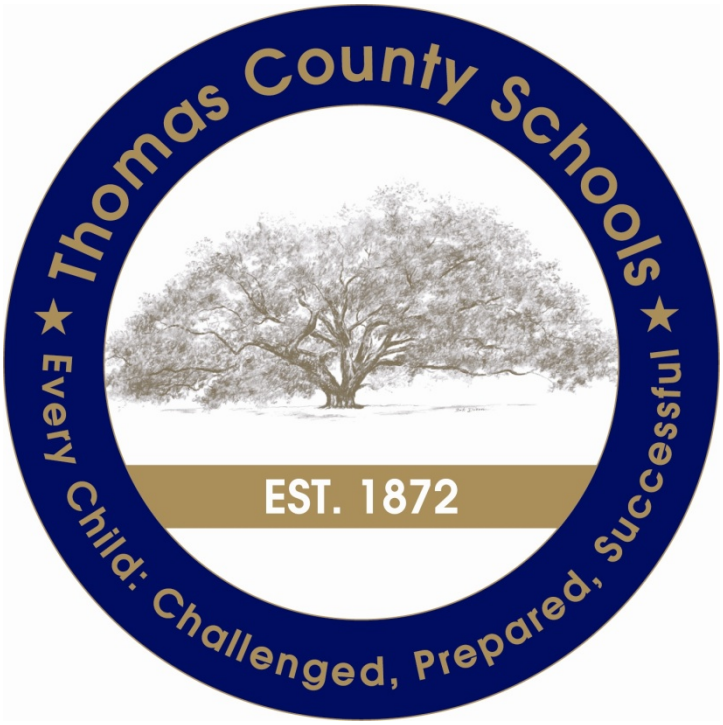


THOMAS COUNTY BOARD OF EDUCATION

THOMASVILLE, GEORGIA

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

JUNE 30, 2011

(Including Independent Auditor's Reports)

THOMAS COUNTY BOARD OF EDUCATION

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THOMAS COUNTY BOARD OF EDUCATION

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 6, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Thomas 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 Thomas 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 Thomas 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 Thomas 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.

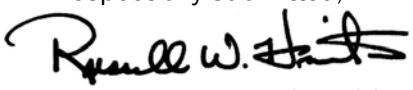
In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2012, on our consideration of the Thomas County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through x and page 29 respectively, are not a required part of the basic financial statements but are 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 Thomas 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,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011ARL-11

The discussion and analysis of Thomas County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Board's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- On the District-wide financial statements, the assets of the Board exceeded liabilities by $64.9 million, an increase of $4.3 million over fiscal year 2010. Of the $64.9 million, $5.7 million is unrestricted and is available for spending at the School Board's discretion.

- The Board had $49.9 million in expenses relating to governmental activities; only $34.6 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $19.5 million were adequate to provide for these programs.

- As stated above, general revenues accounted for $19.5 million or 36.0 percent of all revenues totaling $54.2 million. Program specific revenues in the form of charges for services, grants and contributions accounted for $34.7 million, or 64.0 percent of total revenues.

- Among major funds, the General Fund had $48.6 million in revenue and $47.5 million in expenditures, plus $0.1 million in other uses. The General Fund's balance increased to $6.1 million from $5.1 million.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Thomas County Board of Education as a financial whole, or as an entire operating entity.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Board's most significant funds. In the case of the Thomas County Board of Education, the General Fund is by far the most significant fund.

Reporting the Board as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Board to provide programs and activities for the schools, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all *assets* and *liabilities* using the economic resources focus and *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Board's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Board as a whole, the *financial position* of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Board's property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the Board has one distinct type of activity:

- Governmental Activities - All of the Board's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Reporting the Board's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the General Fund, Capital Projects Fund, and the Debt Service Fund.

Governmental Funds Most of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the current financial resources measurement focus and the *modified accrual* accounting method, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are adequate financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

The Board as a Whole

The perspective of the statement of net assets is of the Board as a whole. Table 1 provides a summary of the Board's net assets for fiscal year 2011, and the comparative amounts for fiscal year 2010.

Table 1
Net Assets at June 30, 2011 and 2010

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Assets		
Current and Other Assets	$ 21,884,909	$ 19,384,429
Capital Assets, Net	61,624,279	62,812,619
Total Assets	$ 83,509,188	$ 82,197,048
Liabilities		
Current and Other Liabilities	$ 6,556,207	$ 6,993,347
Long-Term Liabilities	12,102,078	14,609,185
Total Liabilities	$ 18,658,285	$ 21,602,532
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 50,484,701	$ 49,020,653
Restricted	8,588,749	7,104,550
Unrestricted	5,777,453	4,469,313
Total Net Assets	$ 64,850,903	$ 60,594,516

Total net assets increased by $4.3 million in fiscal year 2011. Current assets increased by $2.5 million and capital assets decreased by $1.2 million in fiscal year 2011, primarily due to annual depreciation charges that were not offset by capital asset additions from construction projects. Fiscal year 2011 did not have the level of construction projects as compared to recent years.

Table 2 shows the changes in net assets for fiscal year 2011 compared to changes in net assets for fiscal year 2010.

Table 2
Change in Net Assets

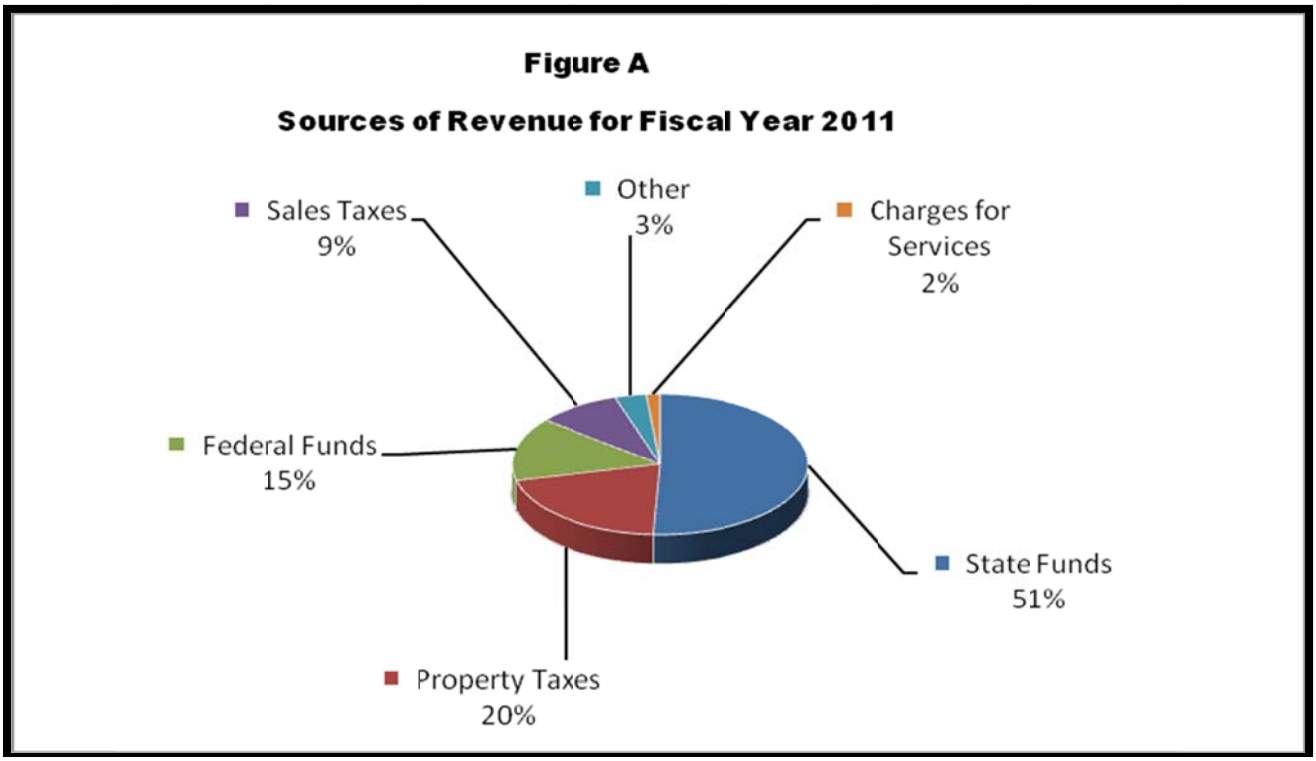
	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 806,159	$ 844,931
Operating Grants and Contributions	33,356,796	33,644,347
Capital Grants and Contributions	474,875	1,864,590
Total Program Revenues	$ 34,637,830	$ 36,353,868
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	$ 11,092,635	$ 10,927,013
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Service and Capital Projects	4,863,744	4,590,444
Other Sales Tax	147,169	133,588
Grants and Contributions not		
Restricted to Specific Programs	1,570,864	1,671,010
Investment Earnings	238,160	307,361
Miscellaneous	1,154,641	1,113,055
Special Item		
Sale of Land and Buildings	453,143	
Total General Revenues and Special Item	$ 19,520,356	$ 18,742,471
Total Revenues	$ 54,158,186	$ 55,096,339
Program Expenses:		
Instruction	$ 31,345,873	$ 31,123,628
Support Services		
Pupil Services	2,604,951	2,677,717
Improvement of Instructional Services	2,122,875	2,470,308
Educational Media Services	714,011	740,810
General Administration	561,006	554,186
School Administration	2,724,045	2,938,820
Business Administration	361,618	350,001
Maintenance and Operation of Plant	3,149,246	3,408,546
Student Transportation Services	1,950,663	1,870,600
Central Support Services	468,751	313,363
Other Support Services	294,119	241,614
Operations of Non-Instructional Services		
Enterprise Operations	275,629	258,601
Food Services	2,940,025	2,985,566
Interest on Short-Term and Long-Term Debt	388,988	463,160
Total Expenses	$ 49,901,800	$ 50,396,920
Increase in Net Assets	$ 4,256,386	$ 4,699,419

Operating grants and Contributions decreased by $0.3 million due to overall state education funding reductions. Capital grants decreased by $1.4 million due to the completion of projects that received facility grants from the State of Georgia for the renovation of and addition of classrooms at the high school.

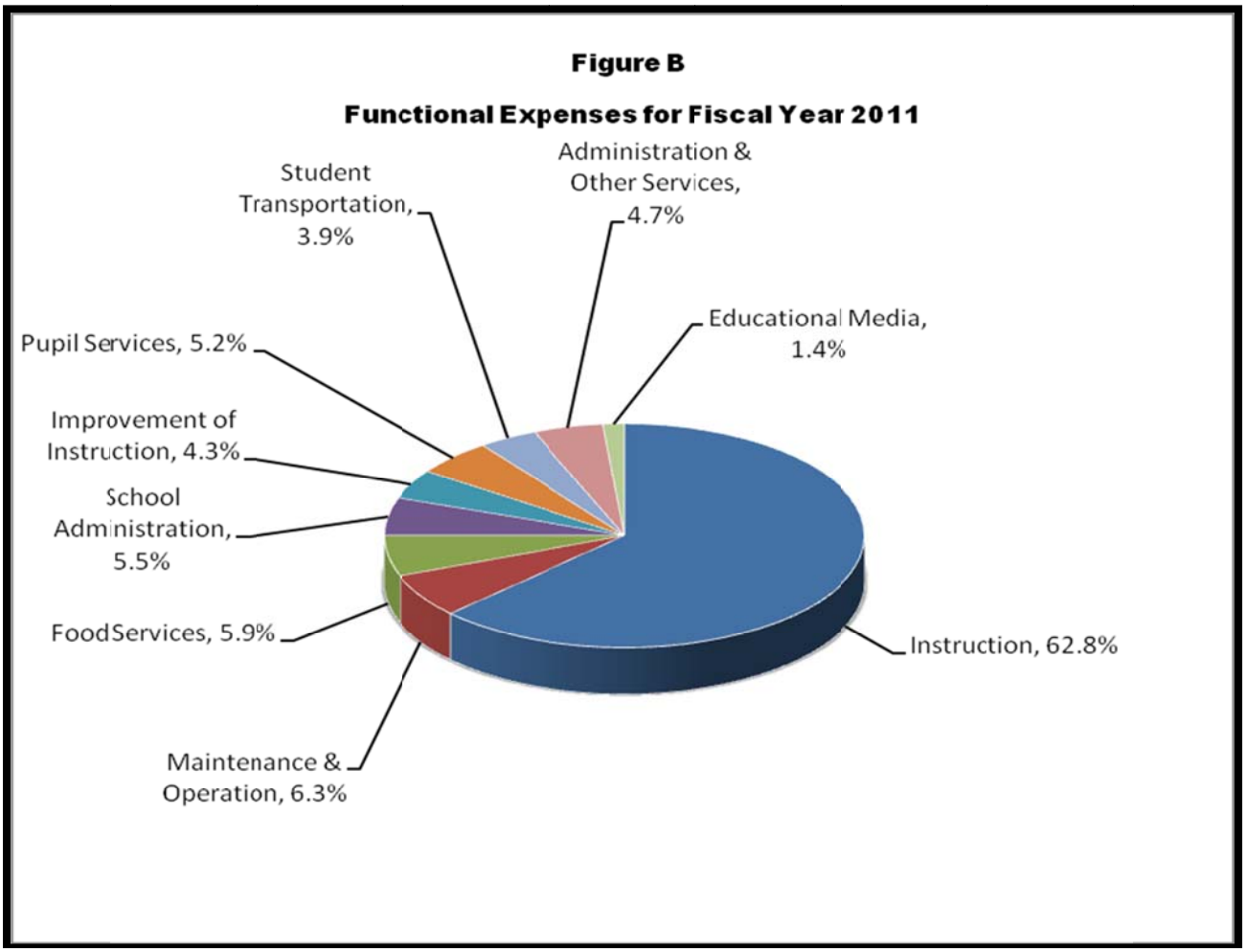
Figure A shows the funding sources for the governmental fund revenues. State grants comprise 51 percent of the Board's revenues, the same percentage as in 2010. Property taxes make up 20 percent of the total funding, also the same percentage as in 2010, while an additional 15 percent is received from federal sources, a decrease of 2 percent from 2010.

Figure A

Sources of Revenue for Fiscal Year 2011



As shown in Figure B, Instruction comprised 62.8 percent of governmental program expenses, while eight additional areas comprise the other 37.2 percent of expenditures for fiscal year 2011. Administration and Other Services (4.7 percent) consists of the central office, business and warehouse, athletics and other operations of the School District. Areas that impact student instruction the most comprise 73.7 percent of the expenses, which included instruction, pupil services, improvement of instruction, and media services. All of the percentages in the graph below are similar to the percentages from 2010, with the biggest change occurring in instruction, which increased from 61.8% to 62.8% of the total.



Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. In other words, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2010
Instruction	$ 31,345,873	$ 31,123,628	$ 8,229,385	$ 6,831,080
Support Services:				
Pupil Services	2,604,951	2,677,717	1,472,019	1,397,497
Improvement of Instructional Services	2,122,875	2,470,308	803,415	1,074,570
Educational Media Services	714,011	740,810	102,708	106,615
General Administration	561,006	554,186	-474,696	-619,926
School Administration	2,724,045	2,938,820	1,490,753	1,538,369
Business Administration	361,618	350,001	360,312	348,882
Maintenance and Operation of Plant	3,149,246	3,408,546	1,609,233	1,825,610
Student Transportation Services	1,950,663	1,870,600	700,544	947,927
Central Support Services	468,751	313,363	467,368	311,047
Other Support Services	294,119	241,614		
Operations of Non-Instructional Services:				
Enterprise Operations	275,629	258,601	56,078	47,281
Food Services	2,940,025	2,985,566	57,863	-229,060
Interest on Short-Term and Long-Term Debt	388,988	463,160	388,988	463,160
Total Expenses	$ 49,901,800	$ 50,396,920	$ 15,263,970	$ 14,043,052

Although *program revenues* make up a majority of the funding, the Board is still dependent upon tax revenues for governmental activities. Over 31.9 percent of instruction and support activities are supported through taxes and other general revenues, and for non-instructional activities and interest expense the general revenue support is 14.0 percent.

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $53.7 million, expenditures and other financing uses of $51.3 million, and a special item of $0.5 million. There was an increase in the fund balance totaling $2.9 million for the governmental funds as a whole, which was attributed to several items. The receipt of Education Jobs grant from the Federal government allowed the District to reserve some funds that had been budgeted to be spent. Also, net proceeds from the sale of vacant property, and accumulation of debt service funds for future debt payment all played a roll increasing the fund balance by $2.9 million.

The General Fund had an increase of $1.0 million, the Capital Projects Fund had an increase of $0.6 million, and the Debt Service Fund had an increase of $1.3 million. The significant amount of fund balance in the general fund ($6.1 million) reflects that the Board was able to adequately meet current costs and was preparing for upcoming budget years that probably will require significant use of the fund balance to cover deficit annual budgets.

General Fund Budgeting Highlights

The Board's budget is prepared in accordance with Georgia law. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2011, the Board amended its General Fund budget as needed. The Board uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budgeted *revenues and other financing sources* of $49.0 million was higher than the original budgeted amount of $46.4 million by $2.6 million. The actual revenues and other financing sources of $48.6 million were lower than the amended budgeted amount by $0.4 million.

The final budgeted *expenditures and other financing uses* of $48.7 million were higher than the original budgeted amount of $46.8 by $1.9 million. The actual expenditures and other financing uses of $47.6 million was $1.1 million less than the amended budget.

General Fund revenues and other financing sources exceeded expenditures and other financing uses by $1.0 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011 the Board had $61.6 million invested in capital assets, net of depreciation, all in governmental activities. Table 4 shows fiscal year 2011 balances and comparative 2010 amounts.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Land	$ 1,302,985	$ 1,338,754
Construction In Progress	95,365	3,683,408
Buildings and Building Improvements	53,932,290	51,512,323
Equipment	4,091,231	3,991,250
Land Improvements	2,202,407	2,286,884
Total	$ 61,624,278	$ 62,812,619

The construction in progress balance at June 30, 2011, consists of a renovation project in the weight room and locker room section of Thomas County Central High School, plus a landscaping project at Thomas County Middle School.

Debt

At June 30, 2011, the Board had $3.4 million in bonds outstanding with $1.7 million of principal due within one year, and $8.5 million in capital leases outstanding with $0.9 million of principal due within one year. The capital leases are intergovernmental contracts with the South Georgia Governmental Services Authority. Long-term debt decreased by $2.5 million over the prior fiscal year.

Table 5 summarizes the long-term debt outstanding at June 30, 2011, with comparative amounts for fiscal year 2010.

Table 5
Debt

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
General Obligation Bonds	$ 3,390,000	$ 5,000,000
Capital Leases	8,528,887	9,356,836
Compensated Absences	183,191	252,349
Total	$ 12,102,078	$ 14,609,185

At June 30, 2011, the Board's overall legal bonding authority was $84.1 million based on the assessed value of taxable property as of January 1, 2011, with bonds and capital leases outstanding of $11.9 million. The Board has a legal debt margin of $72.1 million at June 30, 2011. The Board's bonds have assigned ratings of "AA" by Standards and Poor's based on the Boards participation in the Georgia state intercept program. Standard and Poor's assigned an underlying rating of "A" for the School District's Bonds.

Current Issues

The Thomas County School System consists of 6 campuses located in Thomas County, which had an estimated population of 47,066 in 2010, compared to 42,815 in 2000. The University of Georgia estimates the County's population to grow to 54,499 in 2020, an increase of 15.7 percent, or 1.6 percent annually. This indicates that the County has a stable population growth, much lower than the state as a whole. Historically, the County grew 8.1 percent during the 10 year period from 2000 to 2009, compared to 20.1 percent for the state of Georgia during the same 10 year period. The County's 2009 population ranked 44th out of 159 counties in the state. Current student enrollment in the system is approximately 5,250 students in grades PreK-12. As of 2008, Thomas County's population included 15.5 percent in the 65 plus age group, compared to 10.3 percent in the state as a whole. This larger retirement age of citizens may be a factor in our stable student counts.

The School Board's Second Education Local Option Sales Tax (ELOST) began January 1, 2008. For calendar year 2011, the average monthly tax collection was $415,230, an increase of 4.2 percent over the average for calendar year 2010 of $398,658. After three consecutive years of either declining sales tax collections or flat collections, this increase indicates that the local economy is showing signs of improvement.

Thomas County's largest employer is Archbold Memorial Hospital, with 1,784 employees. The Thomas County Board of Education is the second largest employer with approximately 800 employees. The largest private employer is Flowers Foods of Thomasville, Inc., with employment of approximately 543.

The population growth of Thomas County is somewhat limited by the existence of many plantations in the county, and the absence of substantial commercial property. Much of the land in the southern part of Thomas County, which borders Florida and is in close proximity to Tallahassee, is undeveloped timber land. In fact, two of the County's ten largest taxpayers are plantation owners, and another one is a lumber processor. In 2009, 56.8 percent of all land in Thomas County was classified as forest land, according to the University of Georgia, compared to 51 percent in 1982. The majority of commercial property is located in the Thomasville city school district.

Thomas County has one large municipality and six small communities. The county seat is Thomasville, which had an estimated population of 19,437 in 2009. The county also includes the communities of Barwick, Boston, Coolidge, Meigs, Ochlocknee, and Pavo, with populations ranging from 329 to 1,452. Unincorporated Thomas County represented 48.3 percent of the County's total estimated population in 2009.

The median household income as of 2008 was $33,387 per year. As of 2008, the per capita income was $32,693, ranking 23rd out of 159 counties in Georgia. A major reason for this high per capital income is due to the large medical community in Thomasville. According to the University of Georgia, as of 2008 Thomas County had 160 physicians, which ranks 5th in Georgia in physicians rate per county resident.

In the past, unemployment for Thomas County was relatively low. As of March, 2011, Thomas County had an unemployment rate of 8.7 percent, compared to 9.8 percent for Georgia as a whole. This rate is significantly higher than the 4 percent rate that occurred 2007, and is evidence of the worst economic recession this State has seen for decades. For 2012, our state funding remains dramatically low and the greatest current challenge is maintaining the educational programs of the system while receiving significantly less funding from the State, and, at the same time, not placing a larger burden on local taxpayers. The School System has continued its budget reductions in fiscal year 2012, including reduced staff levels, reduced benefits for all staff, reduced work days for all staff (eight days), and three fewer instructional days for students.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joey N. Holland, CPA, Finance Director at the Thomas County Board of Education, 200 North Pinetree Boulevard, Thomasville, Georgia 31792. You may also email your questions to hollandj@rose.net.

THOMAS COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 13,843,687.47
Investments	1,873,620.61
Accounts Receivable, Net	
Taxes	933,125.28
State Government	3,754,106.00
Federal Government	1,025,448.84
Local	89,715.03
Inventories	330,303.47
Capitalized Bond and Other Debt Issuance Costs	29,902.80
Prepaid Items	5,000.00
Capital Assets, Non-Depreciable	1,398,350.05
Capital Assets, Depreciable (Net of Accumulated Depreciation)	60,225,928.50
Total Assets	$ 83,509,188.05
LIABILITIES	
Accounts Payable	$ 905,974.73
Salaries and Benefits Payable	5,539,303.97
Interest Payable	110,928.86
Long-Term Liabilities	
Due Within One Year	2,574,789.12
Due in More Than One Year	9,527,288.54
Total Liabilities	$ 18,658,285.22
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 50,484,700.52
Restricted for	
Continuation of Federal Programs	1,229,540.04
Debt Service	4,751,495.14
Capital Projects	2,607,714.34
Unrestricted	5,777,452.79
Total Net Assets	$ 64,850,902.83
Total Liabilities and Net Assets	$ 83,509,188.05

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 31,345,873.24	$ 97,896.58
Support Services		
Pupil Services	2,604,950.97	
Improvement of Instructional Services	2,122,874.63	
Educational Media Services	714,010.83	
General Administration	561,005.73	
School Administration	2,724,044.98	
Business Administration	361,618.48	
Maintenance and Operation of Plant	3,149,245.74	
Student Transportation Services	1,950,662.68	
Central Support Services	468,751.33	
Other Support Services	294,118.59	
Operations of Non-Instructional Services		
Enterprise Operations	275,629.34	219,550.85
Food Services	2,940,025.31	488,712.06
Interest on Short-Term and Long-Term Debt	388,988.40	
Total Governmental Activities	$ 49,901,800.25	$ 806,159.49
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Special Items		
Gain on Sale of Land and Building		
Total General Revenues and Special Items		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 22,867,552.59	$ 151,039.15	$ -8,229,384.92
1,132,931.57		-1,472,019.40
1,319,459.76		-803,414.87
611,303.32		-102,707.51
1,035,701.68		474,695.95
1,229,897.88	3,394.14	-1,490,752.96
1,306.13		-360,312.35
1,540,013.21		-1,609,232.53
944,950.78	305,168.00	-700,543.90
1,383.83		-467,367.50
294,118.59		0.00
		-56,078.49
2,378,176.45	15,273.61	-57,863.19
		-388,988.40
$ 33,356,795.79	$ 474,874.90	$ -15,263,970.07
		$ 11,064,990.65
		27,643.86
		3,963,744.03
		900,000.00
		147,169.04
		1,570,864.00
		238,160.19
		1,154,641.24
		453,143.50
		$ 19,520,356.51
		$ 4,256,386.44
		60,594,516.39
		$ 64,850,902.83

THOMAS 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	$ 6,726,192.41	$ 3,504,204.10	$ 3,613,290.96	$ 13,843,687.47
Investments	40,000.00	1,000,800.00	832,820.61	1,873,620.61
Accounts Receivable, Net				
Taxes	516,812.85		416,312.43	933,125.28
State Government	3,754,106.00			3,754,106.00
Federal Government	1,025,448.84			1,025,448.84
Local	89,715.03			89,715.03
Inventories	330,303.47			330,303.47
Prepaid Items		5,000.00		5,000.00
Total Assets	$ 12,482,578.60	$ 4,510,004.10	$ 4,862,424.00	$ 21,855,006.70
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 719,484.97	$ 186,489.76		$ 905,974.73
Salaries and Benefits Payable	5,539,303.97			5,539,303.97
Deposits and Deferred Revenue	105,867.24			105,867.24
Total Liabilities	$ 6,364,656.18	$ 186,489.76		$ 6,551,145.94
FUND BALANCES				
Nonspendable	$ 330,303.47			$ 330,303.47
Restricted	1,069,624.02	$ 2,607,714.34	$ 4,862,424.00	8,539,762.36
Assigned	2,537,163.86	1,715,800.00		4,252,963.86
Unassigned	2,180,831.07			2,180,831.07
Total Fund Balances	$ 6,117,922.42	$ 4,323,514.34	$ 4,862,424.00	$ 15,303,860.76
Total Liabilities and Fund Balances	$ 12,482,578.60	$ 4,510,004.10	$ 4,862,424.00	$ 21,855,006.70

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

THOMAS 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")		$ 15,303,860.76
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	$ 1,302,984.91	
Construction in Progress	95,365.14	
Land Improvements	4,506,730.46	
Buildings	68,852,106.38	
Equipment	8,451,739.09	
Accumulated Depreciation	-21,584,647.43	
Total Capital Assets		61,624,278.55
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
Property Taxes		105,867.24
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	$ -3,390,000.00	
Accrued Interest	-110,928.86	
Capital Leases Payable	-8,528,886.70	
Compensated Absences Payable	-183,190.96	
Capitalized Bond Issuance Cost	29,902.80	
Total Long-Term Liabilities		-12,183,103.72
Net Assets of Governmental Activities (Exhibit "A")		$ 64,850,902.83

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

THOMAS 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	$ 11,079,976.60			$ 11,079,976.60
Sales Taxes	147,169.04	$ 900,000.00	$ 3,963,744.03	5,010,913.07
State Funds	27,308,653.54	169,706.90		27,478,360.44
Federal Funds	7,924,174.25			7,924,174.25
Charges for Services	806,159.49			806,159.49
Investment Earnings	146,307.09	29,386.39	62,466.71	238,160.19
Miscellaneous	1,154,641.24			1,154,641.24
Total Revenues	$ 48,567,081.25	$ 1,099,093.29	$ 4,026,210.74	$ 53,692,385.28
EXPENDITURES				
Current				
Instruction	$ 29,743,873.75	$ 206,012.76		$ 29,949,886.51
Support Services				
Pupil Services	2,486,495.54			2,486,495.54
Improvement of Instructional Services	2,126,626.07	22,171.00		2,148,797.07
Educational Media Services	608,036.95			608,036.95
General Administration	565,240.99			565,240.99
School Administration	2,645,512.86			2,645,512.86
Business Administration	330,652.91	5,200.00		335,852.91
Maintenance and Operation of Plant	3,129,069.29	1,325.00		3,130,394.29
Student Transportation Services	2,040,891.51	160,076.00		2,200,967.51
Central Support Services	311,551.41	23,990.16		335,541.57
Other Support Services	294,118.59			294,118.59
Enterprise Operations	275,629.34			275,629.34
Food Services Operation	2,823,459.09			2,823,459.09
Capital Outlay		620,367.07		620,367.07
Debt Services				
Principal	72,949.30		$ 2,365,000.00	2,437,949.30
Interest	10,309.70		409,231.50	419,541.20
Total Expenditures	$ 47,464,417.30	$ 1,039,141.99	$ 2,774,231.50	$ 51,277,790.79
Excess of Revenues over (under) Expenditures	$ 1,102,663.95	$ 59,951.30	$ 1,251,979.24	$ 2,414,594.49
OTHER FINANCING SOURCES (USES)				
Transfers In		$ 8,414.29	$ 93,120.00	$ 101,534.29
Transfers Out	$ -101,534.29			-101,534.29
Total Other Financing Sources (Uses)	$ -101,534.29	$ 8,414.29	$ 93,120.00	$ 0.00
SPECIAL ITEMS				
Proceeds from Sale of Land and Buildings		$ 499,750.00		$ 499,750.00
Net Change in Fund Balances	$ 1,001,129.66	$ 568,115.59	$ 1,345,099.24	$ 2,914,344.49
Fund Balances - Beginning	5,116,792.76	3,755,398.75	3,517,324.76	12,389,516.27
Fund Balances - Ending	$ 6,117,922.42	$ 4,323,514.34	$ 4,862,424.00	$ 15,303,860.76

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

THOMAS 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")		$ 2,914,344.49
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 1,240,557.98	
Depreciation Expense	-2,258,433.94	
Excess of Capital Outlay over Depreciation Expense		-1,017,875.96
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		12,657.91
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net assets.		-170,464.86
Bond issuance costs, deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Assets and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Bond Issuance Costs		-19,935.20
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:		
Bond Principal Retirements	$ 1,610,000.00	
Capital Lease Payments	827,949.30	
Total Long-Term Debt Repayments		2,437,949.30
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 Decrease in Accrued Interest on Issuance of Bonds	$ 30,552.80	
Decrease in Compensated Absences	69,157.96	
Total Additional Expenditures		99,710.76
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 4,256,386.44

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

THOMAS 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	$ 3,826.86	$ 22,028.03
Investments	91,498.76	
Total Assets	$ 95,325.62	$ 22,028.03
LIABILITIES		
Funds Held for Others		$ 22,028.03
NET ASSETS		
Held in Trust for Private Purposes	$ 95,325.62	
Total Liabilities and Net Assets	$ 95,325.62	$ 22,028.03

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

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

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Contributions	
Donors	$ 2,925.00
Investment Earnings	
Interest	1,379.63
Total Additions	$ 4,304.63
DEDUCTIONS	
Scholarships	$ 1,550.00
Change in Net Assets	$ 2,754.63
Net Assets - Beginning	92,570.99
Net Assets - Ending	$ 95,325.62

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Thomas 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.

BLENDED COMPONENT UNIT

The Bishop Hall Charter School, Incorporated, (Charter School) is responsible for the public education of all students attending its school. The Charter School was created through a contract between the School District and the Charter School whereby all State funding associated with the students attending the Charter School and certain specified local funds are turned over to the Charter School to cover the cost of its operations. The financial statements of the Charter School have been blended with the School District's general fund.

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 Thomas 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. 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

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), Bond Proceeds, and grants from Georgia State Financing and Investment Commission 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 (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

- Private Purpose Trust funds report trust arrangements under which principal and income benefit a scholarship program that aids in defraying college educational expenses of graduates of Thomas County Central High School.
- Agency funds account for assets held by the School District as an agent for various funds 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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 and equity investments 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 Thomas County Board of Commissioners fixed the property tax levy for the 2010 tax digest year (calendar year) on July 30, 2010 (levy date). Taxes were due on November 15, 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 Thomas County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2011, for maintenance and operations amounted to $11,052,332.74.

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

School Operations	12.17 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $4,863,744.03 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

Supplies Inventories

Inventories of consumable supplies are reported on the Balance Sheet at average cost. The School District uses the consumption method to account for the inventories. The consumable supplies inventories are recorded as an asset when purchased and expenditures are recorded as the inventory items are used.

Food Inventories

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (weighted average). 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.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods subsequent to June 30, 2011, are recorded as prepaid items.

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	All	15 to 30 years
Buildings and Improvements	$ 5,000.00	20 to 80 years
Equipment	$ 5,000.00	5 to 40 years
Intangible Assets	$ 50,000.00	10 to 20 years

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

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

COMPENSATED ABSENCES

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

Vacation leave of 10 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 5 days.

Three Year Comparison of Compensated Absences Liability:

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2009	$ 227,039.46	$ 196,493.91	$ 174,198.50	$ 249,334.87
2010	$ 249,334.87	$ 161,635.38	$ 158,621.33	$ 252,348.92
2011	$ 252,348.92	$ 97,742.04	$ 166,900.00	$ 183,190.96

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 financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, the School 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. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

NET ASSETS

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

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

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

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

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		$ 330,303.47
Restricted		
Continuation of Federal Programs	$ 1,069,624.02	
Capital Projects	2,607,714.34	
Debt Service	4,862,424.00	8,539,762.36
Assigned		
Local Capital Outlay Projects	$ 1,715,800.00	
Subsequent Period Expenditures	1,989,880.00	
School Activity Accounts	240,651.60	
Self Insurance	306,632.26	4,252,963.86
Unassigned		2,180,831.07
Fund Balance, June 30, 2011		$ 15,303,860.76

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year end of not less than 5% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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.

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 $16,112,727.09. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution in the School District's name or pledging financial institution's trust department or agent in the School District's name.

CATEGORIZATION OF INVESTMENTS

The School District's investments as of June 30, 2011, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value	Investment Maturity Less than 1 Year
Debt Securities		
U. S. Treasuries	$ 0.78	$ 0.78
U. S. Agencies		
Implicitly Guaranteed	832,818.37	832,818.37
	$ 832,819.15	$ 832,819.15
Investment Pools		
Office of State Treasurer		
Georgia Fund 1	1.46	
Total Investments	$ 832,820.61	

The Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of the State Treasurer is 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.

Interest Rate Risk

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

Custodial Credit Risk

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

At June 30, 2011, $832,819.15 of the School District's applicable investments were (1) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the name of the School District and (2) uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the School District's name.

Credit Quality Risk

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

The investments subject to credit quality risk are reflected below:

Rated Debt Investments	Fair Value	Quality Ratings Unrated
Debt Securities		
U. S. Treasuries	$ 0.78	$ 0.78
U. S. Agencies		
Implicitly Guaranteed	832,818.37	832,818.37
Totals by Quality Ratings	$ 832,819.15	$ 832,819.15

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in Federal Home Loan Bank Debt Securities. This investment is 99% of the School District's total investments.

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	$ 1,338,753.91		$ 35,769.00	$ 1,302,984.91
Construction Work In Progress	3,683,407.62	$ 214,156.58	3,802,199.06	95,365.14
Total Capital Assets, Not Being Depreciated	$ 5,022,161.53	$ 214,156.58	$ 3,837,968.06	$ 1,398,350.05
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 65,675,653.66	$ 4,075,758.72	$ 899,306.00	$ 68,852,106.38
Equipment	7,932,313.65	643,283.80	123,858.36	8,451,739.09
Land Improvements	4,436,232.52	109,557.94	39,060.00	4,506,730.46
Less: Accumulated Depreciation:				
Buildings and Improvements	14,163,330.74	1,644,953.91	888,468.50	14,919,816.15
Equipment	3,941,063.42	419,444.44		4,360,507.86
Land Improvements	2,149,347.83	194,035.59	39,060.00	2,304,323.42
Total Capital Assets, Being Depreciated, Net	$ 57,790,457.84	$ 2,570,166.52	$ 134,695.86	$ 60,225,928.50
Governmental Activity Capital Assets - Net	$ 62,812,619.37	$ 2,784,323.10	$ 3,972,663.92	$ 61,624,278.55

Capital assets being acquired under capital leases as of June 30, 2011, are as follows:

	Governmental Funds
Buildings and Improvements	$ 12,237,781.89
Equipment	390,095.00
Less: Accumulated Depreciation	1,777,218.95
	$ 10,850,657.94

Current year depreciation expense by function is as follows:

Instruction		$ 1,410,446.31
Support Services		
Pupil Services	$ 117,980.53	
Improvement of Instructional Services	17,987.69	
Educational Media Services	105,973.88	
General Administration	21,385.77	
School Administration	93,305.58	
Business Administration	6,694.89	
Maintenance and Operation of Plant	36,442.30	
Student Transportation Services	219,270.54	
Central Support Services	93,203.37	712,244.55
Food Services		135,743.08
		$ 2,258,433.94

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer to	Transfers From General Fund
District-wide Capital Projects	$ 8,414.29
Debt Service Fund	93,120.00
	$ 101,534.29

Transfers are used to move property tax revenues collected by the General Fund to cover required deposits into the Qualified Zone Academy Bonds sinking fund account maintained in the Debt Service Fund and to cover certain capital outlay projects accounted for in the Capital Projects Fund.

NOTE 7: 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, errors or omissions, job related illness or injuries to employees, and acts of God. 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 is self-insured with regard to unemployment compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. 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	$ 65,956.55	$ 65,956.55	$ 0.00
2011	$ 0.00	$ 16,231.00	$ 16,231.00	$ 0.00

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

Position Covered	Amount
Superintendent	$ 100,000.00
All Other Employees (Per Loss)	$ 100,000.00

NOTE 8: LONG-TERM DEBT

CAPITAL LEASES

The Thomas County Board of Education also entered into various lease agreements including qualified zone academy bonds for renovating, repairing and equipping two schools and related facilities, and the purchase of school buses. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
General Government - Series 2007	2.96%	$ 3,390,000.00

Voters have authorized $5,000,000.00 in general obligation debt for capital outlay which was not issued as of June 30, 2011.

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	$ 5,000,000.00		$ 1,610,000.00	$ 3,390,000.00	$ 1,665,000.00
Capital Leases	9,356,836.00		827,949.30	8,528,886.70	850,400.40
Compensated Absences	252,348.92	$ 97,742.04	166,900.00	183,190.96	59,388.72
	$ 14,609,184.92	$ 97,742.04	$ 2,604,849.30	$ 12,102,077.66	$ 2,574,789.12

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

	Capital Leases	
	Principal	Interest
Fiscal Year Ended June 30:		
2012	$ 850,400.40	$ 241,999.10
2013	877,933.86	211,861.64
2014	910,552.44	180,750.06
2015	865,000.00	148,481.00
2016	895,000.00	117,673.00
2017 - 2021	4,130,000.00	157,300.00
Total Principal and Interest	$ 8,528,886.70	$ 1,058,064.80

	General Obligation Debt	
	Principal	Interest
Fiscal Year Ended June 30:		
2012	$ 1,665,000.00	$ 100,479.60
2013	1,725,000.00	51,129.00
Total Principal and Interest	$ 3,390,000.00	$ 151,608.60

NOTE 9: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $129,202.28 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 $80,184.47

Paid to the Teachers Retirement System of Georgia
For Teachers Retirement System (TRS) Employer's Cost
In the amount of $28,055.81

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 $20,962.00

NOTE 10: SPECIAL ITEMS

On January 14, 2011, the School District sold 36.1 acres that housed the Magnolia/Chappelle School for $499,750.00, resulting in a gain of $453,143.50. The carrying value of the building and the cost of the related land of $46,606.50 was properly removed from the capital asset records by the School District. The sale is reported as a Special Item on the Statement of Activities.

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: SUBSEQUENT EVENTS

In the subsequent fiscal year, voters authorized the School District to issue general obligation bonds in the amount of $16,000,000.00. The proceeds from these bonds will be used for Capital Outlay.

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%	$	4,572,577.61
2010	100%	$	4,445,593.35
2009	100%	$	3,628,637.80

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%	$	2,768,105.23
2010	100%	$	2,684,387.87
2009	100%	$	2,810,669.75

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THOMAS 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	$ 10,770,000.00	$ 11,127,644.00	$ 11,079,976.60
Sales Taxes	140,000.00	142,000.00	147,169.04
State Funds	26,933,784.00	26,786,513.00	27,308,653.54
Federal Funds	7,116,934.00	9,327,289.00	7,924,174.25
Charges for Services	775,350.00	786,201.00	806,159.49
Investment Earnings	100,000.00	108,000.00	146,307.09
Miscellaneous	544,000.00	763,754.00	1,154,641.24
Total Revenues	$ 46,380,068.00	$ 49,041,401.00	$ 48,567,081.25
EXPENDITURES			
Current			
Instruction	$ 29,504,388.00	$ 30,291,047.00	$ 29,743,873.75
Support Services			
Pupil Services	2,231,358.00	2,412,582.00	2,486,495.54
Improvement of Instructional Services	2,091,664.00	2,287,871.00	2,126,626.07
Educational Media Services	595,919.00	618,519.00	608,036.95
General Administration	605,754.00	678,403.00	565,240.99
School Administration	2,572,054.00	2,531,648.00	2,645,512.86
Business Administration	334,750.00	332,000.00	330,652.91
Maintenance and Operation of Plant	3,153,402.00	3,197,163.00	3,129,069.29
Student Transportation Services	1,733,384.00	2,120,739.00	2,040,891.51
Central Support Services	271,435.00	311,837.00	311,551.41
Other Support Services	235,924.00	321,751.00	294,118.59
Enterprise Operations			275,629.34
Community Services			
Food Services Operation	3,325,500.00	3,380,765.00	2,823,459.09
Debt Service	83,259.00	83,259.00	83,259.00
Total Expenditures	$ 46,738,791.00	$ 48,567,584.00	$ 47,464,417.30
Excess of Revenues over (under) Expenditures	$ -358,723.00	$ 473,817.00	$ 1,102,663.95
OTHER FINANCING USES			
Other Uses	-93,120.00	-93,120.00	-101,534.29
Net Change in Fund Balances	$ -451,843.00	$ 380,697.00	$ 1,001,129.66
Fund Balances - Beginning	5,116,792.76	5,116,792.76	5,116,792.76
Fund Balances - Ending	$ 4,664,949.76	$ 5,497,489.76	$ 6,117,922.42

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.

THOMAS 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	$ 2,669,643.45	(1)
Total Child Nutrition Cluster				$ 2,669,643.45	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
ARRA - Child Nutrition Discretionary Grants Limited Availability		10.579	N/A	$ 16,000.00	
Fresh Fruit and Vegetable Program		10.582	N/A	34,603.49	
Total Other Programs				$ 50,603.49	
Total U. S. Department of Agriculture				$ 2,720,246.94	
Education, U. S. Department of					
Education for Homeless Children and Youth Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Education for Homeless Children and Youth	*	84.387	N/A	$ 58,352.01	
Education for Homeless Children and Youth	*	84.196	N/A	46,721.00	
Total Education of Homeless Children and Youth Cluster				$ 105,073.01	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 622,552.88	
ARRA - Preschool Grants	*	84.392	N/A	14,506.44	
Grants to States	*	84.027	N/A	1,472,365.33	
Preschool Grants	*	84.173	N/A	46,064.00	
Total Special Education Cluster				$ 2,155,488.65	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 350,609.00	
Title I Grants to Local Educational Agencies	*	84.010	N/A	1,425,790.33	
Total Title I, Part A Cluster				$ 1,776,399.33	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	$ 71,011.00	
Education Jobs Fund	*	84.410	N/A	1,028,956.00	
English Language Acquisition Grants		84.365	N/A	2,636.65	
Improving Teacher Quality State Grants	*	84.367	N/A	323,742.36	
Migrant Education - State Grant Program		84.011	N/A	87,027.60	
Rural Education		84.358	N/A	77,096.76	
Total Other Programs				$ 1,590,470.37	
Total U. S. Department of Education				$ 5,627,431.36	
Total Expenditures of Federal Awards				$ 8,347,678.30	

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 $145,756.12.
(2) Expenditures for the funds earned on the School Breakfast Program ($726,157.36) 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 Thomas 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.

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

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 1,046,005.15		$ 1,046,005.15
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	1,350,486.00		1,350,486.00
Primary Grades (1-3) Program	2,908,711.00		2,908,711.00
Primary Grades - Early Intervention (1-3) Program	680,581.00		680,581.00
Upper Elementary Grades (4-5) Program	1,628,838.00		1,628,838.00
Upper Elementary Grades - Early Intervention (4-5) Program	410,211.00		410,211.00
Middle School (6-8) Program	3,286,716.00		3,286,716.00
High School General Education (9-12) Program	2,989,068.00		2,989,068.00
Vocational Laboratory (9-12) Program	919,096.00		919,096.00
Students with Disabilities, Categories I - V	4,317,799.00		4,317,799.00
Gifted Student - Category VI	665,297.00		665,297.00
Remedial Education Program	578,726.00		578,726.00
Alternative Education Program	249,045.00		249,045.00
English Speakers of Other Languages (ESOL)	57,003.00		57,003.00
Media Center Program	522,491.00		522,491.00
20 Days Additional Instruction	160,958.00		160,958.00
Staff and Professional Development	104,154.00		104,154.00
Indirect Cost			
Central Administration	682,030.00		682,030.00
School Administration	1,008,051.00		1,008,051.00
Facility Maintenance and Operations	1,263,269.00		1,263,269.00
Categorical Grants			
Pupil Transportation			
Regular	821,343.00		821,343.00
State Bonds	305,168.00		305,168.00
Nursing Services	87,707.00		87,707.00
Vocational Supervisors	14,635.00		14,635.00
Mid-term Adjustment Hold-Harmless	838,318.00		838,318.00
Education Equalization Funding Grant	1,570,864.00		1,570,864.00
Food Services	87,802.00		87,802.00
Vocational Education	52,953.00		52,953.00
Amended Formula Adjustment	-3,701,488.00		-3,701,488.00
Other State Programs			
Charter Schools - Facilities	55,000.00		55,000.00
Dual Enrollment Funding	18,867.00		18,867.00
GNETS State Grant	2,093,759.00		2,093,759.00
Health Insurance	80,184.47		80,184.47
Industry Certification Related Equipment - State Bonds	9,999.93		9,999.93
Math and Science Supplements	25,337.68		25,337.68
Move On When Ready	200.00		200.00
Preschool Handicapped Program	70,388.00		70,388.00
Teachers' Retirement	28,055.81		28,055.81
Virtual Schools Grant	62.50		62.50
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 169,706.90	169,706.90
Office of the State Treasurer			
Public School Employees Retirement	20,962.00		20,962.00
	$ 27,308,653.54	$ 169,706.90	$ 27,478,360.44

See notes to the basic financial statements.

THOMAS 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
Renovations, new construction and Improvements to Hand in Hand Primary School	$ 175,000.00	$ 175,000.00			In Planning phase
Renovations, new construction and Improvements to Garrison Pilcher Elementary School	3,450,001.00	3,013,618.82	$ 5,128.50	$ 3,007,970.00	Completed
Renovations, new construction and Improvements to Cross Creek Elementary School	358,321.00	358,321.00	1,325.00	58,321.00	In Progress/On Schedule
Renovations, new construction and Improvements to Thomas County Middle School	154,000.00	173,640.09	163,876.59		In Progress/On Schedule
Renovations, new construction and Improvements to Thomas County Central High School	11,527,068.00	9,237,497.54	185,991.44	9,044,881.00	Completed
Transportation and Maintenance Facilities; Purchase of Buses, Equipment and Vehicles	557,611.00	557,611.00	182,247.00	8,611.00	In Progress/On Schedule
Renovations and Improvements to Athletic Facilities and Equipment	319,254.00	1,039,913.20	265,370.54	29,284.00	In Progress/On Schedule
Acquisition of Classroom Technology and Administrative Software Systems	335,000.00	335,000.00	195,764.11	132,372.00	In Progress/On Schedule
Textbooks	220,000.00	383,407.34	34,238.81	220,407.00	In Progress/On Schedule
Retirement of Previously Incurred Debt for Capital Outlay Projects (Middle and Primary Schools)	11,040,574.00	11,040,574.00	1,016,031.50	2,870,866.00	In Progress
Band Instruments	30,000.00	29,979.33		29,979.33	Completed
Interest on SPLOST II Bonds	777,985.00	777,985.00	148,200.00	478,175.00	In Progress
Annual SPLOST Audit	27,400.00	27,400.00	5,200.00	10,900.00	In Progress
Contingency Based on Future SPLOST Collections	3,283,786.00	1,493,092.40			
	$ 32,256,000.00	$ 28,643,039.72	$ 2,203,373.49	$ 15,891,766.33	

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

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

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

See notes to the basic financial statements.

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THOMAS 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	$ 1,597,480.00	$ 1,370,719.88	$ 54,956.88	$ 1,425,676.76
Kindergarten Program-Early Intervention Program			2,090.29	2,090.29
Primary Grades (1-3) Program	3,403,973.00	3,168,429.65	208,189.33	3,376,618.98
Primary Grades-Early Intervention (1-3) Program	807,395.00	704,706.66	6,068.61	710,775.27
Upper Elementary Grades (4-5) Program				
Upper Elementary Grades-Early Intervention (4-5)	1,930,899.00	1,745,661.04	95,312.11	1,840,973.15
Program	453,861.00	355,804.86	1,331.88	357,136.74
Middle School (6-8) Program	3,661,056.00	3,814,684.11	150,284.25	3,964,968.36
High School General Education (9-12) Program	3,193,345.00	4,015,185.24	273,334.72	4,288,519.96
Vocational Laboratory (9-12) Program	1,080,938.00	990,252.88	60,673.09	1,050,925.97
Students with Disabilities	5,027,861.00			
Category I			1,251.09	1,251.09
Category II			5,160.03	5,160.03
Category III		3,682,647.99	166,018.68	3,848,666.67
Category IV		460,619.76	6,908.61	467,528.37
Gifted Student - Category VI	749,935.00	520,402.85	3,932.11	524,334.96
Remedial Education Program	656,020.00	236,205.66		236,205.66
Alternative Education Program	292,277.00	388,142.46	3,867.14	392,009.60
English Speakers of Other Languages (ESOL)	66,130.00	51,923.77	695.51	52,619.28
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 22,921,170.00	$ 21,505,386.81	$ 1,040,074.33	$ 22,545,461.14
Media Center Program	611,088.00	555,454.45	47,107.88	602,562.33
Staff and Professional Development	121,177.00	64,122.14	31,624.11	95,746.25
TOTAL QBE FORMULA FUNDS	$ 23,653,435.00	$ 22,124,963.40	$ 1,118,806.32	$ 23,243,769.72

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 6, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Thomas 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 Thomas County Board of Education as of and for the year ended June 30, 2011, which collectively comprise Thomas County Board of Education's basic financial statements and have issued our report thereon dated March 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 Thomas County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Thomas 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 Thomas County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Thomas County Board of Education's internal control over financial reporting.

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

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

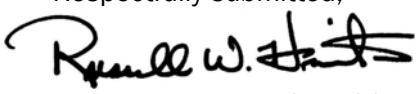
Compliance and Other Matters

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

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011YB-10

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 6, 2012

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

In our opinion, the Thomas 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

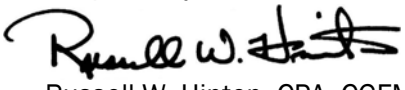
Management of Thomas County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Thomas County 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 Thomas County Board of Education's internal control over compliance.

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

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

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

THOMAS 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

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

THOMAS 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 weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Type of auditor's report issued on compliance for major programs:
All major programs — Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? — No

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, 84.392	Special Education Cluster
84.410	Education Jobs Fund
84.367	Improving Teacher Quality State Grants
84.196, 84.387	Education for Homeless Children and Youth Cluster

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

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.