# COLUMBIA COUNTY BOARD OF EDUCATION

# EVANS, GEORGIA

## ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED

## JUNE 30, 2013

## (INCLUDING INDEPENDENT AUDITOR'S REPORTS)

COLUMBIA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -


| | | Page |
|---|---|---|
| | SECTION I | |
| | FINANCIAL | |
| | INDEPENDENT AUDITOR'S REPORT | |
| | REQUIRED SUPPLEMENTARY INFORMATION | |
| | MANAGEMENT'S DISCUSSION AND ANALYSIS | i |
| | EXHIBITS | |
| | BASIC FINANCIAL STATEMENTS | |
| | DISTRICT-WIDE FINANCIAL STATEMENTS | |
| A | STATEMENT OF NET POSITION | 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 POSITION | 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 POSITION PROPRIETARY FUNDS | 8 |
| H | STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS | 9 |
| I | STATEMENT OF CASH FLOWS PROPRIETARY FUNDS | 10 |
| J | STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS | 11 |
| K | NOTES TO THE BASIC FINANCIAL STATEMENTS | 12 |
| | SCHEDULES | |
| | REQUIRED SUPPLEMENTARY INFORMATION | |
| 1 | SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND | 31 |

COLUMBIA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -


Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

| | | |
|---|---|---|
| 2 | SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 32 |
| 3 | SCHEDULE OF STATE REVENUE | 34 |
| 4 | SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS | 35 |
| 5 | ALLOTMENTS AND EXPENDITURES GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM | 37 |

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 FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I

FINANCIAL

# DEPARTMENT OF AUDITS AND ACCOUNTS

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

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


February 11, 2014

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

Ladies and Gentlemen:

## Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 2 to the financial statements, in 2013, the Columbia County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through x and page 31 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbia County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 2 through 5, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by ***Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2014, 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* in considering Columbia County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2013ARL-11

# COLUMBIA COUNTY BOARD OF EDUCATION
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013. 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 2012-2013 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 middle school which opened in the fall of 2013. The bonds will be repaid with the proceeds of the 2012-2017 ESPLOST.
- The School District will use future ESPLOST proceeds to build two new elementary schools which will replace two old existing schools and to accommodate growth.
- Due to a flat tax base and a continuous reduction in state funding the School District has reduced staff by 190 employees along with increasing class size and implementing furlough days in the last several years. Fund balance reserves were used to help offset the 2012-2013 school year budget leaving a 15% fund balance of budgeted expenditures.
- Net position increased $10.2 million, which represents a 4% increase from 2012. The total increase was due to governmental activities since the Board has no business-type activities.
- General revenues accounted for $93.5 million in revenue or 44% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for $119.7 million or 56% of total revenues of $213.2 million.
- The Board had $203.0 million in expenses related to governmental activities; only $119.7 million of these expenses were offset by program specific charges, grants, or contributions. General revenue (primarily property and sales taxes) of $93.5 million was adequate to provide for these programs.
- Among major funds, the general fund had $194.7 million in revenues and $192.8 million in expenditures. The general fund balance increased from $38.8 million to $40.5 million. The Board reserved $9.6 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<br>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 scholar-ship programs and student activities monies |
| Required financial statements | • Statement of net position<br>• Statement of activities | • Balance sheet<br>• Statement of revenues, expenditures, and changes in fund balances | • Statement of net position<br>• Statement of cash flows | • Statement of fiduciary net position<br>• Statement of changes in fiduciary net position |
| 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 Position 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 position 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 Position 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 position is of the School District as a whole. Table 2 provides a summary of the School District's net position for 2012 compared to 2013.

## Table 2
## Net Position

| | Governmental Activities | |
|---|---|---|
| | Fiscal Year 2013 | Fiscal Year 2012 |
| **Assets** | | |
| Current and Other Assets | $ 70,868,148 | $ 90,864,800 |
| Capital Assets, Net | 254,675,846 | 232,819,327 |
| **Total Assets** | $ 325,543,994 | $ 323,684,127 |
| **Liabilities** | | |
| Current and Other Liabilities | $ 19,745,155 | $ 18,215,529 |
| Long-Term Liabilities | 38,010,663 | 47,868,813 |
| **Total Liabilities** | $ 57,755,818 | $ 66,084,342 |
| **Net Position** | | |
| Net Investment in Capital Assets | $ 217,221,582 | $ 212,181,552 |
| Restricted | 11,774,690 | 10,286,117 |
| Unrestricted | 38,791,904 | 35,132,116 |
| **Total Net Position** | $ 267,788,176 | $ 257,599,785 |

Total assets of governmental activities increased by $1,859,867 as cash and cash equivalents increased by $1,262,193, investments decreased by $21,744,177, receivables increased by $621,861, and capital assets increased by $21,856,519. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District increased by $3,659,788.

Table 3 shows the changes in net position for fiscal year 2012 compared to 2013.

**Table 3**
**Change in Net Position**

| | Governmental Activities | | |
|---|---|---|---|
| | Fiscal Year 2013 | Fiscal Year 2012 | Net Change |
| **Revenues** | | | |
| Program Revenues: | | | |
| Charges for Services | $ 10,189,002 | $ 10,337,805 | -1.44% |
| Operating Grants and Contributions | 109,075,458 | 103,049,439 | 5.85% |
| Capital Grants and Contributions | 457,317 | 621,161 | -26.38% |
| Total Program Revenues | $ 119,721,777 | $ 114,008,405 | 5.01% |
| General Revenues: | | | |
| Taxes | | | |
| Property Taxes | $ 68,899,196 | $ 68,291,210 | 0.01% |
| Sales Taxes | 21,341,622 | 21,342,310 | 4.12% |
| Grants and Contributions not Restricted to Specific Programs | 2,590,787 | 5,619,832 | -53.90% |
| Investment Earnings | 168,029 | 175,298 | -4.15% |
| Miscellaneous | 464,871 | 1,093,912 | -57.50% |
| Total General Revenues | $ 93,464,505 | $ 96,522,562 | -3.17% |
| **Total Revenues** | $ 213,186,282 | $ 210,530,967 | 1.26% |
| **Program Expenses:** | | | |
| Instruction | $ 135,161,170 | $ 137,131,868 | -1.44% |
| Support Services | | | |
| Pupil Services | 4,076,162 | 3,942,435 | 3.39% |
| Improvement of Instructional Services | 4,794,714 | 4,534,177 | 5.75% |
| Educational Media Services | 4,231,637 | 4,419,783 | -4.26% |
| General Administration | 1,018,175 | 1,048,997 | -2.94% |
| School Administration | 13,281,748 | 13,366,160 | -0.63% |
| Business Administration | 1,424,958 | 1,366,229 | 4.30% |
| Maintenance and Operation of Plant | 13,761,532 | 14,014,342 | -1.80% |
| Student Transportation Services | 10,087,738 | 9,582,119 | 5.28% |
| Central Support Services | 839,963 | 817,831 | 2.71% |
| Other Support Services | 25,195 | 23,595 | 6.78% |
| Operations of Non-Instructional Services | | | |
| Enterprise Operations | 3,416,730 | 3,591,843 | -4.88% |
| Food Services | 10,017,575 | 10,010,621 | 0.07% |
| Interest on Short-Term and Long-Term Debt | 860,594 | 1,190,978 | -27.74% |
| Total Expenses | $ 202,997,891 | $ 205,040,978 | -1.00% |
| Increase in Net Position | $ 10,188,391 | $ 5,489,989 | 85.58% |

## Governmental Activities

Instruction comprises 67% of governmental program expenses. Support service expenses make up 26% of the expenses. Interest expense was 0.4%. 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 17.59 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 2013 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2012 |
| Instruction | $ 135,161,170 | $ 137,131,868 | $ 56,423,795 | $ 62,581,415 |
| Support Services: | | | | |
| Pupil Services | 4,076,162 | 3,942,435 | 3,225,596 | 3,056,667 |
| Improvement of Instructional Services | 4,794,714 | 4,534,177 | 2,872,856 | 2,661,152 |
| Educational Media Services | 4,231,637 | 4,419,783 | 1,075,225 | 1,427,941 |
| General Administration | 1,018,175 | 1,048,997 | -2,293,361 | -1,686,655 |
| School Administration | 13,281,748 | 13,366,160 | 7,205,745 | 7,337,343 |
| Business Administration | 1,424,958 | 1,366,229 | 1,421,950 | 1,364,286 |
| Maintenance and Operation of Plant | 13,761,532 | 14,014,342 | 6,471,257 | 6,938,765 |
| Student Transportation Services | 10,087,738 | 9,582,119 | 7,095,508 | 6,822,359 |
| Central Support Services | 839,963 | 817,831 | 836,552 | 809,740 |
| Other Support Services | 25,195 | 23,595 | 6,884 | 4,372 |
| Operations of Non-Instructional Services: | | | | |
| Enterprise Operations | 3,416,730 | 3,591,843 | -2,215,477 | -2,051,187 |
| Food Services | 10,017,575 | 10,010,621 | 288,990 | 575,397 |
| Interest on Short-Term and Long-Term Debt | 860,594 | 1,190,978 | 860,594 | 1,190,978 |
| Total Expenses | $ 202,997,891 | $ 205,040,978 | $ 83,276,114 | $ 91,032,573 |

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 60.4 % of instructional activities are supported through taxes and other general revenues which decreased from the prior year by 4.4%; for all other governmental activities general revenue support is 28.7 % which also had a decrease of 0.8%.

## 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 $213,635,567 and expenditures of $234,953,418. 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 $1,786,973 and a decrease of $23,103,833, respectively.

The general fund operations increase was due to the School District continuing to cut cost along with an increase in state funding in various state programs such as gifted and remediation.

The School District sold $35.0 million in bonds in 2011 to build several schools. The reduction in capital projects was a reflection of expenditures for these projects. The School District is currently building a new elementary and middle school with the bond proceeds and will repay the debt with the 2012-2017 SPLOST proceeds.

## 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 2013 the Board amended its general fund budget numerous times, which resulted in increasing the revenue budget by $3,185,427 and increasing the expenditure budget by $1,041,465. The revenue budget increased due to additional funds received from the state and Federal government. The expenditure budget increase was due mainly to changes with special revenue grants. 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 2013 are due to the student activity funds of $4.7 million and "on behalf payments" for health and retirement of $407,122 that are not budgeted; increase of taxes of $1.1 million; and increase in miscellaneous revenue of $500,000; 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 $4.6 million in student activity funds. Approximately $3.1 million of the School District budget was not spent due to the system increasing class size and reduction in work force.

## Capital Assets

At the end of the fiscal year 2013, the School District had $254,675,846 invested in land, construction in progress, buildings, equipment, and buses.

Table 5 shows fiscal year 2013 balances compared to 2012.

**Table 5**
**Capital Assets**
**(Net of Depreciation)**

| | Governmental Activities | |
|---|---|---|
| | Fiscal Year 2013 | Fiscal Year 2012 |
| Land | $ 11,055,972 | $ 10,441,993 |
| Construction In Progress | 36,641,684 | 8,924,320 |
| Building and Building Improvements | 191,557,539 | 197,010,004 |
| Equipment | 15,081,108 | 16,064,049 |
| Land Improvements | 339,543 | 378,961 |
| Total | $ 254,675,846 | $ 232,819,327 |

Overall capital assets increased $21,856,519 from fiscal year 2012 to fiscal year 2013. 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 completion of a new elementary school, middle school, and classroom additions that opened in August 2013.

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

## Debt

At June 30, 2013, the School District had $35.0 million in general obligation bonds outstanding with $4.1 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 $45.0 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 2013 | Fiscal Year 2012 |
| Compensated Absences | $ 553,614 | $ 568,638 |
| Unamortized Bond Premium | 2,457,049 | 3,130,175 |
| General Obligation Bonds | 35,000,000 | 44,170,000 |
| Total | $ 38,010,663 | $ 47,868,813 |

## Current Financial Issues and Concerns

The Columbia County School District is financially stable. The School District millage was 17.59 mills in 2012-2013 school year. Currently one mill produces approximately $4.0 million in tax revenue. The tax digest has grown at an average rate of 0.65% over the last five years but in the last two years the School District has seen a slight growth in the digest of 2%. 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 360 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 50% of the revenues budgeted for the General Fund from QBE. The School District received $2.1 million more in funding for 2013. The increase in QBE funding was for programs such as gifted and remediation. The budgeted QBE funding for 2014 is $4.5 million less than 2013. For fiscal year 2014 the School District increased the local millage rate from 17.59 to 18.59 to help with the reduction in state funds. The School District is also continuing to use larger class sizes, reduction in work force, and furlough days to balance the budget. The School District was able to prepare a 2014 budget with reserves from fund balance and still maintain a 15% reserve of budgeted expenditures.

## 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, Chief Financial Officer 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 POSITION
JUNE 30, 2013

EXHIBIT "A"

| | GOVERNMENTAL ACTIVITIES |
|---|---|
| ASSETS | |
| Cash and Cash Equivalents | $ 15,606,115 |
| Investments | 37,316,850 |
| Accounts Receivable, Net | |
| Taxes | 2,552,516 |
| State Government | 13,572,134 |
| Federal Government | 1,281,799 |
| Prepaid Items | 61,566 |
| Inventories | 150,802 |
| Capitalized Bond and Other Debt Issuance Costs | 326,366 |
| Capital Assets | |
| Land | 11,055,972 |
| Construction in Progress | 36,641,684 |
| Land Improvements | 776,044 |
| Buildings | 263,466,246 |
| Equipment | 46,367,369 |
| Less: Accumulated Depreciation | -103,631,469 |
| Total Assets | $ 325,543,994 |
| LIABILITIES | |
| Accounts Payable | $ 2,185,499 |
| Contracts Payable | 2,339,291 |
| Claims Payable | 899,370 |
| Salaries and Benefits Payable | 12,063,061 |
| Accrued Interest | 349,300 |
| Retainages Payable | 1,908,634 |
| Long-Term Liabilities | |
| Due Within One Year | 4,699,262 |
| Due in More Than One Year | 33,311,401 |
| Total Liabilities | $ 57,755,818 |
| NET POSITION | |
| Net Investment in Capital Assets | $ 217,221,582 |
| Restricted for | |
| Continuation of Federal Programs | 1,578,416 |
| Debt Service | 349,300 |
| Capital Projects | 9,846,974 |
| Unrestricted | 38,791,904 |
| Total Net Position | $ 267,788,176 |

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, 2013

| | EXPENSES | CHARGES FOR SERVICES |
|---|---|---|
| GOVERNMENTAL ACTIVITIES | | |
| Instruction | $ 135,161,170 | $ 117,686 |
| Support Services | | |
| Pupil Services | 4,076,162 | |
| Improvement of Instructional Services | 4,794,714 | |
| Educational Media Services | 4,231,637 | |
| General Administration | 1,018,175 | |
| School Administration | 13,281,748 | |
| Business Administration | 1,424,958 | |
| Maintenance and Operation of Plant | 13,761,532 | |
| Student Transportation Services | 10,087,738 | |
| Central Support Services | 839,963 | |
| Other Support Services | 25,195 | |
| Operations of Non-Instructional Services | | |
| Enterprise Operations | 3,416,730 | 5,628,858 |
| Food Services Operation | 10,017,575 | 4,442,458 |
| Interest on Short-Term and Long-Term Debt | 860,594 | |
| Total Governmental Activities | $ 202,997,891 | $ 10,189,002 |
| General Revenues | | |
| Taxes | | |
| Property Taxes | | |
| For Maintenance and Operations | | |
| Title Ad Valorem Tax | | |
| 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 Position | | |
| Net Position - Beginning of Year | | |
| Net Position - 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 POSITION |
| $ 78,619,689 | | $ -56,423,795 |
| 850,566 | | -3,225,596 |
| 1,921,858 | | -2,872,856 |
| 3,156,412 | | -1,075,225 |
| 3,311,536 | | 2,293,361 |
| 6,076,003 | | -7,205,745 |
| 3,008 | | -1,421,950 |
| 7,290,275 | | -6,471,257 |
| 2,534,913 | $ 457,317 | -7,095,508 |
| 3,411 | | -836,552 |
| 18,311 | | -6,884 |
| 3,349 | | 2,215,477 |
| 5,286,127 | | -288,990 |
| | | -860,594 |
| $ 109,075,458 | $ 457,317 | $ -83,276,114 |
| | | $ 68,018,623 |
| | | 880,573 |
| | | 10,793,238 |
| | | 8,130,437 |
| | | 2,022,786 |
| | | 395,161 |
| | | 2,590,787 |
| | | 168,029 |
| | | 464,871 |
| | | $ 93,464,505 |
| | | $ 10,188,391 |
| | | 257,599,785 |
| | | $ 267,788,176 |

COLUMBIA COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

EXHIBIT "C"

| | GENERAL FUND | DISTRICT-WIDE CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 14,531,410 | $ 92,828 | | $ 14,624,238 |
| Investments | 24,135,358 | 13,148,856 | $ 32,636 | 37,316,850 |
| Accounts Receivable, Net | | | | |
| Taxes | 1,033,269 | 1,519,247 | | 2,552,516 |
| State Government | 13,572,134 | | | 13,572,134 |
| Federal Government | 1,281,799 | | | 1,281,799 |
| Prepaid Items | 61,566 | | | 61,566 |
| Inventories | 150,802 | | | 150,802 |
| Total Assets | $ 54,766,338 | $ 14,760,931 | $ 32,636 | $ 69,559,905 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | $ 2,149,759 | $ 68 | | $ 2,149,827 |
| Salaries and Benefits Payable | 12,063,061 | | | 12,063,061 |
| Contracts Payable | | 2,339,291 | | 2,339,291 |
| Retainages Payable | | 1,908,634 | | 1,908,634 |
| Total Liabilities | $ 14,212,820 | $ 4,247,993 | | $ 18,460,813 |
| FUND BALANCES | | | | |
| Nonspendable | $ 212,368 | | | $ 212,368 |
| Restricted | 1,427,614 | $ 10,512,938 | $ 32,636 | 11,973,188 |
| Assigned | 12,523,749 | | | 12,523,749 |
| Unassigned | 26,389,787 | | | 26,389,787 |
| Total Fund Balances | $ 40,553,518 | $ 10,512,938 | $ 32,636 | $ 51,099,092 |
| Total Liabilities and Fund Balances | $ 54,766,338 | $ 14,760,931 | $ 32,636 | $ 69,559,905 |

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 POSITION
JUNE 30, 2013

EXHIBIT "D"

| | | |
|---|---|---|
| Total Fund Balances - Governmental Funds (Exhibit "C") | | $ 51,099,092 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | | |
| Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of: | | |
| Land | $ 11,055,972 | |
| Construction in Progress | 36,641,684 | |
| Land Improvements | 776,044 | |
| Buildings | 263,466,246 | |
| Equipment | 46,367,369 | |
| Accumulated Depreciation | -103,631,469 | |
| Total Capital Assets | | 254,675,846 |
| 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 and governmental activities. | | 46,835 |
| 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 | $ -349,300 | |
| Capitalized Bond Issuance Costs | 326,366 | |
| Unamortized Premiums on Issuance of Bonds | -2,457,049 | |
| Bonds Payable | -35,000,000 | |
| Compensated Absences | -553,614 | |
| Total Long-Term Liabilities | | -38,033,597 |
| Net Position of Governmental Activities (Exhibit "A") | | $ 267,788,176 |

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, 2013

EXHIBIT "E"

| | GENERAL FUND | DISTRICT-WIDE CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL |
|---|---|---|---|---|
| REVENUES | | | | |
| Property Taxes | $ 68,899,196 | | | $ 68,899,196 |
| Sales Taxes | 2,417,947 | $ 8,130,437 | $ 10,793,238 | 21,341,622 |
| State Funds | 99,884,833 | | | 99,884,833 |
| Federal Funds | 12,238,729 | | | 12,238,729 |
| Charges for Services | 10,189,002 | | | 10,189,002 |
| Investment Earnings | 125,592 | 35,524 | 121 | 161,237 |
| Miscellaneous | 912,924 | 8,024 | | 920,948 |
| Total Revenues | $ 194,668,223 | $ 8,173,985 | $ 10,793,359 | $ 213,635,567 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | $ 126,945,973 | $ 610,526 | | $ 127,556,499 |
| Support Services | | | | |
| Pupil Services | 4,067,870 | | | 4,067,870 |
| Improvement of Instructional Services | 4,746,412 | 21,551 | | 4,767,963 |
| Educational Media Services | 4,214,930 | 46,866 | | 4,261,796 |
| General Administration | 888,423 | 5,250 | | 893,673 |
| School Administration | 13,398,052 | 14,990 | | 13,413,042 |
| Business Administration | 1,312,559 | | $ 1,113 | 1,313,672 |
| Maintenance and Operation of Plant | 13,602,870 | 54,861 | | 13,657,731 |
| Student Transportation Services | 9,594,014 | 980,171 | | 10,574,185 |
| Central Support Services | 836,516 | | | 836,516 |
| Other Support Services | 25,836 | | | 25,836 |
| Enterprise Operations | 3,499,721 | | | 3,499,721 |
| Food Services Operation | 9,748,074 | | | 9,748,074 |
| Capital Outlay | | 29,543,603 | | 29,543,603 |
| Debt Services | | | | |
| Principal | | | 9,170,000 | 9,170,000 |
| Interest | | | 1,623,237 | 1,623,237 |
| Total Expenditures | $ 192,881,250 | $ 31,277,818 | $ 10,794,350 | $ 234,953,418 |
| Net Change in Fund Balances | $ 1,786,973 | $ -23,103,833 | $ -991 | $ -21,317,851 |
| Fund Balances - Beginning | 38,766,545 | 33,616,771 | 33,627 | 72,416,943 |
| Fund Balances - Ending | $ 40,553,518 | $ 10,512,938 | $ 32,636 | $ 51,099,092 |

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, 2013

EXHIBIT "F"

| | | |
|---|---|---|
| Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") | | $ -21,317,851 |
| 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 | $ 32,773,761 | |
| Depreciation Expense | -10,461,165 | |
| Excess of Capital Outlay over Depreciation Expense | | 22,312,596 |
| In the Statement of Activities, only the gain on the sale of building, equipment and land improvements are reported, whereas in the Governmental Funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the carrying value of the land, building, equipment and land improvements sold. | | -456,077 |
| 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 Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows: | | |
| Amortization of Bond Issuance Costs | | -108,605 |
| 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 Position. In the current year, these amounts consist of: | | |
| Bond Principal Retirements | | 9,170,000 |
| 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: | | 89,518 |
| 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 | $ 673,125 | |
| Decrease in Compensated Absences | 15,026 | |
| Total Additional Expenditures | | 688,151 |
| 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. | | -189,341 |
| Change in Net Position of Governmental Activities (Exhibit "B") | | $ 10,188,391 |

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

COLUMBIA COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

EXHIBIT "G"

| | INTERNAL SERVICE FUND |
|---|---|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | $ 981,877 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | $ 35,672 |
| Claims Payable | 899,370 |
| Total Liabilities | $ 935,042 |
| NET POSITION | |
| Unrestricted | 46,835 |
| Total Liabilities and Net Position | $ 981,877 |

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 POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

EXHIBIT "H"

| | | INTERNAL SERVICE FUND |
|---|---|---|
| OPERATING REVENUES | | |
| Charges for Services | $ | 568,657 |
| OPERATING EXPENSES | | |
| Contractual Services | $ | 156,833 |
| Insurance Claims and Expenses | | 607,957 |
| Total Operating Expenses | $ | 764,790 |
| Operating Loss | $ | -196,133 |
| NONOPERATING REVENUES | | |
| Interest and Investment Revenue | | 6,792 |
| Changes in Net Position | $ | -189,341 |
| Total Net Position - Beginning | | 236,176 |
| Total Net Position - Ending | $ | 46,835 |

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, 2013

EXHIBIT "I"

| | INTERNAL SERVICE FUND |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Charges for Services | $ 568,657 |
| Cash Paid for Excess Worker's Compensation Insurance | -73,113 |
| Cash Paid for Other Purchased Services | -85,318 |
| Cash Paid for Worker's Compensation Claims | -409,536 |
| Net Cash Provided (Used) by Operating Activities | $ 690 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and Dividends | $ 6,792 |
| Net Increase in Cash and Cash Equivalents | $ 7,482 |
| Balances - Beginning of Year | 974,395 |
| Balances - End of Year | $ 981,877 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Operating Loss | $ -196,133 |
| Accounts and Other Payables | 196,823 |
| Net Cash Provided (Used) By Operating Activities | $ 690 |

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

COLUMBIA COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

EXHIBIT "J"

| | AGENCY FUNDS |
|---|---|
| ASSETS | |
| Cash and Cash Equivalents | $ 997,023 |
| LIABILITIES | |
| Funds Held for Others | $ 997,023 |

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

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The 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 Position 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 and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and Bond Proceeds that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (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. The School District considers all intergovernmental revenues to be available if they are collected within 120 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 is both restricted and unrestricted net position 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.

## NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2013, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The provisions of this Statement establish accounting and financial reporting standards for governments who enter into Service Concession Arrangements (SCA) with other governmental or nongovernmental entities. As of June 30, 2013, the School District has not entered into any arrangements that meet the qualifications to be reported as a SCA in accordance with this standard.

In fiscal year 2013, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement incorporate certain accounting and financial reporting guidance into authoritative GASB literature.

In fiscal year 2013, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The provisions of this Statement establish financial reporting standards for the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The School District changed its presentation of net assets to net position for fiscal year 2013. There were no other applicable reporting changes for the School District.

## 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 2012 tax digest year (calendar year) on July 24, 2012 (levy date) based on property values as of January 1, 2012. Taxes were due on November 15, 2012 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2012 tax digest are reported as revenue in the governmental funds for fiscal year 2013. 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, 2013, for maintenance and operations amounted to $68,899,196.

The tax millage rate levied for the 2012 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 | 17.59 mills |

Additionally, included in the property tax revenue is the new Title Ad Valorem Taxes of $880,573, which consist of $205,380 to offset any reduction in ad valorem tax on motor vehicles and the remaining $675,193 is additional taxes earned.

## SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $18,923,675 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, 2013, 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, with the exception of intangible assets which are amortized.

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 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 |
|---|---|---|---|---|
| 2011 | $ 592,009 | $ 469,573 | $ 465,190 | $ 596,392 |
| 2012 | $ 596,392 | $ 489,127 | $ 516,880 | $ 568,639 |
| 2013 | $ 568,639 | $ 499,553 | $ 514,578 | $ 553,614 |

## 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. 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 Position.

## NET POSITION

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

**Net Investment in capital assets** – 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 net investment in capital assets.

**Restricted net position** – 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 position** – Unrestricted net position represents 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, 2013, are as follows:

| | | |
|---|---|---|
| Nonspendable | | |
| Inventories | $ 150,802 | |
| Prepaid Assets | 61,566 | $ 212,368 |
| Restricted | | |
| Capital Projects | $ 9,846,974 | |
| Debt Service | 698,600 | |
| Continuation of Federal Programs | 1,427,614 | 11,973,188 |
| Assigned | | |
| Anticipated Revenue Shortfall | $ 9,602,972 | |
| School Activity Accounts | 2,920,777 | 12,523,749 |
| Unassigned | | 26,389,787 |
| Fund Balance, June 30, 2013 | | $ 51,099,092 |

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 and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Note 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, capital projects, and worker's compensation funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity accounts, is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate fund and function level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revision as necessary based on the Board's guidelines and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised once in the newspaper of general circulation in the locality and is included in the School District's annual report. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary

and adopts a final budget. The approved budget is then submitted, in accordance with provisions of Official Code of Georgia Annotated section 20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

The Superintendent is authorized by the Board to approve adjustments of no more than 5 percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 5 percent of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any funds within the school budget that are unencumbered (anticipated balance) may be expended by the Superintendent in an emergency situation.

See Schedule 1 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

Note 4: 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 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 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, 2013, the bank balances were $17,100,032. 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, 2013, are as follows:

| Custodial Credit Risk Category | Bank Balance |
|---|---|
| 1 | $ 0 |
| 2 | 0 |
| 3 | 16,079,512 |
| Total | $ 16,079,512 |

CATEGORIZATION OF INVESTMENTS

At June 30, 2013, the carrying value of the School District's total investments was $37,316,850, which is materially the same as fair value. This investment consisted entirely of funds invested in the Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of the State Treasurer 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, 2013, was 43 days.

Note 5: 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 6: CAPITAL ASSETS

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

| | Balances July 1, 2012 | Increases | Decreases | Balances June 30, 2013 |
|---|---|---|---|---|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 10,441,993 | $ 613,979 | | $ 11,055,972 |
| Construction Work In Progress | 8,924,320 | 28,739,893 | $ 1,022,529 | 36,641,684 |
| Total Capital Assets, Not Being Depreciated | $ 19,366,313 | $ 29,353,872 | $ 1,022,529 | $ 47,697,656 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Improvements | $ 263,710,237 | $ 1,215,337 | $ 1,459,328 | $ 263,466,246 |
| Equipment | 46,090,389 | 3,213,305 | 2,936,325 | 46,367,369 |
| Land Improvements | 969,997 | 13,776 | 207,729 | 776,044 |
| Less: Accumulated Depreciation: | | | | |
| Buildings and Improvements | 66,700,233 | 6,282,876 | 1,074,402 | 71,908,707 |
| Equipment | 30,026,340 | 4,125,375 | 2,865,454 | 31,286,261 |
| Land Improvements | 591,036 | 52,914 | 207,449 | 436,501 |
| Total Capital Assets, Being Depreciated, Net | $ 213,453,014 | $ -6,018,747 | $ 456,077 | $ 206,978,190 |
| Governmental Activity Capital Assets - Net | $ 232,819,327 | $ 23,335,125 | $ 1,478,606 | $ 254,675,846 |

Current year depreciation expense by function is as follows:

| | | |
|---|---|---|
| Instruction | | $ 8,454,976 |
| Support Services | | |
| Pupil Services | $ 7,444 | |
| Improvements of Instructional Services | 97,094 | |
| Educational Media Services | 44,572 | |
| General Administration | 127,708 | |
| School Administration | 100,788 | |
| Business Administration | 32,169 | |
| Maintenance and Operation of Plant | 304,510 | |
| Student Transportation Services | 931,659 | |
| Central Support Services | 8,688 | |
| Other Support Services | 3,665 | 1,658,297 |
| Community Services | | 45,248 |
| Food Services | | 302,644 |
| | | $ 10,461,165 |

Note 7: RISK MANAGEMENT

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

The School District 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 $400,000 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 |
|---|---|---|---|---|
| 2012 | $ 669,688 | $ 773,214 | $ 741,953 | $ 700,949 |
| 2013 | $ 700,949 | $ 806,378 | $ 607,957 | $ 899,370 |

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 |
|---|---|---|---|---|
| 2012 | $ 9,899 | $ 12,214 | $ 20,103 | $ 2,010 |
| 2013 | $ 2,010 | $ 0 | $ 2,010 | $ 0 |

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

| Position Covered | Amount |
|---|---|
| Superintendent | $ 50,000 |
| All Employees | $ 100,000 |

## Note 8: 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 - Series 2011 | 3.0% - 5.0% | $ 35,000,000 |

Voters have authorized $15,000,000 in general obligation debt for capital outlay purposes which was not issued as of June 30, 2013. The School District 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, 2013, were as follows:

| | Governmental Funds | | | | |
|---|---|---|---|---|---|
| | Balance July 1, 2012 | Additions | Deductions | Balance June 30, 2013 | Due Within One Year |
| G. O. Bonds | $ 44,170,000 | | $ 9,170,000 | $ 35,000,000 | $ 4,085,000 |
| Compensated Absences (1) | 568,639 | $ 499,553 | 514,578 | 553,614 | |
| Bond Premium Amortized | 3,130,175 | | 673,126 | 2,457,049 | 614,262 |
| | $ 47,868,814 | $ 499,553 | $ 10,357,704 | $ 38,010,663 | $ 4,699,262 |

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

At June 30, 2013 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: | | | |
| 2014 | $ 4,085,000 | $ 1,397,200 | $ 614,262 |
| 2015 | 8,400,000 | 1,171,250 | 614,263 |
| 2016 - 2017 | 22,515,000 | 1,405,750 | 1,228,524 |
| Total Principal and Interest | $ 35,000,000 | $ 3,974,200 | $ 2,457,049 |

Note 9: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $11,583,430 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 Certificated Personnel
In the amount of $11,176,308

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $23,149

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 $383,973

The School District earns funds for health insurance for certified employees through the Quality Basic Education formula. In recent years the State has chosen to pay these funds directly to the Georgia Department of Community Health versus the School District remitting the funds. The School District takes the monthly payment as a credit on the bill they received from the Georgia Department of Community Health each month. These payments are reflected on the Quality Basic Education Revenue allotments per Schedule 3 - Schedule of State Revenue.

Note 10: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2013:

| Project | Unearned Executed Contracts |
|---|---|
| Other Projects | $ 717,849 |
| Middle School | 971,235 |
| Elementary School | 479,127 |
| | $ 2,168,211 |

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

Note 11: SIGNIFICANT CONTINGENT LIABILITIES

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

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

Note 12: 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 Insurance Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the employees' 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. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of

service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. This 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, 2013:

**For certificated teachers, librarians and regional educational service agencies and certain other eligible participants:**

| | |
|---|---|
| July 2012 - February 2013 | $912.34 per member per month |
| March 2013 - June 2013 | $937.34 per member per month |

**For non-certificated school personnel:**

| | |
|---|---|
| July 2012 - June 2013 | $446.20 per member per month |

No additional contribution was required by the Board for fiscal year 2013 nor contributed to the School OPEB Fund to refund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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

| Fiscal Year | Percentage Contributed | Required Contribution |
|---|---|---|
| 2013 | 100% | $ 18,016,836 |
| 2012 | 100% | $ 18,829,094 |
| 2011 | 100% | $ 17,594,344 |

Note 13: 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, 2013, were 6% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010 actuarial valuation. The employer contribution rate will increase to 12.28% effective July 1, 2013.

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

| Fiscal Year | Percentage Contributed | Required Contribution |
|---|---|---|
| 2013 | 100% | $ 12,795,590 |
| 2012 | 100% | $ 11,742,638 |
| 2011 | 100% | $ 11,662,997 |

### 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 Employees' 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 |
|---|---|---|
| 2013 | 100% | $ 155,739 |
| 2012 | 100% | $ 157,673 |
| 2011 | 100% | $ 164,333 |

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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, 2013

SCHEDULE "1"

| | NONAPPROPRIATED BUDGETS | | ACTUAL | VARIANCE |
|---|---|---|---|---|
| | ORIGINAL (1) | FINAL (1) | AMOUNTS | OVER/UNDER |
| REVENUES | | | | |
| Property Taxes | $ 69,258,209 | $ 68,525,085 | $ 68,018,623 | $ -506,462 |
| Sales Taxes | 1,700,000 | 1,700,000 | 3,298,520 | 1,598,520 |
| State Funds | 95,372,610 | 98,819,398 | 99,884,833 | 1,065,435 |
| Federal Funds | 11,315,632 | 11,787,395 | 12,238,729 | 451,334 |
| Charges for Services | 5,272,500 | 5,272,500 | 10,189,002 | 4,916,502 |
| Investment Earnings | 152,000 | 152,000 | 125,592 | -26,408 |
| Miscellaneous | 355,000 | 355,000 | 912,924 | 557,924 |
| Total Revenues | $ 183,425,951 | $ 186,611,378 | $ 194,668,223 | $ 8,056,845 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | $ 128,309,891 | $ 128,480,954 | $ 126,945,973 | $ 1,534,981 |
| Support Services | | | | |
| Pupil Services | 3,949,243 | 4,009,641 | 4,067,870 | -58,229 |
| Improvement of Instructional Services | 5,093,902 | 5,280,369 | 4,746,412 | 533,957 |
| Educational Media Services | 3,964,199 | 3,973,407 | 4,214,930 | -241,523 |
| General Administration | 1,068,968 | 1,071,533 | 888,423 | 183,110 |
| School Administration | 12,074,611 | 12,074,611 | 13,398,052 | -1,323,441 |
| Business Administration | 1,324,015 | 1,324,015 | 1,312,559 | 11,456 |
| Maintenance and Operation of Plant | 14,698,356 | 14,698,356 | 13,602,870 | 1,095,486 |
| Student Transportation Services | 9,043,503 | 9,650,823 | 9,594,014 | 56,809 |
| Central Support Services | 861,318 | 862,318 | 836,516 | 25,802 |
| Other Support Services | 39,472 | 42,916 | 25,836 | 17,080 |
| Enterprise Operations | | | 3,499,721 | -3,499,721 |
| Food Services Operation | 9,919,494 | 9,919,494 | 9,748,074 | 171,420 |
| Total Expenditures | $ 190,346,972 | $ 191,388,437 | $ 192,881,250 | $ -1,492,813 |
| Net Change in Fund Balances | $ -6,921,021 | $ -4,777,059 | $ 1,786,973 | $ 6,564,032 |
| Fund Balances - Beginning | 13,162,508 | 5,715,072 | 38,766,545 | 33,051,473 |
| Fund Balances - Ending | $ 6,241,487 | $ 938,013 | $ 40,553,518 | $ 39,615,505 |

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $4,708,503 and $4,571,160, respectively.

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, 2013

SCHEDULE "2"

| FUNDING AGENCY<br>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 | $ 9,478,852 | (1) |
| Total U. S. Department of Agriculture | | | | $ 9,478,852 | |
| Education, U. S. Department of | | | | | |
| Impact Aid Cluster | | | | | |
| Direct | | | | | |
| Impact Aid | * | 84.041 | | (3) | |
| Education for Homeless Children and Youth Cluster | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| Education for Homeless Children and Youth | | 84.196 | N/A | $ 35,500 | |
| Special Education Cluster | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| Special Education | | | | | |
| Grants to States | | 84.027 | N/A | $ 3,688,242 | |
| Preschool Grants | | 84.173 | N/A | 91,416 | |
| Total Special Education Cluster | | | | $ 3,779,658 | |
| Education Jobs Fund Cluster | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| Education Jobs Fund | | 84.410 | N/A | $ 8,722 | |
| Title I, Part A Cluster | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| Title I Grants to Local Educational Agencies | | 84.010 | N/A | $ 1,875,115 | |
| Other Programs | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| Career and Technical Education - Basic Grants to States | | 84.048 | N/A | $ 140,021 | |
| English Language Acquisition Grants | | 84.365 | N/A | 68,693 | |
| Improving Teacher Quality State Grants | | 84.367 | N/A | 456,821 | |
| Total Other Programs | | | | $ 665,535 | |
| Total U. S. Department of Education | | | | $ 6,364,530 | |
| Defense, U. S. Department of | | | | | |
| Direct | | | | | |
| Department of the Army | | | | | |
| R.O.T.C. Program | | | | $ 271,529 | |
| Department of the Navy | | | | | |
| R.O.T.C. Program | | | | 56,354 | |
| Total U. S. Department of Defense | | | | $ 327,883 | |
| Total Expenditures of Federal Awards | | | | $ 16,171,265 | |

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 $660,405.
(2) Expenditures for the funds earned on the School Breakfast Program ($715,930) were not maintained separately and are included in the 2013 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $529,391, 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.

| AGENCY/FUNDING | GOVERNMENTAL FUND TYPE GENERAL FUND |
|---|---|
| GRANTS | |
| Bright From the Start: | |
| Georgia Department of Early Care and Learning | |
| Pre-Kindergarten Program | $ 745,087 |
| Education, Georgia Department of | |
| Quality Basic Education (1) | |
| Direct Instructional Cost | |
| Kindergarten Program | 7,574,490 |
| Kindergarten Program - Early Intervention Program | 798,367 |
| Primary Grades (1-3) Program | 16,846,392 |
| Primary Grades - Early Intervention (1-3) Program | 2,760,883 |
| Upper Elementary Grades (4-5) Program | 8,855,220 |
| Upper Elementary Grades - Early Intervention (4-5) Program | 1,586,642 |
| Middle School (6-8) Program | 15,013,215 |
| High School General Education (9-12) Program | 15,551,215 |
| Vocational Laboratory (9-12) Program | 2,619,721 |
| Students with Disabilities | |
| Category I | 429,409 |
| Category II | 513,423 |
| Category III | 6,109,339 |
| Category IV | 2,094,797 |
| Category V | 897,844 |
| Gifted Student - Category VI | 6,979,416 |
| Remedial Education Program | 1,411,293 |
| Alternative Education Program | 1,235,260 |
| English Speakers of Other Languages (ESOL) | 354,672 |
| Media Center Program | 2,642,764 |
| 20 Days Additional Instruction | 824,311 |
| Staff and Professional Development | 471,910 |
| Indirect Cost | |
| Central Administration | 2,590,450 |
| School Administration | 5,090,805 |
| Facility Maintenance and Operations | 6,126,070 |
| Categorical Grants | |
| Pupil Transportation | |
| Regular | 1,591,855 |
| Nursing Services | 396,285 |
| Vocational Supervisors | 28,123 |
| Education Equalization Funding Grant | 2,052,674 |
| Food Services | 269,202 |
| Vocational Education | 101,084 |
| Austerity Reduction | -16,089,568 |
| Other State Programs | |
| Bus Bonds | 457,317 |
| Move on When Ready | 1,000 |
| Preschool Handicapped Program | 368,112 |
| Science and Math Supplement | 178,632 |
| Teachers' Retirement | 23,149 |
| Office of the State Treasurer | |
| Public School Employees' Retirement | 383,973 |
| | $ 99,884,833 |

(1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District in the amount of $11,176,308 are included as part of the Quality Basic Education revenue allotments above.

See notes to the basic financial statements.

COLUMBIA COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2013

SCHEDULE "4a"

| | ORIGINAL BUDGET (as of 06-30-2007) | CURRENT BUDGET (as of 06-30-2013) | (1) SPLOST 2002-2007 Current Year | (1) SPLOST 2002-2007 Prior Year | (2) SPLOST 2007-2012 BONDS Current Year | (2) SPLOST 2007-2012 BONDS Prior Year | (2) SPLOST 2007-2012 SALES TAX PROCEEDS Current Year | (2) SPLOST 2007-2012 SALES TAX PROCEEDS Prior Year | STATE AND LOCAL FUNDING Current Year | STATE AND LOCAL FUNDING Prior Year | TOTAL | PERCENTAGE COMPLETION | ESTIMATED COMPLETION DATE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 | 89,643,251 | | | | | | $ 89,643,252 | | | 89,643,252 | 100% | |
| 2005 Bond Proceeds | 15,664,805 | 15,664,805 | | | | $ 15,664,805 | | | | | 15,664,805 | 100% | |
| Federal Funds (e-rate) | | 140,945 | | | | | | | | $ 140,944 | 140,944 | 100% | |
| State Proceeds | 30,022,138 | 33,947,189 | | | | | | | | 33,947,187 | 33,947,187 | 100% | |
| Local Proceeds | 15,720,000 | 19,976,024 | | | | | | | $ 8,024 | 19,968,000 | 19,976,024 | 100% | |
| Interest | 1,700,000 | 1,954,108 | | 1,414,822 | | 456,715 | $ 1,266 | 81,321 | | | 1,954,124 | 100% | |
| Total Revenue | $ 222,227,491 | $ 229,591,870 | $ 0 | $ 69,680,370 | $ 0 | $ 16,121,520 | $ 1,266 | $ 89,724,573 | $ 8,024 | $ 54,056,131 | $ 229,591,884 | | |
| **Expenditures** | | | | | | | | | | | | | |
| Debt Payments | $ 83,006,732 | $ 82,750,863 | $ 0 | $ 43,910,202 | $ 0 | $ 1,531,774 | $ 6,499,037 | $ 30,809,850 | | | $ 82,750,863 | 100% | |
| Audit Fees | 36,000 | 39,000 | | 15,250 | | | 5,250 | 18,500 | | | 39,000 | 100% | |
| Capital Projects | 108,995,625 | 129,454,906 | | 15,327,690 | | 14,589,627 | 608,180 | 46,167,710 | $ 1,618,613 | $ 50,859,710 | 129,171,530 | 100% | |
| Equipment, Buses, & Portables | 18,602,859 | 17,346,328 | | 10,568,252 | | | 1,442,384 | 4,174,031 | 286,581 | | 16,471,248 | 95% | 6/30/2014 |
| Total Expenditures | $ 210,641,216 | $ 229,591,097 | $ 0 | $ 69,821,394 | $ 0 | $ 16,121,401 | $ 8,554,851 | $ 81,170,091 | $ 1,905,194 | $ 50,859,710 | $ 228,432,641 | | |
| Proceeds for Current and Future Projects | $ 11,586,275 | $ 773 | $ 0 | $ (141,024) | $ 0 | $ 119 | $ (8,553,585) | $ 8,554,482 | $ (1,897,170) | $ 3,196,421 | $ 1,159,243 | | |

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 therefore, 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 therefore, 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, 2013

SCHEDULE "4b"

| | ORIGINAL BUDGET (as of 06-30-2011) | CURRENT BUDGET (as of 06-30-2013) | SPLOST 2012-2017 BONDS Current Year | SPLOST 2012-2017 BONDS Prior Year | SPLOST 2012-2017 SALES TAX PROCEEDS Current Year | SPLOST 2012-2017 SALES TAX PROCEEDS Prior Year | STATE AND LOCAL FUNDING Current Year | STATE AND LOCAL FUNDING Prior Year | TOTAL | PERCENTAGE COMPLETION | ESTIMATED COMPLETION DATE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | | |
| Sales Tax 2012-2017 Proceeds | $ 108,600,000 | $ 95,600,000 | $ 18,923,675 | | | $ 0 | $ 0 | $ 0 | $ 18,923,675 | 17% | |
| 2011 Bond Proceeds | 38,196,026 | 38,196,026 | | $ 38,196,068 | | | | | 38,196,068 | 100% | |
| State Proceeds | 11,000,000 | 11,600,000 | | | | | | | | 0% | |
| Local Proceeds | 5,000,000 | 5,000,000 | | | | | | | | 0% | |
| Interest | 600,000 | 600,000 | 20,548 | 41,312 | $ 13,710 | | | | 75,570 | 13% | |
| Total Revenue | $ 163,396,026 | $ 150,996,026 | $ 18,944,223 | $ 38,237,380 | $ 13,710 | $ 0 | $ 0 | $ 0 | $ 57,195,313 | | |
| **Expenditures** | | | | | | | | | | | |
| Debt Payments | $ 44,432,733 | $ 44,432,733 | | $ 1,164,333 | $ 4,294,200 | $ 0 | $ 0 | $ 0 | $ 5,458,533 | 12% | 10/1/2017 |
| Audit Fees | 25,000 | 25,000 | | | | | | | | 0% | 6/30/2017 |
| Capital Projects | 70,800,000 | 67,846,500 | $ 21,631,411 | 7,783,352 | 5,289,973 | | | | 34,704,736 | 49% | Various |
| Other Capital Outlays (equipment, buses, computers, etc.) | 41,250,000 | 38,707,111 | 395,426 | 7,283,353 | | | | | 7,678,779 | 19% | Various |
| Total Expenditures | $ 156,507,733 | $ 151,011,344 | $ 22,026,837 | $ 16,231,038 | $ 9,584,173 | $ 0 | $ 0 | $ 0 | $ 47,842,048 | | |
| Proceeds for Current and Future Projects | $ 6,888,293 | $ (15,318) | $ (3,082,614) | $ 22,006,342 | $ (9,570,463) | $ 0 | $ 0 | $ 0 | $ 9,353,265 | | |

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 in bonds have been issued and spent. The future projects and debt payments will be funded with sales taxes and state funds.

See notes to the basic financial statements.

COLUMBIA COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES BY PROGRAM
YEAR ENDED JUNE 30, 2013

SCHEDULE "5"

| DESCRIPTION | ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2) (3) | ELIGIBLE QBE PROGRAM COSTS SALARIES | OPERATIONS | TOTAL |
|---|---|---|---|---|
| Direct Instructional Programs | | | | |
| Kindergarten Program | $ 8,969,634 | $ 9,537,545 | $ 66,887 | $ 9,604,432 |
| Kindergarten Program-Early Intervention Program | 917,767 | 230,527 | 3,317 | 233,844 |
| Primary Grades (1-3) Program | 20,156,568 | 23,624,849 | 296,330 | 23,921,179 |
| Primary Grades-Early Intervention (1-3) Program | 3,074,671 | 1,033,530 | 10,354 | 1,043,884 |
| Upper Elementary Grades (4-5) Program | 10,579,316 | 13,222,202 | 320,203 | 13,542,405 |
| Upper Elementary Grades-Early Intervention (4-5) Program | 1,785,507 | 999,530 | 4,972 | 1,004,502 |
| Middle School (6-8) Program | 17,909,375 | 21,574,217 | 722,957 | 22,297,174 |
| High School General Education (9-12) Program | 18,544,742 | 21,843,231 | 1,313,568 | 23,156,799 |
| Vocational Laboratory (9-12) Program | 3,098,461 | 2,420,185 | 298,245 | 2,718,430 |
| Students with Disabilities | | | | |
| Category I | 511,100 | 510,204 | 3,877 | 514,081 |
| Category II | 607,625 | 597,099 | 3,940 | 601,039 |
| Category III | 7,301,051 | 9,360,209 | 480,400 | 9,840,609 |
| Category IV | 2,415,069 | 2,549,677 | 21,600 | 2,571,277 |
| Category V | 1,051,505 | 102,482 | 15,190 | 117,672 |
| Gifted Student - Category VI | 7,797,656 | 5,149,737 | 79,241 | 5,228,978 |
| Remedial Education Program | 1,598,063 | 406,871 | 4,148 | 411,019 |
| Alternative Education Program | 1,474,147 | 1,399,683 | 11,310 | 1,410,993 |
| English Speakers of Other Languages (ESOL) | 415,667 | 439,096 | 3,153 | 442,249 |
| TOTAL DIRECT INSTRUCTIONAL PROGRAMS | $ 108,207,924 | $ 115,000,874 | $ 3,659,692 | $ 118,660,566 |
| Media Center Program | 3,123,159 | 3,677,653 | 198,025 | 3,875,678 |
| Staff and Professional Development | 560,145 | 78,555 | 246,368 | 324,923 |
| TOTAL QBE FORMULA FUNDS | $ 111,891,228 | $ 118,757,082 | $ 4,104,085 | $ 122,861,167 |

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

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

(3) Allotments do not include the State Health payments made by GDOE to the Department of Community Health for the certified employees.

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

# DEPARTMENT OF AUDITS AND ACCOUNTS

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

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


February 11, 2014

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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Columbia County Board of Education's basic financial statements and have issued our report thereon dated February 11, 2014.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Columbia County Board of Education's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia County Board of Education's financial statements are free from 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 11, 2014.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, not to provide an opinion on the effectiveness of the Columbia County Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Columbia County Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2013YB-10

# DEPARTMENT OF AUDITS AND ACCOUNTS

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

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


February 11, 2014

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 FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

## Report on Compliance for Each Major Federal Program

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, 2013. 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.

### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Columbia County Board of Education's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of Columbia County Board of Education's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Columbia County Board of Education complied, in all material respects, with the types of 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, 2013.

Report on Internal Control over Compliance

Management of Columbia County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Columbia County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Greg S. Griffin
State Auditor

GSG:as
2013SA-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, 2013

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, 2013

## 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 — Unmodified

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 — Unmodified

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 |
| 84.041 | Impact Aid Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: $501,020

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.