

COLUMBIA COUNTY BOARD OF EDUCATION
EVANS, GEORGIA

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

COLUMBIA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S COMBINED REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	
	REQUIRED SUPPLEMENTARY INFORMATION	
	MANAGEMENT'S DISCUSSION AND ANALYSIS	i
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	DISTRICT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET ASSETS	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	4
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	5
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	6
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G	STATEMENT OF NET ASSETS PROPRIETARY FUNDS	8
H	STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS	9
I	STATEMENT OF CASH FLOWS PROPRIETARY FUNDS	10
J	STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS	11
K	NOTES TO THE BASIC FINANCIAL STATEMENTS	13

COLUMBIA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

1 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND 31

SUPPLEMENTARY INFORMATION

2 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 32
3 SCHEDULE OF STATE REVENUE 35
4 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS 36
5 ALLOTMENTS AND EXPENDITURES GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM 39

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

COLUMBIA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
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Russell W. Hinton
STATE AUDITOR
(404) 656-2174

February 8, 2012

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

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

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through K) of the Columbia County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Columbia County Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

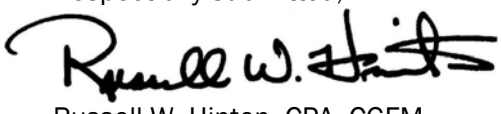
In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2012, on our consideration of the Columbia County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through x and page 31 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbia County Board of Education's financial statements as a whole. The accompanying supplementary information consists of Schedules 2 through 5, which includes the Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011ARL-11

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

Financial Highlights

Key financial highlights for 2010 - 2011 are as follows:

- The Columbia County voters passed the fourth one percent sales tax for educational purposes for another five years (July, 2012 - June, 2017) along with approving the issuance of $45 million in short-term general obligation bonds on July 20, 2010.
- The School District sold $35.0 million of the short-term general obligation bonds in June 2011 in order to start construction of an elementary and a middle school which are expected to open in the fall of 2013. The bonds will be repaid with the proceeds of the 2012 - 2017 SPLOST.
- The School District completed a new elementary school in June 2011, which will relieve growth in the Grovetown/Harlem area.
- Due to financial constraints, the School District has reduced staff by 100 employees along with increasing class size and furlough days in last several years. This trend will continue in 2011 - 2012 to help absorb the continuing reductions in state funding and the flat tax base. Fund balance reserves were used to help offset the 2011 - 2012 school year budget leaving a 15% fund balance of budgeted expenditures.
- Net assets increased $22.0 million, which represents a 9.6% increase from 2010. The total increase was due to governmental activities since the Board has no business-type activities.
- General revenues accounted for $95.5 million in revenue or 43% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $126.9 million or 57% of total revenues of $222.4 million.
- The Board had $200.3 million in expenses related to governmental activities; only $126.9 million of these expenses were offset by program specific charges, grants, or contributions. General revenue (primarily property and sales taxes) of $95.5 million was adequate to provide for these programs.
- Among major funds, the general fund had $200.7 million in revenues and $191.3 million in expenditures. The general fund balance increased from $32.9 million to $42.3 million. The Board assigned $11.8 million for future years to offset short falls in state revenue.

Overview of the Financial Statements

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

Table 1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain.

Table 1
Major Features of the District-wide and Fund Financial Statements

Figure I **Major Features of the District-wide and Fund Financial Statements**				
	District-wide Statements	Fund Financial Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School District operates similar to private businesses: food services and adult education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	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	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
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	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The Statement of Net Assets and Statement of Activities provide information about the School District as a whole using accounting methods similar to industry. The increases and decreases in the School District's net assets are an indicator of whether the School District's financial position is improving or deteriorating. There are many factors that can affect the overall financial condition of the School District such as School District's property tax base, state and Federal funding, and the condition of buildings and equipment.

The Statement of Activities reflects the governmental activities of the School District by programs and services and distinguishes the revenue sources for these activities. The statement also helps identify how much local revenue is required to support the School District's activities.

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. Funds are accounting devices the School District uses to keep track of general operations, Federal and state grants, building programs, debt payments, and worker's compensation claims.

Governmental Funds: Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in the future periods. These funds are reported using 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 School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. The School District's major governmental funds are the general fund, capital projects fund, and debt service fund.

Proprietary Funds: Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The School District's enterprise funds (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 School District uses internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for other programs and activities. The School District's only internal fund is the worker's compensation fund.

Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and some of the student activity funds. The student activity funds are local school accounts the principal uses to collect funds for fieldtrips, school fundraisers, athletic events, and school clubs. The school clubs and fieldtrips are considered to be agency funds. The School District excludes these activities from the District-wide statements because it cannot use these assets to finance its operations.

The School District as a Whole

The perspective of the statement of net assets is of the School District as a whole. Table 2 provides a summary of the School District's net assets for 2010 compared to 2011.

Table 2
Net Assets

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Assets		
Current and Other Assets	$ 103,813,046	$ 57,498,452
Capital Assets, Net	224,456,378	212,637,645
Total Assets	$ 328,269,424	$ 270,136,097
Liabilities		
Current and Other Liabilities	$ 18,770,314	$ 15,346,273
Long-Term Liabilities	57,389,314	24,752,839
Total Liabilities	$ 76,159,628	$ 40,099,112
Net Assets		
Invested in Capital Assets, Net of Related Debt	$ 208,452,347	$ 190,795,961
Restricted	8,530,906	10,507,479
Unrestricted	35,126,543	28,733,545
Total Net Assets	$ 252,109,796	$ 230,036,985

Total assets of governmental activities increased by $58,133,327 as cash and cash equivalents decreased by $9,494,529, investments increased by $54,595,861, receivables increased by $790,714, and capital assets increased by $11,818,733. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District increased by $6,392,998.

Table 3 shows the changes in net assets for fiscal year 2010 compared to 2011.

Table 3
Change in Net Assets

	Governmental Activities		
	Fiscal Year 2011	Fiscal Year 2010	Net Change
Revenues			
Program Revenues:			
Charges for Services and Sales	$ 10,223,800	$ 9,623,005	6.24%
Operating Grants and Contributions	112,615,025	106,257,660	5.98%
Capital Grants and Contributions	4,066,566	140,944	2785.24%
Total Program Revenues	$ 126,905,391	$ 116,021,609	9.38%
General Revenues:			
Taxes			
Property Taxes	$ 66,897,006	$ 65,546,990	2.06%
Sales Taxes	20,115,987	20,095,000	10.00%
Grants and Contributions not Restricted to Specific Programs	7,118,918	6,854,366	3.86%
Investment Earnings	194,415	316,025	-38.48%
Miscellaneous	1,224,847	1,051,792	16.45%
Total General Revenues	$ 95,551,173	$ 93,864,173	1.80%
Total Revenues	$ 222,456,564	$ 209,885,782	5.99%
Program Expenses:			
Instruction	$ 134,971,032	$ 136,539,757	-1.15%
Support Services			
Pupil Services	4,109,203	4,197,642	-2.11%
Improvement of Instructional Services	4,661,973	4,721,075	-1.25%
Educational Media Services	4,082,079	4,329,062	-5.71%
General Administration	1,180,825	1,329,989	-11.22%
School Administration	13,080,517	12,646,361	3.43%
Business Administration	1,270,999	1,238,269	2.64%
Maintenance and Operation of Plant	14,104,763	13,610,410	3.63%
Student Transportation Services	8,599,396	8,392,379	2.47%
Central Support Services	808,475	910,631	-11.22%
Other Support Services	26,798	57,145	-53.11%
Operations of Non-Instructional Services			
Enterprise Operations	3,475,843	3,310,038	5.01%
Food Services	9,092,837	8,997,554	1.06%
Interest on Short-Term and Long-Term Debt	919,013	1,465,729	-37.34%
Total Expenses	$ 200,383,753	$ 201,746,041	-0.68%
Increase in Net Assets	$ 22,072,811	$ 8,139,741	171.17%

Governmental Activities

Instruction comprises 67% of governmental program expenses. Support service expenses make up 26% of the expenses. Interest expense was 0.5%. Interest expense was attributable to the outstanding bonds for capital projects.

The State's QBE funding does not provide an adequate level of funding to provide basic education services and to adequately maintain facilities. The School District levies a millage rate of 17.09 to provide the additional local funding along with a 1% (SPLOST) sales tax.

The Statement of Activities shows the cost of program services and the changes for services and grants offsetting those services. Table 4 shows, for governmental activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 4
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2010
Instruction	$ 134,971,032	$ 136,539,757	$ 48,229,416	$ 58,739,182
Support Services:				
Pupil Services	4,109,203	4,197,642	3,032,270	2,995,096
Improvement of Instructional Services	4,661,973	4,721,075	2,584,495	2,670,576
Educational Media Services	4,082,079	4,329,062	897,187	1,409,032
General Administration	1,180,825	1,329,989	-1,820,535	-1,554,752
School Administration	13,080,517	12,646,361	7,104,108	6,972,022
Business Administration	1,270,999	1,238,269	1,267,701	1,235,468
Maintenance and Operation of Plant	14,104,763	13,610,410	7,100,884	6,708,804
Student Transportation Services	8,599,396	8,392,379	5,626,396	5,843,483
Central Support Services	808,475	910,631	806,376	908,815
Other Support Services	26,798	57,145	7,815	9,532
Operations of Non-Instructional Services:				
Enterprise Operations	3,475,843	3,310,038	-2,263,356	-1,751,408
Food Services	9,092,837	8,997,554	-13,408	72,853
Interest on Short-Term and Long-Term Debt	919,013	1,465,729	919,013	1,465,729
Total Expenses	$ 200,383,753	$ 201,746,041	$ 73,478,362	$ 85,724,432

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services are activities designed to assess and improve the well being of students and to supplement the teaching process.

Improvement of instruction are activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging learning experiences for students.

Educational media is directing, managing, and operating educational media centers.

General administration establishes and administers policy for operating the local School District.

School administration includes principals, assistant principals, and clerical staff who administer the school operations.

Business administration includes the financial and warehouse operations of the School District.

Maintenance and operation of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Student transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Central support includes personnel services, strategic planning, and public relations activities.

Other support services include all other support services.

Community services are student activity accounts used to collect money from students for various fundraisers for the school. The proceeds are spent on media center materials, instructional supplies, and other school needed supplies.

Food services prepares and serves breakfast, lunch, and snacks to the students of the School District.

Interest involves the transactions associated with the payment of interest related to the School District's outstanding bonds.

Although program revenues make up a majority of the revenue, the School District is still dependent upon tax revenues for governmental activities. Over 50.5 % of instructional activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 26.5 %.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $222,478,407 and expenditures of $218,088,259. The net change in fund balance for the year was significant in the general fund and the capital projects funds, which had an increase of $9,467,823 and an increase of $33,121,031, respectively.

The general fund operations increase was due to funds received from the Federal Education Jobs Fund and reduction in spending. The School District did not spend the Federal Education Jobs Fund proceeds but let them roll over into fund balance to help offset the 2011 - 2012 budget.

The capital fund operations increase was due to the sale of 2011 general obligation bonds which will be repaid with sales tax from the 2012 - 2017 SPLOST. The bond proceeds will be used to build new schools and renovations to existing schools.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law. The most significant budgeted fund is the general fund. The general fund consists of the general operations, special revenue grants, and school nutrition program.

During 2011 the Board amended its general fund budget numerous times, which resulted in increasing the revenue budget by $6,080,150 and increasing the expenditure budget by $1,737,725. The revenue budget increased due to additional funds received from the state and Federal government. The expenditure budget increase was due to the increase cost for health insurance. The original revenue and expenditure budgets only reflect the anticipated funding for Federal and state grants and are amended to reflect the final award. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but to provide flexibility for site management.

The majority of the variances between the final budget and actual revenue in 2011 are due to the student activity funds of $5.9 million that are not budgeted; increase of taxes of $1.6 million; on behalf payments for health and retirement of $445,907 not budgeted; and increase of $1.5 million in various state and Federal funds. The variances between the final budgeted expenditures and actual are due to over estimates in various areas; on behalf payments for health and retirement not budgeted; and the School District does not currently budget for the $5.9 million in student activity funds. Approximately $4.0 million of the School District budget was not spent due to the system increasing class size and furlough days.

Capital Assets

At the end of the fiscal year 2011, the School District had $224,456,378 invested in land, construction in progress, buildings, equipment, and buses.

Table 5 shows fiscal year 2011 balances compared to 2010

Table 5
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Land	$ 9,042,852	$ 7,485,204
Construction In Progress	16,431,802	2,649,908
Building and Building Improvements	181,874,879	185,938,595
Equipment	16,679,399	16,073,210
Land Improvements	427,446	490,728
Total	$ 224,456,378	$ 212,637,645

Overall capital assets increased $11,818,733 from fiscal year 2010 to fiscal year 2011. Increases in capital assets (buildings and building improvements, equipment, and land improvements) were offset by depreciation expense for the year.

The increase in construction in progress was due to the construction of a new elementary school, roof improvements, and other various small projects within the School District.

The increase in land was due to several purchases of land for new school construction.

Most of the equipment purchased during fiscal year 2011 was for classroom computers and network equipment for the schools and departments.

Debt

At June 30, 2011, the School District had $52.9 million in general obligation bonds outstanding with $8.8 million due within one year.

The voters of Columbia County approved on March 18, 1997 the first one percent sales tax for educational purposes for five years (July, 1997 - June, 2002); the second on March 20, 2001, for five years (July, 2002 - June, 2007); the third on March 15, 2005, for five years (July, 2007 - June, 2012); and the fourth on July 20, 2010, for an additional five years (July, 2012 - June 2017). The voters also approved in the July 20, 2010, election for the School District to sell up to $45 million in short-term bonds which will be paid with the sales tax. In June 2011 $35.0 million of the bonds were sold to start various new construction and renovations. The School Board no longer levies a debt millage, instead the proceeds from the sales tax is used to pay the debt.

Table 6 summarizes general operation bonds and compensated absences outstanding.

Table 6
Outstanding Debt and Compensated Absences at June 30

	Governmental Activities	
	Fiscal Year 2011	Fiscal Year 2010
Compensated Absences	$ 596,392	$ 592,009
Unamortized Premium on Bonds	3,822,922	215,830
General Obligation Bonds	52,970,000	23,945,000
Total	$ 57,389,314	$ 24,752,839

Current Financial Issues and Concerns

The Columbia County School District is financially stable. The School District millage was 17.09 mills in 2010 - 2011 school year and was increased to 17.59 for 2011 - 2012 school year. This increase in mills produced an additional $1.9 in revenue which helped offset the loss of state revenue. Currently one mill produces approximately $3.8 million in tax revenue. The tax digest has grown at an average rate of 6.7% over the last five years but in the last two years the School District has seen

a flat digest. This is partially due to Georgia House Bill 233 which declared all increases in assessed value of property could not be increased more than 0% from January 2009 until January 2011. Due to the change in the law the School District estimates the lost in tax revenue is approximately $2.0 million per year. Even with economic down turn the average collection rate has been 97% over the last five years.

The School District continues to grow with an average increase of 325 students per year over the last five years. The School District plans to construct additional schools in the next several years to accommodate the growth and replace aging schools. The School District plans to fund the additional capital outlays with the one percent local sales tax revenue, general obligation bonds, and state capital outlay grants.

The Quality Basic Education Act (QBE) was enacted into law by the 1985 session of the Georgia General Assembly. The Act set out the provisions for educational funding for grades kindergarten through twelve in the State of Georgia. The funding is based on student counts with the expectation that local School Districts fund part of the cost with local tax monies. The School District received approximately 49% of the revenues budgeted for the General Fund from QBE. The School District received $970,250 less in funding for 2011. The reductions in QBE funding were due to the economic downturn in the State. The budgeted QBE funding for 2012 is $4,258,337 less than 2011. The School District was able to help balance the budget for 2012 with the $4.3 million in Federal Education Jobs Fund received last school year along with a half mill increase in taxes. The School District was able to prepare a 2012 budget with reserves from fund balance and still maintain a 15% reserve of budgeted expenditures. The School District is currently working on options for future year budgets if state funding is inadequate.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Pat Sullivan, Controller at Columbia County Board of Education, 4781 Hereford Farm Road, Evans, Georgia 30809 or email at psullivan@ccboe.net.

COLUMBIA COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 14,397,890
Investments	71,312,368
Accounts Receivable, Net	
Taxes	2,675,829
State Government	12,905,926
Federal Government	1,657,650
Other	73,068
Prepaid Items	65,157
Inventories	172,581
Capitalized Bond Issuance Costs	552,577
Capital Assets	
Land	9,042,852
Construction in Progress	16,431,802
Land Improvements	950,272
Buildings	242,685,882
Equipment	45,232,852
Less: Accumulated Depreciation	-89,887,282
Total Assets	$ 328,269,424
LIABILITIES	
Accounts Payable	$ 2,086,868
Contracts Payable	2,624,064
Claims Payable	669,688
Salaries and Benefits Payable	12,106,706
Accrued Interest	294,502
Retainages Payable	988,486
Long-Term Liabilities	
Due Within One Year	9,492,746
Due in More Than One Year	47,896,568
Total Liabilities	$ 76,159,628
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 208,452,347
Restricted for	
Continuation of Federal Programs	1,801,288
Debt Service	6,266,319
Capital Projects	463,299
Unrestricted	35,126,543
Total Net Assets	$ 252,109,796
Total Liabilities and Net Assets	$ 328,269,424

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 134,971,032	$ 174,904
Support Services		
Pupil Services	4,109,203	
Improvement of Instructional Services	4,661,973	
Educational Media Services	4,082,079	
General Administration	1,180,825	
School Administration	13,080,517	
Business Administration	1,270,999	
Maintenance and Operation of Plant	14,104,763	
Student Transportation Services	8,599,396	
Central Support Services	808,475	
Other Support Services	26,798	
Operations of Non-Instructional Services		
Enterprise Operations	3,475,843	5,735,711
Food Services	9,092,837	4,313,185
Interest on Short-Term and Long-Term Debt	919,013	
Total Governmental Activities	$ 200,383,753	$ 10,223,800
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Intangible Recording Tax		
Real Estate		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
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.

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
$ 83,458,094	$ 3,108,618	$ -48,229,416
1,076,933		-3,032,270
2,077,478		-2,584,495
3,008,266	176,626	-897,187
3,001,360		1,820,535
5,835,108	141,301	-7,104,108
3,298		-1,267,701
7,003,879		-7,100,884
2,438,956	534,044	-5,626,396
2,099		-806,376
18,983		-7,815
3,488		2,263,356
4,687,083	105,977	13,408
		-919,013
$ 112,615,025	$ 4,066,566	$ -73,478,362
		$ 66,897,006
		6,928,216
		11,234,597
		1,607,703
		345,471
		7,118,918
		194,415
		1,224,847
		$ 95,551,173
		$ 22,072,811
		230,036,985
		$ 252,109,796

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 13,341,850	$ 4,975		$ 13,346,825
Investments	27,590,432	43,686,786	$ 35,150	71,312,368
Accounts Receivable, Net				
Taxes	708,362	1,967,467		2,675,829
State Government	12,905,926			12,905,926
Federal Government	1,657,650			1,657,650
Other	73,068			73,068
Prepaid Items	65,157			65,157
Inventories	172,581			172,581
Total Assets	$ 56,515,026	$ 45,659,228	$ 35,150	$ 102,209,404
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 2,029,159	$ 57,709		$ 2,086,868
Salaries and Benefits Payable	12,106,706			12,106,706
Contracts Payable		2,624,064		2,624,064
Retainages Payable		988,486		988,486
Total Liabilities	$ 14,135,865	$ 3,670,259		$ 17,806,124
FUND BALANCES				
Nonspendable	$ 237,738			$ 237,738
Restricted	1,628,707	$ 41,988,969	$ 35,150	43,652,826
Assigned	14,295,339			14,295,339
Unassigned	26,217,377			26,217,377
Total Fund Balances	$ 42,379,161	$ 41,988,969	$ 35,150	$ 84,403,280
Total Liabilities and Fund Balances	$ 56,515,026	$ 45,659,228	$ 35,150	$ 102,209,404

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

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

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 84,403,280
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 9,042,852	
Construction in Progress	16,431,802	
Land Improvements	950,272	
Buildings	242,685,882	
Equipment	45,232,852	
Accumulated Depreciation	-89,887,282	
Total Capital Assets		224,456,378
An Internal Service Fund is used by the School District's management to account for the worker's compensation risk financing related activities. The assets and liabilities of the Internal Service Fund are reported with governmental activities.		381,377
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:		
Accrued Interest	$ -294,502	
Capitalized Bond Issuance Costs	552,577	
Unamortized Premiums on Issuance of Bonds	-3,822,922	
Bonds Payable	-52,970,000	
Compensated Absences	-596,392	
Total Long-Term Liabilities		-57,131,239
Net Assets of Governmental Activities (Exhibit "A")		$ 252,109,796

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

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 66,897,006			$ 66,897,006
Sales Taxes	1,953,174	$ 11,234,597	$ 6,928,216	20,115,987
State Funds	101,588,620	3,532,522		105,121,142
Federal Funds	18,679,367			18,679,367
Charges for Services	10,223,800			10,223,800
Investment Earnings	169,913	15,319	87	185,319
Miscellaneous	1,255,786			1,255,786
Total Revenues	$ 200,767,666	$ 14,782,438	$ 6,928,303	$ 222,478,407
EXPENDITURES				
Current				
Instruction	$ 127,797,470	$ 1,798,953		$ 129,596,423
Support Services				
Pupil Services	4,113,036			4,113,036
Improvement of Instructional Services	4,617,805	16,091		4,633,896
Educational Media Services	4,084,801			4,084,801
General Administration	1,018,654	55,984		1,074,638
School Administration	13,048,282	781		13,049,063
Business Administration	1,209,315	12,428	$ 2,767	1,224,510
Maintenance and Operation of Plant	14,031,243	12,428		14,043,671
Student Transportation Services	8,255,075	1,290,744		9,545,819
Central Support Services	796,664			796,664
Other Support Services	26,598			26,598
Enterprise Operations	3,484,103			3,484,103
Food Services Operation	8,816,797			8,816,797
Capital Outlay		16,670,024		16,670,024
Debt Services				
Principal			5,975,000	5,975,000
Interest			953,216	953,216
Total Expenditures	$ 191,299,843	$ 19,857,433	$ 6,930,983	$ 218,088,259
Excess of Revenues over (under) Expenditures	$ 9,467,823	$ -5,074,995	$ -2,680	$ 4,390,148
OTHER FINANCING SOURCES (USES)				
Proceeds of Bonds		$ 35,000,000		$ 35,000,000
Premium on Issuance of Bonds		3,685,575		3,685,575
Payment for Closing Cost		-489,549		-489,549
Total Other Financing Sources (Uses)		$ 38,196,026		$ 38,196,026
Net Change in Fund Balances	$ 9,467,823	$ 33,121,031	$ -2,680	$ 42,586,174
Fund Balances - Beginning	32,911,338	8,867,938	37,830	41,817,106
Fund Balances - Ending	$ 42,379,161	$ 41,988,969	$ 35,150	$ 84,403,280

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

COLUMBIA COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2011

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ 42,586,174
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 21,613,383	
Depreciation Expense	-9,763,711	
Excess of Capital Outlay over Depreciation Expense		11,849,672
In the Statement of Activities, only the gain on the sale of the equipment is reported, whereas in the Governmental Funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the carrying value of the equipment sold.		-30,939
Bond proceeds provide current financial resources to Governmental Funds; however, issuing debt increases Long-Term Liabilities in the Statement of Net Assets. In the current period, proceeds were received from:		
Bonds Issued, Including a Premium of $3,685,575		-38,685,575
Bond issuance costs, deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Assets and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Deferral of Bond Issuance Costs	$ 489,549	
Amortization of Bond Issuance Costs	-36,016	
		453,533
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:		
Bond Principal Retirements		5,975,000
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid. The net change in accrued interest expense.		-44,278
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:		
Amortization of Bond Premium	$ 78,483	
Increase in Compensated Absences	-4,383	
Total Additional Expenditures		74,100
An Internal Service Fund is used by the School District's management to account for the worker's compensation risk financing related activities. The net revenue of the Internal Service Fund is reported with governmental activities.		-104,876
Change in Net Assets of Governmental Activities (Exhibit "B")		$ 22,072,811

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

COLUMBIA COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

EXHIBIT "G"

	INTERNAL SERVICE FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,051,065
LIABILITIES	
Current Liabilities	
Claims Payable	$ 669,688
NET ASSETS	
Unrestricted	381,377
Total Liabilities and Net Assets	$ 1,051,065

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

COLUMBIA COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "H"

		INTERNAL SERVICE FUND
OPERATING REVENUES		
Charges for Services	$	585,775
OPERATING EXPENSES		
Contractual Services	$	115,321
Insurance Claims and Expenses		584,426
Total Operating Expenses	$	699,747
Operating Loss	$	-113,972
NONOPERATING REVENUES		
Interest and Investment Revenue		9,096
Changes in Net Assets	$	-104,876
Net Assets - Beginning		486,253
Net Assets - Ending	$	381,377

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

COLUMBIA COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "I"

	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges for Services	$ 585,775
Cash Paid for Excess Worker's Compensation Insurance	-71,187
Cash Paid for Other Purchased Services	-81,685
Cash Paid for Worker's Compensation Claims	-395,478
Net Cash Used by Operating Activities	$ 37,425
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	$ 9,096
Net Increase in Cash and Cash Equivalents	$ 46,521
Balances - Beginning of Year	1,004,544
Balances - End of Year	$ 1,051,065
RECONCILIATION OF OPERATING GAIN TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ -113,972
Change in Net Assets and Liabilities	
Accounts and Claims Payables	151,397
Net Cash (Used) By Operating Activities	$ 37,425

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

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

EXHIBIT "J"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 746,766
LIABILITIES	
Funds Held for Others	$ 746,766

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

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Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or from ancillary activities. Enterprise fund operating revenues are related to charges for worker's compensation risk financing related activities. The primary non-operating revenues are interest and investment revenues.

Principal operating expenses are the costs of providing goods or services and include contractual services and insurance claims and expenses.

The School District reports the following major proprietary fund:

Internal Service Fund – the fund used to account for the School District's workers' compensation risk financing related activities.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, sales taxes

and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

CASH AND CASH EQUIVALENTS

COMPOSITION OF DEPOSITS

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

INVESTMENTS

COMPOSITION OF INVESTMENTS

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

(1) Obligations issued by the State of Georgia or by other states,

(2) Obligations issued by the United States government,

(3) Obligations fully insured or guaranteed by the United States government or a United States government agency,

(4) Obligations of any corporation of the United States government,

(5) Prime banker's acceptances,

(6) The Georgia Fund 1 administered by the State of Georgia, Office of the State Treasurer,

(7) Repurchase agreements, and

(8) Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Columbia County Board of Commissioners fixed the property tax levy for the 2010 tax digest year (calendar year) on July 27, 2010 (levy date). Taxes were due on November 15, 2010 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2010 tax digest are reported as revenue in the governmental funds for fiscal year 2011. The Columbia County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2011, for maintenance and operations amounted to $66,880,146.

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

School Operations	17.09 mills

SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $18,162,813 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

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

PREPAID ITEMS

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

CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	$ 1,000	N/A
Land Improvements	$ 1,000	10 to 20 years
Intangible Assets	$ 750,000	5 to 50 years
Buildings and Improvements	$ 1,000	50 years
Computers, Televisions, Laser Disk Players		
Digital Cameras and Video Cameras	All	5 to 8 years
Monitors, Printers, Scanners and Band Equipment	$ 100	5 to 15 years
All Other Equipment	$ 1,000	5 to 15 years

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

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 50 years.

COMPENSATED ABSENCES

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

Vacation leave of 9-18 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over the next fiscal year, providing such vacation leave does not exceed 25 days.

Changes in compensated absences liability during the last three fiscal years are as follows:

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2009	$ 628,794	$ 664,330	$ 655,402	$ 637,722
2010	$ 637,722	$ 492,992	$ 538,705	$ 592,009
2011	$ 592,009	$ 469,573	$ 465,190	$ 596,392

GENERAL OBLIGATION BONDS

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

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

NET ASSETS

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

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

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

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

FUND BALANCES

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

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

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

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

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

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

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

Nonspendable				
Inventories	$	172,581		
Prepaid Assets		65,157	$	237,738
Restricted				
Capital Projects	$	35,579,732		
Debt Service		6,444,387		
Continuation of Federal Programs		1,628,707		43,652,826
Assigned				
Anticipated Revenue Shortfall	$	11,788,127		
School Activity Accounts		2,507,212		14,295,339
Unassigned				26,217,377
Fund Balance, June 30, 2011			$	84,403,280

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

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

USE OF ESTIMATES

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

Note 3: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

(1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

(2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,

(3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

(4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

(5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

(6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

(7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. At June 30, 2011, the bank balances were $16,508,599. The amounts exposed to custodial credit risk are classified into three categories as follows:

Category 1 - Uncollateralized,
Category 2 - Cash collateralized with securities held by the pledging financial institution, or
Category 3 - Cash collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

The School District's deposits by custodial credit risk category at June 30, 2011, are as follows:

Custodial Credit Risk Category	Bank Balance
1	$ 0
2	0
3	15,359,326
Total	$ 15,359,326

CATEGORIZATION OF INVESTMENTS

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

Investment Type	Fair Value
Other Investments	
Equity Securities - Domestic	
Common Stock	$ 92,088
Investment Pools	
Office of State Treasurer	
Georgia Fund 1	71,220,280
Total Investments	$ 71,312,368

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

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAAm rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2011, was 59 days.

Interest Rate Risk

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

Note 4: NON-MONETARY TRANSACTIONS

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

Note 5: CAPITAL ASSETS

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

	Balances July 1, 2010	Increases	Decreases	Balances June 30, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 7,485,204	$ 1,557,648		$ 9,042,852
Construction Work In Progress	2,649,908	13,876,695	$ 94,801	16,431,802
Total Capital Assets, Not Being Depreciated	$ 10,135,112	$ 15,434,343	$ 94,801	$ 25,474,654
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 241,367,450	$ 1,330,482	$ 12,050	$ 242,685,882
Equipment	42,259,465	4,935,475	1,962,088	45,232,852
Land Improvements	942,388	7,884		950,272
Less: Accumulated Depreciation:				
Buildings and Improvements	55,428,855	5,394,198	12,050	60,811,003
Equipment	26,186,255	4,298,347	1,931,149	28,553,453
Land Improvements	451,660	71,166		522,826
Total Capital Assets, Being Depreciated, Net	$ 202,502,533	$ -3,489,870	$ 30,939	$ 198,981,724
Governmental Activity Capital Assets - Net	$ 212,637,645	$ 11,944,473	$ 125,740	$ 224,456,378

Current year depreciation expense by function is as follows:

Instruction		$ 7,858,463
Support Services		
Pupil Services	$ 6,173	
Improvement of Instructional Services	107,084	
Educational Media Services	27,763	
General Administration	155,279	
School Administration	77,169	
Business Administration	29,323	
Maintenance and Operation of Plant	265,173	
Student Transportation Services	879,429	
Central Support Services	11,060	
Other Support Services	2,163	1,560,616
Community Services		36,483
Food Services		308,149
		$ 9,763,711

Note 6: RISK MANAGEMENT

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

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

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the Internal Service Fund to the General Fund to cover actual claims and to build a level of retained earnings. A premium is charged by the Internal Service Fund to the Food and Nutrition Program to cover actual claims. The School District accounts for claims with expense and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $300,000 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2010	$ 632,962	$ 21,732	$ 136,403	$ 518,291
2011	$ 518,291	$ 546,875	$ 395,478	$ 669,688

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2010	$ 23,040	$ 31,631	$ 42,187	$ 12,484
2011	$ 12,484	$ 31,545	$ 34,130	$ 9,899

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

Position Covered	Amount
Superintendent	$ 50,000
All Employees	$ 200,000

Note 7: LONG-TERM DEBT

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Refunding - Series 2009	2.0% - 3.3%	$ 5,510,000
General Government - Series 2005	3.25% - 5.0%	12,460,000
General Government - Series 2011	3.0% - 5.0%	35,000,000
		$ 52,970,000

Voters have authorized $15,000,000 in general obligation debt for capital outlay purposes which was not issued as of June 30, 2011. Also, the School District recently passed another EPLOST on July 20, 2010, which gave the Board authorization to issue $45,000,000 in general obligation debt for capital outlay purposes. In June 2011 the Board issued $35,000,000 in general obligation bonds for building projects.

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

	Governmental Funds				
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
G. O. Bonds	$ 23,945,000	$ 35,000,000	$ 5,975,000	$ 52,970,000	$ 8,800,000
Compensated Absences (1)	592,009	469,573	465,190	596,392	
Bond Premium Amortized	215,830	3,685,575	78,483	3,822,922	692,746
	$ 24,752,839	$ 39,155,148	$ 6,518,673	$ 57,389,314	$ 9,492,746

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

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

	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
Fiscal Year Ended June 30:			
2012	$ 8,800,000	$ 1,739,408	$ 692,746
2013	9,170,000	1,623,238	673,125
2014	4,085,000	1,397,200	614,263
2015	8,400,000	1,171,250	614,263
2016 - 2017	22,515,000	1,405,750	1,228,525
Total Principal and Interest	$ 52,970,000	$ 7,336,846	$ 3,822,922

Note 8: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $445,907 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Non-Certified Personnel
In the amount of $310,934

Paid to the Teachers Retirement System of Georgia
For Teachers Retirement System (TRS) Employer's Cost
In the amount of $22,491

Office of State Treasurer
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $112,482

Note 9: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2011, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Roofing Projects	$ 1,085,779	
HVAC Project	1,042,469	
Athletic/Auditorium Projects	2,822,746	
Elementary School	13,960	$ 392,502
	$ 4,964,954	$ 392,502

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

Note 10: SIGNIFICANT CONTINGENT LIABILITIES

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

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

There was a previous release and migration of "free product" that leaked from two underground storage tanks at the transportation facility at 721 Blanchard Drive, Grovetown, Georgia. The School District has not recorded any liability because the costs to the School District are a minimum amount. The Georgia Underground Storage Tank (GUST) Fund has accepted the claim and has assigned a State Contractor to assess the underground conditions and remove the free product.

As part of the review by the parties and representatives of the GUST fund, the out of pocket expenditures of Sample and Sons were analyzed. Sample and Sons spent $64,301.47 in response to Environmental Protection Division (EPD) requests before it was determined a release of free product was coming from Columbia County Board of Education property. The GUST Fund will reimburse $43,000 of the expenditures, but the other $21,301.47 cannot be reimbursed under the statute and is the responsibility of the School Board. As of October 13, 2010, a check was written to Sample and Sons in the amount of $21,301.47 and is currently waiting on the final paper work to resolve this matter.

Note 11: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2011:

For certificated teachers, librarians and regional educational service agencies:

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

For non-certificated school personnel:

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

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 17,594,344
2010	100%	$ 16,940,319
2009	100%	$ 12,118,480

Note 12: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years.

Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 11,662,997
2010	100%	$ 11,140,648
2009	100%	$ 10,469,694

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

DEFINED CONTRIBUTION PLAN

In September 1, 2000, Columbia County Board of Education began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected VALIC as the provider of this plan. The Board contributes a matching contribution for each PSERS employee who participates in the plan. The matching contribution is a dollar for dollar match up to 3% of the employees pay.

The employee becomes vested in the plan with 5 years of experience. Employees who had already achieved 5 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 5 years of service to Columbia County Board of Education. If an employee terminates employment prior to achieving 5 years of service, funds paid on behalf of the non-vested employee are credited back to the Board.

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

Fiscal Year	Percentage Contributed	Required Contribution
2011	100%	$ 164,333
2010	100%	$ 172,453
2009	100%	$ 182,273

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

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
REVENUES			
Property Taxes	$ 66,394,455	$ 65,692,835	$ 66,897,006
Sales Taxes	1,500,000	1,500,000	1,953,174
State Funds	96,507,556	100,409,155	101,588,620
Federal Funds	15,111,724	17,991,894	18,679,367
Charges for Services	4,670,000	4,670,000	10,223,800
Investment Earnings	318,000	318,000	169,913
Miscellaneous	291,621	291,622	1,255,786
Total Revenues	$ 184,793,356	$ 190,873,506	$ 200,767,666
EXPENDITURES			
Current			
Instruction	$ 128,561,126	$ 129,940,328	$ 127,797,470
Support Services			
Pupil Services	4,252,198	4,148,761	4,113,036
Improvement of Instructional Services	5,361,988	5,259,277	4,617,805
Educational Media Services	3,919,920	3,922,920	4,084,801
General Administration	1,146,461	1,106,520	1,018,654
School Administration	11,688,945	11,694,238	13,048,282
Business Administration	1,277,535	1,277,535	1,209,315
Maintenance and Operation of Plant	14,541,101	14,541,101	14,031,243
Student Transportation Services	7,727,127	8,332,982	8,255,075
Central Support Services	909,547	909,547	796,664
Other Support Services	49,019	39,483	26,598
Enterprise Operations			3,484,103
Food Services Operation	9,039,941	9,039,941	8,816,797
Total Expenditures	$ 188,474,908	$ 190,212,633	$ 191,299,843
Net Change in Fund Balances	$ -3,681,552	$ 660,873	$ 9,467,823
Fund Balances - Beginning	27,742,339	14,864,204	32,911,338
Fund Balances - Ending	$ 24,060,787	$ 15,525,077	$ 42,379,161

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

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

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

See notes to the basic financial statements.

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

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 8,520,627	(1)
Total U. S. Department of Agriculture				$ 8,520,627	
Education, U. S. Department of					
Impact Aid Cluster					
Direct					
Impact Aid		84.041		(3)	
Education of Homeless Children and Youth Cluster					
Pass-Through From Georgia Department of Education					
Education for Homeless Children and Youth		84.196	N/A	$ 52,297	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
ARRA - Grants to States	*	84.391	N/A	$ 2,264,405	
ARRA - Preschool Grants	*	84.392	N/A	69,455	
Grants to States	*	84.027	N/A	3,538,957	
Preschool Grants	*	84.173	N/A	90,681	
Total Special Education Cluster				$ 5,963,498	
Education Jobs Fund Cluster					
Pass-Through From Georgia Department of Education					
Education Jobs Fund	*	84.410	N/A	$ 4,311,463	
Title I, Part A Cluster					
Pass-Through From Georgia Department of Education					
ARRA - Title I Grants to Local Educational Agencies	*	84.389	N/A	$ 642,358	
Title I Grants to Local Educational Agencies	*	84.010	N/A	1,831,499	
Total Title I, Part A Cluster				$ 2,473,857	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	$ 143,416	
English Language Acquisition Grants		84.365	N/A	57,574	
Improving Teacher Quality State Grants		84.367	N/A	499,827	
Safe and Drug-Free Schools and Communities - State Grants		84.186	N/A	8,034	
Total Other Programs				$ 708,851	
Total U. S. Department of Education				$ 13,509,966	

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program			$ 233,505
Department of the Navy			
R.O.T.C. Program			51,443
Total U. S. Department of Defense			$ 284,948
Total Expenditures of Federal Awards			$ 22,315,541

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $538,644.
(2) Expenditures for the funds earned on the School Breakfast Program ($678,321) were not maintained separately and are included in the 2011 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $480,307, do not require reporting of expenditures.

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

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

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

See notes to the basic financial statements.

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

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 1,862,893		$ 1,862,893
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	7,454,820		7,454,820
Kindergarten Program - Early Intervention Program	248,605		248,605
Primary Grades (1-3) Program	18,320,145		18,320,145
Primary Grades - Early Intervention (1-3) Program	530,178		530,178
Upper Elementary Grades (4-5) Program	9,307,163		9,307,163
Upper Elementary Grades - Early Intervention (4-5) Program	472,120		472,120
Middle School (6-8) Program	16,431,159		16,431,159
High School General Education (9-12) Program	16,653,930		16,653,930
Vocational Laboratory (9-12) Program	2,647,533		2,647,533
Students with Disabilities			
Category I	525,087		525,087
Category II	466,660		466,660
Category III	5,998,867		5,998,867
Category IV	1,519,718		1,519,718
Category V	807,730		807,730
Gifted Student - Category VI	3,268,667		3,268,667
Remedial Education Program	898,809		898,809
Alternative Education Program	1,273,698		1,273,698
English Speakers of Other Languages (ESOL)	333,824		333,824
Media Center Program	2,543,083		2,543,083
20 Days Additional Instruction	822,547		822,547
Staff and Professional Development	441,262		441,262
Indirect Cost			
Central Administration	2,306,375		2,306,375
School Administration	4,919,293		4,919,293
Facility Maintenance and Operations	5,919,643		5,919,643
Categorical Grants			
Pupil Transportation			
Regular	1,672,199		1,672,199
Nursing Services	341,637		341,637
Vocational Supervisors	29,270		29,270
Education Equalization Funding Grant	6,638,611		6,638,611
Food Services	282,938		282,938
Vocational Education	53,703		53,703
Amended Formula Adjustment	-14,901,370		-14,901,370
Other State Programs			
Bus Bonds	534,044		534,044
Dual Enrollment	18,435		18,435
Health Insurance	310,934		310,934
Move On When Ready	400		400
Preschool Handicapped Program	325,702		325,702
Science and Math Supplement	170,048		170,048
Teachers' Retirement	22,491		22,491
Virtual Schools	3,287		3,287
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 3,532,522	3,532,522
Office of State Treasurer			
Public School Employees Retirement	112,482		112,482
	$ 101,588,620	$ 3,532,522	$ 105,121,142

See notes to the basic financial statements.

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

SCHEDULE "4a"

	ORIGINAL BUDGET (as of 06-30-2007)	CURRENT BUDGET (as of 06-30-2010)	(1) SPLOST 2002-2007		(2) SPLOST 2007-2012				STATE AND LOCAL FUNDING		TOTAL	PERCENTAGE COMPLETION
					BONDS		SALES TAX PROCEEDS					
			Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year		
Revenues												
Sales Tax 2002-2007 Proceeds	$ 68,265,548	$ 68,265,548	$ 0	$ 68,265,548	$ 0						$ 68,265,548	100%
Sales Tax 2007-2012 Proceeds	90,855,000	87,000,000					$ 18,162,813	$ 52,238,097			70,400,910	81%
2005 Bond Proceeds	15,664,805	15,664,805				$ 15,664,805					15,664,805	100%
Federal Funds (e-rate)		140,944								$ 140,944	140,944	100%
State Proceeds	30,022,138	33,947,189							$ 3,532,520	30,022,165	33,554,685	99%
Local Proceeds	15,720,000	19,968,000								19,968,000	19,968,000	100%
Interest	1,700,000	1,950,000		1,414,822		456,715	11,254	64,541			1,947,332	100%
Total Revenues	$ 222,227,491	$ 226,936,486	$ 0	$ 69,680,370	$ 0	$ 16,121,520	$ 18,174,067	$ 52,302,638	$ 3,532,520	$ 50,131,109	$ 209,942,224	
Expenditures												
Debt Payments	$ 83,006,732	$ 82,750,863		$ 43,910,202	$ 0	$ 1,531,774	$ 6,928,216	$ 14,506,559			$ 66,876,751	81%
Audit Fees	36,000	35,250		15,250			4,750	8,750			28,750	82%
Capital Projects	108,995,625	126,361,239	$ 243,291	15,084,399		14,589,627	13,354,161	30,350,768	$ 1,939,109	$ 48,802,589	124,363,944	98%
Equipment, Buses, & Portables	18,602,859	17,868,252		10,568,252			2,555,786				13,124,038	73%
Total Expenditures	$ 210,641,216	$ 227,015,604	$ 243,291	$ 69,578,103	$ 0	$ 16,121,401	$ 22,842,913	$ 44,866,077	$ 1,939,109	$ 48,802,589	$ 204,393,483	
Proceeds for Current and Future Projects	$ 11,586,275	$ -79,118	$ -243,291	$ 102,267	$ 0	$ 119	$ -4,668,846	$ 7,436,561	$ 1,593,411	$ 1,328,520	$ 5,548,741	

The voters of Columbia County approved the imposition of a 1% sales tax (SPLOST) for 2002-2007 and 2007-2012 to fund the above project's and retire debt. The amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(1) The School District's original cost estimate as specified in the resolution for the 2002-2007 SPLOST was (1) for the cost of acquiring, constructing, and equipping one new elementary school and one new middle school, adding and equipping new classrooms at existing high schools, acquiring land for future schools, adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal, (2) the cost of acquiring instructional and administrative technology improvements for existing schools and acquiring school buses, the maximum cost of the projects described in clauses (1) and (2) above to be $42,067,795 and (3) the cost of paying debt due on April 1, 2003 through October 1, 2007, in the maximum amount of $27,932,205 for a total of $70,000,000. The taxpayers also approved the sale of $16,000,000 in bonds in order to advance fund the projects. The principal and interest on the $16,000,000 was paid with SPLOST proceeds which is not reflected in the $27,932,205.

(2) The School District's original cost estimate as specified in the resolution for the 2007-2012 SPLOST was (1) to acquire, construct, and equip two new elementary schools, three new middle schools, and one new high school, acquire land for future schools and instructional and administrative technology improvements for existing schools, add to, renovate, repair, improve, and equip existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal, (2)and to acquire school buses, the maximum cost of the projects described in clauses (1) and (2) above to be $95,100,000 and (3) the cost of paying debt due on April 1, 2008 through October 1, 2012, in the maximum amount of $19,900,000 for a total of $115,000,000. The taxpayers also approved the sale of $30,000,000 in bonds in order to advance fund the projects. At this time only $15,000,000 of the bonds have been sold. The principal and interest on the $15,000,000 will be paid with SPLOST proceeds which is not reflected in the $19,900,000.

See notes to the basic financial statements.

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

	ORIGINAL BUDGET	SPLOST 2012-2017				STATE AND LOCAL FUNDING		TOTAL	PERCENTAGE COMPLETION
		BONDS		SALES TAX PROCEEDS					
	(as of 06-30-2011)	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year		
Revenues									
Sales Tax 2012-2017 Proceeds	$ 108,600,000		$ 0	$ 0	$ 0	$ 0	$ 0		0%
2011 Bond Proceeds	38,196,026	$ 38,196,068						$ 38,196,068	100%
State Proceeds	11,000,000							-	0%
Local Proceeds	5,000,000								
Interest	600,000	4,065						4,065	1%
Total Revenue	$ 163,396,026	$ 38,200,133	$ 0	$ 0	$ 0	$ 0	$ 0	$ 38,200,133	
Expenditures									
Debt Payments	$ 44,432,733		$ 0	$ 0	$ 0	$ 0	$ 0		0%
Audit Fees	25,000								0%
Capital Projects	70,800,000	$ 61,650						$ 61,650	0%
Other Capital Outlays (equipment, buses, computers, etc.)	41,250,000	1,698,686						1,698,686	4%
Total Expenditures	$ 156,507,733	$ 1,760,336	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,760,336	
Proceeds for Current and Future Projects	$ 6,888,293	$ 36,439,797	$ 0	$ 0	$ 0	$ 0	$ 0	$ 36,439,797	

The voters of Columbia County approved the imposition of a 1% sales tax (SPLOST) for 2012-2017 to fund the above project's and retire debt. The amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

The School District's original cost estimate as specified in the resolution for the 2012-2017 SPLOST was (1) for the cost of acquiring, constructing, and equipping six new elementary schools, two new middle schools, and one new alternative school, acquiring land for future schools, instructional and administrative technology improvements for existing schools, and school buses, adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefore, both real and personal, all at a maximum cost of $127,100,000, and (2) the cost of retiring a portion of the District's General Obligation Refunding Bonds, Series 2009, by paying or making provision for the payment of the principal of and interest on such bonds coming due on April 1, 2013, in the maximum amount of $2,900,000. The resolution calling the election and the notice of the election also authorized the issuance of $45,000,000 in aggregate principal amount of general obligation debt of the District in conjunction with the reimposition of the Sales Tax for the purpose set forth in clause (1) above, to pay capitalized interest incident thereto, and to pay expenses incident to accomplishing the foregoing. At this time $35,000,000 of the bonds have been issued.

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

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 8,730,311	$ 8,632,249	$ 185,212	$ 8,817,461
Kindergarten Program-Early Intervention Program	292,110	168,993	2,323	171,316
Primary Grades (1-3) Program	21,538,240	23,303,182	553,483	23,856,665
Primary Grades-Early Intervention (1-3) Program	645,104	711,753	6,957	718,710
Upper Elementary Grades (4-5) Program	10,887,024	12,298,668	189,311	12,487,979
Upper Elementary Grades-Early Intervention (4-5) Program	598,066	782,624	5,904	788,528
Middle School (6-8) Program	18,452,529	17,920,238	428,487	18,348,725
High School General Education (9-12) Program	18,206,506	18,177,198	1,762,582	19,939,780
Vocational Laboratory (9-12) Program	3,135,176	2,376,942	173,109	2,550,051
Students with Disabilities				
Category I	645,842	480,228	17,629	497,857
Category II	541,476	552,238	6,137	558,375
Category III	6,902,882	7,328,951	246,326	7,575,277
Category IV	1,789,112	2,452,942	31,429	2,484,371
Category V	931,176	3,930	22,519	26,449
Gifted Student - Category VI	3,772,942	2,448,528	56,877	2,505,405
Remedial Education Program	1,057,416	850,130	5,138	855,268
Alternative Education Program	1,491,302	1,262,067	8,487	1,270,554
English Speakers of Other Languages (ESOL)	384,316	325,521	930	326,451
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 100,001,530	$ 100,076,382	$ 3,702,840	$ 103,779,222
Media Center Program	2,982,822	3,403,435	385,240	3,788,675
Staff and Professional Development	520,440	91,146	192,084	283,230
TOTAL QBE FORMULA FUNDS	$ 103,504,792	$ 103,570,963	$ 4,280,164	$ 107,851,127

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

February 8, 2012

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

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbia County Board of Education as of and for the year ended June 30, 2011, which collectively comprise Columbia County Board of Education's basic financial statements and have issued our report thereon dated February 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

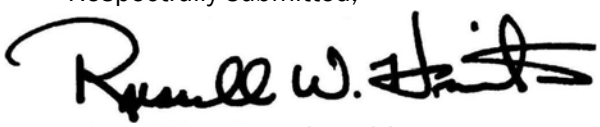
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia 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 a certain matter that we have reported to management of Columbia County Board of Education in a separate letter dated February 8, 2012.

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011YB-10

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

February 8, 2012

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

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

Ladies and Gentlemen:

Compliance

We have audited Columbia County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. Columbia 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 Columbia County Board of Education's management. Our responsibility is to express an opinion on Columbia 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 Columbia County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Columbia County Board of Education's compliance with those requirements.

In our opinion, the Columbia County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

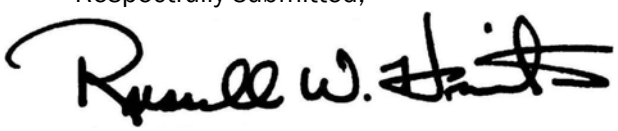
Management of Columbia County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Columbia County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

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

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

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue:
Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information — Unqualified

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.410	Education Jobs Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $683,875

Auditee qualified as low-risk auditee? Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.