

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

**Prepared by:
Division of Budgets and Finance
Theresa P. McDugald, Chief Financial Officer**

1058 Fifth Avenue • Jonesboro, Georgia 30236

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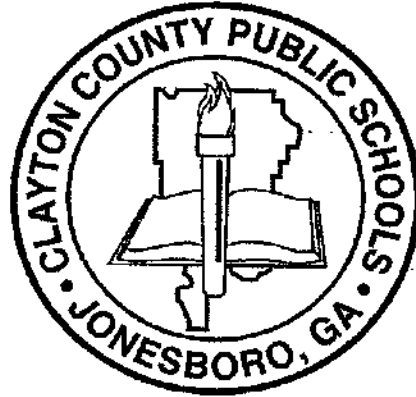
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Introductory Section

**Clayton County
Public Schools**



Clayton County Public Schools

Office of the Chief Financial Officer

1058 Fifth Avenue • Jonesboro, Georgia 30236 (770) 473-2700 • FAX (770) 473-2722

DR. GLORIA R. DUNCAN
Interim Superintendent of Schools

THERESA P. McDUGALD
Chief Financial Officer

January, 2008

Clayton County Board of Education
Jonesboro, Georgia

The Comprehensive Annual Financial Report (CAFR) of the Clayton County Board of Education (Board) for the fiscal year ended June 30, 2007 is submitted herewith. This report was prepared by the Budget and Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education.

We believe the data, as presented, is accurate in all material aspects. We believe that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Board of Education as measured overall and by the financial activity of its various funds. The data includes all disclosures and required supplementary information necessary to enable the reader to gain the maximum understanding of the Board's financial activity.

Readers of this report are encouraged to consider the information presented here in conjunction with additional information presented in Management's Discussion and Analysis beginning on page 3 of this report.

The report is divided into sections as described below:

Introductory Section- The introductory section includes this transmittal letter, the Board of Education composition, the organizational chart of the school district, as well as a list of the administrative staff.

Financial Section- The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes to the Basic Financial Statements, and Supplemental Information. The Basic Financial Statements together with the Independent Auditor's Report, Management's Discussion and Analysis and the Notes to the Basic Financial Statements are designed to provide a financial overview; the Supplemental Information provides more detailed information on a fund by fund basis.

The Board's History and Services

Clayton County, Georgia was created by an act of the State Legislature on November 30, 1858. It was named for the Honorable Augustin S. Clayton (1783-1839), a judge of the Western Circuit of Georgia, a member of the legislature and of Congress. The City of Jonesboro is the county seat and was originally called "Leaksville". The State of Georgia granted a charter for the Leaksville Academy on December 22, 1823 and Mr. Allen D. Candler organized the Clayton High School around the year 1858.

Georgia had no regularly organized system of common schools supported by public taxation before the War Between the States, although unsuccessful efforts were made in 1845 and again in 1856 to inaugurate such a program. The first real school organization came about as a result of an act on October 13, 1870.

The Clayton County School System operated from 1870-1890 under the supervision of a County Commission of Education. Data indicate that the Clayton County School System as it is known today was formally established by an act of the State Legislature at Jonesboro on September 21, 1891. A tax was levied on taxable property in the amount of 7 ½ mills. A Board of Education composed of nine members was authorized and provision was made to receive a pro-rata share of county funds for schools.

Today the nine-member elected Board of Education has full authority to control and manage the schools within Clayton County. Clayton County Public Schools is the fifth largest school system in the State of Georgia with approximately 52,000 students currently enrolled in 35 elementary schools, 14 middle schools, 8 high schools and 2 special entity facilities for the current budget year of 2007-08. The district has also approved two charter schools within the county, The Lewis Academy of Excellence serving students in kindergarten through fifth grade and the Unidos Dual Language Charter School serving students in grades kindergarten through second grade.

The Board provides all basic services required by state law and policies of the State Board of Education and State Department of Education. These services include: preschool for three and four-year old handicapped students, regular preschool for four-year olds students, regular and special education instructional programs at the elementary (kindergarten through 5th grade), middle (6th through 8th grade), and secondary (9th through 12th grade) levels. Additional services include programs for Career Technical Education in partnership with post-secondary institutions in the area as well as joint enrollment opportunities for high school students with Clayton State University.

Economic Condition and Outlook

Clayton County is part of the Metropolitan Atlanta Area. The County is south of the City of Atlanta and Hartsfield-Jackson Atlanta International Airport is within the boundaries of Clayton County. Because of this location, the school district is impacted by the economy of the airport and the airline industry. The recent bankruptcy of Delta Airlines had a major impact on the school district. Delta Airlines is the largest taxpayer in the county and because of their bankruptcy, the school district was negatively impacted to the amount of \$13 million during the FY2007 fiscal year. There is hope that this money will eventually be collected, but to date only a small portion has been realized. In addition to

the airport and airline industry, the downturn in the American automobile industry also hit Clayton County with the closing of a Ford plant which employed many residents of Clayton County last year.

In addition to private industry, the county is also home to a military facility that is scheduled to be closed in 2011. Plans for the revitalization of the Fort Gillem property are underway with the hope that this will bring new economic opportunities to the county.

Several cities within the county are pursuing livable communities grants and access to funding through the formation of tax allocation districts in an attempt to breathe new life into certain areas of the county, especially on the northern end that abuts Fulton County and the City of Atlanta. A new president for the County Chamber of Commerce was just named. The experience she brings is related to helping counties such as Clayton with revitalization efforts.

Major Initiatives

During fiscal year 2007, the Board revised its vision, mission and beliefs of the school system. The process involved principals, central office administrators, the superintendent's cabinet and the community. After several months of discussion and review, the Board adopted the revised Mission, Vision and Beliefs in July, 2007.

Mission

To provide a safe and supportive environment that promotes the highest quality education for each child.

Vision

Clayton County Public Schools aspires to be the highest performing school district in the Metropolitan Atlanta area.

Beliefs

- Learning is most productive when the needs of each child are met through instruction provided by competent teachers.
- Children must be provided the opportunity to reach their full potential in their educational setting.
- Education is the shared responsibility of the home, the school and the community.
- A learning environment where children experience security, care, dignity and respect is essential.
- Fostering a love of learning is necessary for children to become lifelong learners.
- Communication and understanding among all stakeholders of our diverse community are essential to achieving the goals of education.
- Children must accept responsibility for their learning and improvement of their future.
- An involved parent will enhance the educational experience of every child.

In July, 2007 Superintendent Dr. Barbara Pulliam resigned after serving just over three years. Dr. Gloria Duncan, principal of Riverdale High School was selected to serve as

interim superintendent until June, 2008. A search team made up of community members, teachers and students is in the process of working with a search firm for the next superintendent of Clayton County Public Schools. The goal is to have the new leader in place for the beginning of the FY08-09 school year.

Accounting System

Internal Controls

In developing and evaluating the Board of Education's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide assurance within reasonable constraints:

- the safeguarding of assets and gains and loss from unauthorized use and/or disposition
- the reliability of financial records for preparing financial statements and maintaining accountability for assets.

Budgetary Controls

An annual budget is prepared in accordance with state law. Budgetary control is maintained at the fund level by encumbrance accounting.

The budget process is comprised of five phases – planning, preparation, adoption, implementation and evaluation. These phases ensure adequate administration and control of all Board funds. To maintain compliance with Board budget policies and State of Georgia law, a budget development calendar is adopted by the Board of Education in September of each year. The calendar outlines the budget development process for the next fiscal year.

The budget process is inclusion of central level and school level staff as well as a citizen's budget committee. Work sessions with the Board and public hearings are held prior to the adoption of the budget in June of each year.

Single Audit

As a recipient of federal financial assistance, the Board is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by the Board's management.

Cash Management

The Board is authorized by state statutes to invest in obligations of the U.S. Treasury agencies and instrumentalities, repurchase agreements, bank certificates of deposit, and the Georgia Fund 1 administered by the State of Georgia. Board policies and procedures with regard to cash and investments provide guidelines for the daily operations in the

cash and investment area. The Chief Financial Officer acts as the investment officer for the Board.

Independent Audit

The Clayton County Board of Education and the State of Georgia requires an annual audit of its financial statements by independent certified public accountants. The firm of Mauldin and Jenkins is the current accounting firm under contract with the Board to perform this function. The Independent Auditor's Report on the Basic Financial Statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section.

Association of School Business Officials Certificate of Excellence

For the first time, the Clayton County Public School System is submitting a comprehensive annual financial report (CAFR) for review by the Association of School Business Officials (ASBO) for consideration in the Certificate of Excellence in Financial Reporting Program. Receipt of this award would confirm that this report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International. The award is granted only after an extensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. We believe that the CAFR for the year ended June 30, 2007 conforms to their principles and standards.

Acknowledgements

We wish to express our appreciation to the Department of Budgets and Finance staff members whose dedicated efforts have enabled this report to be prepared on a timely basis.

Respectfully submitted,



Dr. Gloria Duncan
Interim Superintendent



Theresa P. McDugald
Chief Financial Officer

Clayton County Board of Education Function and Composition

All matters relating to education and operation of the Clayton County Board of Education schools are governed and controlled by the Board of Education (Board), as provided by Georgia Law.

The Board has the responsibility to maintain a reasonably uniform system of public schools providing quality education for all young people of Clayton County. With the advice of the Superintendent, it must determine the policies and prescribe the rules and regulations for the management of the school system.

The Board holds a work session and a regular public meeting once a month to conduct normal business. Additional called meetings are sometimes necessary for a specific purpose.

The Board is composed of nine members who are elected on a district basis. Each member resides within one of the nine voting districts.

The Board elects a Chairperson for a two year term and a Vice Chairperson for a one year term from its members.

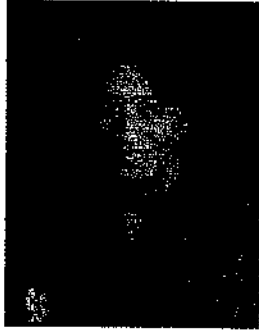
As of January 1, 2007 the members of the Board and years of expiration of their terms are as follows:

TITLE	NAME	TERM EXPIRES
Chairperson	Ms. Ericka Davis	12-31-2010
Vice Chairperson	Mr. Eddie White	12-31-2008
Board Member	Mr. David Ashe	12-31-2008
Board Member	Ms. Yolanda Everett	12-31-2008
Board Member	Mr. Norreese Haynes	12-31-2010
Board Member	Ms. Lois Baines-Hunter	12-31-2008
Board Member	Rev. Rod Johnson	12-31-2008
Board Member	Ms. Sandra Scott	12-31-2010
Board Member	Ms. Michelle Strong	12-31-2010

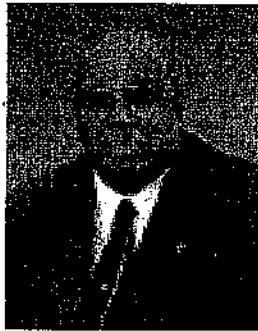
MISSION STATEMENT

To provide a safe and supportive environment that promotes the highest quality education for each child.

**Clayton County Board of Education
Elected Officials
and
Interim Superintendent of Schools**



**Ericka Davis
Chairperson**



**Eddie White
Vice Chairperson**



David Ashe



Yolanda Everett



Noreese Haynes



Lois Baines-Hunter



Rod Johnson



Sandra Scott



Michelle Strong



**Dr. Gloris Duncan
Interim Superintendent**

Clayton County Public Schools Executive Staff

Superintendent's Office

Dr. Gloria Duncan
Dr. Valya Lee

Interim Superintendent
Chief of Staff

Assistant Superintendents

Dr. Janice Davis
Dr. Cephus Jackson
Ms. Kay Sledge
Mr. Derrick Manning
Mr. Wayne Rich

Elementary
Elementary
Middle
High
Executive Director Perry Learning Center

Division of Teaching & Learning

Dr. Debbie Bass
Mr. Anthony Smith
Ms. Chandra Johnson
Dr. Margie Dam
Ms. Sharon Brown
Mr. Paul Robbins
Dr. Joe Nail
Ms. Cindy Lee
Dr. Chantel Normel

Chief Academic Officer Elementary
Chief Academic Officer Secondary
Executive Director Research & Evaluation
Executive Director Professional Learning
Executive Director Federal, State, Local Programs
Executive Director Fine Arts, Magnet Schools, Accreditation
Director Research & Evaluation
Director Leadership & Team Development
Director Second Language Learning

Division of Information & Operations

Mr. Steve Holmes
Mr. Ronnie Watts
Mr. Michael Caldwell
Mr. Mark Rettig
Mr. Craig Parsons
Dr. Angie Bacon

Chief Information / Operations Officer
Director Construction
Director Maintenance
Director Information Services
Director Technology
Director Instructional Technology

Division of Human Resources

Ms. Jackie Hubbert
Mr. Derrick Williams
Dr. Doug Hendrix
Mr. Richard Dickson

Assistant Superintendent of Human Resources
Director Secondary Personnel
Director Elementary Personnel
Director Compensation

Division of Budgets & Finance

Ms. Theresa McDugald
Ms. Ramona Thurman
Ms. Lonita Collier
Ms. Nancy Rice

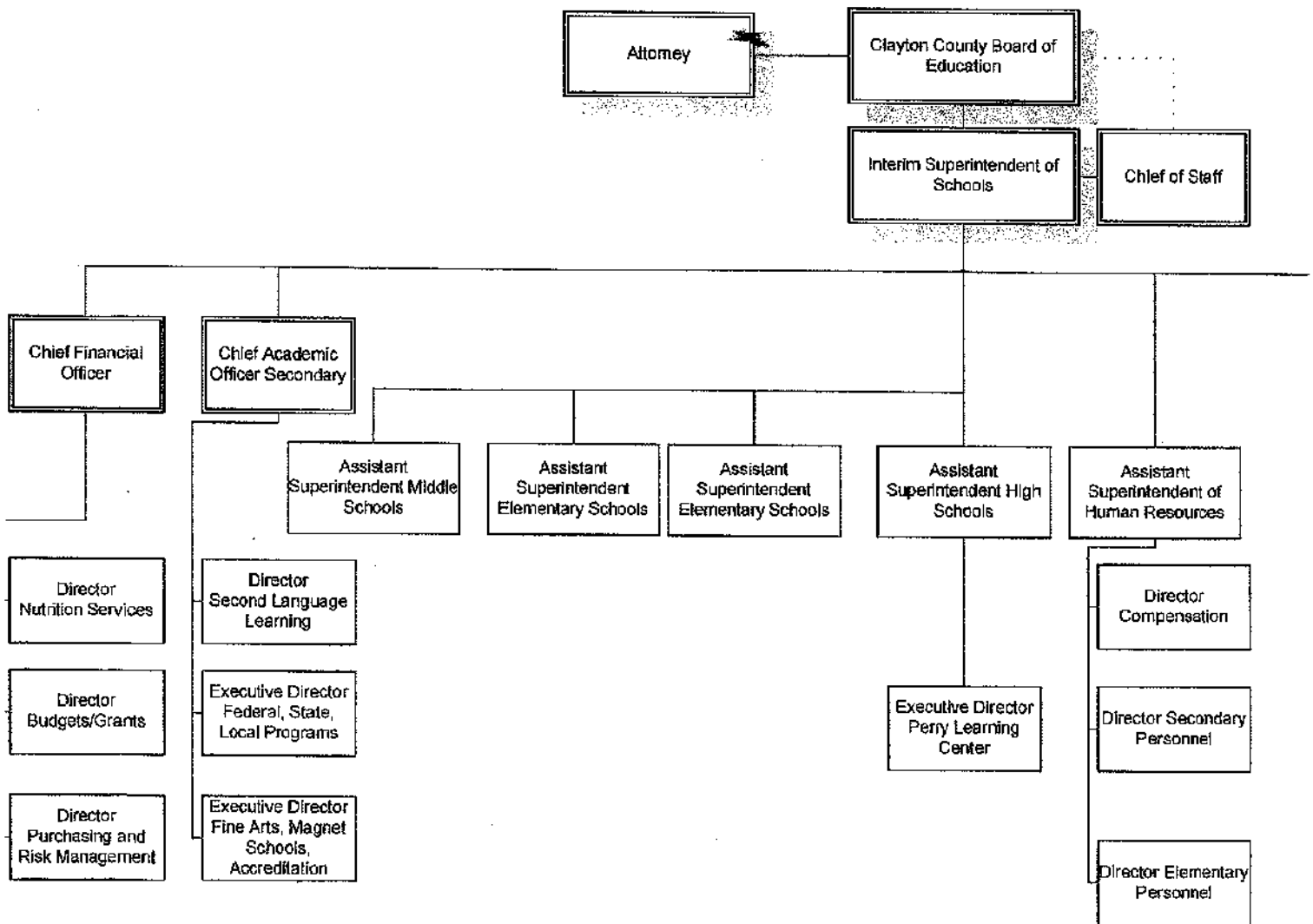
Chief Financial Officer
Director Budgets & Grants
Director Purchasing and Risk Management
Director Nutrition Services

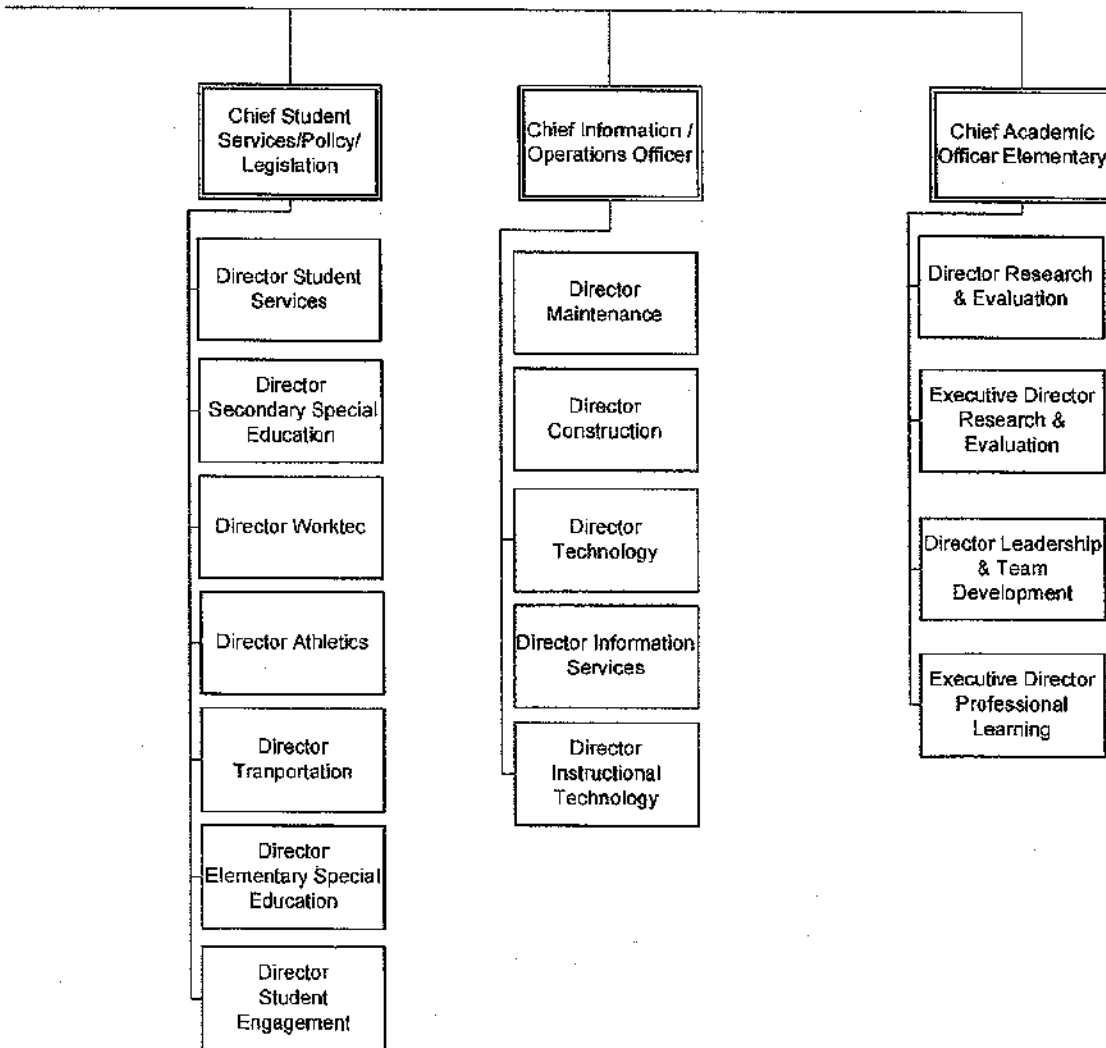
Division of Student Services

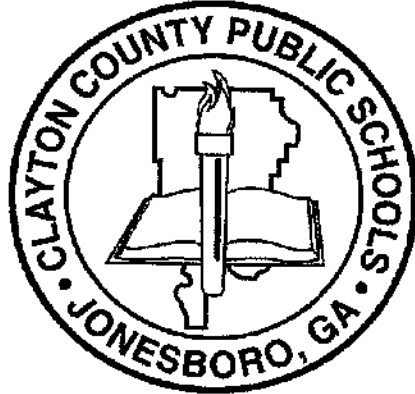
Dr. Lavenia Jackson
Dr. Gwendolyn Jones
Mr. John Walker
Ms. Dorothy Cochran
Mr. Robert Brannon
Ms. Tamera Foley
Ms. Brenda Keegan
Mr. John Lyles

Chief Student Services, Policy, Legislation Officer
Director Student Services
Director Student Engagement
Director Worktec
Director Athletics
Director Secondary Special Education
Director Elementary Special Education
Director Transportation

Clayton County Public Schools Organizational Chart

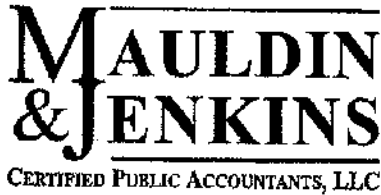






Financial Section

**Clayton County
Public Schools**



INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of the Clayton County Board of Education

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Clayton County Board of Education** as of and for the year ended June 30, 2007, which collectively comprise Clayton County Board of Education's basic financial statements as listed in the table of contents. These financial statements are the ~~responsibility of the Clayton County Board of Education's management. Our responsibility is to express opinions on~~ these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clayton County Board of Education as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2008 on our consideration of the Clayton 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 14) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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 Clayton County Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Clayton County Board of Education. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Clayton County Board of Education. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
February 8, 2008

Management's Discussion and Analysis

This section of Clayton County Board of Education's (the Board's) annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to examine the Board's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Board's financial condition.

The reporting model is a combination of both government-wide financial statements and fund financial statements. The basic financial statements contain three components:

1. Government-wide financial statements including the Statement of Net Assets and the Statement of Activities which provide a broad, long-term view of the Board's finances.
2. Fund financial statements including the balance sheets that provide a greater level of detail and focus on how well the Board has performed in the short term in the most significant or major funds.
3. Notes to the financial statements.

This report presents the financial highlights for the year ended June 30, 2007 and other supplementary information.

As with other sections of this financial report, the information contained with this MD&A should be considered only a part of a greater whole. The reader of this analysis should take the time to read and evaluate all sections of the report, including the notes to the financial statements.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- ❖ On the government-wide financial statements:
 - The assets of the Clayton County Board of Education (Board) exceeded its liabilities at the fiscal year ended June 30, 2007 by \$509.6 million. Of this amount, \$64 million was unrestricted net assets and available to meet the Board's ongoing obligations.
 - The Board's net assets of its governmental activities increased by \$78.1 million. This increase is primarily the result of a net increase in capital assets. The Board experienced an increase of \$51.1 million in net capital assets in its governmental activities. This is the amount by which capital outlays exceeded depreciation in the current period. In addition, the fund balance amount of the total governmental funds increased \$26.0 million.

- Program revenues of the governmental activities accounted for \$276 million, or 53.7 % of the \$513.6 million in total revenues of the governmental activities. General revenues of the governmental activities accounted for \$237.6 million, or 46.3 % of the total.
- The Board reported \$435.6 million in expenses for the governmental activities. \$276.0 million were offset by program specific grants, charges for services or contributions. General revenues, primarily property taxes and sales taxes were used to provide for the remaining expenses of these programs.
- The net assets of the Board's business-type activities increased \$40,585. The Board has two business-type funds reported. The first is the school nutrition program and the second is the Performing Arts Center. Total expenses for food service activities were \$25.0 million, while expenses of the Performing Arts Center were \$328,682. Program revenues, operating grants and contributions, and capital contributions for these business type activities totaled \$24.9 million. This revenue, along with general revenues of interest earnings in the amount of \$526,739 resulted in the positive change in net assets referenced above of \$40,585.
- The General Fund (the primary operating fund), presented on a current financial resources basis, ended the year with a fund balance of \$47,158,860, an increase of \$33.1 million from June 30, 2006.
- The Capital Projects Fund ended the year with a fund balance of \$73,348,770, a decrease of \$(7,581,289).
- The Board reduced its outstanding long-term indebtedness by \$505,590.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Board:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Board's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Board, reporting the Board's operations in more detail than the government-wide statements.
 - ❖ The governmental funds statements tell how basic services such as instruction and instructional support services were financed in the short term as well as what remains for future spending.
 - ❖ Proprietary fund statements offer short and long-term financial information about the activities the Board operates like businesses, specifically the school nutrition program and the Performing Arts Center.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Board's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

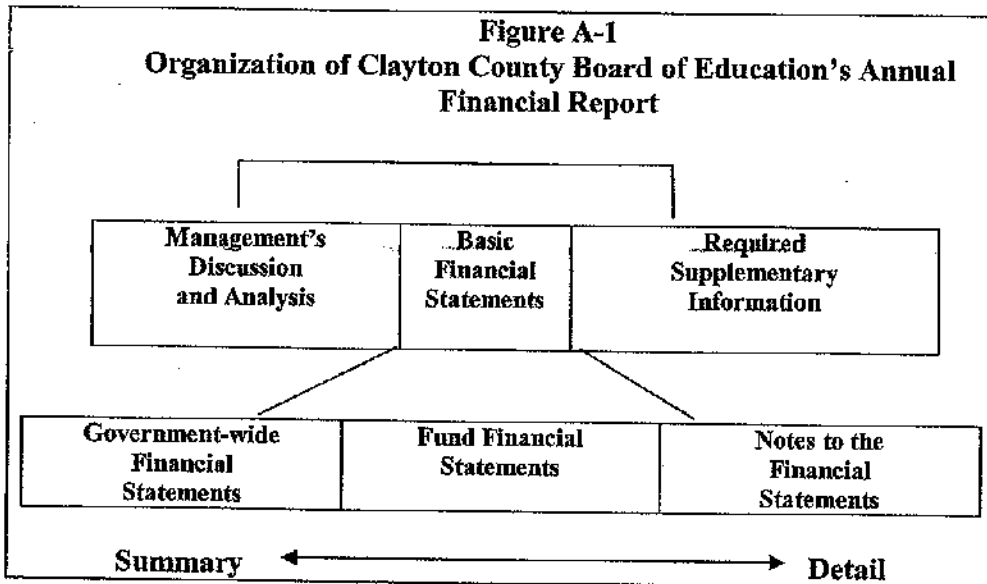


Figure A-2 summarizes the major features of the Board's financial statements, including the portion of the Board's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire Board (except fiduciary funds)	The activities of the Board that are not proprietary or fiduciary, such as instruction, school administration, and building maintenance	Activities the Board operates similar to private businesses: food services.
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net assets and how they have changed. Net assets, the difference between the Board's assets and liabilities, are one way to measure the Board's financial health or position.

Over time, increases or decreases in the Board's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Board, additional non-financial factors, such as changes in the property tax base, community support for education and student achievement should be considered.

The government-wide financial statements of the Board are divided into two categories:

- **Governmental activities** – All of the Board's basic services are included here, such as instruction and instructional support, administration, student transportation and maintenance and operation of facilities.
- **Business type activities** – The Board operates a food service operation and charges fees to staff, students and visitors to help cover the cost of the food service operation. The Board also operates a performing arts center that is accounted for as a business-type activity.

Fund Financial Statements

The Board's fund financial statements, which begin on page 15, provide detailed information about the most significant funds, not the Board as a whole.

Governmental funds – Most of the Board's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Board's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's 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.

Proprietary funds – Services for which the Board charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The Board's *enterprise fund* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The Board uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The Board currently has an internal service fund for the employee dental benefit program.

Financial Analysis of the Board as a Whole

Table 1, below, provides a summary of the Board's net assets for the year ended June 30, 2007 compared to June 30, 2006

	Governmental Activities		Business- type Activities		Total		Percentage Change 2006-2007
	2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 190.5	153.3	12.4	12.1	202.9	165.4	22.7%
Net capital assets	364.9	313.7	7.4	7.5	372.3	321.2	15.9%
Total assets	555.4	467.0	19.8	19.6	575.2	486.6	18.2%
Current and other liabilities	58.6	47.8	1.6	-	60.2	49.2	22.3%
Long-term liabilities	5.2	5.8	-	-	5.2	5.8	-1%
Total Liabilities	63.8	53.6	1.6	-	65.4	55.0	18.9%
Net Assets							
Invested in capital assets, net of related debt	364.8	312.3	7.4	7.5	372.3	319.8	16.4%
Restricted for capital projects	73.3	80.9	-	-	73.3	80.9	-9%
Unrestricted	53.4	20.2	10.7	10.6	64.0	30.8	108.4%
Total net assets	\$ 491.5	413.4	18.1	18.1	509.6	431.5	18.1%

The Board's combined net assets increased by 18.1% to \$509.6 million. Most of this improvement in the financial position came from governmental activities, the net assets of which grew by \$78.1 million. The net assets of the Board's business-type activities increased \$40,585 or .2%. The reasons for the increase in governmental activities is the result of the large capital program underway funded without debt through a Special Purpose Local Option Sales Tax (SPLOST) and capital outlay grants from the state of Georgia. The increase in the business-type activities is attributed to the financially sound school nutrition cafeteria operations and the fact that participation rates are high and a large percentage of the student population is eligible for free or reduced price meals.

The Board reported a restricted net asset amount of \$73.3 million. This is a decrease of (.9)% from the restricted amount reported as of June 30, 2006. The decrease is due to the increased activity in the capital projects fund and cash reserves being drawn down for the projects under way. The amount set aside as restricted in the governmental activities is related to net assets required by a third party or state law to be spent for a specific purpose.

Table A-2
Changes in Net Assets
Fiscal Year Ended June 30, 2007

Table A-2 takes the information from the Statement of Activities and presents it in a format that shows total revenues first and then expenses and the resulting increase in net assets.

Table A-2 Changes in Net Assets from Operating Results (in millions of dollars)							
	Governmental Activities		Business Type Activities		Total		Percentage Change 2006-2007
	2007	2006	2007	2006	2007	2006	
Revenues:							
Program revenues:							
Charges for services	\$ 19.1	19.1	3.3	3.9	22.4	23.0	-2.6%
Operating grants and contributions	249.6	227.0	21.5	21.0	271.1	248.0	9.3%
Capital grants and contributions	7.4	7.1	-	-	7.4	7.1	4.2%
General revenues:							
Property taxes	148.5	122.9	-	-	148.5	122.9	20.8%
Sales taxes	53.5	54.4	-	-	53.5	54.4	-1.6%
Other taxes	7.1	7.0	-	-	7.1	7.0	1.4%
Non-program specific							
state and federal aid	17.4	16.9	-	-	17.4	16.9	3.0%
Local school activity	4.0	2.6	-	-	4.0	2.6	53.8%
Interest and investment earnings	7.0	3.7	.5	.4	7.5	4.1	82.9%
Total Revenues	<u>513.6</u>	<u>460.7</u>	<u>25.3</u>	<u>25.3</u>	<u>538.9</u>	<u>486.0</u>	<u>10.9%</u>
Expenses:							
Instruction	284.6	280.5	-	-	284.6	280.5	1.5%
Pupil services	12.3	9.6	-	-	12.3	9.6	28.1%
Instructional staff	22.7	18.4	-	-	22.7	18.4	38.4%
Educational media services	6.9	6.6	-	-	6.9	6.6	4.5%
General administration	4.8	3.7	-	-	4.8	3.7	29.7%
School administration	21.4	21.1	-	-	21.4	21.1	1.9%
Business administration	2.7	2.0	-	-	2.7	2.0	35.0%
Maintenance and operations	28.6	27.5	-	-	28.6	27.5	.4%
Pupil transportation	22.2	17.8	-	-	22.2	17.8	24.7%
Support services - central	15.1	8.5	-	-	15.1	8.5	77.6%
Other support services	2.7	2.5	-	-	2.7	2.5	8.0%
Non-instructional services	1.2	1.3	-	-	1.2	1.3	-
Community services	10.3	10.6	0.3	0.3	10.6	10.9	-2.8%
Interest	-	0.1	-	-	-	0.1	-
Food services	-	-	25.0	23.8	25.0	23.8	5.0%
Total Expenses	<u>435.5</u>	<u>408.1</u>	<u>25.3</u>	<u>24.1</u>	<u>460.8</u>	<u>432.2</u>	<u>6.6%</u>
Increase in net assets	<u>\$ 78.1</u>	<u>52.7</u>	<u>-</u>	<u>1.2</u>	<u>78.1</u>	<u>53.9</u>	<u>45.2%</u>

Table A-2 on the previous page shows that revenues from governmental activities for 2007 were \$513.6 million, while total expenses were \$435.5 million. Governmental activities contributed \$78.1 million to the total increase in net assets, while business-type net assets did not change.

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased \$22.8 million. This increase was primarily the result of an increase in state and federal grants received for instructional programs.

Property taxes comprise the largest percentage of the general revenues for the Board with 28.9% of total revenues coming from this source. The increase of 20.8% from the previous year is the result of a combination of growth in the digest, a county-wide property reassessment and an increase in the tax millage rate to 20.00. Sales tax revenues generated by the Special Purpose Local Option Sales Tax (SPLOST) decreased slightly \$0.9 million to a total of \$53.5 million. Interest and investment earnings increased significantly by 82.9% as interest rates continued to rise over the course of the year and better collections from tax revenues provided more cash throughout the year for investment earnings.

Table A-3 summarizes the cost of the Board's activities into nine functional categories—Instruction; Pupil services, Instructional staff and Media services; General and Business Administration; School administration; Maintenance and operations; Pupil transportation; Central support; Interest expense; and Other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the Board's local taxpayers by each of these functions.

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2007	2006	2006-2007	2007	2006	2006-2007
Instruction	\$284.6	280.5	1.5%	71.9	87.2	-17.5%
Pupil, Instructional and Media Services	41.9	32.6	28.5%	21.3	13.6	56.6%
General and Business Administration	7.5	5.7	31.6%	4.7	3.0	56.7%
School Administration	21.4	21.1	1.4%	12.6	12.8	-.2%
Maintenance and Operations	28.6	27.5	4.0%	15.4	14.6	5.5%
Pupil Transportation	22.2	17.8	24.7%	18.1	14.8	22.3%
Central Support and other support	17.8	11.0	61.8%	15.5	7.8	98.7%
Community Services and non-Instructional	11.5	11.8	-3.4%	-	1.0	-%
Interest Expense	-	0.1	-%	-	0.1	-%
Total Governmental Activities	\$435.5	408.1	6.7%	159.5	154.9	3.0%
Less: Unrestricted federal and state aid:				17.4	16.9	3.0%
Total needs from local taxes and other revenues:				\$ 171.8	138.0	24.5%

The total cost of governmental activities increased 6.7%, while the net cost increased at a lower percentage rate of 3.0%. The primary reason for the lower percentage change in net governmental activities is that the "austerity reduction" put in place in the state funding formula was reduced. It was still in place, but at a lower dollar amount, resulting in a lower net percentage change. The amount the Board was required to make up in State funding in 2007 was \$5.2 million, down from \$10.4 in FY 2006.

Business Type Activities

Revenues for the Board's business-type activities (school nutrition and performing arts center) were comprised of charges for services, federal and state reimbursements and investment earnings. (See Table A-2).

- Business type revenues equaled expenses during the year for no change in net assets.
- Charges for services represents \$3.3 million of revenue. This represents amounts paid by students, teachers and other customers of the cafeteria operations and the performing arts center.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$21.5 million.

The Statement of Revenues, Expenses and Changes in Fund Net Assets for these proprietary funds will further detail the actual results of operations.

Analysis of the Board's Funds

At June 30, 2007, the Board's governmental funds reported a combined fund balance of \$124,103,496. This is an increase of \$25,992,264. The primary reasons for this increase is attributed to the General Fund which had an increase of \$33,071,208 while the Capital Projects Fund reflected an decrease of \$7,581,289.

The fund balance of the General Fund was \$47,158,860 at June 30, 2007. The Capital Projects ending fund balance was \$73,348,770 while all other Governmental Funds had a total fund balance of \$3,595,866 at June 30, 2007.

The fund balance of General Fund improved significantly primarily because of the better than anticipated collection of property taxes. Delta Airlines paid 100% of the taxes due to the school district for FY2007 and this was not an event that was anticipated. Approximately, \$13 million in taxes for fiscal year 2006 from Delta is still outstanding.

The decrease in the Capital Projects Funds is the result of projects getting underway that had been delayed in the previous year as the District went through an extensive process of selecting a list of architects to work with.

General Fund Budgeting Highlights

The Board's budget is prepared according to Georgia state law. The most significant budgeted fund is the General Operating Fund.

During the course of the year, the Board amended its General Fund once. The primary reasons for this amendment was to realign the budget because of the state funding cuts.

The total expenditures realized a positive variance of \$19.7 million. This represents 5.4% of the total general fund budget.

The total revenue was over the total budget by \$619,591. Local sources experienced a positive variance in the amount of \$1.2 million primarily because of unbudgeted tax revenues due from Delta Airlines being received. Federal revenues were under budget because anticipated revenues from the federal government in support of students served in the district who arrived and enrolled as a result of displacement from the of Gulf Coast after the hurricane Katrina disaster were budgeted in 07 but earned at the end of FY06.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2007, the Board had \$372,305,252 invested in a broad range of capital assets, including land, buildings and furniture and equipment for its governmental activities. The Board is currently funding a five-year capital improvement program with revenue from a one-cent local option sales tax that was approved by the citizens of Clayton County in September, 2004. The maximum amount of collections approved by this referendum was \$269.6 million. The sales tax revenue, along with state capital outlay grants will fund the program through 2009.

Capital Assets (net of depreciation)							
(In millions of dollars)							
	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2006-2007
	2007	2006	2007	2006	2007	2006	
Land	\$ 33.6	20.9	-	-	33.6	20.9	60.8%
Construction in progress	23.7	30.5	-	-	23.7	30.5	%
Buildings and improvements	249.1	249.0	4.8	4.9	298.9	254.8	%
Equipment and furniture	13.4	12.4	2.7	2.6	16.1	15.0	%
Total capital assets							
net of depreciation	\$ <u>364.8</u>	<u>313.7</u>	<u>7.5</u>	<u>7.5</u>	<u>372.3</u>	<u>321.2</u>	15.9%

More detailed information about capital assets can be found in note 7 of the Notes to the Basic Financial Statements.

Debt Administration

At June 30, 2007, the Board had no outstanding long-term bond debt. Because of the availability of the one cent sales tax for capital improvements since 1997, the Board has not had the need to issue any new debt and used proceeds from the sales tax to retire all of the previously existing long-term bond debt.

Economic Factors

The downturn in the economy has had a significant impact on the state and the local community.

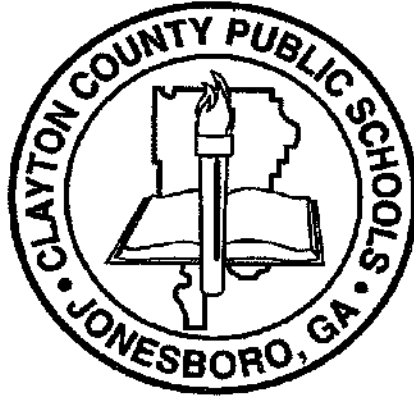
The bankruptcy of Delta Airlines has cause tremendous challenges for the state and local economy. Delta Airlines is the largest single taxpayer for the County and generates approximately 10% of the school district's tax revenue. For fiscal year 2006, approximately \$13 million was budgeted in tax revenues from Delta. None of this revenue was collected and as of 6/30/07 it was still outstanding. For the budget year 2006-2007, because of the uncertainty of the Delta revenue and mandates from the Georgia Legislature to further reduce class size, the Board was forced to raise it's maintenance and operations millage rate to the maximum amount allowed by law to 20.00 mills. In addition, the County has seen significant changes in the demographic makeup of the population. The percentage of students that now qualify for free or reduced priced lunches now exceeds approximately 73% district-wide.

The district has now become a district Title I School which means all schools in the district are eligible to receive federal funding under the No Child Left Behind Act for the Economically Disadvantaged.

Despite the economic challenges of the area and the district, support for public education remains strong as evidenced by the passage of the continuation of the one-cent sales tax referendum in September, 2004.

Contacting the Board's Financial Management

This financial report is designed to provide the Board's citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Theresa McDugald, Chief Financial Office, Department of Budgets and Finance, Clayton County Public Schools, 1058 Fifth Avenue, Jonesboro, Ga. 30236.



Basic Financial Statements

**Clayton County
Public Schools**

Clayton County Board of Education
Statement of Net Assets
June 30, 2007

Assets	Governmental Activities	Business-type Activities	Total
Cash	\$ 67,210,335	\$ 12,416,675	\$ 79,627,010
Investments	56,572,907	-	56,572,907
Receivables:			
Accounts	3,161,834	-	3,161,834
Intergovernmental	62,427,938	259,792	62,687,730
Internal balances	1,011,690	(1,011,690)	-
Inventories	-	648,852	648,852
Prepaid items	15,025	-	15,025
Other current assets	108,394	-	108,394
Capital assets, nondepreciable	57,350,742	-	57,350,742
Capital assets, depreciable (net of accumulated depreciation)	307,505,902	7,448,608	314,954,510
Total assets	555,364,767	19,762,237	575,127,004
Liabilities			
Accounts payable	13,639,698	121,379	13,761,077
Intergovernmental payables	65,552	-	65,552
Accrued payroll and payroll withholdings	44,564,579	1,442,850	46,007,429
Accrued dental claims	344,586	-	344,586
Other current liabilities	70	-	70
Claims payable due within one year	212,823	-	212,823
Claims payable due in more than one year	628,964	-	628,964
Capital leases due within one year	24,018	-	24,018
Capital leases due in more than one year	27,037	-	27,037
Compensated absences due within one year	2,483,415	50,073	2,533,488
Compensated absences due in more than one year	1,867,071	18,349	1,885,420
Total liabilities	63,857,813	1,632,651	65,490,464
Net Assets:			
Invested in capital assets, net of related debt	364,805,589	7,448,608	372,254,197
Restricted for capital projects	73,348,770	-	73,348,770
Unrestricted	53,352,595	10,680,978	64,033,573
Total net assets	\$ 491,506,954	\$ 18,129,586	\$ 509,636,540

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

Clayton County Board of Education
Statement of Activities
Year Ended June 30, 2007

Activities and Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 284,656,120	\$ 189,571	\$ 194,933,312	\$ 7,375,103
Pupil services	12,303,138	78,415	5,656,282	-
Improvement of instructional services	22,658,292	10,455	10,056,464	-
Educational media services	6,930,008	-	4,769,039	-
General administration	4,809,647	-	2,158,239	-
School administration	21,414,698	-	8,769,833	-
Business services	2,722,265	-	684,838	-
Maintenance and operations	28,614,235	-	13,186,473	-
Student transportation	22,222,626	-	4,153,936	-
Central support services	15,059,973	140	2,269,802	-
Other support services	2,730,189	566	-	-
Other non-instructional services	1,158,476	13,396,684	425,063	-
Community services	10,279,962	5,388,630	2,518,975	-
Interest on long-term debt	15,605	-	-	-
Total governmental activities	\$ 435,575,233	\$ 19,064,461	\$ 249,602,476	\$ 7,375,103
Business-type activities:				
School food service	\$ 25,031,796	\$ 3,134,147	\$ 21,527,062	\$ -
Performing arts center	328,682	213,115	-	-
Total business-type activities	25,360,478	3,347,262	21,527,062	-
Total	\$ 460,935,711	\$ 22,411,723	\$ 271,129,538	\$ 7,375,103
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Local school activity				
Unrestricted investment earnings				
Gain on sale of capital assets				
Total general revenues				
Change in net assets				
Net assets - beginning of year				
Net assets - end of year				

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

Net (Expenses) Revenues and Changes in Net Assets

Governmental Activities	Business-type Activities	Total Activities
\$ (82,137,934)	\$ -	\$ (82,137,934)
(6,568,441)	-	(6,568,441)
(12,591,373)	-	(12,591,373)
(2,160,969)	-	(2,160,969)
(2,651,408)	-	(2,651,408)
(12,644,845)	-	(12,644,845)
(2,037,427)	-	(2,037,427)
(15,427,762)	-	(15,427,762)
(18,068,690)	-	(18,068,690)
(12,790,031)	-	(12,790,031)
(2,729,623)	-	(2,729,623)
12,663,271	-	12,663,271
(2,372,357)	-	(2,372,357)
(15,605)	-	(15,605)
<u>(159,533,193)</u>	<u>-</u>	<u>(159,533,193)</u>
\$ -	\$ (370,587)	\$ (370,587)
-	(115,567)	(115,567)
-	(486,154)	(486,154)
<u>\$ (159,533,193)</u>	<u>\$ (486,154)</u>	<u>\$ (160,019,347)</u>
148,448,796	-	148,448,796
53,538,851	-	53,538,851
7,109,991	-	7,109,991
17,409,359	-	17,409,359
4,036,302	-	4,036,302
6,991,393	526,739	7,518,132
73,472	-	73,472
<u>237,608,164</u>	<u>526,739</u>	<u>238,134,903</u>
78,074,971	40,585	78,115,556
413,431,983	18,089,001	431,520,984
<u>\$ 491,506,954</u>	<u>\$ 18,129,586</u>	<u>\$ 509,636,540</u>

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

Clayton County Board of Education
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Capital Projects		
Assets:				
Cash	\$ 45,436,211	\$ 18,853,221	\$ 2,920,903	\$ 67,210,335
Investments	6,407	56,566,500	-	56,572,907
Receivables:				
Accounts	1,657,689	5,457	1,498,688	3,161,834
Intergovernmental	40,580,039	10,132,792	11,715,107	62,427,938
Due from other funds	10,068,875	-	1,903,888	11,972,763
Prepaid items	15,025	-	-	15,025
Other current assets	108,394	-	-	108,394
Total assets	\$ 97,872,640	\$ 85,557,970	\$ 18,038,586	\$ 201,469,196
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 922,295	\$ 12,209,200	\$ 508,203	\$ 13,639,698
Due to other funds	2,198,084	-	8,911,705	11,109,789
Accrued payroll and payroll withholdings	39,607,389	-	4,957,190	44,564,579
Other current liabilities	-	-	70	70
Intergovernmental payables	-	-	65,552	65,552
Deferred revenue	7,986,012	-	-	7,986,012
Total liabilities	50,713,780	12,209,200	14,442,720	77,365,700
Fund Balances:				
Reserved for capital projects	-	73,348,770	-	73,348,770
Reserved for bus replacement	876,397	-	-	876,397
Reserved for software implementation	1,500,000	-	-	1,500,000
Unreserved, reported in:				
General fund	44,782,463	-	-	44,782,463
Special revenue funds	-	-	3,595,866	3,595,866
Total fund balances	47,158,860	73,348,770	3,595,866	124,103,496
Total liabilities and fund balances	\$ 97,872,640	\$ 85,557,970	\$ 18,038,586	\$ 201,469,196

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

Clayton County Board of Education
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

Total fund balances for governmental funds \$ 124,103,496

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	33,636,988	
Construction in progress	23,713,754	
Buildings and improvements, net of \$294,134,261 accumulated depreciation	294,134,261	
Furniture and equipment, net of \$13,371,642 accumulated depreciation	13,371,641	364,856,644

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 7,986,012

Internal service funds are used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. (195,870)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement

Claims Payable	841,787	
Obligations under capital leases	51,055	
Compensated absences payable	4,350,486	(5,243,328)

Total net assets of governmental activities \$ 491,506,954

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

Clayton County Board of Education
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2007

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects		
Revenues:				
Local sources	\$ 154,724,908	\$ 53,538,851	\$ 18,911,145	\$ 227,174,904
State sources	223,254,785	7,375,103	8,617,028	239,246,916
Federal sources	574,985	-	39,096,307	39,671,292
Interest earned on investments	3,209,832	3,771,980	9,580	6,991,392
On behalf payments	7,227,583	-	-	7,227,583
Total revenues	388,992,093	64,685,934	66,634,060	520,312,087
Expenditures:				
Current:				
Instructional services	241,313,047	271,133	34,554,517	276,138,697
Pupil services	9,489,503	-	2,698,885	12,188,388
Improvement of instructional services	7,327,218	-	15,283,704	22,610,922
Educational media services	6,871,383	-	50,534	6,921,917
General administration	3,044,360	-	1,392,769	4,437,129
School administration	21,031,470	-	40,520	21,071,990
Business services	2,723,679	-	1,638	2,725,317
Maintenance and operations	28,071,587	-	185,886	28,257,473
Student transportation	16,338,085	3,010,835	958,108	20,307,028
Central support services	8,992,107	5,323,154	5,442	14,320,703
Other support services	2,230,476	-	494,981	2,725,457
On behalf payments	7,227,583	-	-	7,227,583
Other non-instructional services	562,304	-	596,607	1,158,911
Community service	-	-	10,251,046	10,251,046
Capital outlay	-	62,254,348	-	62,254,348
Debt service:				
Principal retirement	24,945	1,395,495	-	1,420,440
Interest and fiscal charges	3,347	12,258	-	-15,605
Total expenditures	355,251,094	72,267,223	66,514,637	494,032,954
Excess (deficiency) of revenues over (under) expenditures	33,740,999	(7,581,289)	119,423	26,279,133
Other financing sources (uses):				
Sale of capital assets	104,651	-	-	104,651
Transfer in	-	-	382,922	382,922
Transfers out	(774,442)	-	-	(774,442)
Total other financing sources (uses)	(669,791)	-	382,922	(286,869)
Net change in fund balances	33,071,208	(7,581,289)	502,345	25,992,264
Fund balances - beginning of year	14,087,652	80,930,059	3,093,521	98,111,232
Fund balances - end of year	\$ 47,158,860	\$ 73,348,770	\$ 3,595,866	\$ 124,103,496

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

Clayton County Board of Education
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2007

Net change in fund balances-total governmental funds **\$ 25,992,264**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 51,148,320

Capital outlay	\$	61,171,987
Depreciation expense		<u>(10,023,667)</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (31,179)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,420,440

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues increased this year. 492,227

Some expenses 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. (891,616)

Change in Claims payable		(326,271)
Change in compensated absences		<u>(565,345)</u>

Internal service funds are used by the School System to charge the costs of industrial insurance, printing, and warehouse services to individual funds. The net revenue of the internal service funds is reported with governmental activities. (55,485)

Change in net assets of governmental activities **\$ 78,074,971**

Clayton County Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
General Fund
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues:				
Local sources	\$ 152,906,072	\$ 153,553,370	\$ 154,724,908	\$ 1,171,538
State sources	197,983,902	219,433,330	220,506,566	1,073,236
Federal sources	400,000	2,800,000	574,985	(2,225,015)
Interest income	1,250,000	2,610,000	3,209,832	599,832
Total revenues	<u>352,539,974</u>	<u>378,396,700</u>	<u>379,016,291</u>	<u>619,591</u>
Expenditures:				
Current:				
Instructional services	250,137,283	250,615,678	239,108,286	11,507,392
Pupil services	8,189,111	9,458,121	9,489,503	(31,382)
Improvement of instructional services	8,701,074	8,896,092	7,327,218	1,568,874
Educational media services	7,072,204	7,146,140	6,871,383	274,757
General administration	2,627,936	3,162,889	3,044,360	118,529
School administration	21,706,533	21,816,522	21,031,470	785,052
Business services	2,396,695	2,781,435	2,723,679	57,756
Maintenance and operations	28,398,178	28,985,241	28,071,587	913,654
Student transportation	16,248,604	19,266,428	16,338,085	2,928,343
Central support services	9,579,054	11,130,181	8,992,107	2,138,074
Other support services	1,289,532	2,304,247	2,230,476	73,771
Other non-instructional services		-	562,304	(562,304)
Debt service:				
Principal retirement	-	-	24,945	(24,945)
Interest and fiscal charges	-	-	3,347	(3,347)
Total expenditures	<u>356,346,204</u>	<u>365,562,974</u>	<u>345,818,750</u>	<u>19,744,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,806,230)</u>	<u>12,833,726</u>	<u>33,197,541</u>	<u>20,363,815</u>
Other financing sources (uses):				
Sale of capital assets	-	-	104,651	104,651
Transfers in	-	-	172,531	172,531
Transfer out	(600,500)	(600,500)	(946,973)	(346,473)
Total other financing sources (uses)	<u>(600,500)</u>	<u>(600,500)</u>	<u>(669,791)</u>	<u>(69,291)</u>
Net change in fund balances	<u>\$ (4,406,730)</u>	<u>\$ 12,233,226</u>	<u>\$ 32,527,750</u>	<u>\$ 20,294,524</u>

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

Clayton County Board of Education
Statement of Net Assets
Proprietary Funds
June 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>School Food Service</u>	<u>Nonmajor Performing Arts Center</u>	<u>Totals</u>	
Assets:				
Current assets:				
Cash	\$ 12,416,675	\$ -	\$ 12,416,675	\$ -
Intergovernmental accounts receivable	259,792	-	259,792	-
Inventories	648,852	-	648,852	-
Due from other funds	-	145,480	145,480	148,716
Total current assets	<u>13,325,319</u>	<u>145,480</u>	<u>13,470,799</u>	<u>148,716</u>
Noncurrent assets:				
Capital assets:				
Buildings	-	7,308,375	7,308,375	-
Furniture and equipment	5,043,224	6,167	5,049,391	-
Total depreciable assets	5,043,224	7,314,542	12,357,766	-
Less accumulated depreciation	(2,348,453)	(2,560,705)	(4,909,158)	-
Total fixed assets	<u>2,694,771</u>	<u>4,753,837</u>	<u>7,448,608</u>	<u>-</u>
Total assets	<u>16,020,090</u>	<u>4,899,317</u>	<u>20,919,407</u>	<u>148,716</u>
Liabilities:				
Current liabilities:				
Accounts payable	121,379	-	121,379	268,614
Accrued payroll and payroll withholdings	1,507,628	3,644	1,511,272	-
Due to other funds	1,157,170	-	1,157,170	-
Accrued dental claims	-	-	-	75,972
Total liabilities	<u>2,786,177</u>	<u>3,644</u>	<u>2,789,821</u>	<u>344,586</u>
Net assets:				
Invested in capital assets	2,694,771	4,753,837	7,448,608	-
Unrestricted	10,539,142	141,836	10,680,978	(195,870)
Total net assets	<u>\$ 13,233,913</u>	<u>\$ 4,895,673</u>	<u>\$ 18,129,586</u>	<u>\$ (195,870)</u>

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

Clayton County Board of Education
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>School Food Service</u>	<u>Nonmajor Performing Arts Center</u>	<u>Totals</u>	
Operating revenues:				
Local sources	\$ 3,134,147	\$ 213,115	\$ 3,347,262	\$ 2,704,120
Total operating revenues	<u>3,134,147</u>	<u>213,115</u>	<u>3,347,262</u>	<u>2,704,120</u>
Operating expenses:				
Food service operations	24,215,224	-	24,215,224	-
Enterprise operation	-	181,898	181,898	-
Maintenance and operations	437,569	-	437,569	-
Depreciation	379,003	146,784	525,787	-
Other support services	-	-	-	3,151,125
Total operating expenses	<u>25,031,796</u>	<u>328,682</u>	<u>25,360,478</u>	<u>3,151,125</u>
Operating loss	<u>(21,897,649)</u>	<u>(115,567)</u>	<u>(22,013,216)</u>	<u>(447,005)</u>
Nonoperating income:				
Intergovernmental revenues	21,527,062	-	21,527,062	-
Interest earned on investments	526,739	-	526,739	-
Total nonoperating income	<u>22,053,801</u>	<u>-</u>	<u>22,053,801</u>	<u>-</u>
Net income (loss) before transfers	156,152	(115,567)	40,585	(447,005)
Transfer in	-	-	-	391,520
Change in net assets	156,152	(115,567)	40,585	(55,485)
Total net assets (deficit), beginning of year	<u>13,077,761</u>	<u>5,011,240</u>	<u>18,089,001</u>	<u>(140,385)</u>
Total net assets (deficit), end of year	<u>\$ 13,233,913</u>	<u>\$ 4,895,673</u>	<u>\$ 18,129,586</u>	<u>\$ (195,870)</u>

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

Clayton County Board of Education
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	School Food Service	<u>Nonmajor Performing Arts Center</u>	<u>Totals</u>	
Cash flows from operating activities:				
Receipts from local sources	\$ 3,114,220	\$ 199,990	\$ 3,314,210	\$ -
Receipts from interfund services provided	-	-	-	2,704,120
Payment to suppliers	(13,246,574)	(62,047)	(13,308,621)	(3,095,640)
Payments to employees	(8,301,551)	(126,913)	(8,428,464)	-
Payments on behalf of employees	(1,834,512)	(11,030)	(1,845,542)	-
Net cash used by operating activities	<u>(20,268,417)</u>	<u>-</u>	<u>(20,268,417)</u>	<u>(391,520)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	391,520
Subsidy from federal and state grants	21,527,062	-	21,527,062	-
Net cash provided by noncapital financing activities	<u>21,527,062</u>	<u>-</u>	<u>21,527,062</u>	<u>391,520</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(439,944)	-	(439,944)	-
Net cash used by capital and related financing activities	<u>(439,944)</u>	<u>-</u>	<u>(439,944)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	526,739	-	526,739	-
Net cash provided by investing activities	<u>526,739</u>	<u>-</u>	<u>526,739</u>	<u>-</u>
Net increase in cash and cash equivalents	1,345,440	-	1,345,440	-
Cash and cash equivalents - beginning	11,071,235	-	11,071,235	-
Cash and cash equivalents - ending	<u>\$ 12,416,675</u>	<u>\$ -</u>	<u>\$ 12,416,675</u>	<u>\$ -</u>
Displayed on statements of net assets as:				
Cash and investments	<u>\$ 12,416,675</u>	<u>\$ -</u>	<u>\$ 12,416,675</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (21,897,649)	\$ (115,567)	\$ (22,013,216)	\$ (447,005)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	379,003	146,784	525,787	-
Increase (decrease) in intergovernmental receivables	(19,927)	920	(19,007)	-
Increase (decrease) in due from other funds	-	(14,045)	(14,045)	19,366
Decrease in inventories	134,795	-	134,795	-
Decrease in accounts payable	(6,936)	(1,508)	(8,444)	-
Increase (decrease) in due to other funds	1,068,239	(17,966)	1,050,273	-
Increase in accrued payroll and payroll withholdings	74,058	1,382	75,440	-
Increase in accrued dental claims	-	-	-	36,119
Total adjustments	<u>1,629,232</u>	<u>115,567</u>	<u>1,744,799</u>	<u>55,485</u>
Net cash used by operating activities	<u>\$ (20,268,417)</u>	<u>-</u>	<u>(20,268,417)</u>	<u>(391,520)</u>

Noncash investing, capital, and financing activities:

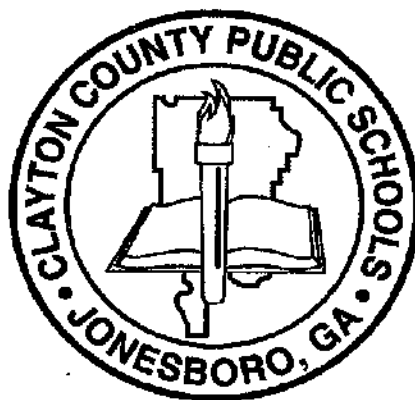
During the year ended June 30, 2007, the School Food Service Fund received \$1,713,920 in commodities from the United States Department of Agriculture.

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

Clayton County Board of Education
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2007

	Student Activities Fund
Assets:	
Cash	\$ 388,226
Total assets	<u>\$ 388,226</u>
Liabilities:	
Due to others	\$ 388,226
Total liabilities	<u>\$ 388,226</u>

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



Notes to Financial Statements

**Clayton County
Public Schools**

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clayton County Board of Education (the "School System") operates under a Board/Superintendent form of government. The nine member Board is elected by the public and the Board appoints the superintendent. These nine elected members have decision making authority, the power to designate management, and the ability to significantly influence operations. The Board determines the millage rate at which school taxes are levied and may incur bonded indebtedness with voter approval.

B. Government-Wide and Fund Financial Statements

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

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

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

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the School System considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The fiduciary fund financial statements are reported using the accrual basis of accounting.

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School System.

The School System reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the proceeds of a one percent Special Purpose Local Option Sales Tax as well as revenues from local and state sources to be used for land and building acquisitions and construction and renovations of new educational and administrative facilities.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The School System reports the following major proprietary fund:

The **School Food Service Fund** accounts for the monies and commodities received from the federal and state governments and the School Food Service's cafeteria sales for the purpose of maintaining the School System's breakfast, lunch, and snack programs.

Additionally, the School System reports the following fund types:

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

The **Internal Service Fund** accounts for dental insurance services that are provided to other departments or funds of the School System on a cost-reimbursement basis.

The **Agency Fund** is used to account for student club and class accounts.

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

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTES 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the School System's school food service program and the General Fund. Elimination of these charges would distort the direct costs reported for the various functions concerned.

Amounts reported as program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Cash and Investments

The School System's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. On-Behalf Payments

The State of Georgia makes certain health insurance and pension plan payments on behalf of the School System for its employees. The School System records these payments as both a revenue and expenditure in the General Fund. The total of the on-behalf payments for the fiscal year ended June 30, 2007 was \$7,227,583.

G. Inventories and Prepaid Items

Inventories are stated at cost using the first-in, first-out method. Donated food commodities are recorded at fair value. The School System utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Non-Monetary Transactions

The School System received from the United States Department of Agriculture through the Georgia Department of Education approximately \$1,713,920 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenue and an expense in the financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital Assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Improvements	20-50
Buildings	20-50
Machinery and equipment	4-12

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

K. Compensated Absences

It is the School System's policy to permit employees to accumulate unused vacation and sick pay benefits. Accumulated unpaid sick leave benefits do not vest and therefore are not accrued in any fund, but are recognized as expenditures or expenses when incurred. Accumulated unpaid vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Use of Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$5,243,328 difference are as follows:

Capital leases	\$ 51,055
Workers' compensation claims payable	841,787
Compensated absences	<u>4,350,486</u>
Net adjustment to reduce fund balance – total governmental funds	
To arrive at net assets – governmental activities	<u>\$ 5,243,328</u>

CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$51,148,320 difference are as follows:

Capital outlay	\$ 61,171,987
Depreciation expense	<u>(10,023,667)</u>
Net adjustment to increase net changes in fund balances – total governmental funds	
To arrive at net assets of governmental activities	<u>\$ 51,148,320</u>

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School System adopts annual budgets for its general and special revenue funds. The School System does not employ encumbrance accounting and accordingly, all appropriations lapse at year end. After the Board of Education has tentatively adopted a budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board members after the advertisement, the budget is revised as necessary and adopted as the final budget. This final budget is then submitted to the Georgia Department of Education in accordance with provisions of the Quality Basic Education Act (QBE).

The level of budgetary control (the level at which expenditures may not exceed appropriations) is at the fund level.

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

CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

- a. State QBE revenue is recorded when received (budget) rather than when susceptible to accrual (GAAP).
- b. Salaries and employee benefits paid to teachers under contract are recorded when paid (budget) rather than when the liability is incurred (GAAP).
- c. Payments made by the State of Georgia for School System employee benefits are recognized as revenues and expenditures under GAAP and are not recognized on the budget basis.

Adjustments necessary to convert the General Fund's net change in fund balance from the GAAP basis to the budgetary basis are as follows:

GAAP basis net change in fund balance	\$ 33,071,208
Adjustments for:	
State QBE revenue	(2,748,219)
Salaries and employee benefits	2,204,762
State paid employee benefit revenue	(7,227,583)
State paid employee benefit expenditures	<u>7,227,583</u>
Budget basis net change in fund balance	<u>\$ 32,527,751</u>

**CLAYTON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2007**

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the School System to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a \$1.00 per share value. The fair value of the School System's position in the pool is the same as the value of pool shares (\$1.00 per share value). The regulatory oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services of the State of Georgia. As of June 30, 2007, the School System's investment in the Georgia Fund 1 was rated AAAm by Standard & Poor's.

At June 30, 2007, the School System had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	15 day weighted average	\$ 56,572,907

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

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2007, the deposits of the School System were undercollateralized by \$53,084.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 5. RECEIVABLES

Receivables at June 30, 2007, for the School System's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Nonmajor Governmental Funds	School Food Service	Total
Intergovernmental	\$ 48,566,051	\$ 10,132,792	\$ 11,715,107	\$ 259,792	\$ 70,673,742
Accounts	1,657,689	5,457	1,698,986	-	3,362,132
	\$ 50,223,740	10,138,249	13,414,093	259,792	74,035,874
Less allowance For uncollectible	(7,986,012)	-	(200,298)	-	(8,186,310)
Net total receivable	\$ 42,237,728	\$ 10,138,249	\$ 13,213,795	\$ 259,792	\$ 65,849,564

Intergovernmental receivables consist of grant reimbursements due primarily from the Georgia Department of Education, sales taxes which are collected by the state on the School System's behalf, and property taxes collected by the Clayton County Tax Commissioner on the School System's behalf.

NOTE 6. PROPERTY TAXES

Clayton County bills and collects property taxes for the School System. Property taxes are levied (assessed) on all taxable real, public utility and personal property (including vehicles) located within the County as of January 1st of each year. State law limits the School System's tax levy for operations to 20 mills (one mill equal \$1 per thousand dollars of assessed value). Assessed values for property tax purposes are determined by the Clayton County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. The State of Georgia establishes values for public utilities and motor vehicles.

Real property taxes were levied on August 1, 2006 and were due November 15, 2006. Clayton County may place liens on property once the related tax payments become delinquent. The property tax receivable allowance is equal to 50% of outstanding property taxes at June 30, 2007, net of amounts collected within 60 days of year end.

Vehicle personal property taxes are due upon each respective payor's date of birth on an annual basis.

CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 20,864,485	\$ 12,772,503	\$ -	\$ -	\$ 33,636,988
Construction in progress	30,520,055	44,542,600	-	(51,348,901)	23,713,754
Total capital assets, not being depreciated	<u>51,384,540</u>	<u>57,315,103</u>	<u>-</u>	<u>(51,348,901)</u>	<u>57,350,742</u>
Capital assets, being depreciated:					
Buildings	320,198,750	-	-	51,219,221	371,417,971
Improvements	3,644,484	-	-	129,680	3,774,164
Machinery and equipment	34,267,198	3,856,884	(2,110,815)	-	36,013,267
Total capital assets, being depreciated	<u>358,110,432</u>	<u>3,856,884</u>	<u>(2,110,815)</u>	<u>51,348,901</u>	<u>411,205,402</u>
Less accumulated depreciation for:					
Buildings	(72,785,331)	(6,999,930)	-	-	(79,785,261)
Improvements	(1,117,419)	(155,194)	-	-	(1,272,613)
Machinery and equipment	(21,852,719)	(2,868,543)	2,079,636	-	(22,641,626)
Total accumulated depreciation	<u>(95,755,469)</u>	<u>(10,023,667)</u>	<u>2,079,636</u>	<u>-</u>	<u>(103,699,500)</u>
Total capital assets, being depreciated, net	<u>262,354,963</u>	<u>(6,166,783)</u>	<u>(31,179)</u>	<u>51,348,901</u>	<u>307,505,902</u>
Governmental activities capital assets, net	<u>\$ 313,739,503</u>	<u>\$ 51,148,320</u>	<u>\$ (31,179)</u>	<u>\$ -</u>	<u>\$ 364,856,644</u>
Business-Type activities					
Capital assets, being depreciated:					
Buildings	\$ 7,308,375	\$ -	\$ -	\$ -	\$ 7,308,375
Machinery and equipment	4,609,446	439,944	-	-	5,049,390
Total capital assets, being depreciated	<u>11,917,821</u>	<u>439,944</u>	<u>-</u>	<u>-</u>	<u>12,357,765</u>
Less accumulated depreciation for:					
Buildings	(2,411,762)	(146,167)	-	-	(2,557,929)
Machinery and equipment	(1,971,608)	(379,620)	-	-	(2,351,228)
Total accumulated depreciation	<u>(4,383,370)</u>	<u>(525,787)</u>	<u>-</u>	<u>-</u>	<u>(4,909,157)</u>
Total capital assets, being depreciated, net	<u>7,534,451</u>	<u>(85,843)</u>	<u>-</u>	<u>-</u>	<u>7,448,608</u>
Business activities capital assets, net	<u>\$ 7,534,451</u>	<u>\$ (85,843)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,448,608</u>

Depreciation expense was charged to functions of the School System as follows:

Governmental activities:	
Instructional	\$ 6,995,504
Improvement of instructional services	6,426
General administration	125,482
School administration	119,189
Maintenance and operations	255,631
Student transportation	1,856,282
Central support services	664,554
Business Services	609
Total depreciation expense, governmental activities	<u>\$ 10,023,667</u>
Governmental activities:	
School food services	379,003
Other	146,784
Total depreciation expense, business-type activities	<u>\$ 525,787</u>

CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8. SHORT-TERM DEBT

Tax Anticipation Note. On July 12, 2006, the School System borrowed \$40,000,000 in the form of a tax anticipation note for cash flow purposes. The interest rate on the tax anticipation note was 4.50%. The note was paid off on December 22, 2006.

The following is a summary of short-term debt transactions for the School System for the year ended June 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Tax anticipation note:	\$ -	\$ 40,000,000	\$ (40,000,000)	\$ -

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 9. LONG-TERM DEBT

Capital Leases. The Board has entered into lease agreements for the purchase of equipment. 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 inception.

The following is an analysis of assets under capital leases as of June 30, 2007:

Equipment

Governmental Activities
\$ 220,500

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Year Ending June 30,

2008	\$ 25,934
2009	27,788
Total minimum lease payments	53,722
Less: amount representing interest	(2,667)
Present value of minimum lease payments	\$ 51,055

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 1,471,495	\$	\$ (1,420,440)	\$ 51,055	\$ 24,018
Claims payable	515,516	1,589,149	(1,262,878)	841,787	212,823
Compensated absences	3,785,141	3,000,066	(2,434,721)	4,350,486	2,483,415
Total governmental activities long-term liabilities	\$ 5,772,152	\$ 4,589,215	\$ (5,118,039)	\$ 5,243,328	\$ 2,720,256
Business-type activities					
Compensated absences payable	\$ 45,188	\$ 72,325	\$ (49,091)	\$ 68,422	\$ 50,073
Total business-type activities long-term liabilities	\$ 45,188	\$ 72,325	\$ (49,091)	\$ 68,422	\$ 50,073

For governmental activities, compensated absences are liquidated primarily by the General Fund.

For business-type activities, compensated absences are liquidated primarily by the School Food Service Fund.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

Due To	Due From			Total
	General Fund	School Food Service Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 1,157,170	\$ 8,911,705	\$ 10,068,875
Capital Projects Fund	-	-	-	-
Internal Service Fund	148,716	-	-	148,716
Nonmajor Enterprise	145,480	-	-	145,480
Nonmajor Governmental	1,903,888	-	-	1,903,888
	<u>\$ 2,198,084</u>	<u>\$ 1,157,170</u>	<u>\$ 8,911,705</u>	<u>\$ 12,266,959</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers:

Transfers In	Transfers out			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Funds	
Nonmajor Governmental	\$ 382,922	\$ -	\$ -	\$ 382,922
Internal Service Funds	391,520	-	-	391,520
	<u>\$ 774,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,442</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 11. RETIREMENT PLANS

Teachers Retirement System. Substantially all teachers, administrators, and clerical personnel employed by the School System are members of the Teachers Retirement System of Georgia (TRS), a cost-sharing multiple employer public employee retirement system administered by the TRS Board of Trustees. TRS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. Title 47, Chapter 3 of the Official Code of Georgia Annotated, assigns the authority to establish and amend benefit provisions to the TRS Board of Trustees. The TRS board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for TRS. That report may be obtained by writing to TRS of Georgia, Two Northside 75, Suite 400, Atlanta, GA 30331, or by calling 1-800-352-0650.

Covered employees are required by state law to contribute 5% of their annual covered salary to the plan and the School System is required to contribute 9.28% of current covered payroll. Covered employees' contributions for the years ended June 30, 2007, 2006, and 2005, were \$12,058,333, \$11,598,356, and \$11,233,064, respectively. The School System's contributions to TRS for the year ended June 30, 2007, 2006, and 2005, were \$22,441,175, \$21,433,731, and \$20,765,099, respectively, equal to the required contribution for each year.

Active members may retire and receive benefits after 30 years of creditable service regardless of age, or after 10 years of creditable service and reaching age 60. Upon retirement, an employee receives a retirement benefit, payable monthly for life. The amount is determined by multiplying 2% by the years of service up to 40 years. This amount in turn is multiplied by the employee's average monthly salary for the two highest paid consecutive years of service. Early retirement benefits are reduced by the lesser of 1/12 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 CPI, will be made in future years. Retirement benefits are payable monthly for life. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary at the member's death.

CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 11. RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System. Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by the School System are members of the Public School Employees Retirement System of Georgia (PSERS), which is also a cost-sharing multiple employer public employee retirement system. The Board of the Public School Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and supplementary information for PSERS. That report may be obtained by writing Public School Employee Retirement System, Two Northside 75, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

PSERS provides service retirement, disability retirement and survivors' benefits for its members. A member is eligible for normal service retirement with 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of service and retirees between the ages of 60 and 65 receive a reduced benefit. Monthly retirement benefits paid to members are equal to eight dollars per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by state statute.

Covered employees are required by state statute to contribute four dollars per month for the nine month school year. Unlike TRS, the School System makes no contributions to PSERS. Total contributions from employees of the School System made during the fiscal year ended June 30, 2007, totaled \$46,764.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation. The state's contribution for employees for the fiscal year ended June 30, 2007, totaled \$54,591.

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 are refunded with interest.

There were 1,306 employees covered under PSERS for the year ended June 30, 2007.

**CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 12: RISK MANAGEMENT

The School System is exposed to various risk of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; natural disaster; workers' compensation; unemployment compensation; and dental benefits. The School System is self-insured for workers' compensation and dental care. The School System purchases commercial insurance for all other risks of loss. The School System has not experienced any significant reduction in insurance coverage from the previous years nor has it paid any settlements in excess of insurance coverage in the past three years.

Dental Insurance

The School System is self-insured for employee dental care. The School System has accrued a liability for the estimated costs of claims incurred prior to and during fiscal year 2007, but not paid at year end, and for claims settlement cost. Activity is accounted for in an internal service fund.

Workers' Compensation

The School System is partially self-insured for Workers' Compensation claims of its employees. Claims exceeding \$250,000 but less than \$2,000,000 per occurrence are covered through a private insurance carrier. The School System is liable for any claims filed. The School System has entered into a contract with a third party to administer the program. Activity is accounted for in the General Fund.

<u>Workers' Compensation</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Unpaid claims, beginning of fiscal year	\$ 515,516	\$ 498,356
Incurred claims (including IBNRs)	1,589,149	703,163
Claim payments and changes in estimates	<u>(1,262,878)</u>	<u>(686,003)</u>
Unpaid claims, end of fiscal year	<u>\$ 841,787</u>	<u>\$ 515,516</u>

<u>Dental Insurance Fund</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Unpaid claims, beginning of fiscal year	\$ 308,467	\$ 351,115
Incurred claims (including IBNRs)	3,187,245	3,102,604
Claim payments and changes in estimates	<u>(3,151,126)</u>	<u>(3,145,252)</u>
Unpaid claims, end of fiscal year	<u>\$ 344,586</u>	<u>\$ 308,467</u>

CLAYTON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 13. COMMITMENTS AND CONTINGENCIES

The School System is involved in a number of legal matters which either have or could result in litigation. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School System's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School System.

The School System participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School System has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2007, may be impaired. In the opinion of the School System, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The School System is committed under outstanding construction contracts in the Capital Projects Fund in the amount of \$28,430,266. Construction contracts include new school construction and expansion and renovation of existing facilities.

NOTE 14. SUBSEQUENT EVENT

On July 12, 2007, the School System borrowed \$15,300,000 in the form of a tax anticipation note for cash flow purposes. The interest rate on the tax anticipation note was 4.00%. The note had a maturity date of December 21, 2007.

CLAYTON COUNTY BOARD OF EDUCATION

SPECIAL REVENUE FUNDS

Adult Education Fund is used to account for federal grant funds passed through the Georgia Department of Technical and Adult Education for the purpose of providing a vocational curriculum program for adults.

After School Program Fund is used to account for the after school program in place at all Clayton County elementary schools. Revenues consist of fees paid for the after school care of students.

Athletics Fund is used to account for athletic events held on behalf of Clayton County's Schools. Revenues consist primarily of ticket and concession sales.

Home Economics Fund is used to account for the Middle School Explorations in the Home Economics program from proceeds generated through the sale of curriculum materials developed by School District personnel.

Lottery Fund is used to account for the state grant funds flowing through the State of Georgia Department of Education for various programs as established by the state.

South Metro Fund is used to account for the development center for children with physical and mental handicaps.

Title I Fund is used to account for federal grant funds passed through the State of Georgia Department of Education to the Board to provide remedial education in the area of reading and math and to provide a special education program for children who are physically handicapped.

Title II Fund is used to account for federal grant fund passed through the State of Georgia Department of Education to the Board for the purpose of training teachers in the math, science, foreign language, and computer science programs.

Title III Fund is used to account for federal grant funds passed through the State of Georgia Department of Education to the Board for the purpose of providing assistance to limited English proficient children and youth in Clayton County schools in attaining English proficiency.

Title IV Fund is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of providing health and education in the area of drug abuse.

Title V Fund is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of providing continuing innovation and educational improvement in Clayton County schools.

CLAYTON COUNTY BOARD OF EDUCATION

SPECIAL REVENUE FUNDS (CONTINUED)

Title VI-B Preschool Fund is used to account for federal funds authorized by the Individuals with Disabilities Education Act that are passed through the State of Georgia Department of Education to the School System for the purpose of providing special education programs for children with disabilities ages three to five.

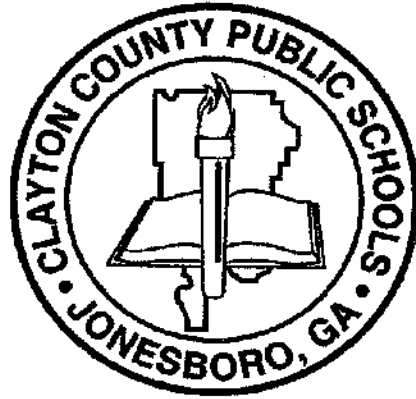
Title VI-B Fund is used to account for federal funds in connection with the Individuals with Disabilities Education Act that are passed through the State of Georgia Department of Education to the School System for the purpose of providing special education programs for children in pre-kindergarten through 12th grade.

Vocational Programs Fund is used to account for federal grant funds passed through the State of Georgia Department of Education to the School System for the purpose of providing a vocational curriculum program.

WorkTec Fund is used to account for the activities of the WorkTec Rehabilitation Center, which assists economically, academically, and physically disadvantaged youths in preparing for or engaging in gainful employment. Programs are funded primarily by federal awards or federal service contracts.

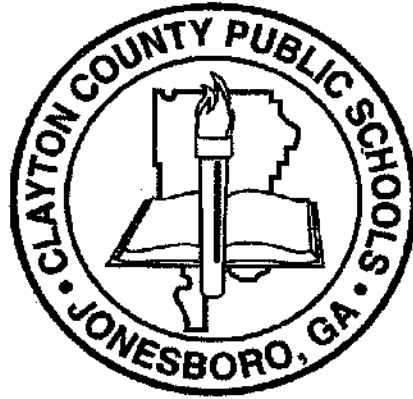
School Discretionary Fund is used to account for the portion of the school activity resources used for general governmental expenditures.

All Other Special Revenue Funds is used to account for the activities of various other programs funded by local, state, and Federal funds.



Supplemental Information

**Clayton County
Public Schools**



Combining Fund Statements

**Clayton County
Public Schools**

Clayton County Board of Education

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007**

	Special Revenue Funds			
	Adult Education	After School Programs	Athletics	Home Economics
Assets:				
Cash and investments	\$ -	\$ -	\$ 189,419	\$ -
Receivables:				
Accounts	-	-	-	-
Intergovernmental	173,266	-	-	-
Due from other funds	985	526,111	-	-
Total assets	\$ 174,251	\$ 526,111	\$ 189,419	\$ -
Liabilities:				
Accounts payable	\$ -	\$ 836	\$ -	\$ -
Accrued payroll and payroll withholdings	4,722	-	-	-
Other current liabilities	-	-	70	-
Intergovernmental payables	-	-	-	-
Due to other funds	169,529	-	-	-
Total liabilities	174,251	836	70	-
Fund balances (deficits):				
Unreserved:				
Undesignated	-	525,275	189,349	-
Total fund balances	-	525,275	189,349	-
Total liabilities and fund balances	\$ 174,251	\$ 526,111	\$ 189,419	\$ -

<u>Lottery</u>	<u>South Metro</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,730	-	-	-
-	1,844,222	4,234,687	773,546	149,335	212,485
<u>401,512</u>	<u>10,457</u>	<u>934,466</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 401,512</u>	<u>\$ 1,854,679</u>	<u>\$ 5,670,883</u>	<u>\$ 773,546</u>	<u>\$ 149,335</u>	<u>\$ 212,485</u>
\$ 22,256	\$ 44,743	\$ 182,403	\$ 45,141	\$ 15,227	\$ -
382,437	503,069	2,162,563	214,648	43,695	19,663
-	-	-	-	-	-
43,502	10,457	11,593	-	-	-
-	1,296,410	3,314,324	513,757	90,413	192,822
<u>448,195</u>	<u>1,854,679</u>	<u>5,670,883</u>	<u>773,546</u>	<u>149,335</u>	<u>212,485</u>
(46,683)	-	-	-	-	-
(46,683)	-	-	-	-	-
<u>\$ 401,512</u>	<u>\$ 1,854,679</u>	<u>\$ 5,670,883</u>	<u>\$ 773,546</u>	<u>\$ 149,335</u>	<u>\$ 212,485</u>

(continued on following page)

Clayton County Board of Education

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2007

	Title V	Title VI-B Preschool	Title VI-B	Vocational Programs
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Intergovernmental	19,880	27,852	2,699,256	305,030
Due from other funds	-	18,227	-	-
Total assets	\$ 19,880	\$ 46,079	\$ 2,699,256	\$ 305,030
Liabilities:				
Accounts payable	\$ 90	\$ -	\$ 41,134	\$ 1,599
Accrued payroll and payroll withholdings	2,681	46,079	1,384,833	928
Other current liabilities	-	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	17,109	-	1,273,289	302,503
Total liabilities	19,880	46,079	2,699,256	305,030
Fund balances (deficits):				
Unreserved:				
Undesignated	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	\$ 19,880	\$ 46,079	\$ 2,699,256	\$ 305,030

<u>Work/Tec</u>	<u>School Discretionary</u>	<u>All Other Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 60,437	\$ 2,671,047	\$ -	\$ 2,920,903
1,496,958	-	-	1,498,688
-	-	775,548	1,471,407
-	-	12,130	1,903,888
<u>\$ 1,557,395</u>	<u>\$ 2,671,047</u>	<u>\$ 787,678</u>	<u>\$ 18,038,586</u>
\$ 50,678	\$ 67,305	\$ 36,791	\$ 508,203
147,067	-	44,805	4,957,190
-	-	-	70
-	-	-	65,552
792,909	251,818	696,822	8,911,705
<u>990,654</u>	<u>319,123</u>	<u>778,418</u>	<u>14,442,720</u>
566,741	2,351,924	9,260	3,595,866
<u>566,741</u>	<u>2,351,924</u>	<u>9,260</u>	<u>3,595,866</u>
<u>\$ 1,557,395</u>	<u>\$ 2,671,047</u>	<u>\$ 787,678</u>	<u>\$ 18,038,586</u>

Clayton County Board of Education
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2007

	Special Revenue Funds			
	Adult Education	After School Programs	Athletics	Home Economics
Revenues:				
Local sources	\$ 36,821	\$ 2,844,653	\$ 448,324	\$ -
State sources	208,577	-	-	-
Federal sources	292,091	-	-	-
Interest earned on investments	-	-	8,794	-
Total revenues	537,489	2,844,653	457,118	-
Expenditures:				
Current:				
Instruction	378,993	-	-	-
Pupil services	-	-	-	-
Improvement of instructional services	150,914	-	-	-
Educational media services	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	15,964	-	-	-
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	-	140	-	-
Other non-instructional services	-	-	588,402	8,205
Community service	-	2,511,258	-	-
Total expenditures	545,871	2,511,398	588,402	8,205
Excess (deficiency) of revenues over (under) expenditures	(8,382)	333,255	(131,284)	(8,205)
Other financing sources:				
Transfer in	6,231	-	250,000	-
Total other financing sources	6,231	-	250,000	-
Net change in fund balances	(2,151)	333,255	118,716	(8,205)
Fund balances - beginning	2,151	192,020	70,633	8,205
Fund balances - ending	\$ -	\$ 525,275	\$ 189,349	\$ -

Lottery	South Metro	Title I	Title II	Title III	Title IV
\$ -	\$ 78,415	\$ -	\$ -	\$ -	\$ -
2,649,437	4,828,805	-	-	-	-
-	499,038	19,768,942	2,438,903	633,823	413,219
-	-	-	-	-	-
<u>2,649,437</u>	<u>5,406,258</u>	<u>19,768,942</u>	<u>2,438,903</u>	<u>633,823</u>	<u>413,219</u>
2,439,418	3,689,841	7,462,251	367,981	126,671	220,063
170,874	649,767	6,099	-	-	-
75,613	229,389	10,495,633	2,030,821	494,853	144,860
-	20,738	10,625	-	-	-
3,181	503,726	620,294	39,201	11,381	4,350
-	-	13,849	-	-	-
-	-	-	-	-	-
1,552	64,364	385	900	-	29,868
-	-	930,043	-	493	-
5,442	-	-	-	-	-
40	248,433	229,763	-	425	14,078
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,696,120</u>	<u>5,406,258</u>	<u>19,768,942</u>	<u>2,438,903</u>	<u>633,823</u>	<u>413,219</u>
(46,683)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(46,683)</u>	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (46,683)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued on following page)

Clayton County Board of Education
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2007

	Title V	Title VI-B Preschool	Title VI-B	Vocational Programs
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	134,923	250,245	11,017,601	658,229
Interest earned on investments	-	-	-	-
Total revenues	134,923	250,245	11,017,601	658,229
Expenditures:				
Current:				
Instruction	59,084	250,245	8,573,730	513,559
Pupil services	-	-	1,305,334	-
Improvement of instructional services	70,602	-	909,820	144,670
Educational media services	-	-	-	-
General administration	4,956	-	155,864	-
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	-	-	72,853	-
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	281	-	-	-
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Total expenditures	134,923	250,245	11,017,601	658,229
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfer in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

<u>WorkTec</u>	<u>School Discretionary</u>	<u>All Other Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 5,388,630	\$ 10,103,847	\$ 10,455	\$ 18,911,145
532,880	-	397,329	8,617,028
1,984,328	-	1,004,965	39,096,307
786	-	-	9,580
<u>7,906,624</u>	<u>10,103,847</u>	<u>1,412,749</u>	<u>66,634,060</u>
-	10,239,022	233,659	34,554,517
-	-	566,811	2,698,885
-	-	536,529	15,283,704
-	-	19,171	50,534
-	-	49,816	1,392,769
-	-	26,671	40,520
-	-	1,638	1,638
-	-	-	185,886
-	-	27,572	958,108
-	-	-	5,442
-	-	1,821	494,981
-	-	-	596,607
<u>7,739,788</u>	<u>-</u>	<u>-</u>	<u>10,251,046</u>
<u>7,739,788</u>	<u>10,239,022</u>	<u>1,463,688</u>	<u>66,514,637</u>
166,836	(135,175)	(50,939)	119,423
125,000	-	1,691	382,922
<u>125,000</u>	<u>-</u>	<u>1,691</u>	<u>382,922</u>
291,836	(135,175)	(49,248)	502,345
<u>274,905</u>	<u>2,487,099</u>	<u>58,508</u>	<u>3,093,521</u>
<u>\$ 566,741</u>	<u>\$ 2,351,924</u>	<u>\$ 9,260</u>	<u>\$ 3,595,866</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Adult Education			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 36,821	\$ 36,821
State sources	231,020	241,398	208,577	(32,821)
Federal sources	348,310	309,709	292,091	(17,618)
Interest earned on investments	-	-	-	-
Total revenues	<u>579,330</u>	<u>551,107</u>	<u>537,489</u>	<u>(13,618)</u>
Expenditures:				
Current:				
Instruction	418,921	393,605	378,993	14,612
Pupil services	-	-	-	-
Improvement of instructional services	152,919	159,087	150,914	8,173
Educational media services	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	30,530	21,455	15,964	5,491
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	-	-	-	-
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>602,370</u>	<u>574,147</u>	<u>545,871</u>	<u>28,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,040)</u>	<u>(23,040)</u>	<u>(8,382)</u>	<u>14,658</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	23,040	23,040	6,231	(16,809)
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>23,040</u>	<u>23,040</u>	<u>6,231</u>	<u>(16,809)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,151)</u>	<u>\$ (2,151)</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Lottery			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	2,484,434	2,692,938	2,649,437	(43,501)
Federal sources	-	-	-	-
Interest earned on investments	-	-	-	-
Total revenues	<u>2,484,434</u>	<u>2,692,938</u>	<u>2,649,437</u>	<u>(43,501)</u>
Expenditures:				
Current:				
Instruction	2,219,734	2,310,953	2,439,418	(128,465)
Pupil services	3,075	265,000	170,874	94,126
Improvement of instructional services	260,625	109,700	75,613	34,087
Educational media services	-	-	-	-
General administration	-	-	3,181	(3,181)
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	1,000	1,600	1,552	48
Student transportation	-	-	-	-
Central support services	-	5,685	5,442	243
Other support services	-	-	40	(40)
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,484,434</u>	<u>2,692,938</u>	<u>2,696,120</u>	<u>(3,182)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(46,683)</u>	<u>(46,683)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,683)</u>	<u>\$ (46,683)</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

South Metro				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 78,415	\$ 78,415
State sources	4,953,430	4,828,805	4,828,805	-
Federal sources	976,704	1,058,967	499,038	(559,929)
Interest earned on investments	-	-	-	-
Total revenues	<u>5,930,134</u>	<u>5,887,772</u>	<u>5,406,258</u>	<u>(481,514)</u>
Expenditures:				
Current:				
Instruction	4,007,106	4,088,102	3,689,841	398,261
Pupil services	822,752	664,482	649,767	14,715
Improvement of instructional services	298,852	282,437	229,389	53,048
Educational media services	-	21,397	20,738	659
General administration	492,156	495,719	503,726	(8,007)
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	115,241	139,811	64,364	75,447
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	194,027	195,824	248,433	(52,609)
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>5,930,134</u>	<u>5,887,772</u>	<u>5,406,258</u>	<u>481,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Title I			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	19,597,273	21,197,278	19,768,942	(1,428,336)
Interest earned on investments	-	-	-	-
Total revenues	<u>19,597,273</u>	<u>21,197,278</u>	<u>19,768,942</u>	<u>(1,428,336)</u>
Expenditures:				
Current:				
Instruction	12,958,796	12,955,434	7,462,251	5,493,183
Pupil services	4,225	5,270	6,099	(829)
Improvement of instructional services	3,520,174	6,082,638	10,495,633	(4,412,995)
Educational media services	-	33,576	10,625	22,951
General administration	1,359,726	359,184	620,294	(261,110)
School administration	600	1,310	13,849	(12,539)
Business services	-	-	-	-
Maintenance and operations	16,580	2,540	385	2,155
Student transportation	1,446,567	1,494,802	930,043	564,759
Central support services	-	-	-	-
Other support services	290,605	262,524	229,763	32,761
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>19,597,273</u>	<u>21,197,278</u>	<u>19,768,942</u>	<u>1,428,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Title II			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	2,493,630	2,856,308	2,438,903	(417,405)
Interest earned on investments	-	-	-	-
Total revenues	<u>2,493,630</u>	<u>2,856,308</u>	<u>2,438,903</u>	<u>(417,405)</u>
Expenditures:				
Current:				
Instruction	673,956	329,580	367,981	(38,401)
Pupil services	-	19,000	-	19,000
Improvement of instructional services	1,667,042	2,446,546	2,030,821	415,725
Educational media services	-	-	-	-
General administration	104,632	46,412	39,201	7,211
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	-	14,770	900	13,870
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	30,000	-	-	-
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	18,000	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,493,630</u>	<u>2,856,308</u>	<u>2,438,903</u>	<u>417,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Title III			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	675,280	676,999	633,823	(43,176)
Interest earned on investments	-	-	-	-
Total revenues	<u>675,280</u>	<u>676,999</u>	<u>633,823</u>	<u>(43,176)</u>
Expenditures:				
Current:				
Instruction	169,136	128,400	126,671	1,729
Pupil services	-	-	-	-
Improvement of instructional services	478,518	533,654	494,853	38,801
Educational media services	-	-	-	-
General administration	22,133	10,945	11,381	(436)
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	-	-	-	-
Student transportation	-	1,000	493	507
Central support services	-	-	-	-
Other support services	5,493	3,000	425	2,575
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>675,280</u>	<u>676,999</u>	<u>633,823</u>	<u>43,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

Title IV

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	455,450	413,219	413,219	-
Interest earned on investments	-	-	-	-
Total revenues	455,450	413,219	413,219	-
Expenditures:				
Current:				
Instruction	198,332	118,305	220,063	(101,758)
Pupil services	57,078	-	-	-
Improvement of instructional services	181,428	197,839	144,860	52,979
Educational media services	-	-	-	-
General administration	9,612	4,695	4,350	345
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	1,000	28,320	29,868	(1,548)
Student transportation	8,000	-	-	-
Central support services	-	-	-	-
Other support services	-	64,060	14,078	49,982
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	455,450	413,219	413,219	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Title V		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	169,122	137,786	134,923	(2,863)
Interest earned on investments	-	-	-	-
Total revenues	<u>169,122</u>	<u>137,786</u>	<u>134,923</u>	<u>(2,863)</u>
Expenditures:				
Current:				
Instruction	105,903	93,591	59,084	34,507
Pupil services	-	-	-	-
Improvement of instructional services	56,702	42,000	70,602	(28,602)
Educational media services	-	-	-	-
General administration	5,350	1,548	4,956	(3,408)
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	-	-	-	-
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	1,167	647	281	366
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>169,122</u>	<u>137,786</u>	<u>134,923</u>	<u>2,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Title VI-B Preschool		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	258,898	250,245	250,245	-
Interest earned on investments	-	-	-	-
Total revenues	<u>258,898</u>	<u>250,245</u>	<u>250,245</u>	<u>-</u>
Expenditures:				
Current:				
Instruction	258,898	250,245	250,245	-
Pupil services	-	-	-	-
Improvement of instructional services	-	-	-	-
Educational media services	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	-	-	-	-
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	-	-	-	-
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>258,898</u>	<u>250,245</u>	<u>250,245</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

Title VI-B

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	14,031,300	12,315,152	11,017,601	(1,297,551)
Interest earned on investments	-	-	-	-
Total revenues	<u>14,031,300</u>	<u>12,315,152</u>	<u>11,017,601</u>	<u>(1,297,551)</u>
Expenditures:				
Current:				
Instruction	10,331,706	11,866,026	8,573,730	3,292,296
Pupil services	2,449,449	230,274	1,305,334	(1,075,060)
Improvement of instructional services	930,741	-	909,820	(909,820)
Educational media services	-	-	-	-
General administration	196,079	141,852	155,864	(14,012)
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	123,325	77,000	72,853	4,147
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	-	-	-	-
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>14,031,300</u>	<u>12,315,152</u>	<u>11,017,601</u>	<u>1,297,551</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	Vocational Program		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	640,137	658,229	658,229	-
Interest earned on investments	-	-	-	-
Total revenues	640,137	658,229	658,229	-
Expenditures:				
Current:				
Instruction	522,498	513,559	513,559	-
Pupil services	-	-	-	-
Improvement of instructional services	117,639	144,670	144,670	-
Educational media services	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	-	-	-	-
Student transportation	-	-	-	-
Central support services	-	-	-	-
Other support services	-	-	-	-
Other non-instructional services	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	640,137	658,229	658,229	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

Clayton County Board of Education
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	WorkTec			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ 5,609,028	\$ 5,957,313	\$ 5,388,630	\$ (568,683)
State sources	66,000	225,522	532,880	307,358
Federal sources	1,242,217	1,000,463	1,984,328	983,865
Interest earned on investments	-	-	786	786
Total revenues	<u>6,917,245</u>	<u>7,183,298</u>	<u>7,906,624</u>	<u>723,326</u>
Expenditures:				
Current:				
Instruction	1,876,636	1,712,749	-	1,712,749
Pupil services	562,589	542,511	-	542,511
Improvement of instructional services	902,240	986,020	-	986,020
Educational media services	-	-	-	-
General administration	68,280	68,430	-	68,430
School administration	-	-	-	-
Business services	-	-	-	-
Maintenance and operations	3,620,000	3,964,088	-	3,964,088
Student transportation	-	-	-	-
Central support services	-	22,000	-	22,000
Other support services	-	-	-	-
Other non-instructional services	-	-	-	-
Community service	-	-	7,739,788	(7,739,788)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>7,029,745</u>	<u>7,295,798</u>	<u>7,739,788</u>	<u>(443,990)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(112,500)</u>	<u>(112,500)</u>	<u>166,836</u>	<u>279,336</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	112,500	112,500	125,000	12,500
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>112,500</u>	<u>112,500</u>	<u>125,000</u>	<u>12,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,836</u>	<u>\$ 291,836</u>

Clayton County Board of Education
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual
Non-Major Governmental Funds
Year Ended June 30, 2007

	All Other Special Revenue			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 10,455	\$ 10,455
State sources	1,001,817	497,240	397,329	(99,911)
Federal sources	305,624	2,197,891	1,004,965	(1,192,926)
Interest earned on investments	-	-	-	-
Total revenues	<u>1,307,441</u>	<u>2,695,131</u>	<u>1,412,749</u>	<u>(1,282,382)</u>
Expenditures:				
Current:				
Instruction	358,638	604,616	233,659	370,957
Pupil services	59,824	895,236	566,811	328,425
Improvement of instructional services	397,531	969,313	536,529	432,784
Educational media services	-	20,000	19,171	829
General administration	254,448	202,630	49,816	152,814
School administration	-	26,286	26,671	(385)
Business services	-	2,000	1,638	362
Maintenance and operations	-	-	-	-
Student transportation	10,000	34,550	27,572	6,978
Central support services	-	-	-	-
Other support services	-	-	1,821	(1,821)
Other non-instructional services	227,000	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Dept service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,307,441</u>	<u>2,754,631</u>	<u>1,463,688</u>	<u>1,290,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(59,500)</u>	<u>(50,939)</u>	<u>8,561</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfer in	-	59,500	1,691	(57,809)
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>59,500</u>	<u>1,691</u>	<u>(57,809)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,248)</u>	<u>\$ (49,248)</u>

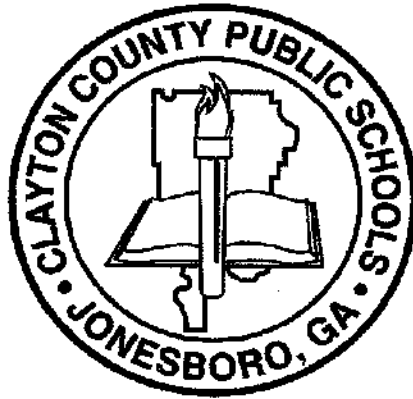
Clayton County Board of Education
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2007

	Balance at July 1, 2006	Additions	Deductions	Balance at June 30, 2007
Assets:				
Cash and investments	\$ 386,022	\$ 2,003,049	\$ 2,000,845	\$ 388,226
Liabilities:				
Due to student organizations:				
Elementary Schools:				
Anderson	\$ 47	\$ 9,991	\$ 9,902	\$ 135
Arnold	4,351	3,976	5,571	2,757
Brown	2,981	15,928	15,029	3,880
Callaway	252	10,227	11,217	(738)
Church St	1,224	16,294	16,487	1,031
East Clayton	3,077	13,797	13,716	3,159
Edmonds	539	3,098	2,740	897
Elementary 11	-	-	-	-
Fountain	205	1,972	1,928	249
Harper	2,944	10,158	10,758	2,345
Hawthorne	2,695	17,949	18,713	1,931
Haynie	3,626	10,040	9,123	4,543
Hendrix Dr	3,710	4,245	3,743	4,212
Huie	1,454	12,540	10,253	3,740
Jackson	808	13,375	13,035	1,148
Kemp	838	6,314	7,139	13
Kemp Primary	328	2,704	2,944	89
Kilpatrick	2,309	4,300	5,204	1,406
King	359	12,857	11,483	1,733
Lake City	505	3,863	3,571	797
Lake Ridge	546	3,119	3,696	(31)
Lee Street	2,524	10,357	9,175	3,706
Marshall	593	7,508	7,385	715
McGarrah	7,503	19,599	21,544	5,558
Morrow	1,092	6,046	5,970	1,167
Mt Zion	68	9,129	14,158	(4,962)
Northcutt	1,343	21,077	20,338	2,083
Oliver	(3,491)	24,207	20,001	715
Pointe South	2,914	5,321	7,882	353
Riverdale	442	2,134	1,868	708
Rivers Edge	3,006	26,687	28,042	1,650
Smith	4,164	26,981	28,964	2,181
Suder	4,777	17,742	16,752	5,767
Swint	3,864	4,254	3,706	4,412
Tara	3,861	5,691	5,728	3,824
West Clayton	454	6,469	6,752	170
Total elementary schools	65,913	369,950	374,519	61,343

(continued)

Clayton County Board of Education
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2007

	Balance at July 1, 2006	Additions	Deductions	Balance at June 30, 2007
Liabilities (continued):				
Due to student organizations (continued):				
Middle Schools:				
Adamson	\$ 6,974	\$ 14,660	\$ 15,281	\$ 6,354
Babb	11,397	77,787	81,291	7,893
Forest Park	1,391	12,875	11,876	2,390
Jonesboro	20,821	39,711	37,750	22,782
Kendrick	17,437	50,611	57,560	10,489
Lovejoy	2,923	67,841	66,952	3,813
Morrow	5,174	29,544	25,505	9,212
Mundys Mill	986	35,775	22,527	14,234
North Clayton	4,519	75,901	77,078	3,342
Pointe South	1,914	34,533	32,065	4,381
Rex Mill	-	30,538	23,960	6,578
Riverdale	5,279	39,234	42,138	2,375
Roberts	4,617	80,155	74,700	10,073
Seqnoyah	1,675	19,216	17,750	3,141
Total middle schools	85,107	608,381	586,432	107,056
High Schools and Special Purpose Programs:				
Forest Park	27,753	95,212	92,517	30,448
Jonesboro	17,771	81,787	74,401	25,158
Lovejoy	18,138	194,775	184,159	28,754
Morrow	39,472	178,999	176,673	41,799
Mount Zion	25,552	127,328	113,710	39,171
Mundy's Mill	31,455	159,443	179,385	11,513
North Clayton	15,036	71,153	71,252	14,937
Riverdale	20,950	112,800	107,443	26,308
Alternative	123	584	685	22
Forest Park Vocational	8,791	-	8,791	-
Jonesboro Vocational	4,221	-	4,221	-
Lovejoy Vocational	7,686	-	7,686	-
Morrow Vocational	6,731	-	6,731	-
Mt. Zion Vocational	5,487	342	5,829	-
Riverdale Vocational	4,959	-	4,959	-
South Metro	876	2,294	1,453	1,718
Total high schools and special purpose programs	235,002	1,024,718	1,039,894	219,826
Total due to student organizations	386,022	2,003,049	2,000,845	388,226
Total liabilities	\$ 386,022	\$ 2,003,049	\$ 2,000,845	\$ 388,226



Statistical Section

**Clayton County
Public Schools**

Statistical Section

(unaudited)

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial position.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the Board's financial position has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Board's major revenue sources.

Debt Capacity

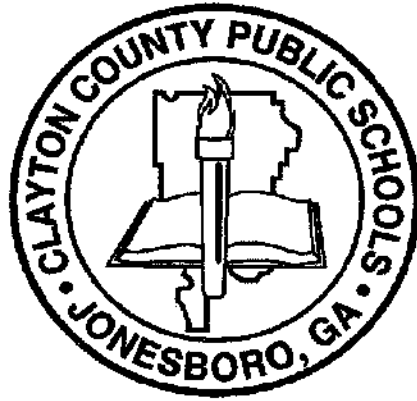
These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information

These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.



Financial Trends

**Clayton County
Public Schools**

CLAYTON COUNTY BOARD OF EDUCATION
Net Assets by Component
Last Four Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ended June 30,	Invested in capital assets net of related debt	Restricted	Unrestricted	Total Net Assets
2004	\$ 265,677,512	\$ 46,810,178	\$ 3,415,154	\$ 315,902,844
2005	294,769,145	49,730,079	10,276,117	354,775,341
2006	312,268,008	80,930,059	20,233,916	413,431,983
2007	364,805,589	73,348,770	53,352,595	491,506,954

Clayton County Board of Education
Changes in Net Assets
Last Four Fiscal Years

	2004	2005	2006	2007
Expenses:				
Governmental activities				
Instructional services	\$ 259,438,818	\$ 279,040,459	\$ 280,507,442	\$ 284,656,120
Pupil services	8,236,161	7,970,510	9,586,304	12,303,138
Instructional staff	10,932,517	16,019,905	16,447,052	22,638,292
Educational media services	6,504,893	6,856,554	6,579,784	6,930,008
General administration	4,061,884	3,556,380	3,664,557	4,809,647
School administration	19,687,994	20,235,069	21,061,645	21,414,698
Business administration	1,300,253	1,465,535	2,016,911	2,722,265
Maintenance and operations	25,318,187	25,770,642	27,537,489	28,614,235
Pupil transportation	14,880,892	14,985,960	17,795,290	22,222,626
Support services - central	8,439,183	8,347,455	8,514,016	15,059,973
Other support services	1,119,304	1,211,974	2,508,914	2,730,189
Non-instructional services	1,169,936	1,451,483	1,295,127	1,158,476
Community services	9,114,084	9,744,508	10,554,673	10,279,962
Interest	159,034	110,996	62,593	15,605
Food Services	-	-	-	-
Total governmental activities expenses	370,363,740	396,767,430	408,131,797	435,575,233
Business-type activities				
School food service	20,263,101	21,231,337	23,772,468	25,031,796
Performing arts center	407,573	277,398	307,175	328,682
Total business-type activities expenses	20,670,674	21,508,735	24,079,643	25,360,478
Total primary government expenses	\$ 391,034,414	\$ 418,276,165	\$ 432,211,440	\$ 460,935,711
Program Revenues				
Governmental activities				
Charges for services:				
Instructional services	\$ 13,226,303	\$ 11,551,965	\$ 10,366,020	\$ 189,571
Pupil services	158,833	-	116,125	78,415
Instructional staff	-	-	-	10,455
Support services - central	-	-	-	140
Other support services	498,875	598	37,633	566
Non-instructional services	484,437	438,088	423,368	13,396,684
Community services	6,563,909	7,279,101	8,166,405	5,388,630
Operating grants and contributions:				
Instructional services	158,614,569	172,660,606	175,822,013	194,953,512
Pupil services	3,672,957	3,757,727	3,847,847	5,656,282
Instructional staff	5,680,935	10,763,481	10,723,888	10,056,464
Educational media services	3,633,262	4,029,657	4,277,109	4,769,039
General administration	1,938,392	1,830,776	2,025,376	2,158,239
School administration	7,434,084	7,967,269	8,275,510	8,789,853
Business administration	336,467	363,600	613,185	684,838
Maintenance and operations	12,639,197	12,875,167	12,964,693	13,186,473
Pupil transportation	2,854,252	3,095,062	3,122,315	4,153,936
Support services - central	5,324,195	2,456,442	2,333,145	2,269,802
Other support services	590,162	641,769	826,234	-
Non-instructional services	21,085	456,145	139,523	425,063
Community services	-	2,303,024	2,073,423	2,518,975
Capital grants and contributions:				
Instructional services	13,330,193	1,703,636	7,130,175	7,373,103
Total governmental Activities revenues	237,002,147	244,174,113	253,284,187	276,042,040

Clayton County Board of Education
Changes in Net Assets
Last Four Fiscal Years

(continued)

	2004	2005	2006	2007
Business-type activities				
Charges for services				
School food service	4,757,462	4,030,613	3,744,923	3,134,147
Performing arts center	220,566	208,909	188,838	213,115
Operating grants and contributions				
School food service	16,699,129	18,628,126	20,975,820	21,527,062
Total business-type activities program revenues	<u>21,677,157</u>	<u>22,867,648</u>	<u>24,909,581</u>	<u>24,874,324</u>
Total primary government program revenues	<u>\$ 258,679,304</u>	<u>\$ 267,041,761</u>	<u>\$ 278,193,768</u>	<u>\$ 300,916,364</u>
Net(Expense)/Revenue				
Governmental Activities	<u>\$ (133,361,593)</u>	<u>\$ (152,593,317)</u>	<u>\$ (154,847,610)</u>	<u>\$ (159,533,193)</u>
Business-type activities	<u>1,006,483</u>	<u>1,358,913</u>	<u>829,938</u>	<u>(486,154)</u>
Total primary government net expense	<u>(132,355,110)</u>	<u>(151,234,404)</u>	<u>(154,017,672)</u>	<u>(160,019,347)</u>
General revenues and other changes in net assets				
Property taxes	\$ 114,127,752	\$ 123,958,375	\$ 122,894,927	\$ 148,448,796
Sales taxes	46,165,205	50,642,568	54,411,505	53,538,851
Other taxes	6,909,348	6,903,391	6,973,978	7,109,991
Non-program specific state and federal aid	6,905,282	9,298,139	16,894,461	17,409,359
Local school activity	1,279,122	841,901	2,649,154	4,036,302
Interest and investment earnings	574,743	1,483,671	3,690,941	6,991,393
Gain on sale of assets			622	73,472
Total governmental activities	<u>175,961,432</u>	<u>193,128,045</u>	<u>207,515,588</u>	<u>237,608,164</u>
Business-type activities:				
Interest and investment earnings				
School food service	62,839	166,319	356,087	526,739
Total business-type activities	<u>62,839</u>	<u>166,319</u>	<u>356,087</u>	<u>526,739</u>
Total primary government	<u>\$ 176,024,291</u>	<u>\$ 193,294,364</u>	<u>\$ 207,871,675</u>	<u>\$ 238,134,903</u>
Change in Net Assets				
Governmental activities	\$ 42,599,859	\$ 40,534,728	\$ 52,667,978	\$ 78,074,971
Business-type activities	<u>1,069,322</u>	<u>1,525,232</u>	<u>1,186,025</u>	<u>40,585</u>
Total primary government	<u>\$ 43,669,181</u>	<u>\$ 42,059,960</u>	<u>\$ 53,854,003</u>	<u>\$ 78,115,556</u>

Note: FY2003 Statement of Government Activities was restated in FY2004

Note: FY2005 Statement of Government Activities was restated in FY2006

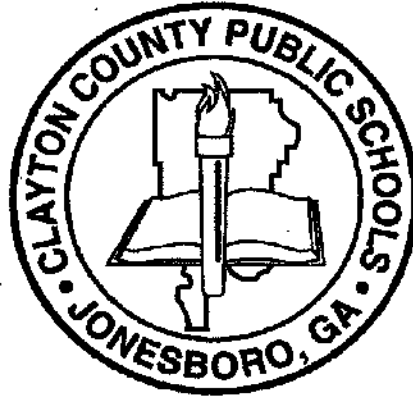
CLAYTON COUNTY BOARD OF EDUCATION
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	General Fund			Total
	Reserved	Unreserved Designated	Unreserved Undesignated	
1998	\$ 600,000	\$ -	\$ 21,492,586	\$ 22,092,586
1999	600,000	-	27,425,290	28,025,290
2000	65,233	-	23,407,203	23,472,436
2001	190,233	-	25,125,082	25,315,315
2002	190,233	-	30,710,086	30,900,319
2003	492,414	-	16,301,637	16,794,051
2004	-	-	2,064,580	2,064,580
2005	-	-	9,690,850	9,690,850
2006	-	-	14,087,652	14,087,652
2007	2,376,397	-	44,782,463	47,158,860

Fiscal Year Ended June 30,	All Other Governmental Funds				Total
	Reserved	Special Revenue	Unreserved Capital Projects	Debt Service	
1998	\$ 24,667,469	\$ 2,989,511	\$ -	\$ -	\$ 27,656,980
1999	38,751,674	4,257,062	-	-	43,008,736
2000	38,505,613	4,393,764	-	-	42,899,377
2001	39,152,208	4,958,341	-	-	44,110,549
2002	38,067,675	5,556,432	-	-	43,624,107
2003	46,042,756	5,968,798	-	-	52,011,554
2004	46,810,178	3,119,748	-	-	49,929,926
2005	49,730,079	3,340,797	-	-	53,070,876
2006	80,930,059	3,093,521	-	-	84,023,580
2007	73,348,770	3,595,866	-	-	76,944,636

Clayton County Board of Education
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds Last Six Fiscal Years
Year Ended June 30, 2007

	2002	2003	2004	2005	2006	2007
Revenues:						
Local sources	\$ 173,681,674	\$ 173,865,444	\$ 184,617,978	\$ 201,472,266	\$ 199,691,918	\$ 234,166,296
State sources	206,752,881	215,148,835	206,489,764	201,144,248	222,686,415	246,474,499
Federal sources	27,752,457	33,655,899	24,545,613	38,720,305	39,547,241	39,671,292
Total revenues	408,187,012	422,670,178	415,653,355	441,336,819	461,925,574	520,312,087
Expenditures:						
Current:						
Instructional services	224,390,871	250,693,236	258,625,347	260,960,087	263,210,908	276,138,697
Pupil services	7,454,054	7,865,132	8,188,368	7,966,497	9,578,188	12,188,388
Improvement of instructional services	7,639,490	10,888,732	10,863,587	16,050,498	16,361,601	22,610,922
Educational media services	6,086,938	6,171,007	6,493,723	6,849,810	6,568,947	6,921,917
General administration	3,423,482	3,840,469	3,907,327	3,423,249	3,429,391	4,437,129
School administration	18,583,335	19,341,620	19,569,553	20,107,379	20,911,160	21,071,990
Business services	1,223,830	1,594,999	1,284,832	1,465,963	1,992,348	2,725,317
Maintenance and operations	22,962,626	24,847,734	25,376,816	25,747,334	27,285,453	28,257,473
Student transportation	11,016,544	13,391,876	16,183,916	13,239,495	14,997,106	20,307,028
Central support services	5,496,321	7,828,157	7,840,640	7,164,566	7,565,608	14,320,703
Other support services	1,187,042	737,588	1,117,683	1,210,801	2,500,260	2,725,457
On behalf payments	-	-	3,150,426	3,311,531	7,622,873	7,227,583
Other non-instructional services	-	17,430	1,167,078	1,451,522	1,296,284	1,158,911
Community service	6,407,398	6,719,596	9,099,984	9,733,870	10,349,645	10,251,046
Capital outlay	71,192,588	62,363,856	51,763,317	49,744,718	30,580,662	62,254,348
Food Services	18,572,856	20,000,688	-	-	-	-
Debt service:						
Principal retirement	680,000	-	1,980,887	2,031,283	2,077,328	1,420,440
Interest and fiscal charges	18,591	-	159,034	110,996	62,593	15,605
Total expenditures	406,337,966	436,301,420	426,772,518	430,569,599	426,591,355	494,032,954
Excess (deficiency) of revenues over (under) expenditures	1,849,046	(13,631,242)	(11,119,163)	10,767,220	35,334,219	26,279,133
Other financing sources (uses):						
Proceeds from capital leases	-	7,900,000	-	-	15,287	104,651
Sale of capital assets	-	-	-	-	-	-
Transfer in	16,741,761	25,619,622	320,749	1,768,836	951,842	382,922
Transfers out	(16,719,894)	(25,607,203)	(320,749)	(1,768,836)	(951,842)	(774,442)
Total other financing sources (uses)	21,867	7,912,419	-	-	15,287	(286,869)
Net change in fund balances	1,870,913	(5,718,823)	(11,119,163)	10,767,220	35,349,506	25,992,264
Fund balances - beginning of year	72,653,513	74,524,428	63,113,669	51,994,506	62,761,726	98,111,232
Fund balances - end of year	\$ 74,524,426	\$ 68,805,605	\$ 51,994,506	\$ 62,761,726	\$ 98,111,232	\$ 124,103,496



Revenue Capacity

**Clayton County
Public Schools**

CLAYTON COUNTY BOARD OF EDUCATION
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Years
(Unaudited - in Thousands)
Maintenance and Operations
December 31, 1998 through 2007

Tax Year	Real & Personal Property		Privately-Owned Public Utilities		Motor Vehicles and Mobile Homes		Total School Board		Taxpayer Exemptions	Net Assessed Value	Millage Rate	Total Tax Levy	Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value					
1998	4,098,487	10,246,218	522,938	1,307,345	445,981	1,164,963	5,082,406	12,718,515.00	734,932	4,152,474	0.0183	\$ 79,824	40.00%
1999	4,250,294	10,625,735	537,493	1,343,733	376,800	941,200	5,164,667	12,911,667.50	763,711	4,402,956	0.0183	\$ 80,750	40.00%
2000	4,490,644	11,226,610	569,809	1,424,523	592,662	1,481,655	5,653,115	14,132,767.50	750,497	4,897,618	0.0183	\$ 49,822	40.00%
2001	4,794,151	11,985,378	568,586	1,421,470	625,793	1,564,483	5,988,532	14,971,300.00	789,072	5,199,460	0.0179	\$ 93,154	40.00%
2002	5,238,649	13,096,623	702,964	1,757,410	696,730	1,741,325	6,531,343	16,595,857.50	888,093	5,750,250	0.0179	\$ 103,021	40.00%
2003	5,664,623	14,161,598	763,171	1,907,928	705,570	1,766,425	7,134,264	17,835,910.00	865,157	6,389,207	0.0179	\$ 112,319	40.00%
2004	6,038,206	15,045,515	759,616	1,899,040	693,494	1,748,735	7,877,316	18,692,290.00	912,706	6,564,610	0.0189	\$ 134,126	40.00%
2005	6,207,454	15,514,635	788,279	1,930,698	618,332	1,571,330	7,504,265	19,600,662.50	944,993	6,679,272	0.0189	\$ 126,345	40.00%
2006	6,613,589	16,508,973	809,798	2,034,495	656,210	1,640,525	8,062,597	20,173,992.50	1,008,171	7,064,426	0.0189	\$ 133,574	40.00%
2007	7,103,414	17,758,535	903,746	2,259,365	646,348	1,615,870	8,662,598	21,633,770.00	929,974	7,673,534	0.0200	\$ 133,471	40.00%

Source: Property Tax Division, Clayton County Tax Commission

Note: Total Taxable Assessed Values were calculated by reducing the fair market value of primary residential property by 40%, representing a partial property tax exemption for such property.

Clayton County Board of Education
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	District Direct Rates			Overlapping Rates *				
	School M & O	Debt Service	Total	State of Georgia	City of College Park	City of Forest Park	City of Morrow	City of Riverdale
	1998	\$ 18.340	\$ -	\$ 18.340	\$ 0.250	\$ 7.500	\$ 3.040	\$ -
1999	18.340	-	18.340	0.250	7.000	3.040	-	1.000
2000	17.916	-	17.916	0.250	6.930	3.043	-	1.000
2001	17.916	-	17.916	0.250	6.610	3.043	-	5.000
2002	18.916	-	18.916	0.250	9.560	5.043	-	6.500
2003	18.916	-	18.916	0.250	9.580	5.043	-	6.500
2004	18.916	-	18.916	0.250	9.560	4.793	4.000	7.500
2005	18.916	-	18.916	0.250	9.580	4.793	4.000	7.500
2006	20.000	-	20.000	0.250	9.560	6.593	4.000	7.500
2007	20.000	-	20.000	0.250	9.580	6.593	4.000	7.500

Overlapping Rates (continued):

Fiscal Year	City of Jonesboro		City of Lake City	City of LoveJoy Fire District	City of Riverdale	Clayton County Board of Commissioners		
	M & O	Fire District				M & O	Debt Service	Total
1998	\$ -	\$ -	\$ -	\$ -	\$ 1.000	\$ 3.970	\$ (0.560)	\$ 3.410
1999	-	-	-	-	1.000	4.110	-	4.110
2000	-	-	-	-	1.000	3.913	-	3.913
2001	-	-	-	-	5.000	4.047	-	4.047
2002	-	-	-	4.207	6.500	5.882	-	5.882
2003	-	-	-	3.900	6.500	6.882	-	6.882
2004	-	3.900	5.886	3.900	7.500	7.781	-	7.781
2005	3.000	3.900	5.886	3.900	7.500	7.781	-	7.781
2006	3.000	3.900	5.768	3.900	7.500	8.764	-	8.764
2007	3.000	3.900	5.768	3.900	7.500	8.764	-	8.764

CLAYTON COUNTY BOARD OF EDUCATION
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	December 31, 2006			December 31, 1997		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value(1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)
Delta Airlines, Inc.	\$ 722,437,875	1	8.35%	\$ 593,246,107	1	11.66%
City of Atlanta	110,324,175	2	1.27%	16,887,649	10	0.33%
Atlantic Southeast	100,810,587	3	1.16%	-		0.00%
Georgia Power Co.	91,223,728	4	1.05%	82,840,394	2	1.63%
Air Tran Airways	77,601,947	5	0.90%	-		0.00%
AMB Partners	49,092,318	6	0.57%	-		0.00%
Conair	41,807,123	7	0.48%	-		0.00%
BellSouth	41,556,772	8	0.48%	41,439,757	4	0.81%
Atlanta Gas Light	33,024,918	9	0.38%	28,841,480	6	0.57%
JC Penny	25,795,540	10	0.30%	30,524,829	5	0.60%
Alamo (2)	-		0.00%	17,424,472	9	0.34%
Hertz (2)	-		0.00%	20,946,529	8	0.41%
Southlake Mall (2)	-		0.00%	49,014,335	3	0.96%
Northwest Airlines (2)	-		0.00%	27,739,668	7	0.55%
Subtotal (10 largest)	\$ 1,293,674,983		14.95%	\$ 908,905,220		17.87%
Balance of all others	7,359,833,542		85.05%	\$4,178,501,043		82%
Total	\$ 8,653,508,525		100%	\$ 5,087,406,263		100%

Source: Clayton County Assessor and State Tax Commission

(1) District's total taxable value for 1997 \$ 4,624,792,000

(2) Not considered among the top taxpayers in 2006

CLAYTON COUNTY BOARD OF EDUCATION
Property Tax Levies and Collections
Last Ten Tax Years

Fiscal Year Ended December 31,	Taxes Levied For The Calendar Year	Total Collections to Date	
		Amount	Percentage of Levy
1997	\$ 78,876,507	\$ 74,667,666	94.66%
1998	79,824,377	76,673,692	96.05%
1999	84,614,813	85,823,817	101.43% (1)
2000	89,822,312	87,952,570	97.92%
2001	93,153,516	85,935,697	92.25%
2002	103,021,471	104,235,822	101.18% (1)
2003	112,319,107	103,992,925	92.59%
2004	124,176,153	114,042,199	91.84%
2005	126,345,111	124,651,272	98.66%
2006	133,573,934	113,287,628	84.81%

Source: Clayton County Treasurer's Office (includes property tax and motor vehicle fee in lieu).

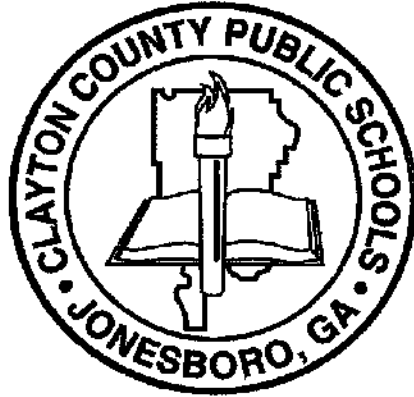
Note: This schedule recognizes collections on a calendar year (tax year) basis, whereas property tax collections reported in the basic financial statements are on a fiscal year basis.

(1) Includes some prior year tax levy

Clayton County Board of Education
Schedule of Revenues by Source
Governmental Funds Last Ten Fiscal Years
Year Ended June 30, 2007

	2002	2003	2004	2005	2006	2007
Revenues:						
Local sources	\$ 173,681,674	\$ 173,865,444	\$ 184,617,978	\$ 201,472,266	\$ 199,691,918	\$ 234,166,296
State sources	206,752,881	215,148,835	206,489,764	201,144,248	222,686,415	246,474,499
Federal sources	21,752,437	33,635,899	24,545,613	38,720,305	39,547,241	39,671,292
Interest earned on investments	-	-	-	-	-	-
On behalf payments	-	-	-	-	-	-
Other sources	-	-	-	-	-	-
Total revenues	408,187,012	422,670,178	415,653,355	441,336,819	461,925,574	520,312,087

Note: Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds were not reported prior to FY2002



Debt Capacity

**Clayton County
Public Schools**

CLAYTON COUNTY BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
As of June 30, 2007

<u>Fiscal Year</u>	<u>Capital Lease</u>	<u>General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income*</u>	<u>Per Capita*</u>
1998	\$ 1,251,204	\$ 17,370,000	\$ 18,621,204	0.43%	\$ 84
1999	1,826,295	9,870,000	11,696,295	0.25%	51
2000	919,919	3,840,000	4,759,919	0.10%	20
2001	356,208	680,000	1,036,208	0.02%	4
2002	165,487	-	165,487	0.00%	1
2003	7,560,993	-	7,560,993	0.15%	29
2004	5,580,106	-	5,580,106	0.11%	21
2005	3,548,823	-	3,548,823	0.07%	13
2006	1,471,495	-	1,471,495	0.03%	5
2007	51,055	-	51,055	0.00%	0

Notes:

* See Schedule of Demographic and Economic Statistics

*** The School System had no outstanding General Obligation Bonded debt after 2001

CLAYTON COUNTY BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

	Estimated Outstanding Debt	Percentage Applicable to Clayton County Board of Education	Amount Applicable to Clayton County Board of Education
<u>Direct Debt</u>			
Clayton County Board of Education	\$ 551,005	100%	\$ 551,005
<u>Overlapping Debt</u>			
Clayton County	27,443,000	100%	\$ 27,443,000
Landfill Authority	14,315,000	100%	\$ 14,315,000
	<u>41,758,000</u>		<u>\$ 41,758,000</u>
Total Direct and Overlapping Debt	<u>42,309,005</u>		<u>\$ 42,309,005</u>

Source: 2007 Clayton County Comprehensive Annual Financial Report

CLAYTON COUNTY BOARD OF EDUCATION
Legal Debt Margin Information
Last Ten Fiscal Years

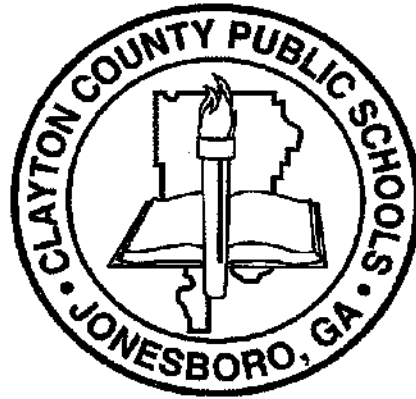
	Fiscal Year					
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt limit	\$ 475,242,822	\$ 486,516,552	\$ 500,826,701	\$ 531,787,189	\$ 59,061,328	\$ 644,653,196
Total net debt applicable to limit	<u>3,100,000</u>	<u>102,396,000</u>	<u>82,915,000</u>	<u>55,590,000</u>	<u>27,946,000</u>	<u>-</u>
Legal debt margin	<u>\$ 478,342,822</u>	<u>\$ 588,910,552</u>	<u>\$ 582,841,701</u>	<u>\$ 587,347,189</u>	<u>\$ 87,006,328</u>	<u>\$ 644,653,196</u>
Total net debt applicable to the limit as a percentage of debt limit	0.65%	21.05%	16.38%	10.45%	47.32%	0.00%

CLAYTON COUNTY BOARD OF EDUCATION
Legal Debt Margin Information (continued)
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 876,984,575	\$ 890,157,367	\$ 730,100,335	\$ 793,727,347
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 876,984,575</u>	<u>\$ 890,157,367</u>	<u>\$ 730,100,335</u>	<u>\$ 793,727,347</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value*	\$ 7,937,273,470
Debt Limit (10% of assessed value)**	793,727,347
Debt applicable to limit:	
General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 793,727,347</u>



Demographic & Economic Information

**Clayton County
Public Schools**

**Clayton County Board of Education
Demographic and Economic Statistics
Last Ten Calendar Years.**

Calendar Year	Population*	Personal Income* (in thousands)	Per Capita Personal Income	County Unemployment Rate***
1998	222,970	\$ 4,374,970	\$ 19,621	3.7%
1999	229,970	4,587,540	19,948	3.6
2000	238,500	4,821,540	20,216	3.9
2001	248,060	4,882,680	19,683	4.0
2002	253,480	4,942,960	19,500	6.6
2003	259,740	5,127,060	19,739	6.8
2004	262,930	5,283,080	20,093	4.6
2005	266,290	5,437,080	20,418	5.9
2006	272,600	5,460,710	20,032	5.1
2007	274,220	6,635,480	24,198	4.7

* Woods & Poole Economics Data Pamphlet 2007

*** Georgia Department of Labor / Clayton County Chamber of Commerce

CLAYTON COUNTY BOARD OF EDUCATION
Principal Employers
Current Year and Nine Years Ago

Taxpayer	December 31, 2007			December 31, 1998		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Delta Airlines, Inc	16,515	1	12.48%	23,318	1	20.42%
Clayton County School System	7,300	2	5.52%	5,800	2	5.08%
U.S. Army at Fort Gillem	3,419	3	2.58%	3,161	3	2.77%
Southern Regional Medical Center	2,569	4	1.94%	1,800	5	1.58%
Clayton County Government	1,935	5	1.46%	1,800	6	1.58%
Clayton College & State University	1,500	6	1.13%	-	-	0.00%
Fresh Express	1,050	7	0.79%	-	-	0.00%
ToTo U.S.A., Inc.	450	8	0.34%	-	-	0.00%
Hartsfield-Jackson Atlanta Airport	400	9	0.30%	-	-	0.00%
AT&T (former BellSouth)	390	10	0.29%	-	-	0.00%
Atlanta State Farmers' Market	-	-	0.00%	2,000	4	1.75%
J.C. Penney	-	-	0.00%	1,617	7	1.42%
Southlake Mall	-	-	0.00%	1,500	8	1.31%
Northwest Airlines	-	-	0.00%	1,496	9	1.31%
Georgia Department of Revenue	-	-	0.00%	1,300	10	1.14%
Totals	<u>35,528</u>		<u>26.83%</u>	<u>43,792</u>		<u>38.36%</u>

Source: Clayton County Chamber of Commerce

Total employment in Clayton County for 1998 was 114,185 and in 2007, was 132,362.

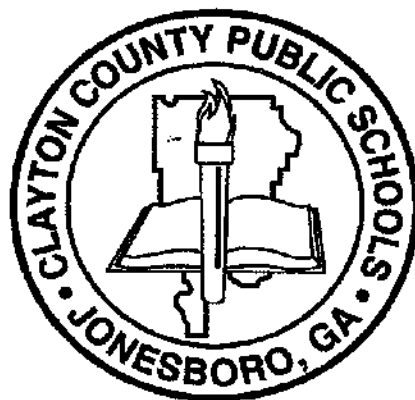
CLAYTON COUNTY BOARD OF EDUCATION
Student Ethnicity Statistics
Last Ten Years

Sex	Race	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Female	American Indian/Alaskan Native	27	28	30	30	23	23	23	28	22	20
	Asian, Pacific Islander	812	962	1,006	1,021	1,050	1,048	1,077	1,087	1,056	1061
	Black, not of Hispanic origin	11,421	12,635	13,791	14,968	15,980	16,994	17,757	18,269	18,921	18,643
	Hispanic	736	891	1,098	1,350	1,662	1,958	2,286	2,619	2,962	3181
	Multi-racial	451	535	614	670	737	777	778	841	887	964
	White, not of Hispanic origin	7,272	8,445	8,565	8,837	8,082	8,371	7,790	7,215	6,790	6,355
	Sub Total		20,819	21,496	22,134	22,874	23,534	24,171	24,711	25,034	25,646
Male	American Indian/Alaskan Native	23	30	24	25	23	20	21	16	23	20
	Asian, Pacific Islander	1,017	1,104	1,134	1,135	1,173	1,176	1,160	1,163	1,165	1157
	Black, not of Hispanic origin	11,773	12,973	14,138	15,497	16,448	17,511	18,185	18,795	19,605	19,885
	Hispanic	811	965	1,186	1,440	1,785	2,132	2,534	2,968	3,264	3,367
	Multi-racial	476	567	643	715	791	852	861	897	937	930
	White, not of Hispanic origin	7,765	8,913	8,009	8,244	8,476	8,732	8,083	7,544	7,026	6,614
	Sub Total		21,865	23,572	23,132	24,056	24,898	25,423	25,844	26,371	27,009
System Total		42,684	44,068	45,266	46,930	48,232	49,594	50,555	51,405	52,657	52,657

Source: Georgia Department of Education Website

CLAYTON COUNTY BOARD OF EDUCATION
Student Enrollment Statistics
Last Ten Years

Year Ended June 30,	Average Daily Membership	Average Daily Attendance	Attendance Percentage	Official State October 1 Enrollment Count
1998	42,214	39,386	93.30%	42,684
1999	43,363	40,371	93.10%	44,068
2000	44,807	41,805	93.30%	45,266
2001	46,502	43,433	93.40%	46,930
2002	47,716	44,805	93.90%	48,232
2003	48,238	45,344	94.00%	49,594
2004	48,583	45,717	94.10%	50,555
2005	50,914	48,012	94.30%	51,405
2006	51,905	48,947	94.30%	52,657
2007	52,261	50,013	95.70%	52,533



Operating Information

**Clayton County
Public Schools**

CLAYTON COUNTY BOARD OF EDUCATION
Teachers' Base Salaries
Last Ten Fiscal Years

FISCAL YEAR	MINIMUM SALARY	MEDIAN SALARY	MAXIMUM SALARY	PERCENT CHANGE
1998	\$27,782	\$42,572	\$57,361	5.51%
1999	\$29,215	\$44,874	\$60,532	5.53%
2000	\$30,228	\$46,525	\$62,821	3.78%
2001	\$31,018	\$47,825	\$64,631	2.88%
2002	\$32,238	\$49,796	\$67,353	4.21%
2003	\$33,159	\$51,300	\$69,441	3.10%
2004	\$34,059	\$52,200	\$70,341	1.30%
2005	\$34,449	\$53,435	\$72,422	2.96%
2006	\$35,241	\$54,999	\$74,756	3.22%
2007	\$38,859	\$58,130	\$77,400	3.54%

CLAYTON COUNTY BOARD OF EDUCATION
History of High School Graduates
Last Ten School Years

School Year	Forest Park High	Jonesboro High	Lovejoy High	Morrow High	Mount Zion High	Mundy's Mill High	North Clayton High	Riverdale High	Alternative Programs	Total
1998	185	223	340.00	286	278	-	198	196	4	1,710
1999	198	271	361	226	230	-	172	234	-	1,692
2000	227	263	338	280	252	-	191	208	1	1,760
2001	231	300	400	276	265	-	191	246	2	1,911
2002	241	282	456	315	301	-	207	262	2	2,066
2003	239	323	485	362	273	-	240	285	2	2,209
2004	208	346	475	334	286	4	257	318	5	2,233
2005	219	279	321	331	299	319	249	265	5	2,287
2006	224	316	350	360	285	406	246	345	1	2,533
2007	232	293	374	330	297	374	254	303	8	2,465

CLAYTON COUNTY BOARD OF EDUCATION
Nutrition Services - Facts and Figures
Last Nine Fiscal Years

	Year Ending June 30,								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Number of schools participating in:									
Lunch - regular schedule	48	49	49	50	52	54	57	58	59
Lunch - year round									
Breakfast program	48	49	49	50	52	54	57	58	59
Student lunches served:									
Free	2,762,181	2,855,878	3,054,285	3,353,373	3,548,170	3,988,217	4,361,509	4,964,652	5,094,162
Reduced	686,003	780,561	881,771	953,130	1,075,147	1,041,779	1,022,892	873,018	864,873
Fully paid	2,022,249	2,036,383	2,209,919	2,164,857	2,138,718	1,951,825	1,762,341	1,598,251	1,431,720
Total	5,470,433	5,672,822	6,145,975	6,471,360	6,762,035	6,981,821	7,146,742	7,435,921	7,390,755
Adult lunches served	234,907	256,744	260,700	265,811	277,827	288,583	251,685	236,721	359,700
Student breakfasts served:									
Free	1,192,977	1,245,647	1,287,343	1,398,556	1,464,613	1,631,764	1,901,633	2,182,362	2,325,198
Reduced	165,029	191,174	214,339	243,955	281,371	277,304	292,261	269,025	272,792
Fully paid	199,398	232,546	249,555	289,618	300,474	297,873	290,479	301,172	293,284
Total	1,557,404	1,670,367	1,751,237	1,932,129	2,046,458	2,256,941	2,484,373	2,752,559	2,891,274
Number of serving days:									
Regular schedule	228	179	179	180	180	179	196	197	195
Year-round schedule									
Weighted average	228.00	179.00	179.00	180.00	180.00	179.00	196.00	197.30	194.70
Average daily participation:									
Student lunch	23,993	31,692	34,335	35,952	37,567	39,005	36,463	37,688	37,960
Adult lunch	1,030	1,434	1,456	1,477	1,543	1,612	1,284	1,200	1,847
Student breakfast	6,831	9,332	9,783	10,734	11,369	12,609	12,675	13,951	14,850
October 1 pupil count (Kindergarten not included)	44,068	45,266	46,232	48,232	49,594	50,555	51,405	52,657	49,479
Percentage of students daily eating school lunch	54.45%	70.01%	74.27%	74.54%	75.75%	77.15%	70.93%	71.57%	76.72%
October 1 count of benefits									
Students on free lunch	15,757	16,305	17,639	18,957	20,040	22,869	24,623	27,803	28,538
Student on reduced lunch	3,980	4,587	5,122	5,488	6,273	6,029	5,939	5,038	5,092
Percentage of students on:									
Free lunch	35.76%	36.02%	38.15%	39.30%	40.41%	45.24%	47.90%	52.80%	57.68%
Reduced lunch	9.03%	10.13%	11.08%	11.38%	12.65%	11.93%	11.55%	9.57%	10.29%
Total	44.79%	46.15%	49.23%	50.68%	53.06%	57.16%	59.45%	62.37%	67.97%

Note: Information is not available for Fiscal Year 1998

CLAYTON COUNTY BOARD OF EDUCATION
School Building Information
Last Ten Fiscal Years

School	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Elementary										
Anderson (1977)										
Square feet	44,044	54,221	54,221	54,221	54,221	54,221	54,221	54,221	54,221	54,221
Capacity	363	450	450	450	450	450	450	450	450	450
Enrollment	412	422	422	449	509	455	449	450	507	519
Arnold (1963)										
Square feet	50,971	50,971	50,971	57,177	57,177	57,177	57,177	57,177	57,177	57,177
Capacity	413	413	413	500	500	500	500	500	500	500
Enrollment	504	502	502	482	467	476	503	506	510	520
Brown (1975)										
Square feet	81,615	81,615	81,615	81,615	81,615	81,615	81,615	81,615	81,615	81,615
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	853	846	846	903	953	1,014	1,030	843	815	796
Callaway (2001)										
Square feet	x	x	x	91,014	91,014	91,014	91,014	91,014	91,014	105,494
Capacity	-	-	-	725	725	725	725	725	725	900
Enrollment	-	-	-	-	777	872	892	866	896	921
Church St (1968)										
Square feet	68,968	68,968	68,968	78,651	78,651	78,651	78,651	78,651	78,651	78,651
Capacity	688	688	688	825	825	825	825	825	825	825
Enrollment	903	1,044	1,044	1,083	1,001	1,018	906	896	929	949
East Clayton (1968)										
Square feet	61,739	61,739	68,818	68,818	68,818	68,818	68,818	68,818	68,818	68,818
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	971	746	746	821	882	915	967	570	601	649
Edmonds (1957)										
Square feet	50,694	50,694	50,694	57,307	57,307	57,307	57,307	57,307	57,307	57,307
Capacity	413	413	413	450	450	450	450	450	450	450
Enrollment	566	482	482	494	478	476	468	446	418	470
Fountain (1952)										
Square feet	68,965	68,965	68,965	68,965	68,965	68,965	68,965	68,965	68,965	68,965
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	785	859	859	882	915	980	584	589	537	499
Harper (2002)										
Square feet	x	x	x	x	91,014	91,014	91,014	91,014	91,014	91,014
Capacity	-	-	-	-	725	725	725	725	725	725
Enrollment	-	-	-	-	784	784	800	811	831	817

Note: "X" represent the year the building did not exist.

CLAYTON COUNTY BOARD OF EDUCATION
School Building Information (continued)
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Hawthorne (1988)										
Square feet	89,226	89,226	89,226	89,226	89,226	89,226	89,226	89,226	89,226	102,600
Capacity	738	738	738	738	738	738	738	738	738	900
Enrollment	-	783	783	850	860	942	914	866	948	868
Haynie (1969)										
Square feet	62,347	62,347	72,107	72,107	72,107	72,107	72,107	72,107	72,107	72,107
Capacity	625	625	738	738	738	738	738	738	738	738
Enrollment	888	1,041	1,041	1,059	1,007	738	776	764	780	801
Hendrix (1955)										
Square feet	47,794	47,794	47,794	47,794	54,748	54,748	54,748	54,748	54,748	54,748
Capacity	413	413	413	413	450	450	450	450	450	450
Enrollment	413	457	457	442	411	419	354	338	338	254
Hule (1966)										
Square feet	67,085	67,085	67,085	67,085	71,569	71,569	71,569	71,569	71,569	71,569
Capacity	625	625	825	825	675	675	675	675	675	675
Enrollment	814	776	776	731	709	696	708	666	611	633
Jackson (2003)										
Square feet	x	x	x	x	x	90,229	90,229	90,229	90,229	90,229
Capacity	-	-	-	-	-	725	725	725	725	725
Enrollment	-	-	-	-	-	-	822	885	956	947
Kemp (1981)										
Square feet	71,882	71,882	71,882	71,882	71,882	71,882	71,882	71,882	71,882	71,882
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	886	875	837	932	990	1,067	1,160	733	754	742
Kemp Primary (2004)										
Square feet	x	x	x	x	x	x	90,229	90,229	90,229	90,229
Capacity	-	-	-	-	-	-	663	663	663	663
Enrollment	-	-	-	-	-	-	-	668	720	741
Kilpatrick (1973)										
Square feet	67,727	67,727	67,727	67,727	67,727	67,727	75,379	75,379	75,379	75,379
Capacity	575	575	575	575	575	575	650	650	650	650
Enrollment	673	751	751	832	805	808	715	672	672	618
King (2003)										
Square feet	x	x	x	x	x	92,044	92,044	92,044	92,044	92,044
Capacity	-	-	-	-	-	700	700	700	700	700
Enrollment	-	-	-	-	-	-	910	972	1,048	983
Lake City (1957)										
Square feet	41,515	41,515	41,515	51,245	51,245	51,245	51,245	51,245	51,245	51,245
Capacity	413	413	413	463	463	463	463	463	463	463
Enrollment	518	543	543	563	574	492	540	479	468	490
Lake Ridge (1994)										
Square feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	94,662
Capacity	860	860	860	860	860	860	860	860	860	788
Enrollment	933	1,169	1,169	1,210	873	754	780	839	841	868

Note: "X" represent the year the building did not exist.

CLAYTON COUNTY BOARD OF EDUCATION
School Building Information (continued)
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Lee St (1960)										
Square feet	54,220	54,220	54,220	54,220	54,220	54,220	54,220	54,220	54,220	54,220
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	675	720	720	725	724	707	495	615	580	622
Marshall (2004)										
Square feet	x	x	x	x	x	x	89,854	89,854	89,854	89,854
Capacity	-	-	-	-	-	-	725	725	725	725
Enrollment	-	-	-	-	-	-	-	852	950	901
McGarrah (1967)										
Square feet	73,782	73,782	73,782	73,782	73,782	73,782	73,782	73,782	73,782	73,782
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	1,114	1,141	1,141	1,004	946	914	925	708	884	705
Morrow (1952)										
Square feet	54,382	54,382	54,382	54,382	54,382	54,382	54,382	54,382	54,382	54,382
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	572	632	632	661	603	586	611	546	523	509
Mt Zion (1976)										
Square feet	85,815	85,815	85,815	85,815	85,815	85,815	85,815	450	85,815	85,815
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	1,073	892	892	926	1,004	1,108	961	905	975	927
Northcutt (1970)										
Square feet	67,988	67,988	67,988	78,013	78,013	78,013	78,013	78,013	78,013	78,013
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	925	574	574	550	815	772	732	610	615	568
Oliver (1976)										
Square feet	67,194	67,194	67,194	67,194	67,194	67,194	67,194	67,194	67,194	67,194
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	963	980	980	923	993	1,075	816	632	642	884
Pointe South (1961)										
Square feet	48,256	48,256	57,441	57,441	57,441	57,441	57,441	57,441	57,441	57,441
Capacity	525	525	675	675	675	675	675	675	675	675
Enrollment	767	886	886	880	795	761	807	827	736	775
River's Edge (1994)										
Square feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	1,008	824	824	784	776	823	825	807	978	1,153
Riverdale (1954)										
Square feet	56,013	56,013	56,013	56,013	65,084	65,084	65,084	65,084	65,084	65,084
Capacity	575	575	575	575	700	700	700	700	700	700
Enrollment	803	727	727	784	715	677	637	667	708	660
Smith (2000)										
Square feet	x	x	95,132	95,132	95,132	95,132	95,132	95,132	95,132	95,132
Capacity	-	-	725	725	725	725	725	725	725	725
Enrollment	-	-	750	896	985	1,048	917	954	922	937
Suder (1966)										
Square feet	72,115	72,115	72,115	72,115	72,115	79,783	79,783	79,783	79,783	79,783
Capacity	675	675	675	675	675	775	775	775	775	775
Enrollment	810	781	781	767	738	693	713	739	781	804

Note: "X" represent the year the building did not exist.

CLAYTON COUNTY BOARD OF EDUCATION
School Building Information (continued)
Last Ten Fiscal Years

School	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Elementary										
Swint (1968)										
Square feet	64,983	64,983	64,983	71,785	71,785	71,785	71,785	71,785	71,785	71,785
Capacity	688	688	688	788	788	788	788	788	788	788
Enrollment	925	883	883	927	827	821	708	638	649	685
Tara (1964)										
Square feet	63,950	63,950	63,950	76,224	76,224	76,224	76,224	76,224	76,224	76,224
Capacity	588	588	588	735	735	735	735	735	735	735
Enrollment	947	1,020	1,020	961	1,031	614	626	591	609	590
West Clayton (1964)										
Square feet	66,917	66,917	66,917	66,917	66,917	66,917	66,917	66,917	66,917	66,917
Capacity	600	600	600	800	600	600	600	600	600	600
Enrollment	865	837	937	998	666	676	516	537	507	527
Middle										
Adamson (1977)										
Square feet	107,284	120,015	120,015	120,015	120,015	120,015	120,015	120,015	120,015	120,015
Capacity	575	775	775	775	775	775	775	775	775	775
Enrollment	1,102	940	940	963	1,076	1,186	1,223	1,239	1,273	787
Babb (1966)										
Square feet	85,450	85,450	103,443	103,443	103,443	103,443	103,443	103,443	103,443	103,443
Capacity	576	575	775	775	775	775	775	775	776	775
Enrollment	982	986	986	885	1,044	1,082	1,120	1,057	891	869
Forest Park (1940)										
Square feet	66,127	84,964	84,964	84,964	84,964	84,964	84,964	84,964	84,964	84,964
Capacity	400	570	570	570	570	570	570	570	570	570
Enrollment	768	797	797	780	808	788	736	767	655	593
Jonesboro (2004)*										
Square feet	x	x	x	x	x	x	128,170	128,170	128,170	128,170
Capacity	-	-	-	-	-	-	875	875	875	875
Enrollment	660	651	578	558	593	585	609	928	973	938
Kendrick (1996)										
Square feet	123,458	123,458	123,458	123,458	123,458	123,458	123,458	123,458	123,458	123,458
Capacity	850	850	850	850	850	850	850	850	850	850
Enrollment	932	1,072	1,072	1,149	1,262	1,318	1,429	1,506	936	921
Lovejoy (1990)										
Square feet	86,269	123,731	123,731	123,731	123,731	123,731	123,731	123,731	123,731	123,731
Capacity	550	738	738	738	738	738	738	738	738	738
Enrollment	834	776	776	934	1,011	1,050	1,068	1,131	1,312	1,280

Note: "X" represent the year the building did not exist.

*Jonesboro Middle building was replaced in FY2004. Enrollment prior to FY2004 is for the old building.

CLAYTON COUNTY BOARD OF EDUCATION
School Building Information (continued)
Last Ten Fiscal Years

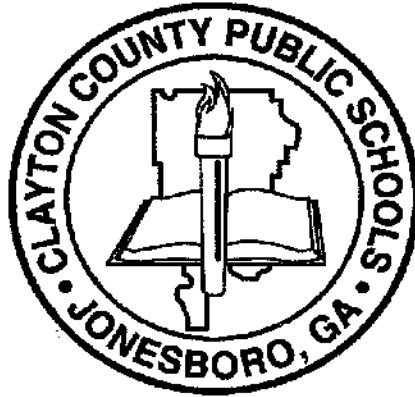
<u>School</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Middle										
Morrow (1987)										
Square feet	96,109	96,109	96,109	96,109	96,109	96,109	96,109	96,109	96,109	96,109
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	1,096	1,047	1,047	1,042	1,062	1,042	1,036	782	791	824
Mundy's Mill (1973)										
Square feet	100,316	100,316	100,316	116,822	116,822	116,822	116,822	116,822	116,822	116,822
Capacity	650	650	650	850	850	850	850	850	850	850
Enrollment	949	759	769	822	843	827	916	959	963	961
N. Clayton Middle (1989)										
Square feet	86,320	86,320	99,989	99,989	99,989	99,989	99,989	99,989	99,989	99,989
Capacity	575	575	738	738	738	738	738	738	738	738
Enrollment	934	930	930	976	1,022	1,035	960	929	920	961
Pointe South (1978)										
Square feet	126,859	126,859	126,859	141,792	141,792	141,792	141,792	141,792	141,792	141,792
Capacity	675	675	675	875	875	875	875	875	875	875
Enrollment	916	977	977	1,056	1,067	1,115	1,134	1,144	968	954
Rex Mill (2007)										
Square feet	x	x	x	x	x	x	x	x	x	152,670
Capacity	-	-	-	-	-	-	-	-	-	1,100
Enrollment	-	-	-	-	-	-	-	-	-	578
Riverdale (1988)										
Square feet	91,967	91,967	91,967	108,738	108,738	108,738	108,738	108,738	108,738	108,738
Capacity	675	675	675	850	850	850	850	850	850	850
Enrollment	978	1,032	1,032	1,055	1,109	1,027	1,063	1,070	853	859
Roberts (1998)										
Square feet	123,458	123,458	123,458	123,458	123,458	123,458	123,458	123,458	123,458	123,458
Capacity	838	838	838	838	838	838	838	838	838	838
Enrollment	-	913	913	975	1,112	1,141	1,167	1,064	1,053	815
Sequoyah (2004)										
Square feet	x	x	x	x	x	x	128,170	128,170	128,170	128,170
Capacity	-	-	-	-	-	-	875	875	875	875
Enrollment	-	-	-	-	-	-	-	-	996	928

Note: "X" represent the year the building did not exist.

CLAYTON COUNTY BOARD OF EDUCATION
School Building Information (continued)
Last Ten Fiscal Years

School	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
High										
Forest Park (1962)										
Square feet	206,766	206,766	206,766	206,766	206,766	206,766	206,766	206,766	206,766	206,766
Capacity	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,587	1,668	1,688	1,591	1,594	1,630	1,567	1,567	1,618	1,626
Jonesboro (1963)										
Square feet	193,634	193,634	193,634	193,634	193,634	193,634	193,634	193,634	193,634	193,634
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,567	1,638	1,638	1,735	1,800	1,723	1,647	1,693	1,828	1,897
Lovejoy (1989)										
Square feet	217,450	217,450	217,450	217,450	217,450	217,450	217,450	217,450	217,450	217,450
Capacity	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625
Enrollment	1,973	2,189	2,189	2,342	2,533	1,980	1,866	1,795	1,837	1,903
Morrow (1970)										
Square feet	183,836	183,836	183,836	183,836	183,836	183,836	183,836	183,836	183,836	183,836
Capacity	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375
Enrollment	1,607	1,746	1,746	1,785	1,811	1,920	1,905	2,054	2,149	2,074
Mt. Zion (1990)										
Square feet	231,952	231,952	231,952	231,952	231,952	231,952	231,952	231,952	218,241	231,952
Capacity	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,575
Enrollment	1,542	1,592	1,592	1,738	1,794	1,727	1,778	1,844	1,862	1,731
Mundy's Mill (2002)										
Square feet	x	x	x	x	254,667	254,667	254,667	254,667	254,667	254,667
Capacity	-	-	-	-	1,350	1,350	1,350	1,350	1,350	1,350
Enrollment	-	-	-	-	-	941	1,407	1,970	2,081	2,104
N. Clayton (1987)										
Square feet	149,727	149,727	149,727	149,727	149,727	149,727	149,727	171,755	171,755	171,755
Capacity	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,325	1,325	1,325
Enrollment	1,253	1,211	1,211	1,327	1,404	1,470	1,477	1,458	1,568	1,527
Riverdale (1977)										
Square feet	203,067	203,067	203,067	203,067	203,067	203,067	203,067	203,067	203,067	203,067
Capacity	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325
Enrollment	1,385	1,450	1,450	1,619	1,660	1,759	1,857	1,831	1,933	1,961

Note: "X" represent the year the building did not exist.



Single Audit Reports Section

**Clayton County
Public Schools**

MAULDIN & JENKINS

CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

To the Superintendent and Members of the
Clayton County Board of Education

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clayton County Board of Education as of and for the year ended June 30, 2007, which collectively comprise the Clayton County Board of Education's basic financial statements and have issued our report thereon dated February 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clayton 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 Clayton County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clayton County Board of Education's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Clayton County Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Clayton County Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Clayton County Board of Education's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-1, 07-2, and 07-3 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clayton 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 reported to management of the Clayton County Board of Education in a separate letter dated February 8, 2008.

Clayton County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Clayton County Board of Education's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Superintendent and members of the Clayton County Board of Education and 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.

Mauldin & Jenkins, LLC

Macon, Georgia
February 8, 2008



CERTIFIED PUBLIC ACCOUNTANTS, LLC

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Superintendent and Members of the
Clayton County Board of Education**

Compliance

We have audited the compliance of the Clayton County Board of Education with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Clayton 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 the Clayton County Board of Education's management. Our responsibility is to express an opinion on the Clayton 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 Clayton 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 of the Clayton County Board of Education's compliance with those requirements.

In our opinion, the Clayton County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Clayton County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Clayton County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clayton County Board of Education's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-5 and 07-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The Clayton County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Clayton County Board of Education's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Superintendent and members of the Clayton County Board of Education and 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.

Mauldin & Jenkins, LLC

Macon, Georgia
February 8, 2008

**CLAYTON COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

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 and Nutrition Program			
Food Services			
School Breakfast Program	10.553		4,032,567
National School Lunch Program	10.555		14,432,846
National School Snack Program	10.555		2,507
			<u>16,467,920</u>
Total Child Nutrition Cluster			
Other Programs			
Pass-Through From Georgia Department of Education			
Food and Nutrition Program			
Food Distribution Program (2)	10.550		1,713,920
			<u>1,713,920</u>
Total U.S. Department of Agriculture			
Education, U.S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Part B-Special Education			
Flow Through	84.027		10,429,549
Preschool	84.173		250,245
Special Projects	84.027		
Federal VI-B South Metro			499,038
Ga Instructional Material Ctr (GMIC)	84.027		588,052
Total Special Education Cluster			<u>11,766,884</u>
Pass-Through From Georgia Department of Education			
Title I Improving Academic Achievement			
School Improvement	84.010		16,322,974
Distinguished Schools	84.010		400,530
B1 Reading First	84.010		34,234
B3 Even Start	84.357		2,776,410
	84.213		234,765
			<u>19,768,913</u>
Title II			
Improving Teacher Quality	84.367		2,126,156
			<u>2,126,156</u>

**CLAYTON COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Math & Science Partnerships FY07	84.366		24,206
Math & Science Partnerships FY08	84.366		8,163
			<u>32,369</u>
Ed Tech Formula Grant	84.318		65,164
Ed Tech Competitive Math Grant	84.318		215,214
			<u>280,378</u>
Title III			
Limited English Proficient	84.365		561,556
Immigrant	84.365		72,265
			<u>633,823</u>
Title IV			
Safe and Drug Free Schools And Communities	84.186		413,219
			<u>413,219</u>
Title V			
Innovative Education Program Strategies	84.298		134,923
			<u>134,923</u>
Pass through from DOE			
Education for Homeless Children and Youth	84.196		77,804
Hurricane Relief - Education for Homeless Children and Youth	84.938		42,574
Charter Schools - Federal Implementation Grant	84.282		227,439
			<u>347,817</u>
Vocational Education-Basic Grants to States			
Professional Development	84.048		62,127
Program Improvement	84.048		596,102
			<u>658,229</u>
Pass-through from Georgia Department of Technical and Adult Education			
Adult Education	84.002		232,099
Adult Ed/Institutional	84.002		15,476
Adult Ed/TANF FY06	84.002		14,107
Adult Ed/TANF FY07	84.002		19,226
English Literacy / Civics Education	84.002		11,183
			<u>292,091</u>

**CLAYTON COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
U. S. Department of Education			
Direct Awards			
Teaching American History	84.215X		16,554
Teaching American History	84.215X		174,862
			<u>191,416</u>
Early Reading First	84.359B		31,392
Early Reading First	84.359B		343,911
			<u>375,303</u>
Impact Aid	84.041		3,226
			<u>3,226</u>
Total U.S. Department of Education			<u>37,024,747</u>
U. S. Department of Defense			
Direct Award			
ROTC	12.unknown		392,583
			<u>392,583</u>
U. S. Department of Justice			
G.R.E.A.T. Grant			
	21.053		82,183
			<u>82,183</u>
Corporation for National and Community Service			
Learn and Serve America - Regular School Based	94.004		8,245
			<u>8,245</u>
Total Expenditures of Federal Awards			<u>57,689,598</u>

The School District provided Federal Assistance to the following Subrecipients:

Lewis Academy of Excellence
Solid Rock Christian Academy
Mt. Zion Christian Academy

CLAYTON COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

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

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

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553	U.S. Department of Agriculture <u>Child Nutrition Cluster Program:</u> School Breakfast Program
10.555	National School Lunch Program
84.027	U.S. Department of Education <u>Special Education Cluster</u> Flowthrough
84.173	Preschool
84.357	<u>Non-Cluster Program:</u> Reading First
84.367	Improving Teacher Quality

CLAYTON COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

A. SUMMARY OF AUDIT RESULTS (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$1,730,688

Auditee qualified as low-risk auditee?

yes no

B. FINDINGS: FINANCIAL STATEMENTS AUDIT

07-1. Accounts Receivable Transactions

Criteria: Internal controls should be in place to ensure that any prior year entries to record accounts receivable are properly reversed upon receipt.

Condition: Internal controls did not detect a misstatement in accounts receivable due to the failure of the School System to properly reverse prior year accounts receivable as part of the year end closeout process.

Context: We addressed this matter with School System officials who determined the appropriate adjustments to accounts receivable in the General Fund.

Effect: Two audit adjustments in the amount of \$2,420,784 and \$147,455 were required to reverse prior year accounts receivable.

Recommendation: We recommend the School System strengthen internal controls to ensure that all prior year accounts receivable are properly reversed in the subsequent year.

Views of Responsible Officials and Planned Corrective Action: Steps are in place to include a supervisory review of previous year receivables and timely reversal of these balances.

CLAYTON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

B. FINDINGS: FINANCIAL STATEMENTS AUDIT (CONTINUED)

07-2. Accounts Payable Transactions

Criteria: Internal controls should be in place to ensure that any prior year entries to record accounts payable are properly reversed when paid, all amounts owed are properly recorded as accounts payable at year end, and amounts due between funds are not included in both accounts payable and interfund payables.

Condition: Internal controls did not detect a misstatement in accounts payable due to the failure of the School System to properly reverse prior year accounts payable and record all current year accounts payable, and failure to detect amounts included in both accounts payable and interfund payables as part of the year end closeout process.

Context: We addressed these matters with School System officials who determined the appropriate adjustments to accounts payable in the Capital Projects and School Food Service funds.

Effect: Audit adjustments totaling \$300,294 in the Capital Projects Fund and \$63,834 in the School Food Service Fund were required to properly record accounts payable and interfund payables.

Recommendation: We recommend the School System strengthen internal controls to ensure that all accounts payable and interfund payables are properly stated in the financial statements.

Views of Responsible Officials and Planned Corrective Action: Steps are in place to include a review by supervisory staff to detect accounts payable and interfund payable amounts prior to year end close out.

07-3. Accounting for Claims Incurred But Not Reported (IBNR)

Criteria: Internal controls should be in place to ensure that an estimate for dental claims incurred but not reported is properly recorded in the financial statements.

Condition: Internal controls did not detect a misstatement in claims incurred but not reported due to oversight by the School System as part of the year end closeout process.

Context: We addressed this matter with School System officials who determined the appropriate adjustments to liabilities in the Dental Fund.

Effect: An audit adjustment in the amount of \$159,419 was required to adjust liabilities in the Dental Fund.

CLAYTON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

B. FINDINGS: FINANCIAL STATEMENTS AUDIT (CONTINUED)

07-3. Accounting for Claims Incurred But Not Reported (IBNR) (Continued)

Recommendation: We recommend the School System strengthen internal controls to ensure an estimate for claims incurred but not reported is recorded in the financial statements.

Views of Responsible Officials and Planned Corrective Action: Steps are in place to ensure more timely information from the vendor and the Benefits Department to ensure proper recording of dental liabilities prior to the year end close.

**07-4. Under Collateralization of School System Deposits
Non-material Noncompliance**

Criteria: The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

Condition: For the year ended June 30, 2007, the School System's deposits held at one financial institution were under collateralized.

Context: During our review of collateral confirmations obtained from the School Systems' financial institutions, we noted that School System deposits at one financial institution were undercollateralized by \$53,084.

Effect: School System accounts were not adequately collateralized at one financial institution, allowing for the possibility of loss of assets if the financial institution were to become insolvent.

Cause: The financial institution has not appropriately coded all School System accounts as public funds.

Recommendation: We recommend the School System periodically review a listing of all accounts opened under the School System's federal identification number to determine that all are properly coded as public deposits. Additionally, the School System should request from the financial institutions holding School System deposits, a monthly pledging report to determine that each financial institution has pledged securities of not less than 110% of the deposited funds as required by Georgia law.

Views of Responsible Officials and Planned Corrective Action: Controls have been put in place to review the accounts of the schools on a regular basis by the Audit Manager. This step will prevent future accounts being under collateralized. School bookkeepers and principals are being trained regarding the importance of this step in establishing a new account with a bank.

CLAYTON COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

C. FINDINGS AND QUESTIONED COSTS: MAJOR FEDERAL AWARD PROGRAMS AUDIT

07-5. Accounting for Revenues in the Title II Fund.

Criteria: Internal controls should be in place to ensure that only revenues associated with the Title II program are recorded in the Title II Fund.

Condition: Internal controls did not detect the posting of local revenues against expenditures of the Title II Fund due to oversight by the School System as part of the year end closeout process.

Context: We addressed this matter with School System officials who determined the appropriate adjustments to expenditures, revenues, and accounts receivable in the Title II Fund and the General Fund.

Effect: An audit adjustment in the amount of \$26,742 was required to adjust expenditures, revenues, and accounts receivable in the Title II Fund. Another adjustment in the amount of \$26,742 was required to adjust revenues and interfund receivables in the General Fund.

Recommendation: We recommend the School System strengthen internal controls to ensure only allowable expenditures and revenues are recorded in the Title II Fund.

Views of Responsible Officials and Planned Corrective Action: Steps are in place for a closer review of expenditures in the Title II fund to ensure all expenditures are appropriate for the fund.

07-6. Proper Approval of Disbursements In the School Nutrition Program

Criteria: Sound internal controls require policies and procedures to be in place to monitor expenditures under federal programs to ensure grant funds are only spent on allowable expenditures.

Condition: Four (4) of the sixty (60) expenditures tested were not properly approved prior to the disbursement of funds.

Context: Lack of proper approval was noted during control testing related to the grant.

Effect: Without proper approval and review, unallowable expenditures could be charged to the grant.

Recommendation: We recommend the School System strengthen internal controls to ensure that all expenditures are approved to prevent the possibility of unallowable expenditures being charged to the grant.

Views of Responsible Officials and Planned Corrective Action: Steps have been put in place to ensure proper approval and review of expenditures of the school nutrition fund.

CLAYTON COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

06-1 Under Collateralization of School System Deposits Non-material Noncompliance

Criteria: The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

Condition: For the year ended June 30, 2007, the School System's deposits held at one financial institution were under collateralized.

~~Auditee Response/Status: Unresolved. See current year finding 07-4.~~