

TALBOT COUNTY
BOARD OF EDUCATION
TALBOTTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011
(Including Independent Auditor's Reports)

TALBOT COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

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

EXHIBITS

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

A	STATEMENT OF NET ASSETS	1
B	STATEMENT OF ACTIVITIES	2

FUND FINANCIAL STATEMENTS

C	BALANCE SHEET GOVERNMENTAL FUNDS	3
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	4
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	5
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	6
G	STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS	7
H	STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS	8
I	NOTES TO THE BASIC FINANCIAL STATEMENTS	9

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

1	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	23

SUPPLEMENTARY INFORMATION

2	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24
3	SCHEDULE OF STATE REVENUE	26

TALBOT COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

4 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS 27
5 ALLOTMENTS AND EXPENDITURES
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
BY PROGRAM 29

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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*

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TALBOT COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

SECTION V

MANAGEMENT'S RESPONSES

SCHEDULE OF MANAGEMENT'S RESPONSES

SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

July 6, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Talbot 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 Talbot County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Talbot County Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Talbot County Board of Education, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2012, on our consideration of the Talbot 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.

The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on page 23, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Talbot 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2011ARL-11

TALBOT COUNTY BOARD OF EDUCATION

TALBOT COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 3,881,486.45
Investments	2,530,910.90
Accounts Receivable, Net	
Taxes	233,855.98
State Government	350,508.00
Federal Government	139,678.06
Other	2,642.01
Inventories	22,268.88
Capital Assets, Non-Depreciable	354,857.93
Capital Assets, Depreciable (Net of Accumulated Depreciation)	2,349,322.30
Total Assets	$ 9,865,530.51
LIABILITIES	
Accounts Payable	$ 62,688.15
Salaries and Benefits Payable	614,955.38
Payroll Withholdings Payable	84,008.59
Short-Term Debt	250,000.00
Interest Payable	44,175.00
Deferred Revenue	99,896.08
Long-Term Liabilities	
Due Within One Year	290,000.00
Due in More Than One Year	2,500,000.00
Total Liabilities	$ 3,945,723.20
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 2,236,319.91
Restricted for	
Bus Replacement	39,451.00
Continuation of Federal Programs	189,738.64
Debt Service	739,669.34
Capital Projects	2,872,514.05
Unrestricted (Deficit)	-157,885.63
Total Net Assets	$ 5,919,807.31
Total Liabilities and Net Assets	$ 9,865,530.51

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

TALBOT COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITIES				
Instruction	$ 4,169,674.67	$ 9,704.50	$ 2,617,689.90	$ -1,542,280.27
Support Services				
Pupil Services	359,175.07		90,548.30	-268,626.77
Improvement of Instructional Services	568,696.62		382,647.37	-186,049.25
Educational Media Services	145,320.01		84,758.05	-60,561.96
General Administration	496,353.08		406,459.38	-89,893.70
School Administration	626,114.95		268,158.28	-357,956.67
Business Administration	72,684.06		3,588.82	-69,095.24
Maintenance and Operation of Plant	451,720.72		199,862.02	-251,858.70
Student Transportation Services	556,981.39		238,342.42	-318,638.97
Central Support Services	368.51		249.68	-118.83
Other Support Services	50,849.61		9,071.51	-41,778.10
Operations of Non-Instructional Services				
Enterprise Operations	48,376.77	37,735.01		-10,641.76
Community Services	6,086.00		5,311.35	-774.65
Food Services	442,328.17	28,765.65	411,049.98	-2,512.54
Interest on Short-Term and Long-Term Debt	106,906.67			-106,906.67
Total Governmental Activities	$ 8,101,636.30	$ 76,205.16	$ 4,717,737.06	$ -3,307,694.08
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				$ 2,943,091.94
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Capital Projects				635,369.61
Other Sales Tax				17,524.50
Investment Earnings				11,687.61
Miscellaneous				50,008.47
Total General Revenues				$ 3,657,682.13
Changes in Net Assets				$ 349,988.05
Net Assets - Beginning of Year				5,569,819.26
Net Assets - End of Year				$ 5,919,807.31

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

TALBOT COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 362,983.09	$ 2,783,267.35	$ 735,236.01	$ 3,881,486.45
Investments	79,007.73	2,451,903.17		2,530,910.90
Accounts Receivable, Net				
Taxes	136,566.61	97,289.37		233,855.98
State Government	350,508.00			350,508.00
Federal Government	139,678.06			139,678.06
Other	2,642.01			2,642.01
Inventories	22,268.88			22,268.88
Total Assets	$ 1,093,654.38	$ 5,332,459.89	$ 735,236.01	$ 7,161,350.28
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 62,688.15			$ 62,688.15
Salaries and Benefits Payable	614,955.38			614,955.38
Payroll Withholdings Payable	84,008.59			84,008.59
Short-Term Debt	250,000.00			250,000.00
Deposits and Deferred Revenue	194,330.09			194,330.09
Total Liabilities	$ 1,205,982.21			$ 1,205,982.21
FUND BALANCES				
Nonspendable	$ 22,268.88			$ 22,268.88
Restricted	229,189.64	$ 5,194,653.73	$ 735,236.01	6,159,079.38
Assigned	35,087.44			35,087.44
Unassigned (Deficit)	-398,873.79	137,806.16		-261,067.63
Total Fund Balances	$ -112,327.83	$ 5,332,459.89	$ 735,236.01	$ 5,955,368.07
Total Liabilities and Fund Balances	$ 1,093,654.38	$ 5,332,459.89	$ 735,236.01	$ 7,161,350.28

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

TALBOT COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 5,955,368.07
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	$ 354,857.93	
Land Improvements	558,998.55	
Buildings	3,411,016.28	
Equipment	1,812,094.78	
Accumulated Depreciation	-3,432,787.31	
Total Capital Assets		2,704,180.23
Some of the School District's property tax revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures.		94,434.01
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	$ -2,790,000.00	
Accrued Interest	-44,175.00	
Total Long-Term Liabilities		-2,834,175.00
Net Assets of Governmental Activities (Exhibit "A")		$ 5,919,807.31

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

TALBOT COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 2,968,976.85			$ 2,968,976.85
Sales Taxes	17,461.33	$ 635,369.61	$ 63.18	652,894.12
State Funds	2,866,367.37			2,866,367.37
Federal Funds	1,851,369.69			1,851,369.69
Charges for Services	76,205.16			76,205.16
Investment Earnings	7,262.05	3,678.70	746.86	11,687.61
Miscellaneous	50,008.47			50,008.47
Total Revenues	$ 7,837,650.92	$ 639,048.31	$ 810.04	$ 8,477,509.27
EXPENDITURES				
Current				
Instruction	$ 4,060,327.39			$ 4,060,327.39
Support Services				
Pupil Services	359,175.07			359,175.07
Improvement of Instructional Services	568,696.62			568,696.62
Educational Media Services	145,875.01			145,875.01
General Administration	492,921.93			492,921.93
School Administration	626,114.95			626,114.95
Business Administration	72,684.06			72,684.06
Maintenance and Operation of Plant	445,903.90			445,903.90
Student Transportation Services	437,249.57			437,249.57
Central Support Services	368.52			368.52
Other Support Services	50,849.61			50,849.61
Enterprise Operations	48,376.77			48,376.77
Community Services	6,086.00			6,086.00
Food Services Operation	430,378.53			430,378.53
Capital Outlay		$ 45,544.53		45,544.53
Debt Services				
Principal			$ 280,000.00	280,000.00
Interest			111,340.00	111,340.00
Total Expenditures	$ 7,745,007.93	$ 45,544.53	$ 391,340.00	$ 8,181,892.46
Net Change in Fund Balances	$ 92,642.99	$ 593,503.78	$ -390,529.96	$ 295,616.81
Fund Balances - Beginning	-204,970.82	4,738,956.11	1,125,765.97	5,659,751.26
Fund Balances - Ending	$ -112,327.83	$ 5,332,459.89	$ 735,236.01	$ 5,955,368.07

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

TALBOT 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, 2011

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")	$	295,616.81
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, the amount is:		
Depreciation Expense		-204,177.18
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		-25,884.91
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:		
Bond Principal Retirements		280,000.00
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:		
Net Increase in Accrued Interest		4,433.33
Change in Net Assets of Governmental Activities (Exhibit "B")	$	349,988.05

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

TALBOT COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 2,763.01	$ 7,169.75
LIABILITIES		
Funds Held for Others		$ 7,169.75
NET ASSETS		
Held in Trust for Private Purposes	$ 2,763.01	
Total Liabilities and Net Assets	$ 2,763.01	$ 7,169.75

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

TALBOT COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
None Reported	$ 0.00
DEDUCTIONS	
None Reported	$ 0.00
Change in Net Assets	$ 0.00
Net Assets - Beginning	2,763.01
Net Assets - Ending	$ 2,763.01

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

District-wide Statements:

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Special Purpose Local Option Sales Tax (SPLOST) and Bond Proceeds that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

- Private Purpose Trust fund reports trust arrangements under which principal and income are used to provide scholarships to business administration and business education students with junior standing at an accredited college or university.
- Agency funds account for assets held by the School District as an agent for various funds, governments or individuals.

BASIS OF ACCOUNTING

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

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

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

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

The State of Georgia reimburses the School 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 2011, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of this Statement establish accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

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

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

RECEIVABLES

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

PROPERTY TAXES

The Talbot County Board of Commissioners fixed the property tax levy for the 2010 tax digest year (calendar year) on October 20, 2010 (levy date). Taxes were due on December 20, 2010 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2010 tax digest are reported as revenue in the governmental funds for fiscal year 2011. The Talbot County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.50% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2011, for maintenance and operations amounted to $2,968,976.85.

The tax millage rate levied for the 2010 tax year (calendar year) for the Talbot County Board of Education was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	13.08 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $635,369.61 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 10,000.00	20 to 50 years
Buildings and Improvements	$ 20,000.00	up to 50 years
Equipment	$ 5,000.00	5 to 50 years

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

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide and fund financial statements, the School District recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. To conform to generally accepted accounting principles, bond premiums and discounts, as well as bond issuance costs should be amortized over the life of the bonds on the District-wide statements. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. In addition, general obligation bonds have been issued to refund existing general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

NET ASSETS

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

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

Restricted net assets - These represent resources for which the School District is legally or contractually obligated to spend resources for 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 District, and may be used at the discretion of the Board to meet current expenses for those purposes.

FUND BALANCES

The School District's fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources are either (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board of Education or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – The residual classification for the General Fund. This classification represents fund balances that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Fund Balances of the Governmental Funds at June 30, 2011, are as follows:

Nonspendable		
Inventories		$ 22,268.88
Restricted		
Bus Replacement	$ 39,451.00	
Continuation of Federal Programs	189,738.64	
Capital Projects	5,194,653.73	
Debt Service	735,236.01	6,159,079.38
Assigned		
Banquet Account	$ 4,953.11	
Student Activities	30,134.33	35,087.44
Unassigned		
General Fund	$ -398,873.79	
Capital Projects	137,806.16	-261,067.63
Fund Balance, June 30, 2011		$ 5,955,368.07

When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

DEFICIT FUND BALANCES

The fund reporting a deficit fund balance at June 30, 2011, is as follows:

Fund Type/Fund Name	Deficit Balance
General Fund	$ 398,873.79

The School District plans to eliminate the deficit through a reduction in spending and an increase in millage rate.

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 District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2011, the bank balances were $6,862,318.30. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.

CATEGORIZATION OF INVESTMENTS

At June 30, 2011, the carrying value of the School District's total investments was $98,558.28, which is materially the same as fair value. This investment consisted entirely of funds invested in the Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of the

State Treasurer which are not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer 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, 2011, was 59 days.

NOTE 4: NON-MONETARY TRANSACTIONS

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

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2010	Increases	Decreases	Balances June 30, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 354,857.93	$ 0.00	$ 0.00	$ 354,857.93
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 3,411,016.28		$ 0.00	$ 3,411,016.28
Equipment	1,812,094.78			1,812,094.78
Land Improvements	558,998.55			558,998.55
Less: Accumulated Depreciation:				
Buildings and Improvements	1,626,358.46	$ 61,928.81		1,688,287.27
Equipment	1,259,683.41	124,294.37		1,383,977.78
Land Improvements	342,568.26	17,954.00		360,522.26
Total Capital Assets, Being Depreciated, Net	$ 2,553,499.48	$ -204,177.18	$ 0.00	$ 2,349,322.30
Governmental Activity Capital Assets - Net	$ 2,908,357.41	$ -204,177.18	$ 0.00	$ 2,704,180.23

Current year depreciation expense by function is as follows:

Instruction		$ 89,663.69
Support Services		
General Administration	$ 2,788.01	
Maintenance and Operation of Plant	4,726.51	
Student Transportation Services	97,289.18	104,803.70
Food Services		9,709.79
		$ 204,177.18

NOTE 6: RISK MANAGEMENT

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

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

The School District has elected to self-insure for all losses related to acts of God. The School District has not experienced any losses related to this risk in the past three years.

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2010	$ 0.00	$ 29,368.46	$ 29,368.46	$ 0.00
2011	$ 0.00	$ 65,459.12	$ 65,459.12	$ 0.00

The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of $1,000,000.00 loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Company with a loss fund percentage of 100%, based on the Fund's annual normal premium, up to a maximum limit of indemnity of aggregate limit of $2,000,000.00.

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

Position Covered	Amount
Superintendent	$ 30,000.00
Bookkeeper	$ 10,000.00
Payroll Clerk	$ 10,000.00
Finance Director	$ 10,000.00
Each Employee	$ 100,000.00

NOTE 7: OPERATING LEASES

Talbot County Board of Education has entered into various leases as lessee for copiers and a postage meter. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2011, for governmental funds amounted to $9,901.29

NOTE 8: SHORT-TERM DEBT

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

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Temporary Loans	$ 850,000.00	$ 600,000.00	$ 1,200,000.00	$ 250,000.00

NOTE 9: LONG-TERM DEBT

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
General Government - Series 2003	3.80%	$ 2,790,000.00

The changes in Long-Term Debt during the fiscal year ended June 30, 2011, were as follows:

	Governmental Funds				
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
G. O. Bonds	$ 3,070,000.00	$ 0.00	$ 280,000.00	$ 2,790,000.00	$ 290,000.00

At June 30, 2011, payments due by fiscal year which includes principal and interest for these items are as follows:

	General Obligation Debt	
	Principal	Interest
Fiscal Year Ended June 30:		
2012	$ 290,000.00	$ 100,510.00
2013	310,000.00	89,110.00
2014	325,000.00	77,045.00
2015	340,000.00	64,410.00
2016	355,000.00	51,205.00
2017 - 2019	1,170,000.00	68,210.00
Total Principal and Interest	$ 2,790,000.00	$ 450,490.00

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $17,845.42 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Non-Certificated Personnel
In the amount of $12,605.42

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of $5,240.00

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 12: RELATED PARTY TRANSACTIONS

The School District receives local tax receipts from the Talbot County Tax Commissioner's office. The Tax Commissioner is the spouse of the Interim Superintendent.

NOTE 13: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL 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 Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

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, 2011:

For certificated teachers, librarians and regional educational service agencies:

July 2010 - April 2011	21.955%	of covered payroll for August - May Coverage
May 2011 - June 2011	1.429%	of covered payroll for June - July Coverage

For non-certificated school personnel:

July 2010 - December 2010	$162.72	per member per month
January 2011 - May 2011	$218.20	per member per month
June 2011	$246.20	per member per month

The Department of Education was appropriated an additional $25,081,633 for non-certificated personnel health insurance payments. The amount attributable to the School District is reflected in the On-behalf note disclosure.

No additional contribution was required by the Board for fiscal year 2011 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

The School District's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the current fiscal year and the preceding two fiscal years were as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 577,548.76
2010	100%	$ 667,167.09
2009	100%	$ 477,122.87

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, 2011, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2011 were 10.28% of annual salary as required by the June 30, 2008, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

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

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 419,130.30
2010	100%	$ 444,832.43
2009	100%	$ 419,136.12

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

Bus drivers, lunchroom personnel, and maintenance and custodial personnel are members of the Public School Employees' Retirement System of Georgia. The System is funded by contributions by the employees and by the State of Georgia. The School District makes no contribution to this plan.

(This page left intentionally blank)

TALBOT COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	$ 3,049,886.00	$ 3,049,886.00	$ 2,968,976.85
Sales Taxes			17,461.33
State Funds	3,317,505.67	3,400,911.81	2,866,367.37
Federal Funds	895,728.48	2,030,110.89	1,851,369.69
Charges for Services	36,000.00	45,704.50	76,205.16
Investment Earnings	7,500.00	12,500.00	7,262.05
Miscellaneous	81,000.00	135,685.63	50,008.47
Total Revenues	$ 7,387,620.15	$ 8,674,798.83	$ 7,837,650.92
EXPENDITURES			
Current			
Instruction	$ 3,451,284.07	$ 4,274,533.25	$ 4,060,327.39
Support Services			
Pupil Services	469,196.51	521,579.14	359,175.07
Improvement of Instructional Services	325,463.37	755,802.25	568,696.62
Educational Media Services	96,424.21	96,943.34	145,875.01
General Administration	418,980.96	427,305.91	492,921.93
School Administration	626,301.61	691,117.36	626,114.95
Business Administration	92,016.44	92,223.53	72,684.06
Maintenance and Operation of Plant	526,019.00	533,245.33	445,903.90
Student Transportation Services	538,023.99	717,045.75	437,249.57
Central Support Services	7,500.00	11,600.00	368.52
Other Support Services	58,022.86	66,985.13	50,849.61
Enterprise Operations		13,638.93	48,376.77
Community Services		10,378.22	6,086.00
Food Services Operation	507,100.00	525,379.68	430,378.53
Total Expenditures	$ 7,116,333.02	$ 8,737,777.82	$ 7,745,007.93
Excess of Revenues over (under) Expenditures	$ 271,287.13	$ -62,978.99	$ 92,642.99
OTHER FINANCING SOURCES (USES)			
Operating Transfers From Other Funds		$ 155,106.96	
Operating Transfers To Other Funds		-155,106.96	
Total Other Financing Sources (Uses)		$ 0.00	
Net Change in Fund Balances	$ 271,287.13	$ -62,978.99	$ 92,642.99
Fund Balances - Beginning	325,806.84	325,806.84	-204,970.82
Adjustments	-1,108.81	-28,111.40	
Fund Balances - Ending	$ 595,985.16	$ 234,716.45	$ -112,327.83

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.

TALBOT COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

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	$ 377,284.87	(1)
Total Child Nutrition Cluster				$ 377,284.87	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Fresh Fruit and Vegetable Program		10.582	N/A	18,279.68	
Total U. S. Department of Agriculture				$ 395,564.55	
Education, U. S. Department of					
Education Technology State Grants Cluster					
Pass-Through From Georgia Department of Education					
Education Technology State Grants		84.318	N/A	$ 5,155.00	
School Improvement Grants Cluster					
Pass-Through From Georgia Department of Education					
School Improvement Grants		84.377	N/A	$ 4,415.99	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 43,698.12	
Grants to States	*	84.027	N/A	141,530.51	
Preschool Grants	*	84.173	N/A	18,604.00	
Total Special Education Cluster				$ 203,832.63	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 163,234.15	
Title I Grants to Local Educational Agencies	*	84.010	N/A	466,839.64	
Total Title I, Part A Cluster				$ 630,073.79	
Other Programs					
Direct					
Early Reading First		84.359		$ 13,193.89	
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	13,436.62	
Education Jobs Fund	*	84.410	N/A	133,539.00	
Even Start - State Educational Agencies		84.213	N/A	217,028.19	
Improving Teacher Quality State Grants		84.367	N/A	90,131.49	
Reading First State Grants		84.357	N/A	53,475.99	
Rural Education		84.358	N/A	16,002.00	
Total Other Programs				$ 536,807.18	
Total U. S. Department of Education				$ 1,380,284.59	

TALBOT COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of			
Child Care and Development Fund Cluster			
Pass-Through From Georgia Department of Human Services			
Child Care and Development Block Grant	93.575	N/A	$ 4,672.00
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	48,606.48
Total U. S. Department of Health and Human Services			$ 53,278.48
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program			$ 51,169.97
Total Expenditures of Federal Awards			$ 1,880,297.59

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 $26,196.51.
(2) Expenditures for the funds earned on the School Breakfast Program ($112,795.52) were not maintained separately and are included in the 2011 National School Lunch Program.

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 Talbot 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.

TALBOT COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2011

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 122,005.95
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	105,333.00
Kindergarten Program - Early Intervention Program	49,252.00
Primary Grades (1-3) Program	354,212.00
Primary Grades - Early Intervention (1-3) Program	91,791.00
Upper Elementary Grades (4-5) Program	168,033.00
Upper Elementary Grades - Early Prevention (4-5) Program	89,250.00
Middle School (6-8) Program	310,894.00
High School General Education (9-12) Program	282,603.00
Vocational Laboratory (9-12) Program	141,192.00
Students with Disabilities	365,741.00
Remedial Education Program	75,276.00
Alternative Education Program	28,196.00
Media Center Program	55,610.00
20 Days Additional Instruction	18,322.00
Staff and Professional Development	9,468.00
Indirect Cost	
Central Administration	255,772.00
School Administration	126,190.00
Facility Maintenance and Operation	121,259.00
Categorical Grants	
Pupil Transportation	
Regular	204,954.00
Sparsity	132,100.00
Nursing Services	27,839.00
Vocational Supervisors	7,318.00
Mid-term Adjustment Hold-Harmless	22,913.00
Food Services	13,860.00
Vocational Education	13,833.00
Amended Formula Adjustment	-350,201.00
Other State Programs	
Health Insurance	12,605.42
Preschool Handicapped Program	5,506.00
Office of State Treasurer	
Public School Employees Retirement	5,240.00
	$ 2,866,367.37

See notes to the basic financial statements.

TALBOT COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2011

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
Acquiring, constructing and equipping one new elementary school; adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith; payment of capitalized interest on the bonds through and including August 1, 2003; and the costs of issuing the bonds.	$ 2,500,000.00	$ 2,847,528.26	$ 156,884.53	$ 2,690,643.73	Ongoing

(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 project. Includes all cost from project inception to completion.

(3) The voters of Talbot County approved the imposition of a 1% sales tax to fund the above project 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 project.

See notes to the basic financial statements.

(This page left intentionally blank)

TALBOT COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2011

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 149,657.00	$ 180,574.83	$ 3,151.02	$ 183,725.85
Kindergarten Program-Early Intervention Program	69,880.00	42,890.40		42,890.40
Primary Grades (1-3) Program	443,652.00	524,277.55	4,119.49	528,397.04
Primary Grades-Early Intervention (1-3) Program	114,811.00	77,917.90		77,917.90
Upper Elementary Grades (4-5) Program	246,646.00	291,317.31	3,216.60	294,533.91
Upper Elementary Grades-Early Intervention (4-5) Program	114,563.00	69,108.99		69,108.99
Middle Grades (6-8) Program	436,825.00	372,228.36		372,228.36
Middle School (6-8) Program		4,027.73	7,611.54	11,639.27
High School General Education (9-12) Program	403,148.00	453,534.84	6,127.75	459,662.59
Vocational Laboratory (9-12) Program	198,779.00	309,625.55	13,002.96	322,628.51
Students with Disabilities	489,172.00			
Category II		146,191.19		146,191.19
Category III		157,030.72	1,276.86	158,307.58
Category IV		89,186.70		89,186.70
Remedial Education Program	104,964.00	38,813.40		38,813.40
Alternative Education Program	40,195.00	24,282.49		24,282.49
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 2,812,292.00	$ 2,781,007.96	$ 38,506.22	$ 2,819,514.18
Media Center Program	78,302.00	136,145.39	9,244.28	145,389.67
Staff and Professional Development	13,286.00	13,385.00		13,385.00
TOTAL QBE FORMULA FUNDS	$ 2,903,880.00	$ 2,930,538.35	$ 47,750.50	$ 2,978,288.85

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

July 6, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Talbot 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 Talbot County Board of Education as of and for the year ended June 30, 2011, which collectively comprise Talbot County Board of Education's basic financial statements and have issued our report thereon dated July 6, 2012. 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

Management of Talbot County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Talbot 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 Talbot County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Talbot County Board of Education's internal control over financial reporting.

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 and therefore, there can be no assurances that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider items FS-7301-11-01, FS-7301-11-04 and FS-7301-11-06 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider items FS-7301-11-02, FS-7301-11-03, FS-7301-11-05 and FS-7301-11-07 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Talbot 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 Talbot County Board of Education in a separate letter dated July 6, 2012.

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

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



Greg S. Griffin
State Auditor

GSG:as
2011YB-40

DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

July 6, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Talbot 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 Talbot 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, 2011. Talbot 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 Talbot County Board of Education's management. Our responsibility is to express an opinion on Talbot 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 Talbot 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 Talbot County Board of Education's compliance with those requirements.

As described in items FA-7301-11-01 and FA-7301-11-03 in the accompanying Schedule of Findings and Questioned Costs, Talbot County Board of Education did not comply with requirements regarding Allowable Costs/Cost Principles and Reporting that are applicable to its Title 1, Part A Cluster. In addition, as described in item FA-7301-11-04, the Talbot County Board of Education did not comply with requirements regarding Matching, Level of Effort and Earmarking that is applicable to its Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for Talbot County Board of Education to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Talbot 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, 2011.

Internal Control Over Compliance

Management of Talbot 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 Talbot 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 Talbot County Board of Education's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items FA-7301-11-01, FA-7301-11-03, and FA-7301-11-04 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item FA-7301-11-02 to be a significant deficiency.

Talbot County Board of Education's responses to the findings identified in our audit are described in the accompanying Schedule of Management's Responses. We did not audit Talbot County Board of Education's responses and, accordingly, we express no opinion on the responses.

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



Greg S. Griffin
State Auditor

GSG:as
2011SA-65

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

TALBOT COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-7301-09-01	Further Action Not Warranted
FS-7301-09-02	Further Action Not Warranted
FS-7301-09-04	Further Action Not Warranted
FS-7301-09-05	Further Action Not Warranted
FS-7301-09-08	Further Action Not Warranted
FS-7301-10-01	Unresolved - See Corrective Action/Responses
FS-7301-10-02	Unresolved - See Corrective Action/Responses
FS-7301-10-03	Unresolved - See Corrective Action/Responses
FS-7301-10-04	Unresolved - See Corrective Action/Responses
FS-7301-10-05	Partially Resolved - See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

BUDGET PREPARATION/EXECUTION
Deficit Fund Balance
Finding Control Number: FS-7301-10-01

The Board will establish policies and procedures designed to ensure that in the future the School District does not report a deficit balance.

CASH AND CASH EQUIVALENTS
Inadequate Internal Control Procedures
Finding Control Number: FS-7301-10-02

The Board will implement controls over cash to ensure that cash is properly reconciled to general ledger and cash activity is maintained in the proper fund. Additional staff will be assigned the duty of monthly bank reconciliations and will monitor as well as review with signatures from the Finance Director and Superintendent.

REVENUES/RECEIVABLES/RECEIPTS
ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING
Inadequate Internal Controls over School Activity Accounts
Finding Control Number: FS-7301-10-03

The Board will revise and implement internal controls to ensure that proper separation of duties are established. Accounting processes are accurately monitored and financial statement amounts are reconciled to the general ledger balances.

TALBOT COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

CORRECTIVE ACTION/RESPONSES

REVENUES/RECEIVABLES/RECEIPTS
GENERAL LEDGER
Inadequate Internal Controls over Grants and Contracts
Finding Control Number: FS-7301-10-04

The Board will implement and revise internal controls to ensure that all state and Federal Programs are properly closed out at the program year end. Additional controls will be implemented to ensure that State and Federal program funds will be closely monitored so that a deficit fund balance will not occur.

EMPLOYEE COMPENSATION
Inadequate Internal Controls over Employee Compensation Process
Finding Control Number: FS-7301-10-05

The Board has implemented procedures to ensure that all compensation paid to employees will flow through payroll. In addition, procedures will be implemented to ensure that additional compensation will be properly approved and documented.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FA-7301-10-01	Partially Resolved - See Corrective Action/Responses
FA-7301-10-02	Previously Reported Corrective Action Implemented
FA-7301-10-03	Previously Reported Corrective Action Implemented

CORRECTIVE ACTION/RESPONSES

ALLOWABLE COSTS/COST PRINCIPLES
Salaries Not Properly Supported
U. S. Department of Education
Through Georgia Department of Education
Title 1, Part A Cluster (CFDA 84.010 and 84.389)
Special Education Cluster (CFDA 84.027, 84.173, 84.391 and 84.392)
Questioned Cost:
$2,163.55 Special Education Cluster (CFDA 84.027, 84.173, 84.391 and 84.392)
$36,290.87 Title 1, Part A Cluster (CFDA 84.010 and 84.389)
Finding Control Number: FA-7301-10-01

The School District has implemented policies and procedures to ensure that normal business procedures are followed for all salaries, which includes ensuring that Federal funded salaries are paid according to approved salary schedules.

SECTION IV

FINDINGS AND QUESTIONED COSTS

TALBOT COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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 weaknesses identified? — Yes
- Significant deficiencies identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weaknesses identified? — Yes
- Significant deficiencies identified? — Yes

Type of auditor's report issued on compliance for major programs:
Unqualified for Education Jobs Fund
Qualified for Title I, Part A Cluster and Special Education Cluster

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 Numbers	Name of Federal Program or Cluster
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391	Special Education Cluster
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

BUDGET PREPARATION/EXECUTION
Deficit Fund Balance
Material Weakness
Finding Control Number: FS-7301-11-01

Condition:
This is a repeat finding (FS-7301-10-01 and FS-7301-09-01) from the years ended June 30, 2010, and June 30, 2009, respectively. The General Fund of the School District reported a deficit fund balance.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Criteria:
Chapter 25 *Governmental Fund Deficits* of the Financial Management for Georgia Local Units of Administration states in part: "The seriousness of fund balances deficits cannot be overstated. The Georgia Department of Education requires those LUAs with deficit governmental fund balances to meet certain reporting requirements".

Questioned Cost:
N/A

Information:
The School District's General Fund reported a deficit fund balance in the amount of $398,873.79.

Cause:
The School District's General Fund incurred expenditures in excess of revenues during the previous years. In addition, management failed to use effective budgeting techniques and continued charging expenditures to state and Federal programs after the award amounts had been depleted.

Effect:
A financial statement irregularity in accordance with Official Code of Georgia Annotated (O.C.G.A.) §20-2-67.

Recommendation:
The School District should establish policies and procedures designed to ensure that in future periods the School District does not report a deficit fund balance.

CASH AND CASH EQUIVALENTS
Inadequate Internal Control Procedures
Significant Deficiency
Finding Control Number: FS-7301-11-02

Condition:
This is a repeat finding (FS-7301-10-02 and FS-7301-09-02) from the years ended June 30, 2010, and June 30, 2009, respectively. The accounting procedures of the School District were insufficient to provide adequate internal controls over the Cash and Cash Equivalents function.

Criteria:
The School District's management is responsible for designing and maintaining internal controls over the Cash and Cash Equivalents.

Questioned Cost:
N/A

Information:
Weaknesses in internal controls relating to Cash and Cash Equivalents were noted as follows:

- An administrative review of monthly bank reconciliations, to determine that bank reconciliations were correct and that all required adjustments had been made, was not performed.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

- Processes were not in place to ensure that cash activity was maintained in the proper fund in the general ledger. A review of bank account activity by fund noted Private Purpose Trust Fund cash was recorded in the General Fund and Special Purpose Local Option Sales Tax cash was recorded in the General Fund.
- Bank reconciliations were not performed by someone independent of the general ledger function.

Cause:
The School District did not design internal controls to properly reconcile and maintain cash activity on the general ledger.

Effect:
Failure to maintain adequate internal controls over cash activity increases the risk that significant misstatements could occur in the financial statements due to error or fraud.

Recommendation:
The School District should design and implement controls over cash to ensure that (1) monthly bank reconciliations are adequately reviewed, (2) cash activity is maintained in the proper funds, and (3) bank reconciliations are performed by someone independent of the general ledger function.

CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING
Inadequate Internal Controls over School Activity Accounts
Significant Deficiency
Finding Control Number: FS-7301-11-03

Condition:
This is a repeat finding (FS-7301-10-03 and FS-7301-09-04) from the years ended June 30, 2010, and June 30, 2009, respectively. The accounting procedures of the School District were insufficient to provide adequate internal controls over school activity accounts.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide proper separation of duties and provide reasonable assurance that transaction are processed according to established procedures.

Questioned Cost:
N/A

Information:
Cash and Cash Equivalents

- The CSS Internal School Fund account was not properly reconciled to the general ledger resulting in an unidentified variance.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Revenues/Receivables/Receipts

- The deposit preparation function was not separated from the bank reconciliations and general ledger functions.
- Gate receipts were not kept in a secured location prior to depositing in the bank.
- Dues/Fees collected from students were not receipted by the teachers.
- The depositing of funds to the bank was not a standard process for all school activity accounts.

Accounting Controls (Overall)

- An administrative review of the bank reconciliation process, cash receipt process, and cash disbursement process to determine if established accounting procedures were being followed was not performed.
- The School District did not have a formal process for documenting agency funds sponsors, purpose of accounts, allowable activities of accounts, sources of funds, and final disposition of funds related to individual agency fund accounts.

Financial Reporting

- School activity account balances used for financial statements reporting did not agree with school activity general ledgers.
- Several school activity accounts were found misclassified as governmental accounts instead of agency accounts.
- Several beginning fund balances reported on the consolidation worksheet used to record School Activity Accounts to the central office's general ledger did not agree to the prior year ending balances.

Cause:

These deficiencies were a result of management's failure to ensure that internal controls were properly designed and functioning at the school level.

Effect:

Failure to maintain adequate internal controls over school activity accounts increases the risk that misstatements could occur in the financial statements due to error or fraud.

Recommendation:

The School District should revise and implement internal controls to ensure that proper separation of duties is established, accounting processes are adequately monitored, school activity accounts are properly classified, and financial statement amounts are reconciled to general ledger balances. In addition, standard procedures should be implemented over the depositing of funds and amounts reported in consolidation spreadsheet for school activity accounts. Finally, agency fund accounts should be properly documented.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

REVENUES/RECEIVABLES/RECEIPTS
GENERAL LEDGER
Inadequate Internal Controls over Grants and Contracts
Material Weakness
Finding Control Number: FS-7301-11-04

Condition:
This is a repeat finding (FS-7301-10-04 and FS-7301-09-05) from the years ended June 30, 2010, and June 30, 2009, respectively. The accounting procedures of the School District were insufficient to provide adequate internal controls over state and Federal programs funds.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Questioned Cost:
N/A

Information:
Several of the School District's state and Federal programs maintained deficit fund balances at year end related to current year and/or prior year grants.

- Career, Technical, and Agriculture - $23.26
- 21st Century - $1,678.30
- USDA-FFV - $1,967.15
- Family Connection - $19,902.85
- School Nutrition (Cafeteria) - $5,673.67
- Special Education - $302.72
- Early Reading First - $11,218.64

In addition, several state and Federal programs maintained excess fund balances at year end. The School District did not properly defer and/or refund the excess revenue for the following programs.

- Title 1 - $266,647.35
- Rural and Low Income - $47.39
- Drug Free - $6,756.34
- Improving Teaching Quality - $5,799.08
- Child Care and Development Block Grant - $38,440.73
- Lottery-Pre-K - $13,091.85

Cause:
This deficiency was a result of management's failure to ensure that state and Federal programs were properly closed out at year end.

Effect:
Errors and/or irregularities may not be detected in a timely manner.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Recommendation:
The School District should implement internal controls to ensure that all state and Federal programs are properly closed out at year end.

EMPLOYEE COMPENSATION
Inadequate Internal Controls over Employee Compensation Process
Significant Deficiency
Finding Control Number: FS-7301-11-05

Condition:
This is a repeat finding (FS-7301-10-05, FS-7301-09-08 and FS-7031-08-03) from the years ended June 30, 2010, June 30 2009, and June 30, 2008, respectively. The accounting procedures of the School District were insufficient to provide for adequate internal controls over employee compensation.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance employees are paid according to approved salary schedules and that documentation is maintained to support the salary payments.

Questioned Cost:
N/A

Information:
- A review of employee compensation revealed several instances where salaries were not properly approved, supported by signed contracts and/or Board approved salary schedules.
- During employee compensation testing, the School District provided a contract for an employee that was signed by the former Interim Superintendent; however, the former Superintendent stated that she did not sign the contract. Of the $96,684.71 paid to this employee, the state salary schedule and board approved supplemental pay supported all but $4,748.37 of this employee's pay. This issue is currently being followed up on by the current Superintendent.

Cause:
The School District's management failed to implement appropriate procedures to ensure that salary amounts are supported by adequate documentation.

Effect:
Failure to maintain adequate internal controls over employee compensation increases the risk that misstatements could occur in the financial statements due to error or fraud.

Recommendation:
The School District should implement policies and procedures to ensure that normal business procedures are followed for all salaries, which includes ensuring that salaries are paid according to approved salary schedules and that adequate documentation is maintained to support the salary payments.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

CAPITAL ASSETS
Failure to Adequately Maintain Capital Assets
Material Weakness
Finding Control Number: FS-7301-11-06

Condition:
The School District failed to adequately maintain a capital asset listing.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance that capital assets inventory records are properly maintained.

Chapter 37 *Implementing a Capital Assets Management System* of the Financial Management for Georgia Local Units of Administration provides that School Districts must establish fixed asset policies, define system requirements, implement a fixed asset system and maintain fixed asset inventory records.

Questioned Cost:
N/A

Information:
A review of the School District's capital asset records revealed the following exceptions:

- During our physical inspection of inventory items, we identified equipment items (1) not tagged, (2) missing, (3) not included on the asset listing or (4) impaired or obsolete.
- The School District does not have policies and procedures in place to identify the possible impairments of assets.
- The School District has not conducted a proper annual physical inventory.
- A reconciliation of current year expense to fixed assets additions to identify unrecorded assets is not performed.
- The capital asset listing does not have adequate descriptions and/or inventory numbers assigned to assets.

Cause:
The School District failed to properly maintain capital assets records in accordance with the approved capital assets policy.

Effect:
The failure of the School District to maintain a complete and accurate capital assets listing can lead to inaccurate internal and external reporting, as well as noncompliance with generally accepted accounting principles.

Recommendation:
The School District's management should review the capital assets records and make appropriate adjustments to ensure that the capital assets records conform to the School District's approved capital assets policy.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINANCIAL REPORTING
Inadequate Controls over Financial Reporting
Significant Deficiency
Finding Control Number: FS-7301-11-07

Condition:
The School District did not have adequate controls in place to ensure that all required activity was included in the financial statement information presented for audit.

Criteria:
Chapter 22A *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Questioned Cost:
N/A

Information:
The Governmental Accounting Standards Board (GASB) Statement 34 reporting model requires the presentation of both fund level and entity-wide level statements in the School District's financial statements. During the audit, numerous correcting entries were proposed by the auditors and accepted by the client to properly present the entity's fund level and entity-wide level financial statements, including note disclosures. In addition, the auditors identified numerous immaterial uncorrected misstatements. Management determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Cause:
The School District did not implement an adequate system of internal control over the financial reporting process.

Effect:
The School District did not have adequate controls in place to ensure that the financial statements were properly prepared in accordance with generally accepted accounting principles.

Recommendation:
The School District should implement and implement internal controls over the financial statement reporting process to ensure that all required activity is included in the financial statement information.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

ALLOWABLE COSTS/COST PRINCIPLES
Non-Title 1 Personnel Paid with Title 1 Funds
Material Weakness
Material Noncompliance
U. S. Department of Education
Through Georgia Department of Education
Title 1, Part A Cluster (CFDA 84.010 and 84.389)
Finding Control Number: FA-7301-11-01

Condition:
The School District used Title 1, Part A funds for unallowable direct costs.

Criteria:
OMB Circular A-87 states that "A cost is allocable to a particular cost objective if the goods or services involved are charges or assignable to such cost objective in accordance with relative benefits received" and "Typical direct costs chargeable to Federal awards are compensation of employees for the time devoted and identified specifically to the performance of those awards".

Questioned Cost:
$52,150.50

Information:
During our review of employee compensation, four employees were paid with Title 1, Part A funds that were not approved by the Federal Programs Director and did not devote any time to the performance of the program.

Cause:
Management did not implement controls to monitor compliance with Federal guidelines to ensure that direct costs were allowable for this Federal grant.

Effect:
Failure to monitor direct costs charged to this grant can result in noncompliance with the requirements of this grant.

Recommendation:
The School District should implement policies and procedures to ensure that salaries and wages paid from Title 1, Part A funds are allowable. The Georgia Department of Education should review this matter to determine if a reclaim of funds is appropriate.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CASH MANAGEMENT
Excessive Cash Balances
Significant Deficiency
U. S. Department of Education
Through Georgia Department of Education
Title 1, Part A Cluster (CFDA 84.010 and 84.389)
Finding Control Number: FA-7301-11-02

Condition:
The School District made cash drawdowns that were in excess of immediate cash needs.

Criteria:
In accordance with 34 CFR 80.21, when funds are advanced, School Districts must follow procedures to minimize the time lapsing between the transfer of funds from the Georgia Department of Education and disbursement.

Questioned Cost:
N/A

Information:
- The School District maintained excessive cash balances for four months.
- A review of several cash drawn downs revealed that the supporting documentation did not agree to the amounts drawn down.

Cause:
The School District failed to accurately forecast the actual cash needs of the programs resulting in noncompliance with grant requirements.

Effect:
Failure to monitor the cash needs of the programs can result in material noncompliance with requirements of the Federal grants.

Recommendation:
The School District should implement procedures to accurately forecast the actual cash needs of the Title 1 programs and maintain supporting documentation for the cash draw downs. Management should implement procedures to minimize the time lapsing between the transfer of funds from the Georgia Department of Education and disbursement.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

REPORTING
Failure to File Accurate Completion Reports
Material Weakness
Material Noncompliance
U. S. Department of Education
Through Georgia Department of Education
Title 1, Part A Cluster (CFDA 84.010 and 84.389)
Finding Control Number: FA-7301-11-03

Condition:
The School District failed to file accurate completion reports for the Title 1, Part A Cluster (CFDA 84.010 and CFDA 84.389).

Criteria:
In accordance with provisions of OMB Circular A-133, Part 3 Compliance Supplement, Subpart L – Reporting, states in part, "Each recipient must report program outlays and program income…as prescribed by the Federal awarding agency. The reporting requirements for sub recipients are as specified by the pass-through entity."

Chapter 41, *State and Federal Fiscal Rules and Procedures* of the Financial Management for Georgia Local Unit of Administration states, "This chapter sets forth the principal requirements that a School District must meet to account for and externally report its budget and financial operations relating to state and Federally funded programs administered by the Georgia Department of Education."

Questioned Cost:
N/A

Information:
A review of the School District's accounting records revealed the following:

1. Actual Title I, Part A Cluster expenditures for the School Improvement – ARRA Grant period ending September 30, 2010, were $66,097.13, while expenditures were reported on the completion report as $79,653.67, resulting in a variance of $13,556.54.

2. Actual Title I, Part A Cluster expenditures for the ARRA Grant period ending September 30, 2010, were $181,007.02, while expenditures were reported on the completion report as $194,978.14, resulting in a variance of $13,971.12. For Grant period ending September 30, 2011, actual expenditures were $152,480.92, while expenditures were reported on the completion report as $149,070.00, resulting in a variance of $-3,410.92.

3. Actual Title I, Part A Cluster expenditures for the School Improvement Grant period ending September 30, 2010, were $94,080.20, while expenditures were reported on the completion report as $94,119.00, resulting in a variance of $38.80. For Grant period ending September 30, 2011, actual expenditures were $65,494.76, while expenditures were reported on the completion report as $85,873.00, resulting in a variance of $20,378.24.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

4. Actual Title I, Part A Cluster expenditures for the Improving the Academic Achievement of the Disadvantage program period ending September 30, 2010, were $415,391.39, while expenditures were reported on the completion report as $486,213.64, resulting in a variance of $70,822.25. For Grant period ending September 30, 2011, actual expenditures were $421,751.65, while expenditures were reported on the completion report as $424,210.25, resulting in a variance of $2,458.60.

No fund balances resulted due to the reporting errors.

Cause:
Management failed to implement procedures to ensure that amounts on the completion reports agreed with actual expenditures.

Effect:
Failure to accurately report Federal expenditures can result in inaccurate and incomplete disclosures for Federal grant reporting purposes and can result in excessive claims for reimbursement.

Recommendation:
Management should implement procedures to ensure that completion reports, submitted to the Georgia Department of Education, (1) include all activity of the reporting period, (2) are supported by applicable accounting records and (3) are properly presented in accordance with program requirements.

MATCHING, LEVEL OF EFFORT AND EARMARKING
Failure to Meet Maintenance of Effort Requirements
Material Weakness
Material Noncompliance
U. S. Department of Education
Through Georgia Department of Education
Special Education Cluster (CFDA 84.027and 84.391)
Finding Control Number: FA-7301-11-04

Condition:
The School District did not meet maintenance of effort requirements.

Criteria:
34 CFR 300.203(a) and the Compliance Supplement, Part 4 (4-48.027, III, G.2.1., IDEA, Part B) indicate that funds received by a Local Educational Agency (LEA), cannot be used, except under certain limited circumstances, to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year. To meet this requirement, an LEA must expend in any particular fiscal year, an amount of local funds for the education of children with disabilities that is at least equal to the amount of local funds expended for this purpose by the LEA in the prior fiscal year.

Questioned Cost:
$9,953.35

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Information:

State and Local funds for the education of children with disabilities decreased both in aggregate and per pupil during the year under review.

	Fiscal Year 2011	Fiscal Year 2010
State and Local Expenditures	$ 399,191.47	$ 409,145.02
Number of Students	74	67
State and Local Expenditures per Student	$ 5,394.48	$ 6,106.64

Cause:

The School District did not properly manage their funds to meet the maintenance of effort requirements related to the education of children with disabilities.

Effect:

Failure to monitor expenditures for compliance with maintenance of effort requirements can lead to a material noncompliance with the provision of the Federal grant.

Recommendation:

The School District should implement appropriate procedures to ensure that maintenance of effort is met regarding the education of children with disabilities. The Georgia Department of Education should review this matter to determine if a refund is appropriate.

SECTION V

MANAGEMENT'S RESPONSES

TALBOT COUNTY BOARD OF EDUCATION
SCHEDULE OF MANAGEMENT'S RESPONSES
YEAR ENDED JUNE 30, 2011

Finding Control Number: FS-7301-11-01

We concur with this finding. The Board will establish policies and procedures designed to ensure that the School District does not report a deficit balance in the future.

Finding Control Number: FS-7301-11-02

We concur with this finding. The Board will implement control over cash to ensure that cash is properly reconciled to general ledger and cash activities.

Finding Control Number: FS-7301-11-03

We concur with this finding. Management will ensure that transactions are processed according to procedures and accurately monitored and reconciled to the general ledger.

Finding Control Number: FS-7301-11-04

We concur with this finding. Management will monitor and implement procedures to assure that the amounts of the Federal funds requested for reimbursement from the GDOE is aligned closely with actual program expenditures.

Finding Control Number: FS-7301-11-05

We concur with this finding. Management will implement policies and procedures to ensure that business procedures are followed for all salaries, ensuring that salaries are paid according to approved salary schedules and adequate documentation will be maintained to support the salary payments.

Finding Control Number: FS-7301-11-06
We concur with this finding. Management will implement procedures to ensure capital assets records conform to approved capital assets policy.

Finding Control Number: FS-7301-11-07

We concur with this finding. The School District will implement procedures to ensure that all required activity in the form of journal entries are in the financial statements. Management will ensure that the financial statements are in accordance with Chapter 22A *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration. And financial statement will be prepared in accordance with generally accepted accounting principles.

Finding Control Number: FA-7301-11-01

We concur with this finding. Management will monitor and implement procedures to ensure that direct costs (salaries) are allowable with Federal grants and their guidelines.

Finding Control Number: FA-7301-11-02

We concur with this finding. Management will implement procedures to accurately forecast the cash needs. Management will maintain supporting documentation for the draw downs and procedures to minimize lapsing time between transfers.

TALBOT COUNTY BOARD OF EDUCATION
SCHEDULE OF MANAGEMENT'S RESPONSES
YEAR ENDED JUNE 30, 2011

Finding Control Number: FA-7301-11-03

We concur with this finding. Management will implement procedures to ensure that accounting records for completion reports agree with actual expenditures.

Finding Control Number: FA-7301-11-04

We concur with this finding. The School District will implement procedures so that the education of children with disabilities will meet the maintenance of efforts requirements.

Contact Person: Dr. James Catrett, Superintendent
Telephone: (706) 665-8528
Fax: (706) 665-3620
Email: jcatrett@talbot.k12.ga.us