievement, graduation rate, close the achievement gap; served on state school funding taskforce, special education taskforce, school accountability committee; Education and Economic Development Act committee; taught graduate courses for the College of Charleston and South Carolina State University; author of eight books (one gained the attention of the British Broadcasting Company); member of a number of professional and civic organizations; published columnist; gospel musician; avid reader; carpenter (built his home); advises state and national legislators on school finance and education matters; and other related initiatives.

ORGANIZATIONAL CHART



SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

April 15, 2011

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

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

Ladies and Gentlemen:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2011, on our consideration of the Richmond 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 and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through x and page 29 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The Introductory Section, as listed in the table of contents, which includes a letter of transmittal, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

Respectfully submitted,

Russell W. Hinton

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2010ARL-11X

RICHMOND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The discussion and analysis of the Richmond County Board of Education's financial performance provides an overall review of the School System's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School System's financial performance as a whole. Readers are encouraged to review the transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements to enhance their understanding of the School System's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2010 are as follows:

- The School System's assets exceeded its liabilities by $499.1 million at June 30, 2010. This represents a change in net assets of $24.6 million.

- Total Revenues decreased $2.9 million. Program specific revenues increased $2.7 million and general revenues decreased $5.6 million.

- Total net assets include the following:

    1) Capital assets, net of related debt of $410.0 million, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the construction or purchase of capital assets.
    2) Restricted net assets of $61.9 million, constraints which are imposed outside of the School System. This includes restrictions for debt covenants and continuance of grants, and capital projects.
    3) Unrestricted net assets of $27.1 million represent the net assets available to sustain the School System's continuing obligations to its citizens and creditors.

- The School System's General Fund reported a fund balance of $35.4 million at June 30, 2010, which represents an increase of $2.8 million from the prior fiscal year.

The financial highlights noted above are explained in more detail within the financial analysis section of this document.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, the district-wide, and fund statements.

The District-wide financial statements, the Statement of Net Assets, and the Statement of Activities are designed to illustrate the School System as an aggregate of its financial activities and present a longer-term view of its finances. Increases or decreases to net assets may provide an informative indicator of the financial position of the School System as a whole.

The next level of detail is provided by the fund financial statements. These statements reflect the short-term finances as well as the balances available for future needs. Fund financial statements are useful in assessing annual financing requirements and the commitment of existing spendable resources.

Figure 1 summarizes the significant features of the Richmond County Board of Education's annual financial statements and provides information on the School System's activities and the types of information found in the financial statements.

Figure 1.
Significant Features of the Government-Wide and Fund Level Financial Statements

	Government-wide Statements	Fund Level Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School System (excluding fiduciary funds)	The activities of the School System that are not proprietary or fiduciary. This includes instruction, support services, administration, transportation, and maintenance.	Funds for which the School System administers resources on behalf of someone else. This includes scholarships and student funds.
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities(financial, capital, short-term and long-term)	Generally includes assets expected to be consumed and liabilities that are due within the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities. Includes short-term and long term and may include capital assets.
Type of Inflow/Outflow Information	All revenues and expenditures earned or incurred during the fiscal year regardless of when cash is received or paid out.	Revenues for which cash is received during the year or soon thereafter. Expenditures for which goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid out.

REPORTING THE SCHOOL SYSTEM AS A WHOLE (DISTRICT-WIDE)

Statement of the Net Assets and the Statement of Activities

The analysis of the School System as a whole looks at all financial transactions and enables the reader of the financial statements to ascertain whether the School System's financial position has improved or diminished. The statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This methodology is similar to the accounting of most private-sector businesses. This basis of accounting considers all the current year's revenues and expenses regardless of when cash is received or paid. There are many factors affecting the financial position of the School System. Some of these factors include the property tax laws, re-evaluation of property, state law requiring the reduction of class sizes, state austerity reductions, state and Federal mandates that are unfunded, the age and condition of school facilities, and the economy of the area.

The Statement of Net Assets and the Statement of Activities is normally divided into two distinct types of activities, governmental and business type activities. All of the School System's activities are reflected as governmental activities. The governmental activities of the Richmond County Board of Education are financed through taxes, state QBE funds, competitive and non-competitive grants.

The Statement of Net Assets provides information about the overall financial activities of the School System; whereas, the Statement of Activities provides a comparison of direct expenses and program revenues. Direct expenses are incurred in association with a specific program or function.

REPORTING THE SCHOOL SYSTEM'S MOST SIGNIFICANT FUNDS (FUND FINANCIALS)

Governmental Funds

The fund financial statements provide detailed information about the School System's major funds. The School System's major governmental funds are the General Fund, District-wide Capital Projects Fund, and the Debt Service Fund.

Most of the School System's activities are reported in governmental funds. These funds are reported using an accounting methodology called modified accrual accounting. This methodology measures cash and financial assets that can be readily converted to cash. The fund statements offer a short-term view of the School System's financial activities. A reconciliation of net changes in governmental fund balances to the governmental activities changes in net assets illustrate the relationships (or differences) between the governmental activities reported in the Statement of Net Assets and the Statement of Activities to the governmental funds presented in the fund financial statements.

Fiduciary Funds

The School System serves as a fiduciary for the Davidson Trust, Linda Gail Hendrick Scholarship, Nora Coxwell Scholarship, Robetta McKenzie Scholarship, Ellen Cauthen Scholarship, Sarah Craig Scholarship, Charles Larke Scholarship, and Melinda Williams Scholarship Funds. The Davidson Trust is used to account for the principal and earnings which may be expended to provide financial assistance to needy students of Davidson Fine Arts Magnet School. The principal and earnings of the other scholarship funds may be expended to provide scholarships for selected students. The School System also holds assets in a custodial capacity for various governments, employees, and students.

These activities are reported in a separate statement of Fiduciary Net Assets and Changes in Net Assets. The School System has excluded these activities from the School System's other financial statements because the School System may not use these assets to finance its operations.

THE SCHOOL SYSTEM AS A WHOLE

The Statement of Net Assets provides the prospective of the School System as a whole.

Table 1 provides a comparative summary of the School System's net assets for fiscal years 2009 and 2010.

TABLE 1
NET ASSETS
(in Thousands)

	Governmental Activities June 30, 2010	Governmental Activities June 30, 2009
Assets		
Current and Other Assets	$ 201,705	$ 234,935
Capital Assets, Net	440,349	405,074
Total Assets	$ 642,054	$ 640,009
Liabilities		
Current and Other Liabilities	$ 52,167	$ 48,420
Long-Term Liabilities	90,818	116,628
Total Liabilities	$ 142,985	$ 165,048
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 410,043	$ 383,178
Restricted	61,903	66,510
Unrestricted	27,123	25,273
Total Net Assets	$ 499,069	$ 474,961

Table 2 shows the comparative changes in net assets for fiscal years 2009 and 2010.

TABLE 2
CHANGE IN NET ASSETS
(in Thousands)

	Governmental Activities June 30, 2010	Governmental Activities June 30, 2009
Revenues		
Program Revenues		
Charges for Services	$ 2,596	$ 2,938
Operating Grants and Contributions	199,994	193,335
Capital Grants and Contributions	1,611	5,192
Total Program Revenues	$ 204,201	$ 201,465
General Revenues		
Taxes		
Property Taxes	$ 79,495	$ 79,804
Sales Tax	36,002	36,313
Grants and Contributions not Restricted	15,972	21,133
Investment Earnings	3,905	3,838
Miscellaneous	3,430	3,308
Total General Revenues	$ 138,804	$ 144,396
Total Revenues	$ 343,005	$ 345,861
Program Expenses		
Instruction	$ 194,771	$ 201,104
Support Services		
Pupil Services	9,822	9,550
Improvement of Instruction	15,409	12,896
Educational Media Services	6,286	6,527
General Administration	2,801	3,293
School Administration	18,713	18,797
Business Administration	1,882	1,881
Maintenance and Operations of Plant	30,733	29,677
Student Transportation Services	10,308	10,937
Central Support Services	2,269	2,249
Other Support Services	1,742	1,343
Operations of Non-Instructional Services		
Community Services	876	84
Food Services	17,894	17,791
Interest on Short-Term and Long-Term Debt	4,888	6,026
Total Expenses	$ 318,394	$ 322,155
Change in Net Asset	$ 24,611	$ 23,706

Governmental Activities

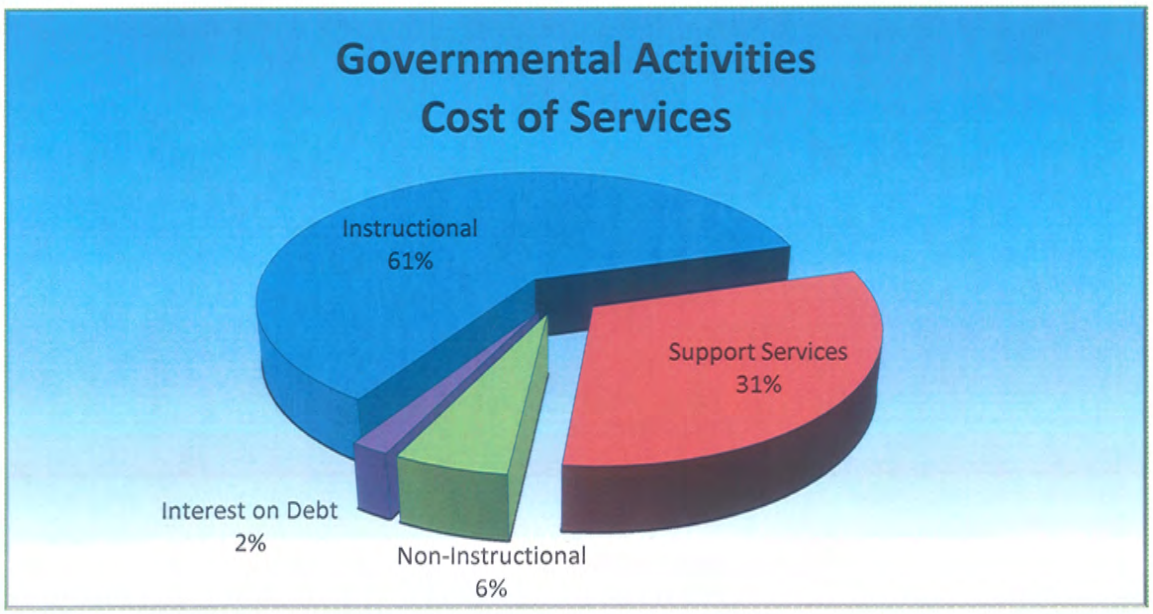
The Statement of Activities details the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Cost of service comparisons are provided for fiscal years 2009 and 2010.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2009
Instructional	$ 194,771	$ 201,104	$ 57,784	$ 61,421
Support Services				
Pupil Services	9,822	9,550	7,137	6,744
Improvement of Instruction	15,409	12,896	2,299	6,821
Educational Media Services	6,286	6,527	2,124	2,449
General Administration	2,801	3,293	-1,012	-1,047
School Administration	18,713	18,797	8,837	8,757
Support Services Business	1,882	1,881	1,820	1,813
Maintenance and Operation of Plant	30,733	29,677	19,511	17,894
Student Transportation	10,308	10,937	6,975	6,566
Central Support Services	2,269	2,249	2,167	2,088
Other Support Services	1,742	1,343	133	482
Operations of Non-Instructional Services				
Community Services	876	84	662	2
Food Services	17,894	17,791	866	674
Interest on Short-Term and Long-Term Debt	4,888	6,026	4,888	6,026
Total Expense	$ 318,394	$ 322,155	$ 114,191	$ 120,690

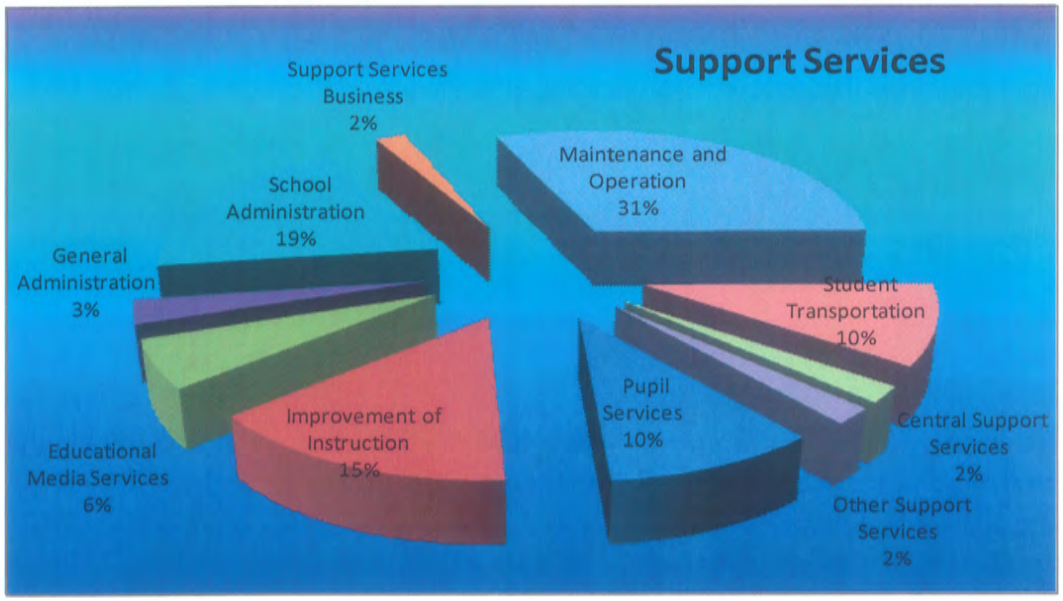
The School System is dependent upon operating grants and property taxes to support governmental activities. Instruction comprises 61 percent, Support Services 31 percent, Food Service 6 percent, and Interest 2 percent of government program expenses.

Figure 2.



Instructional expenditures include activities related to the interaction between students and teachers. Teaching may be performed in the classroom, home, or a hospital setting.

Figure 3.



Support services include activities that assess and supplement the teaching process, assist teachers in developing and evaluating the technique of providing instruction, operation of the educational media centers, administration of the policy of the School System, maintenance of the fiscal responsibilities of the School System, transportation costs, and upkeep of the grounds and facilities.

THE SCHOOL SYSTEM'S FUNDS

The School System's funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of $344.9 million and expenditures and other financing uses of $378.7 million. The general fund's fund balance reflected an increase of $2.8 million, the debt service fund's fund balance was constant, and the district-wide capital projects funds decreased by $36.7 million.

GENERAL FUND HIGHLIGHTS

The School System's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. Throughout fiscal year 2010, the School System amended its general fund budget several times. The most significant changes were attributed to the receipt of funds from the American Recovery and Reinvestment Act (ARRA). Site-based budgeting is used by the School System and is designed to tightly control total site budgets but allow some management flexibility. The School System's top management monitors a detailed report comparing actual revenues and expenditures to budget on a monthly basis. Site management has access to this information on a demand basis through a report available using the School System's accounting software.

For the general fund, the final budgeted revenues of $331.6 million exceeded the original budget of $320.7 million by $10.9 million. The budgeted revenues exceeded the actual amount by $30.3 million. In fiscal year 2010, the state continued to experience significant reductions in revenues. The state revised its revenue estimates and cut funding to local school systems. Throughout the year, the School System made a concerted effort to reduce expenditures and was successful in mitigating the loss of funding. The actual expenditures were $41.9 million less than the budgeted amount. The significant difference in the comparison of the budget to actual expenditures is the result of the ARRA funds being budgeted for a two year period. The fund balance was increased by $2.8 million instead of the projected reduction of $2.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School System had capital assets of $440.3 million, net of accumulated depreciation.

Table 4 shows comparative statements for 2009 and 2010.

TABLE 4
CAPITAL ASSETS
(Net of Depreciation, in Thousands)

	Governmental Activities June 30, 2010	Governmental Activities June 30, 2009
Land	$ 15,110	$ 15,135
Construction Work in Progress	41,161	29,785
Works of Art	42	42
Building and Building Improvements	369,501	348,497
Equipment	11,747	10,849
Land Improvements	2,788	766
Total Capital Assets, Net of Depreciation	$ 440,349	$ 405,074

The primary increases occurred in buildings and building improvements. Due to funding from a Special Purpose Local Option Sales Tax and a bond issue, the School System is building and renovating numerous schools.

Debt

At June 30, 2010, the School System had $88.0 million in general obligation bonds, with $26.0 million due within one year. Debt comparisons between fiscal year 2009 and 2010 are shown below.

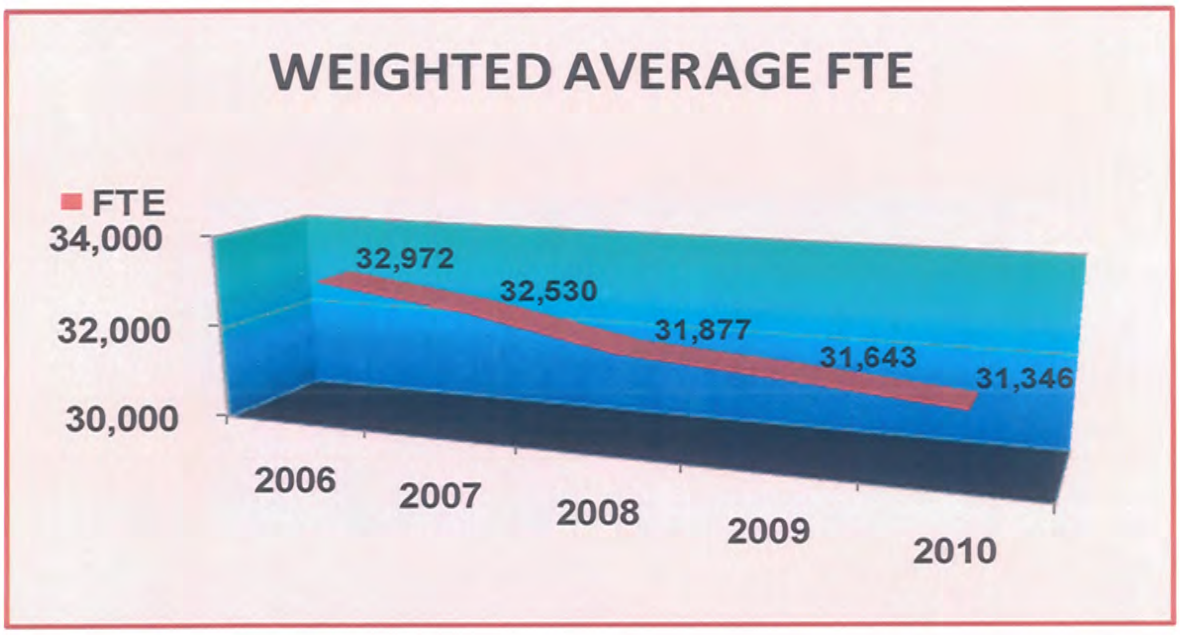
TABLE 5
DEBT
(in Thousands)

	Governmental Activities June 30, 2010	Governmental Activities June 30, 2009
General Obligation Bonds	$ 88,000	$ 112,800
Compensated Balances	1,725	1,641
Unamortized Bond Premium	1,093	2,187
Total Debt	$ 90,818	$ 116,628

CURRENT ISSUES

The Richmond County Board of Education has maintained its economic stability by budgeting conservatively and monitoring its expenditures. An area of concern is the State of Georgia's continued amended formula reduction to the QBE funding formula. For Fiscal Year 2009, this accounted for a loss of revenue of $11.3 million. For fiscal year 2010, this reduction in state funds increased to $30.8 million of which $15.9 million was offset by funds from the American Recovery and Reinvestment Act.

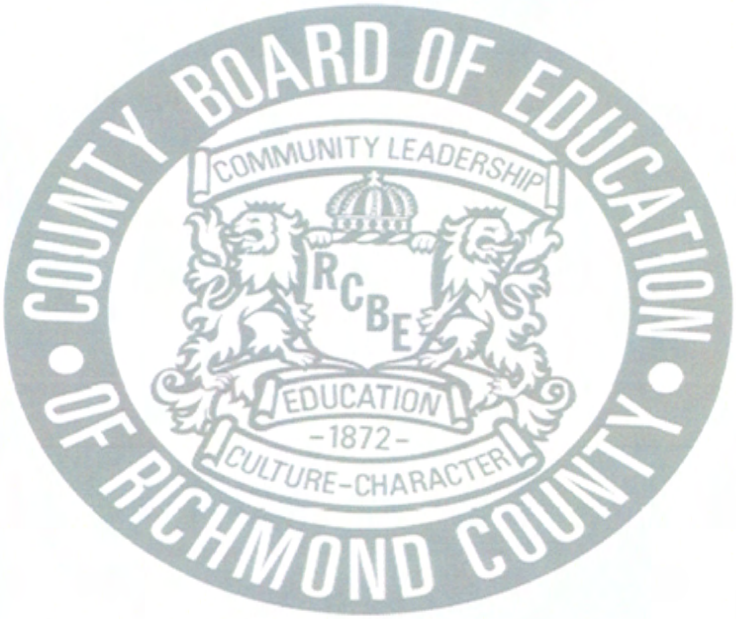
The 2010 U. S. Census is expected to show that Richmond County's population is stagnant with a population at 200,000. The School System continues to show a decrease in the weighted average of full time equivalent students. From 2009 to 2010 the weighted average of full time equivalent students decreased by 297 students. The figure shown below shows the trend in decreasing enrollment.



As reported by the U. S. Department of Labor, the Augusta Richmond County metropolitan statistical area had an unemployment rate of 9.2% in June, 2010. This represented a decrease in unemployment of 1.0% from June, 2009.

Contacting the School System's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School System's finances and to reflect the School System's accountability for the funds it receives. Questions about this report or for additional financial information, please contact the Director of Finance and Accounting, Richmond County Board of Education, 864 Broad Street, Augusta, GA 30901.


COUNTY BOARD OF EDUCATION
OF RICHMOND COUNTY
COMMUNITY LEADERSHIP
RCBE
EDUCATION
-1872-
CULTURE-CHARACTER

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 15,376,733.95
Investments	146,230,398.00
Accounts Receivable, Net	
Interest	287,535.08
Taxes	6,119,308.66
State Government	19,530,220.08
Federal Government	10,213,227.13
Other	1,608,381.53
Inventories	2,002,047.77
Deferred Charges	337,774.50
Capital Assets, Non-Depreciable	56,313,280.30
Capital Assets, Depreciable (Net of Accumulated Depreciation)	384,035,391.86
Total Assets	$ 642,054,298.86
LIABILITIES	
Accounts Payable	$ 2,051,650.44
Salaries and Benefits Payable	35,121,567.63
Payroll Withholdings Payable	2,135,041.06
Arbitrage Payable	4,669,521.13
Contracts Payable	5,912,107.52
Retainages Payable	2,194,759.31
Deposits and Deferred Revenues	82,461.75
Long-Term Liabilities	
Due Within One Year	27,093,322.23
Due in More Than One Year	63,724,384.83
Total Liabilities	$ 142,984,815.90
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 410,042,789.18
Restricted for	
Bus Replacement	126,935.27
Continuation of Federal Programs	4,031,141.90
Debt Service	28,488,487.11
Capital Projects	29,256,692.16
Unrestricted	
General Fund	26,098,327.63
Capital Projects Fund	153,694.21
School Activities	871,415.50
Total Net Assets	$ 499,069,482.96
Total Liabilities and Net Assets	$ 642,054,298.86

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 194,771,103.42	$ 539,752.74
Support Services		
Pupil Services	9,821,656.12	
Improvement of Instructional Services	15,409,364.61	
Educational Media Services	6,285,567.41	
General Administration	2,800,789.48	
School Administration	18,712,846.29	
Business Administration	1,882,320.23	
Maintenance and Operation of Plant	30,732,818.88	
Student Transportation Services	10,308,113.86	
Central Support Services	2,268,992.44	
Other Support Services	1,741,907.60	
Operations of Non-Instructional Services		
Community Services	875,808.49	
Food Services	17,893,961.22	2,056,581.48
Interest on Short-Term and Long-Term Debt	4,887,725.00	
Total Governmental Activities	$ 318,392,975.05	$ 2,596,334.22
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Assets		
Net Assets - Beginning of Year (Restated)		
Net Assets - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 135,965,150.71	$ 482,397.22	$ -57,783,802.75
2,637,717.34	46,678.85	-7,137,259.93
13,109,897.51		-2,299,467.10
4,101,185.22	59,928.64	-2,124,453.55
3,811,238.92	1,867.61	1,012,317.05
9,774,533.74	101,588.71	-8,836,723.84
60,488.15	1,962.12	-1,819,869.96
10,665,618.73	556,540.48	-19,510,659.67
3,184,635.42	148,053.98	-6,975,424.46
89,603.35	12,321.89	-2,167,067.20
1,608,176.91	290.24	-133,440.45
86,105.11	127,825.55	-661,877.83
14,899,359.75	72,012.57	-866,007.42
		-4,887,725.00
$ 199,993,710.86	$ 1,611,467.86	$ -114,191,462.11
		$ 79,495,191.69
		35,096,475.99
		905,082.09
		15,971,538.00
		3,904,670.73
		3,429,760.93
		$ 138,802,719.43
		$ 24,611,257.32
		474,458,225.64
		$ 499,069,482.96

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 13,491,012.15	$ 1,536,609.69	$ 349,112.11	$ 15,376,733.95
Investments	27,876,784.51	118,353,613.49		146,230,398.00
Accounts Receivable, Net				
Interest		287,535.08		287,535.08
Taxes	2,628,685.90	3,490,622.76		6,119,308.66
State Government	18,785,827.48	744,392.60		19,530,220.08
Federal Government	10,213,227.13			10,213,227.13
Other	592,998.95	1,015,382.58		1,608,381.53
Inventories	2,002,047.77			2,002,047.77
Total Assets	$ 75,590,583.89	$ 125,428,156.20	$ 349,112.11	$ 201,367,852.20
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 2,051,650.44			$ 2,051,650.44
Salaries and Benefits Payable	35,121,567.63			35,121,567.63
Payroll Withholdings Payable	2,135,041.06			2,135,041.06
Contracts Payable		$ 5,912,107.52		5,912,107.52
Retainages Payable		2,194,759.31		2,194,759.31
Deposits and Deferred Revenue	916,240.95			916,240.95
Total Liabilities	$ 40,224,500.08	$ 8,106,866.83		$ 48,331,366.91
FUND BALANCES				
Reserved for:				
Arbitrage Rebate Tax		$ 4,669,521.13		$ 4,669,521.13
Bus Replacement	$ 126,935.27			126,935.27
Continuation of Federal Programs	4,031,141.90			4,031,141.90
Debt Service		28,139,375.00	$ 349,112.11	28,488,487.11
Capital Projects		84,512,393.24		84,512,393.24
Unreserved				
Designated for Anticipated Revenues Shortfall	4,000,000.00			4,000,000.00
Designated for Student Activities	871,415.50			871,415.50
Undesignated Reported in:				
General Fund	26,336,591.14			26,336,591.14
Total Fund Balances	$ 35,366,083.81	$ 117,321,289.37	$ 349,112.11	$ 153,036,485.29
Total Liabilities and Fund Balances	$ 75,590,583.89	$ 125,428,156.20	$ 349,112.11	$ 201,367,852.20

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

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

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 153,036,485.29
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 15,110,231.11	
Construction in Progress	41,161,049.19	
Land Improvements	8,335,440.99	
Buildings	490,161,568.97	
Equipment	33,917,755.26	
Works of Art and Historical Collections	42,000.00	
Accumulated Depreciation	-148,379,373.36	
Total Capital Assets		440,348,672.16
Taxes that are not available to pay for current period expenditures are deferred in the funds.		833,779.20
Only the portion of the arbitrage rebate tax liability that represents the use of current financial resources would be reported at the fund level. Since the liability will not be paid out over the next fiscal year, it is not reported in the fund level statements.		-4,669,521.13
Deferred charges are recorded as expenditures in governmental funds. The Statement of Net Assets includes this amount as other assets.		
Deferred Charges - Bond Issuance Costs		337,774.50
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:		
Bonds Payable	$ -88,000,000.00	
Compensated Absences Payable	-1,724,384.83	
Unamortized Bond Premiums	-1,093,322.23	
Total Long-Term Liabilities		-90,817,707.06
Net Assets of Governmental Activities (Exhibit "A")		$ 499,069,482.96

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

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 79,335,393.41			$ 79,335,393.41
Sales Taxes	905,082.09	$ 36,255,615.95		37,160,698.04
State Funds	143,747,518.38	707,112.90		144,454,631.28
Federal Funds	72,217,730.48			72,217,730.48
Charges for Services	2,596,334.22			2,596,334.22
Investment Earnings	124,681.06	5,563,522.51	$ 928.41	5,689,131.98
Miscellaneous	2,315,252.46	1,025,000.00		3,340,252.46
Total Revenues	$ 301,241,992.10	$ 43,551,251.36	$ 928.41	$ 344,794,171.87
EXPENDITURES				
Current				
Instruction	$ 187,860,618.46	$ 4,016,696.55		$ 191,877,315.01
Support Services				
Pupil Services	8,773,204.84	793,912.32		9,567,117.16
Improvement of Instructional Services	15,433,356.27			15,433,356.27
Educational Media Services	5,950,129.62	37,104.09		5,987,233.71
General Administration	2,749,025.51	35,469.48		2,784,494.99
School Administration	17,649,069.29	441,087.25		18,090,156.54
Business Administration	1,530,874.94			1,530,874.94
Maintenance and Operation of Plant	27,654,794.77	299,630.66		27,954,425.43
Student Transportation Services	9,391,115.43	3,088.07		9,394,203.50
Central Support Services	2,293,385.55	14,696.93		2,308,082.48
Other Support Services	1,738,553.14			1,738,553.14
Community Services	86,105.10			86,105.10
Food Services Operation	17,392,837.23	484,676.06		17,877,513.29
Capital Outlay		44,421,927.55		44,421,927.55
Debt Services				
Principal			$ 24,800,000.00	24,800,000.00
Dues and Fees			950.00	950.00
Interest			4,886,775.00	4,886,775.00
Total Expenditures	$ 298,503,070.15	$ 50,548,288.96	$ 29,687,725.00	$ 378,739,084.11
Excess of Revenues over (under) Expenditures	$ 2,738,921.95	$ -6,997,037.60	$ -29,686,796.59	$ -33,944,912.24
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	$ 89,508.47			$ 89,508.47
Transfers In			$ 29,686,775.00	29,686,775.00
Transfers Out		$ -29,686,775.00		-29,686,775.00
Total Other Financing Sources (Uses)	$ 89,508.47	$ -29,686,775.00	$ 29,686,775.00	$ 89,508.47
Net Change in Fund Balances	$ 2,828,430.42	$ -36,683,812.60	$ -21.59	$ -33,855,403.77
Fund Balances - Beginning	32,537,653.39	154,005,101.97	349,133.70	186,891,889.06
Fund Balances - Ending	$ 35,366,083.81	$ 117,321,289.37	$ 349,112.11	$ 153,036,485.29

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

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

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -33,855,403.77
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 46,648,330.68	
Depreciation Expense	-11,608,800.95	
Excess of Capital Outlay over Depreciation Expense		35,039,529.73
Capital Assets purchased with Universal Service Fund (e-rate) proceeds are not reported in Governmental Funds. However, in the Statement of Activities, the e-rate proceeds are shown as Capital Grants and Contributions.		890,016.67
Some of the Capital Assets acquired this year were donated to the School System. In Governmental Funds, these assets, as well as the associated revenues are not recognized, but in the Statement of Activities, the contribution is recognized as a capital contribution.		14,338.29
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	$ 159,798.28	
Special Purpose Local Option Sales Tax	-1,159,139.96	
Total Taxes Reported		-999,341.68
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net assets.		-166,165.33
Only the portion of the arbitrage rebate tax liability that represents the use of current financial resources would be reported at the fund level. Since the liability will not be paid out over the next fiscal year, it is not reported in the fund level statements.		-1,784,461.25
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, this amount consists of:		
Bond Principal Retirements		24,800,000.00
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:		
Increase in Compensated Absences	$ -82,803.07	
Amortization of Bond Premium	1,093,322.23	
Amortization of Bond Issuance Costs	-337,774.50	
Total Additional Expenditures		672,744.66
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 24,611,257.32

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

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

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 29,666.94	$ 634,375.28
LIABILITIES		
Accounts Payable		$ 61,816.23
Funds Held for Others		572,559.05
Total Liabilities		$ 634,375.28
NET ASSETS		
Held in Trust for Private Purposes	$ 29,666.94	
Total Liabilities and Net Assets	$ 29,666.94	$ 634,375.28

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

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2010

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Investment Earnings	$ 78.74
Change in Net Assets	$ 78.74
Net Assets - Beginning	29,588.20
Net Assets - Ending	$ 29,666.94

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

Note 1: DESCRIPTION OF SCHOOL SYSTEM AND REPORTING ENTITY

REPORTING ENTITY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

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

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

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

The School System reports the following major governmental funds:

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

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

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

The School System reports the following fiduciary fund types:

- Private Purpose Trust fund reports a trust arrangement under which principal and income may be expended to provide scholarships for selected students.

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

BASIS OF PRESENTATION

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School System considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

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

RESTATEMENT OF PRIOR YEAR NET ASSETS

For fiscal year 2010, the School System restated various Capital Assets due to a change in the capitalization policy and errors and omissions. The School System decreased land by $24,416.25. Additionally, the School System decreased, net of accumulated depreciation, buildings and improvements by $529,647.61, and increased net of accumulated depreciation, equipment by $51,471.00. The result is a decrease in Net Assets at July 1, 2009, of $502,592.86. This change is in accordance with generally accepted accounting principles.

CASH AND CASH EQUIVALENTS

Composition of Deposits

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated Section 45-8-14 authorizes the School System to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

INVESTMENTS

Composition of Investments

Investments made by the School System in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year and equity investments are reported at fair value. The Official Code of Georgia Annotated Section 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. Funds may be invested in the following:

1. Obligations issued by the State of Georgia or by other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime banker's acceptances,
6. The Georgia Fund 1 administered by the State of Georgia, Office of Treasury and Fiscal Services,
7. Repurchase agreements, and
8. Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Richmond County Board of Commissioners fixed the property tax levy for the 2009 tax digest year (calendar year) on July 28, 2009 (levy date). Taxes were due on November 16, 2009 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2009 tax digest are reported as revenue in the governmental funds for fiscal year 2010. The Richmond County Tax Commissioner bills and collects the property taxes for the School System, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School System. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2010, for maintenance and operations amounted to $79,174,677.29.

The tax millage rate levied for the 2009 tax year (calendar year) for the Richmond County Board of Education was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	19.342	mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $36,255,615.95 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Consumable Supplies

On the basic financial statements, inventories of athletic, custodial, instructional, maintenance and transportation supplies are reported at cost (weighted average) and textbooks are reported at cost (first-in, first-out). The School System uses the consumption method to account for inventories whereby consumable supplies are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Food Inventories

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

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School System does not capitalize book collections. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School System.

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

	Capitalization Policy	Estimated Useful Life
Personal Property (Equipment)	$ 5,000.00	5 to 30 years
Buildings and Building Improvements	$ 100,000.00	25 to 50 years
Land Improvements	$ 5,000.00	20 years
Land	Any amount	N/A
Vehicles	$ 5,000.00	8 years
Infrastructure	$ 1,000,000.00	65 years
Works of Art	$ Any amount	N/A
Intangible Assets	$ 1,000,000.00	5 years

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

Amortization of intangible assets such as water, timber, mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 20 years.

COMPENSATED ABSENCES

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual school systems. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School System's financial statements.

Vacation leave of 12 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days unless otherwise approved by management.

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2008	$ 1,565,112.72	$ 2,156,446.30	$ 2,136,045.81	$ 1,585,513.21
2009	$ 1,585,513.21	$ 1,049,404.46	$ 993,335.91	$ 1,641,581.76
2010	$ 1,641,581.76	$ 920,319.64	$ 837,516.57	$ 1,724,384.83

GENERAL OBLIGATION BONDS

The School System issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, the School System recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

NET ASSETS

The School System's net assets in the District-wide Statements are classified as follows:

Invested in capital assets, net of related debt - This represents the School System's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - These represent resources for which the School System is legally or contractually obligated to spend resources for bus replacement, continuation of Federal Programs, debt service, and capital projects in accordance with restrictions imposed by external third parties.

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

FUND BALANCES

Reserved
Reserves represent those portions of fund balance equity that are legally segregated for a specific future use.

Unreserved - Designated
Designated fund balances represent tentative plans for future use of financial resources. The School System designated by board action $4,000,000.00 of fund balance to be used for salaries in the subsequent year in response to anticipated state budget cuts.

For Encumbrances - This reserve constitutes the unperformed portion of purchase orders, contracts and other commitments for goods and services at year end. Encumbrances outstanding are reported as a reservation of fund balance and do not constitute expenditures or liabilities in the current year because the commitments will be honored during the subsequent year. For the fiscal year ending June 30, 2010, the School System incurred encumbrances of $410,448.18 for Federal programs where revenue will be recognized in a subsequent year.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

Acceptable security for deposits consists of any one of or any combination of the following:

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,

3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. The School System does not have a formal policy for managing custodial credit risk. At June 30, 2010, the bank balances were $24,006,532.72. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent but not in the School System's name.

CATEGORIZATION OF INVESTMENTS

The School System's investments as of June 30, 2010, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value	Investment Maturity 1 - 5 Years
Debt Securities		
Repurchase Agreements	$ 114,644,524.22	$ 114,644,524.22
Other Investments		
Equity Mutual Funds	487.23	
Equity Securities - Domestic	66,688.00	
Investment Pools		
Office of Treasury and Fiscal Services		
Georgia Fund 1	31,502,612.18	
Total Investments	$ 146,214,311.63	

The Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of Treasury and Fiscal Services is not required to be categorized since the School System did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of Treasury and Fiscal Services for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at http://www.audits.ga.gov/SGD/cafr.html.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAAm rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2010, was 46 days.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School System does not have a formal policy for managing interest rate risk.

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School System will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School System does not have a formal policy for managing custodial credit risk.

At June 30, 2010, $114,644,524.22 of the School System's applicable investments were uninsured and unregistered, with securities held by the counterparty's trust department or agent in the name of the School System.

Credit Quality Risk
Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School System does not have a formal policy for managing credit quality risk.

The investments subject to credit quality risk are reflected below:

Rated Debt Investments	Fair Value	Quality Ratings AAA
Debt Securities		
Mutual Funds		
Repurchase Agreements	$ 114,644,524.22	$ 114,644,524.22

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School System does not have a formal policy for managing concentration of credit risk. More than 5% of the School System's investments are in Federal National Mortgage Association repurchase agreements and Government National Mortgage Association. These investments account for 78% of the School System's total investments.

Note 4: NON-MONETARY TRANSACTIONS

The School System receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their Federally assigned value. **See Note 2 - Inventories**

Note 5: CAPITAL ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year:

	Balances July 1, 2009 (Restated)	Increases	Decreases	Balances June 30, 2010
Governmental Activities				
Capital Assets Not Being Depreciated				
Works of Art	$ 42,000.00			$ 42,000.00
Land	15,110,231.11			15,110,231.11
Construction in Progress	29,785,254.40	$ 32,911,759.77	$ 21,535,964.98	41,161,049.19
Total Capital Assets Not Being Depreciated	$ 44,937,485.51	$ 32,911,759.77	$ 21,535,964.98	$ 56,313,280.30
Capital Assets Being Depreciated				
Buildings and Building Improvements	$ 459,779,239.52	$ 30,987,912.00	$ 605,582.55	$ 490,161,568.97
Equipment	31,939,305.09	2,985,752.55	1,007,302.38	33,917,755.26
Land Improvements	6,200,579.42	2,203,226.30	68,364.73	8,335,440.99
Less Accumulated Depreciation For:				
Buildings and Building Improvements	111,811,637.51	9,302,279.72	453,308.71	120,660,608.52
Equipment	21,039,441.63	2,125,386.77	993,410.89	22,171,417.51
Land Improvements	5,434,577.60	181,134.46	68,364.73	5,547,347.33
Total Capital Assets Being Depreciated Net	$ 359,633,467.29	$ 24,568,089.90	$ 166,165.33	$ 384,035,391.86
Governmental Activities Capital Assets Net	$ 404,570,952.80	$ 57,479,849.67	$ 21,702,130.31	$ 440,348,672.16

Current year depreciation expense by function is as follows:

Instruction		$ 3,495,590.65
Support Services		
Pupil Services	$ 338,248.56	
Educational Media Services	365,895.66	
General Administration	13,533.22	
School Administration	736,141.40	
Business Administration	14,218.11	
Maintenance and Operation of Plant	4,032,854.46	
Student Transportation	1,072,842.32	
Support Services - Central	89,288.05	
Community Service	2,103.21	
Other Support Services	521,824.10	7,186,949.09
Food Service Operation		926,261.21
		$ 11,608,800.95

Note 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2010, consisted of the following:

	Transfers From
	District-wide
Transfers to	Capital Projects
Debt Service Fund	$ 29,686,775.00

Transfers are used to move District-wide Capital Projects Fund sales tax revenue to the Debt Service Fund for payment of bonds.

Note 7: RISK MANAGEMENT

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

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

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

The School System has elected to self-insure for all losses related to torts. The School System has not experienced any losses related to this risk in the past three years.

The School System has established a limited risk management program for workers' compensation claims. The School System accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $500,000.00 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2009	$ 0.00	$ 834,403.98	$ 834,403.98	$ 0.00
2010	$ 0.00	$ 922,030.18	$ 922,030.18	$ 0.00

The School System is self-insured with regard to unemployment compensation claims. The School System accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2009	$ 0.00	$ 81,421.83	$ 81,421.83	$ 0.00
2010	$ 0.00	$ 129,537.30	$ 129,537.30	$ 0.00

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

Position Covered	Amount
Superintendent	$ 50,000.00
President	$ 50,000.00
Vice-President	$ 50,000.00
Controller	$ 50,000.00
Deputy Superintendent	$ 50,000.00
Director of Accounting	$ 20,000.00
Accounting Supervisors	$ 20,000.00
Each Central Office Bookkeeper	$ 10,000.00
Each Principal	$ 5,000.00
Each School Bookkeeper	$ 5,000.00
Each Lunchroom Manager	$ 3,000.00

Note 8: POLLUTION REMEDIATION OBLIGATIONS

The School System sold property located at 2083 Heckle Street, and in accordance with the provisions of the closing documents agreed to remediate the pollution caused by leaking underground storage tanks. In 2005, three groundwater monitoring wells were installed to determine the horizontal and vertical extent of contamination. In June, 2008, a Dual Phase Pump and Treat Vacuum System was put in place to treat the groundwater. A target concentration of 5,000 ppb Benzene in groundwater is the remedial goal set by the Environmental Protection Division (EPD). To complete the EPD requirements, the School System has recorded a liability and expense related to this pollution remediation in the amount of $81,421.00. The estimate of the liability is based on the installation of a vapor extraction unit to actively remediate the pollution.

Note 9: LONG-TERM DEBT

COMPENSATED ABSENCES

Compensated absences represent obligations of the School System relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Typically, the General Fund is the fund used to liquidate this long-term debt. The School System uses the vesting method to compute compensated absences.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2007	4.00% - 5.00%	$ 88,000,000.00

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

	Governmental Funds			
	Compensated Absences (1)	General Obligation Bonds	Unamortized Bond Premium	Total
Balance July 1, 2009	$ 1,641,581.76	$ 112,800,000.00	$ 2,186,644.46	$ 116,628,226.22
Additions				
Annual Leave Earned	920,319.64			920,319.64
Deletions				
Annual Leave Utilized	837,516.57			837,516.57
Debt Retired		24,800,000.00		24,800,000.00
Bond Premium Amortized			1,093,322.23	1,093,322.23
Balance June 30, 2010	$ 1,724,384.83	$ 88,000,000.00	$ 1,093,322.23	$ 90,817,707.06
Due within One Year	$ 0.00	$ 26,000,000.00	$ 1,093,322.23	$ 27,093,322.23

(1) The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.

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

	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
Fiscal Year Ended June 30:			
2011	$ 26,000,000.00	$ 3,653,750.00	$ 1,093,322.23
2012	30,000,000.00	2,283,456.25	
2013	32,000,000.00	769,081.25	
Total Principal and Interest	$ 88,000,000.00	$ 6,706,287.50	$ 1,093,322.23

Note 10: ON-BEHALF PAYMENTS

The School System has recognized revenues and costs in the amount of $721,888.72 for health insurance and retirement contributions paid on the School System's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Non-Certified Personnel
In the amount of $435,020.74

Paid to the Teachers Retirement System of Georgia
For Teachers Retirement System (TRS) Employer's Cost
In the amount of $148,922.04

Office of Treasury and Fiscal Services
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $137,945.94

Note 11: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School System as of June 30, 2010, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
08195	$ 743,932.93	
ACES118-179	23,740.00	
ACES118-180	51,000.00	
ACES118-181	134,000.00	
ACES118-183	41,800.00	
B-03-022-426	157,261.05	
B-03-023-431	157,261.05	
B-03-024-414	84,428.05	
B-04-004-413.2	4,311.50	
B-04-030-451	252,834.06	
B-07-001-458	13,248.34	
B-07-002-426	1,564,519.82	
B-07-008-445	1,446,093.37	
B-08-012-457	425,600.00	
B-08-013-425	3,743,483.28	
B-08-016-445	592,800.00	
B-08-017-452	428,853.98	
B-08-14-425	1,172,637.59	
B-09-018-454	389,500.00	
B-09-019-439	142,500.00	
B-09-021-449	2,804,721.88	
B-09-025-413/B10-721-100	2,056,988.46	$ 1,152,947.00
B-09-026-414	922,420.00	
B-09-027-438/B10-721-096	1,052,196.32	30,853.90
B-10-721-097	443,017.00	181,034.00
B-10-721-098	571,340.00	320,772.00
B-10-721-099	225,900.00	47,714.20
B-10-721-101	789,000.00	547,834.00
B-10-721-102	167,167.02	1,158,840.00
MJR 10-005	167,863.00	
	$ 20,770,418.70	$ 3,439,995.10

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

Note 12: SIGNIFICANT CONTINGENT LIABILITIES

ARBITRAGE REBATE TAX

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of Investment Income received at yields that exceed the issuer's tax-exempt borrowing rates. The U. S. Treasury requires payment every five years. The estimated future liability

of $4,669,521.13 at June 30, 2010, is based on tax exempt debt subject to the Tax Reform Act. The estimated liability will be updated annually for any tax-exempt issuances or changes in yields through January 30, 2012, at which time payment of the final calculated liability for the five-year period is required to be remitted.

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

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

Note 13: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL EMPLOYEES POST-EMPLOYMENT HEALTH BENEFIT FUND

Plan Description. The Georgia School Personnel Post-Employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB 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 (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board).

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately 25 percent of the cost of the health insurance coverage.

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2010:

For certificated teachers, librarians and regional educational service agencies:

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

For non-certificated school personnel:

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

No additional contribution was required by the Board for fiscal year 2010 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other post-employment 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 current fiscal year and the preceding two fiscal years were as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2010	100%	$ 24,964,698.10
2009	100%	$ 19,173,435.62
2008	100%	$ 26,305,168.88

Note 14: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2010, were 5.25% of annual salary. The member contribution rate will increase to 5.53% effective July 1, 2010. Employer contributions required for fiscal year 2010 were 9.74% of annual salary as required by the June 30, 2007, actuarial valuation. The employer contribution rate will increase to 10.28% effective July 1, 2010.

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

Fiscal Year	Percentage Contributed		Required Contribution
2010	100%	$	16,517,600.41
2009	100%	$	15,994,743.64
2008	100%	$	15,505,051.37

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

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	$ 79,250,000.00	$ 79,250,000.00	$ 79,335,393.41
Sales Taxes	950,000.00	950,000.00	905,082.09
State Funds	162,878,150.00	144,216,711.22	143,747,518.38
Federal Funds	69,457,751.00	97,960,445.58	72,217,730.48
Charges for Services	2,999,204.00	3,091,931.00	2,596,334.22
Investment Earnings	407,090.30	560,280.30	124,681.06
Miscellaneous	4,759,011.72	5,542,573.72	2,315,252.46
Total Revenues	$ 320,701,207.02	$ 331,571,941.82	$ 301,241,992.10
EXPENDITURES			
Current			
Instruction	$ 200,979,370.33	$ 206,143,372.64	$ 187,860,618.46
Support Services			
Pupil Services	9,533,107.00	10,012,578.14	8,773,204.84
Improvement of Instructional Services	18,553,184.00	24,593,931.87	15,433,356.27
Educational Media Services	6,155,889.27	6,133,240.91	5,950,129.62
General Administration	4,522,606.00	5,508,161.33	2,749,025.51
School Administration	18,796,582.53	18,031,351.74	17,649,069.29
Business Administration	1,657,319.00	1,656,421.71	1,530,874.94
Maintenance and Operation of Plant	28,446,167.00	28,229,068.52	27,654,794.77
Student Transportation Services	15,229,967.00	13,551,690.09	9,391,115.43
Central Support Services	2,861,421.00	2,852,629.53	2,293,385.55
Other Support Services	1,738,162.00	2,966,221.45	1,738,553.14
Food Services Operation	20,058,867.00	20,332,495.00	17,392,837.23
Community Services Operations	20,419.00	78,069.00	86,105.10
Debt Service			
Redemption of Principal	274,500.00	274,500.00	
Total Expenditures	$ 328,827,561.13	$ 340,363,731.93	$ 298,503,070.15
Excess of Revenues over (under) Expenditures	$ -8,126,354.11	$ -8,791,790.11	$ 2,738,921.95
OTHER FINANCING SOURCES (USES)			
Sale or Compensation for Loss of Fixed Assets	$ 520,000.00	$ 520,000.00	$ 89,508.47
Other Sources	7,606,354.11	8,248,590.11	
Total Other Financing Sources (Uses)	$ 8,126,354.11	$ 8,768,590.11	$ 89,508.47
Net Change in Fund Balances	$ 0.00	$ -23,200.00	$ 2,828,430.42
Fund Balances - Beginning	32,537,653.39	32,537,653.39	32,537,653.39
Fund Balances - Ending	$ 32,537,653.39	$ 32,514,453.39	$ 35,366,083.81

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

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

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

See notes to the basic financial statements.

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

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of				
Child Nutrition Cluster				
Pass-Through From Georgia Department of Education				
Food Services				
School Breakfast Program	*	10.553	N/A	(2)
National School Lunch Program	*	10.555	N/A	$ 16,632,827.15 (1)
Pass-Through From Bright From the Start:				
Georgia Department of Early Care and Learning				
Summer Food Service Program For Children	*	10.559	N/A	214,113.97
Total Child Nutrition Cluster				$ 16,846,941.12
Other Programs				
Pass-Through From Georgia Department of Education				
Food Services				
ARRA - Child Nutrition Discretionary Grants Limited Availability		10.579	N/A	57,859.00
Total U. S. Department of Agriculture				$ 16,904,800.12
Education, U. S. Department of				
Impact Aid Cluster				
Direct				
Impact Aid		84.041		(3)
Education of Homeless Children and Youth Cluster				
Pass-Through From Georgia Department of Education				
Education for Homeless Children and Youth		84.196	N/A	$ 18,445.71
Education Technology State Grants Cluster				
Pass-Through From Georgia Department of Education				
Education Technology State Grants		84.318	N/A	$ 517,155.98
School Improvement Grants Cluster				
Pass-Through From Georgia Department of Education				
School Improvement Grants		84.377	N/A	$ 632,178.75
Special Education Cluster				
Pass-Through From Georgia Department of Education				
Special Education				
ARRA - Grants to States	*	84.391	N/A	$ 4,160,953.00
ARRA - Preschool Grants	*	84.392	N/A	31,291.92
Grants to States	*	84.027	N/A	6,139,783.29
Preschool Grants	*	84.173	N/A	146,843.00
Total Special Education Cluster				$ 10,478,871.21
State Fiscal Stabilization Fund Cluster				
Pass-Through From Georgia Department of Education				
ARRA - Education State Grants	*	84.394	N/A	$ 15,915,276.00
Title I, Part A Cluster				
Pass-Through From Georgia Department of Education				
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 5,903,866.54
Title I Grants to Local Educational Agencies	*	84.010	N/A	15,459,086.52
Total Title I, Part A Cluster				$ 21,362,953.06
Other Programs				
Direct				
Fund for Improvement of Instruction		84.215		$ 172,139.00
Pass-Through From Georgia Department of Education				
Career and Technical Education - Basic Grants to States		84.048	N/A	498,344.00
Charter Schools		84.282	N/A	86,415.78
English Language Acquisition Grants		84.365	N/A	19,503.18
Improving Teacher Quality State Grants		84.367	N/A	2,878,574.77
Mathematics and Science Partnerships		84.366	N/A	253,110.56
Reading First State Grants		84.357	N/A	2,048,775.50
Safe and Drug-Free Schools and Communities - State Grants		84.186	N/A	162,148.00

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

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Education, U. S. Department of			
Other Programs			
Pass-Through From Georgia Department of Education			
Special Education			
State Personnel Development	84.323	N/A	$ 44,197.90
Twenty-First Century Community Learning Centers	84.287	N/A	568,113.43
Pass-Through from Office of Planning and Budget			
Transition to Teaching Grant	84.350	N/A	16,500.00
Total Other Programs			$ 6,747,822.12
Total U. S. Department of Education			$ 55,672,702.83
Health and Human Services, U. S. Department of			
Child Care and Development Fund Cluster			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
ARRA - Child Care and Development Block Grant	93.713	N/A	$ 23,200.00
Other Programs			
Pass-Through From Georgia Department of Education			
HIV Prevention Activities Non-Governmental Organization Based	93.939	N/A	3,750.00
Total U. S. Department of Health and Human Services			$ 26,950.00
Justice, U. S. Department of			
Pass-Through From Children and Youth Coordinating Council			
Public Safety Partnership and Community Policing Grants	16.710	N/A	$ 429,308.90
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program			$ 50,925.64
Department of the Army			
R.O.T.C. Program			304,748.51
Department of the Marines			
R.O.T.C. Program			77,339.36
Department of the Navy			
R.O.T.C. Program			254,740.59
Total U. S. Department of Defense			$ 687,754.10
Total Federal Financial Assistance			$ 73,721,515.95

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $1,147,291.33.
(2) Expenditures for the funds earned on the School Breakfast Program ($3,571,429.90) were not maintained separately and are included in the 2010 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $887,262.18, do not require reporting of expenditures.

Major Programs are identified by an asterisk (*) in front of the CFDA number.

The School District did not provide Federal Assistance to any Subrecipient.

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Richmond County Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

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

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 5,745,683.88		$ 5,745,683.88
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	11,436,446.78		11,436,446.78
Kindergarten Program - Early Intervention Program	2,902,885.00		2,902,885.00
Primary Grades (1-3) Program	26,273,415.64		26,273,415.64
Primary Grades - Early Intervention (1-3) Program	8,292,914.00		8,292,914.00
Upper Elementary Grades (4-5) Program	12,376,862.00		12,376,862.00
Upper Elementary Grades - Early Intervention (4-5) Program	7,275,635.00		7,275,635.00
Middle Grades (6-8) Program	4,932,704.00		4,932,704.00
Middle School (6-8) Program	17,959,788.00		17,959,788.00
High School General Education (9-12) Program	19,813,098.58		19,813,098.58
Vocational Laboratory (9-12) Program	6,813,532.00		6,813,532.00
Students with Disabilities			
Category I	528,412.00		528,412.00
Category II	3,175,068.00		3,175,068.00
Category III	9,277,571.00		9,277,571.00
Category IV	2,908,459.00		2,908,459.00
Category V	814,098.00		814,098.00
Gifted Student - Category VI	834,335.00		834,335.00
Remedial Education Program	874,910.00		874,910.00
Alternative Education Program	1,909,464.00		1,909,464.00
English Speakers of Other Languages (ESOL)	123,989.00		123,989.00
Media Center Program	4,081,862.00		4,081,862.00
20 Days Additional Instruction	1,323,261.00		1,323,261.00
Staff and Professional Development	727,857.00		727,857.00
Indirect Cost			
Central Administration	3,231,464.00		3,231,464.00
School Administration	8,862,722.00		8,862,722.00
Facility Maintenance and Operations	9,341,102.00		9,341,102.00
Categorical Grants			
Pupil Transportation			
Regular	2,784,264.00		2,784,264.00
Nursing Services	484,155.00		484,155.00
Vocational Supervisors	60,817.00		60,817.00
Mid-term Adjustment Hold-Harmless	1,146,813.00		1,146,813.00
Education Equalization Funding Grant	15,971,538.00		15,971,538.00
Food Services	590,060.00		590,060.00
Vocational Education	281,484.14		281,484.14
Amended Formula Adjustment	-30,848,394.00		-30,848,394.00
Local Fair Share	-22,313,636.00		-22,313,636.00
Other State Programs			
Dual Enrollment	4,030.00		4,030.00
Health Insurance	435,020.74		435,020.74
High Performing Principals	15,000.00		15,000.00
National Teacher Certification	83,362.68		83,362.68
Preschool Handicapped Program	365,489.00		365,489.00
Residential Treatment Centers Grant	416,055.76		416,055.76
Rule 10 Special Education State Grant	6,109.00		6,109.00
Severely Emotionally Disturbed	2,137,816.00		2,137,816.00
Teachers' Retirement	148,922.04		148,922.04
Virtual Schools Grant	2,087.50		2,087.50

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

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 707,112.90	$ 707,112.90
Office of Treasury and Fiscal Services			
Public School Employees Retirement	$ 137,945.94		137,945.94
Transportation, Georgia Department of			
Students Against Destructive Decisions	1,039.70		1,039.70
	$ 143,747,518.38	$ 707,112.90	$ 144,454,631.28

See notes to the basic financial statements.

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

SCHEDULE "4"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
SPLOST 1997					
The School System will construct, as provided in the election, a middle and/or an elementary school, which expenditures shall include acquiring, constructing, and equipping these school buildings. In addition to the construction of the middle and/or elementary school, the special sales tax shall be utilized to renovate, repair, improve and equip existing school buildings and other buildings and facilities.	$ 25,245,000.00	$ 53,346,118.00	$ 103,728.76	$ 53,084,569.39	Ongoing
SPLOST 2002					
Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith, acquiring, constructing, installing, and equipping additions to existing schools, inluding without limitation new classroom space, adding to, renovating, removing, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, acquiring, constructing, installing, and equipping stadiums and related athletic facilities for physical and general educational purposes, acquiring transportation vehicles and equipment and buildings and facilities for the repair and maintenance thereof, acquiring,constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, and acquiring the necessary property and rights in property thereof, both real and personal.	200,000,000.00	212,842,457.00	8,220,377.36	200,353,066.56	Ongoing
SPLOST 2007					
(a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith, additions to existing schools, including without limitation new classroom space, and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith,	173,086,529.00	173,086,529.00	38,276,788.66	43,844,185.43	Ongoing
(b) Acquiring textbooks and technology hardware and software and equipment in connection with the foregoing,	21,000,000.00	21,000,000.00	3,865,973.18	4,661,637.13	Ongoing
(c) acquiring, constructing, installing and equipping acquiring school buses and other vehicles for the safety, security, and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof, acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal,	3,941,000.00	3,941,000.00		2,395,705.49	Ongoing
(d) to pay capitalized interest on the general obligation debt and	25,283,671.00	25,283,671.00	4,886,775.00	13,726,124.68	Ongoing
(e) to pay or reimburse the expenses of the Board of Education necessary to accomplish the foregoing, including the expenses incurred in connection with calling the election and imposing the sales and use tax.	1,688,800.00	1,688,800.00		1,688,872.29	Ongoing
	$ 450,245,000.00	$ 491,188,575.00	$ 55,353,642.96	$ 319,754,160.97	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion. The current estimated cost may increase over the original cost estimate as a result of increased tax collections and investment earnings.

(3) The voters of Richmond County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

See notes to the basic financial statements.

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

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2) (3)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 11,483,546.00	$ 8,141,832.40	$ 392,801.63	$ 8,534,634.03
Kindergarten Program-Early Intervention Program	2,818,004.00	2,001,402.15	7,490.98	2,008,893.13
Primary Grades (1-3) Program	27,489,276.00	20,651,961.90	786,577.87	21,438,539.77
Primary Grades-Early Intervention (1-3) Program	8,072,825.00	5,982,095.45	30,023.13	6,012,118.58
Upper Elementary Grades (4-5) Program	12,247,787.00	11,828,013.56	317,354.85	12,145,368.41
Upper Elementary Grades-Early Intervention (4-5) Program	7,217,116.00	4,315,179.33	19,498.51	4,334,677.84
Middle Grades (6-8) Program	4,628,761.00	2,173,341.10	184,122.13	2,357,463.23
Middle School (6-8) Program	18,160,159.00	19,339,006.37	779,402.51	20,118,408.88
High School General Education (9-12) Program	20,896,085.00	25,509,963.88	807,414.53	26,317,378.41
Vocational Laboratory (9-12) Program	6,845,837.00	5,625,206.57	220,835.82	5,846,042.39
Students with Disabilities	16,660,480.00			
Category I		1,076,133.91	62,740.67	1,138,874.58
Category II		7,077,717.24	143,895.63	7,221,612.87
Category III		6,712,407.31	79,032.66	6,791,439.97
Category IV		886,737.54	13,865.92	900,603.46
Gifted Student - Category VI	851,479.00	782,860.84	29,519.52	812,380.36
Remedial Education Program	851,055.00	94,577.35	2,329.77	96,907.12
Alternative Education Program	1,898,463.00	2,546,422.02	50,628.82	2,597,050.84
English Speakers of Other Languages (ESOL)	124,588.00	489,621.70	11,001.07	500,622.77
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 140,245,461.00	$ 125,234,480.62	$ 3,938,536.02	$ 129,173,016.64
Media Center Program	4,058,199.00	5,413,752.95	483,992.12	5,897,745.07
Staff and Professional Development	727,857.00			587,128.53
TOTAL QBE FORMULA FUNDS	$ 145,031,517.00	$ 130,648,233.57	$ 4,422,528.14	$ 135,657,890.24

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

(2) Allotments do not include the impact of the State amended formula adjustment of $28,739,511.00.

(3) Allotments do not include accruals of state revenues.

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

April 15, 2011

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

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richmond County Board of Education as of and for the year ended June 30, 2010, which collectively comprise Richmond County Board of Education's basic financial statements and have issued our report thereon dated April 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Richmond County Board of Education in a separate letter dated April 15, 2011.

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

Respectfully submitted,

Russell W. Hinton

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2010YB-10

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

April 15, 2011

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

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

Ladies and Gentlemen:

Compliance

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

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

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

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item FA-7211-10-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

Russell W. Hinton

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2010SA-30

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue: Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information	Unqualified
Internal control over financial reporting:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major programs: All major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$2,238,263.35
Auditee qualified as low-risk auditee?	No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

ACTIVITIES ALLOWED/UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
Unallowable Expenditure
Significant Deficiency
U. S. Department of Education
Through Georgia Department of Education
Title I Grants to Local Educational Agencies (CFDA 84.010)
Finding Control Number: FA-7211-10-01

Condition:
A review of expenditures charged to the Title I Grants to Local Educational Agencies (CFDA 84.010) program revealed that the School District failed to implement internal control procedures to ensure expenditures were allowable.

Criteria:
Provisions of OMB Circular A-87, *Cost Principles for Local, State and Indian Tribal Governments,* require that "to be allowable under Federal awards, costs must be...authorized or not prohibited under state or local laws or regulations" and "supported by underlying documentation".

Questioned Cost:
$5,200.00

Information:
A review of expenditure vouchers for the Title I Grants to Local Educational Agencies (CFDA 84.010) revealed an unallowable expenditure.

Cause:
Management failed to monitor compliance with Federal guidelines to ensure that expenditures charged to the Federal program were allowable.

Effect:
Failure to ensure that program expenditures are allowable can result in noncompliance with the Federal grant.

Recommendation:
The School System should implement procedures to ensure that all expenditures charged to the Federal program are allowable under OMB Circular A-87. In addition, the Georgia Department of Education should review this matter to determine if a reclaim of grant funds is appropriate.

SECTION V

MANAGEMENT'S RESPONSES

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF MANAGEMENT'S RESPONSES
YEAR ENDED JUNE 30, 2010

Finding Control Number: FA-7211-10-01

We concur with this finding. We have returned funds totaling $5,278.25 via check number 00224248 dated April 15, 2011 ($5,200.00 for unallowable cost and $78.25 for the reduction in indirect cost) to the Georgia Department of Education.

Contact Person: James Whitson, Interim Superintendent
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