COLUMBIA COUNTY BOARD OF EDUCATION

EVANS, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2014

(INCLUDING INDEPENDENT AUDITOR'S REPORTS)

COLUMBIA COUNTY BOARD OF EDUCATION

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

March 5, 2015

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, 2014, 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 basic financial statements referred to above 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, 2014, 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 2014 the Columbia County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 March 5, 2015, 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
2014ARL-11

The discussion and analysis of Columbia County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. 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 2013-14 are as follows:

- The Columbia County voters passed the fourth one percent (ESPLOST) 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 issued $35 million of the $45 million general obligation bonds in 2011. The $35 million bond debt will be repaid with the revenue from ESPLOST.
- The School District has an aggressive building program using ESPLOST revenue, bond proceeds, and state funds to construct new schools or to replace existing schools in order to accommodate the growth in the county. Some of the projects completed or under construction are:
    - Elementary school/replacement - opened fall 2013
    - Middle school/replacement - opened fall 2013
    - Elementary school/replacement - opens 2015
    - Elementary school/new - opens fall 2016
- The School Board raised the millage rate from 17.59 mills to 18.59 mills in order to offset the reduction in state funds. This provided an additional $4 million for general fund operations. The School Board and administration are committed to maintaining a minimum of 15% of budgeted expenditures in reserve.
- Net position increased $10.4 million, which represents a 4% increase from 2013. The total increase was due to governmental activities since the board has no business-type activities.
- General revenues accounted for $98.4 million in revenue or 45% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for $121.7 million or 55% of total revenues of $220.1 million.
- The Board had $209.6 million in expenses related to governmental activities; only $121.7 million of these expenses were offset by program specific charges, grants, or contributions. General revenue (primarily property and sales taxes) of $98.4 million was adequate to provide for these programs.
- Among major funds, the general fund had $197.7 million in revenues and $198.3 million in expenditures. The general fund balance decreased from $40.5 million to $39.9 million. The Board assigned $7.8 million for future years to offset short falls in state revenue.

Overview of the Financial Statements

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

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

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

Figure I
Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School District operates similar to private businesses: food services and adult education	Instances in which the School District administers resources on behalf of someone else, such as scholar-ship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of cash flows	• Statement of fiduciary net position • 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 2013 compared to 2014.

Table 2
Net Position

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013
Assets		
Current and Other Assets	$ 68,728,744	$ 70,868,148
Capital Assets, Net	261,403,856	254,675,846
Total Assets	330,132,600	325,543,994
Liabilities		
Current and Other Liabilities	18,646,598	19,745,155
Long-Term Liabilities	33,275,239	38,010,663
Total Liabilities	51,921,837	57,755,818
Net Position		
Net Investment in Capital Assets	228,648,855	217,221,582
Restricted	11,529,237	11,774,690
Unrestricted	38,032,671	38,791,904
Total Net Position	$ 278,210,763	$ 267,788,176

Total assets of governmental activities increased by $4,588,606 as cash and cash equivalents decreased by $656,300, investments decreased by $4,287,288, receivables increased by $3,057,363, and capital assets increased by $6,728,010. 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 decreased by $759,233.

Table 3 shows the changes in net position for fiscal year 2013 compared to 2014.

Table 3
Change in Net Position

	Governmental Activities		
	Fiscal Year 2014	Fiscal Year 2013	% Change
Revenues			
Program Revenues:			
Charges for Services	$ 10,013,184	$ 10,189,002	-1.73%
Operating Grants and Contributions	107,662,066	109,075,458	-1.30%
Capital Grants and Contributions	3,979,693	457,317	770.23%
Total Program Revenues	121,654,943	119,721,777	1.61%
General Revenues:			
Taxes			
Property Taxes	76,288,356	68,899,196	10.72%
Sales Taxes	20,514,918	21,341,622	-3.87%
Grants and Contributions not Restricted to Specific Programs	497,821	2,590,787	-80.78%
Investment Earnings	123,007	168,029	-26.79%
Miscellaneous	967,082	464,871	108.03%
Total General Revenues	98,391,184	93,464,505	5.27%
Total Revenues	220,046,127	213,186,282	3.22%
Program Expenses:			
Instruction	139,135,580	135,161,170	2.94%
Support Services			
Pupil Services	4,193,516	4,076,162	2.88%
Improvement of Instructional Services	4,988,552	4,794,714	4.04%
Educational Media Services	4,328,420	4,231,637	2.29%
General Administration	1,038,875	1,018,175	2.03%
School Administration	13,836,016	13,281,748	4.17%
Business Administration	1,651,583	1,424,958	15.90%
Maintenance and Operation of Plant	14,443,658	13,761,532	4.96%
Student Transportation Services	10,497,828	10,087,738	4.07%
Central Support Services	893,294	839,963	6.35%
Other Support Services	5,156	25,195	-79.54%
Operations of Non-Instructional Services			
Enterprise Operations	3,671,953	3,416,730	7.47%
Food Services	10,197,022	10,017,575	1.79%
Interest on Short-Term and Long-Term Debt	742,087	860,594	-13.77%
Total Expenses	209,623,540	202,997,891	3.26%
Increase in Net Position	10,422,587	10,188,391	2.30%
Net Position - Beginning of Year	267,788,176	257,599,785	3.96%
Net Position - End of Year	$ 278,210,763	$ 267,788,176	3.89%

Governmental Activities

Instruction comprises 66% of governmental program expenses. Support service expenses make up 27% 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 18.59 to provide the additional local funding along with a 1% (ESPLOST) 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 2014	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2013
Instruction	$ 139,135,580	$ 135,161,170	$ 58,022,703	$ 56,423,795
Support Services:				
Pupil Services	4,193,516	4,076,162	3,262,404	3,225,596
Improvement of Instructional Services	4,988,552	4,794,714	3,043,654	2,872,856
Educational Media Services	4,328,420	4,231,637	1,044,374	1,075,225
General Administration	1,038,875	1,018,175	-1,837,047	-2,293,361
School Administration	13,836,016	13,281,748	7,809,810	7,205,745
Business Administration	1,651,583	1,424,958	1,651,583	1,421,950
Maintenance and Operation of Plant	14,443,658	13,761,532	7,054,155	6,471,257
Student Transportation Services	10,497,828	10,087,738	7,946,188	7,095,508
Central Support Services	893,294	839,963	891,190	836,552
Other Support Services	5,156	25,195	-12,495	6,884
Operations of Non-Instructional Services:				
Enterprise Operations	3,671,953	3,416,730	-2,132,710	-2,215,477
Food Services	10,197,022	10,017,575	482,701	288,990
Interest on Short-Term and Long-Term Debt	742,087	860,594	742,087	860,594
Total Expenses	$ 209,623,540	$ 202,997,891	$ 87,968,597	$ 83,276,114

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 59.0 % of instructional activities are supported through taxes and other general revenues which decreased from the prior year by 1.4%; for all other governmental activities general revenue support is 30.4 % which is an increase of 1.7%.

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 $220,069,067 and expenditures of $220,846,659. The net change in fund balance for the year was insignificant in the general fund and the capital projects funds, which had a decrease of $669,459 and a decrease of $107,633 respectively.

The general fund operations decrease was due to the School District continuing to receive less funds from the State.

The School District sold $35 million in bonds in 2011 to build several schools. All of the bond proceeds have been expended and the ESPLOST proceeds are being used to continue various projects such as an additional elementary school along with repaying the 2011 debt.

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 2014 the Board amended its general fund budget numerous times, which resulted in increasing the revenue budget by $1,742,000 and increasing the expenditure budget by $941,000. 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 $4.9 million that are not budgeted; increase of taxes of $2.6 million; and increase in miscellaneous revenue of $637,000; and increase of $100,000 in various state and federal funds. The variances between the final budgeted expenditures and actual are due to over estimates in various areas; and the school system does not currently budget for the $4.9 million in student activity funds. Approximately $2.2 million of the school system 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 2014, the School District had $261,403,856 invested in land, construction in progress, buildings, equipment, and buses.

Table 5 shows fiscal 2014 balances compared to 2013

Table 5
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013
Land	$ 11,055,972	$ 11,055,972
Construction In Progress	13,389,935	36,641,684
Building and Building Improvements	219,471,209	191,557,539
Equipment	15,128,367	15,081,108
Land Improvements	2,358,373	339,543
Total	$ 261,403,856	$ 254,675,846

Overall capital assets increased $6,728,010 from fiscal year 2013 to fiscal year 2014. Increases in capital assets (buildings and building improvements, equipment, and land improvements) were offset by depreciation expense for the year.

The increase in land improvements was due to the completion of the site work for a future high school athletic facility.

Debt

At June 30, 2014 the School District had $30.9 million in general obligation bonds outstanding with $8.4 million due within one year.

The voters of Columbia County approved on March 18, 1997 the first one percent sales tax for educational purposes for five years (July, 1997 - June, 2002); the second on March 20, 2001 for five years (July, 2002 - June, 2007); the third on March 15, 2005 for five years (July, 2007 - June, 2012); and the fourth on July 20, 2010 for an additional five years (July, 2012 - June 2017). The voters also approved in the July 20, 2010 election for the School District to sell up to $45 million in short-term bonds which will be paid with the sales tax. In June 2011 $35 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 2014	Fiscal Year 2013
Compensated Absences	$ 517,451	$ 553,614
Unamortized Premium on Bonds	1,842,788	2,457,049
General Obligation Bonds	30,915,000	35,000,000
Total	$ 33,275,239	$ 38,010,663

Current Financial Issues and Concerns

The Columbia County School District is financially stable. The School District raised the millage rate from 17.59 mills to 18.59 mills in 2013-14 school year. The millage was increased to offset the cuts in state funding. Currently one mill produces approximately $4 million in tax revenue. The tax digest has grown at 7.25 % over the last five years but in the last two years the School District has seen the digest grow by 5.5%. In March 2013 the state of Georgia inactivated the HB 386 which changed the fee structure for taxes on motor vehicles. New cars purchased will no longer be reflected on the tax digest but will pay a onetime title ad valorem tax at the time of purchase. This new tax is intended to offset the revenue from the annual ad valorem tax. Even with economic down turn the average collection rate has been 97.5% over the last five years.

The School District continues to grow with an average increase of 414 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 48% of the revenues budgeted for the General Fund from QBE. The School District received $2.7 million less in funding for 2014. The decrease in QBE funding was due to a change in the funding for the state equalization grant and reduction in funding for health insurance. The budgeted QBE funding for 2015 is $5 million more than 2014. For fiscal year 2015, the School District used the additional state funding to reduce class size. The School District hired an additional 98 certified teachers and reduced 28 noncertified support personnel in school year 2014-15. The School District was able to prepare a 2015 budget with reserves from fund balance and still maintain a 15% reserve of budgeted expenditures.

In fiscal year 2015, the School District will adopt Governmental Account Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement in fiscal year 2015 will result in a restatement to beginning net position. The School District's liability for the unfunded portion of the pension plan administered through the Teacher Retirement System of Georgia (TRS) is currently being calculated based on actuarial estimates. The amount is unknown, but is believed to be material.

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, 2014

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 14,949,815
Investments	33,029,562
Accounts Receivable, Net	
Taxes	2,671,581
State Government	16,767,940
Federal Government	1,024,291
Inventories	175,141
Prepaid Items	110,414
Capital Assets	
Land	11,055,972
Construction in Progress	13,389,935
Land Improvements	2,850,890
Buildings	298,026,630
Equipment	49,279,259
Less: Accumulated Depreciation	-113,198,830
Total Assets	330,132,600
LIABILITIES	
Accounts Payable	861,519
Salaries and Benefits Payable	13,954,813
Interest Payable	308,450
Claims Payable	958,571
Contracts Payable	1,550,701
Retainages Payable	1,012,544
Long-Term Liabilities	
Due Within One Year	9,014,263
Due in More Than One Year	24,260,976
Total Liabilities	51,921,837
NET POSITION	
Net Investment in Capital Assets	228,648,855
Restricted for	
Continuation of Federal Programs	1,400,246
Debt Service	4,478,450
Capital Projects	5,650,541
Unrestricted	38,032,671
Total Net Position	$ 278,210,763

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, 2014

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 139,135,580	$ 32,220
Support Services		
Pupil Services	4,193,516	
Improvement of Instructional Services	4,988,552	
Educational Media Services	4,328,420	
General Administration	1,038,875	
School Administration	13,836,016	
Business Administration	1,651,583	
Maintenance and Operation of Plant	14,443,658	
Student Transportation Services	10,497,828	
Central Support Services	893,294	
Other Support Services	5,156	
Operations of Non-Instructional Services		
Enterprise Operations	3,671,953	5,804,663
Food Services	10,197,022	4,176,301
Interest on Short-Term and Long-Term Debt	742,087	
Total Governmental Activities	$ 209,623,540	$ 10,013,184
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
$ 77,568,688	$ 3,511,969	$ -58,022,703
931,112		-3,262,404
1,944,898		-3,043,654
3,089,161	194,885	-1,044,374
2,875,922		1,837,047
5,870,298	155,908	-7,809,810
		-1,651,583
7,389,503		-7,054,155
2,551,640		-7,946,188
2,104		-891,190
17,651		12,495
		2,132,710
5,421,089	116,931	-482,701
		-742,087
$ 107,662,066	$ 3,979,693	-87,968,597
		72,437,581
		3,850,775
		5,482,200
		12,997,176
		1,543,542
		492,000
		497,821
		123,007
		967,082
		98,391,184
		10,422,587
		267,788,176
		$ 278,210,763

COLUMBIA COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 13,838,195	$ 52,104		$ 13,890,299
Investments	24,746,938	8,250,488	$ 32,136	33,029,562
Accounts Receivable, Net				
Taxes	1,084,967	1,586,614		2,671,581
State Government	13,520,193	3,247,747		16,767,940
Federal Government	1,024,291			1,024,291
Inventories	175,141			175,141
Prepaid Items	110,414			110,414
Total Assets	54,500,139	13,136,953	32,136	67,669,228
LIABILITIES				
Accounts Payable	661,267	168,403		829,670
Salaries and Benefits Payable	13,954,813			13,954,813
Contracts Payable		1,550,701		1,550,701
Retainages Payable		1,012,544		1,012,544
Total Liabilities	14,616,080	2,731,648		17,347,728
FUND BALANCES				
Nonspendable	285,555			285,555
Restricted	1,225,105	10,405,305	32,136	11,662,546
Assigned	10,662,599			10,662,599
Unassigned	27,710,800			27,710,800
Total Fund Balances	39,884,059	10,405,305	32,136	50,321,500
Total Liabilities and Fund Balances	$ 54,500,139	$ 13,136,953	$ 32,136	$ 67,669,228

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, 2014

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 50,321,500
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	13,389,935	
Land Improvements	2,850,890	
Buildings	298,026,630	
Equipment	49,279,259	
Accumulated Depreciation	-113,198,830	
Total Capital Assets		261,403,856
An Internal Service Fund is used by the School District's management to account for the worker's compensation risk financing activities. The assets and liabilities of the Internal Service Fund are reported in governmental activities.		69,096
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:		
Bonds Payable	$ -30,915,000	
Accrued Interest Payable	-308,450	
Compensated Absences Payable	-517,451	
Bond Premiums, Net of Amortization	-1,842,788	
Total Long-Term Liabilities		-33,583,689
Net Position of Governmental Activities (Exhibit "A")		$ 278,210,763

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, 2014

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 76,288,356			$ 76,288,356
Sales Taxes	2,035,542	$ 12,997,176	$ 5,482,200	20,514,918
State Funds	96,085,651	3,897,693		99,983,344
Federal Funds	12,156,236			12,156,236
Charges for Services	10,013,184			10,013,184
Investment Earnings	107,140	13,000	63	120,203
Miscellaneous	992,826			992,826
Total Revenues	197,678,935	16,907,869	5,482,263	220,069,067
EXPENDITURES				
Current				
Instruction	130,829,473	2,382,749		133,212,222
Support Services				
Pupil Services	4,192,868			4,192,868
Improvement of Instructional Services	4,946,447			4,946,447
Educational Media Services	4,278,805	42,611		4,321,416
General Administration	925,815	5,995		931,810
School Administration	13,716,483	167,203		13,883,686
Business Administration	1,329,962		563	1,330,525
Maintenance and Operation of Plant	14,231,514	47,061		14,278,575
Student Transportation Services	9,555,578			9,555,578
Central Support Services	886,218			886,218
Other Support Services	13,928			13,928
Enterprise Operations	3,640,130			3,640,130
Food Services Operation	9,801,173	82,387		9,883,560
Capital Outlay		14,287,496		14,287,496
Debt Services				
Principal			4,085,000	4,085,000
Interest			1,397,200	1,397,200
Total Expenditures	198,348,394	17,015,502	5,482,763	220,846,659
Net Change in Fund Balances	-669,459	-107,633	-500	-777,592
Fund Balances - Beginning	40,553,518	10,512,938	32,636	51,099,092
Fund Balances - Ending	$ 39,884,059	$ 10,405,305	$ 32,136	$ 50,321,500

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, 2014

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -777,592
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	$ 17,595,186	
Depreciation Expense	-10,841,432	
Excess of Capital Outlay over Depreciation Expense		6,753,754
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		-25,744
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		-326,366
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		4,085,000
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		40,850
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	$ 614,261	
Decrease in Compensated Absences	36,163	
Total Additional Expenditures		650,424
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 is reported in governmental activities.		22,261
Change in Net Position of Governmental Activities (Exhibit "B")		$ 10,422,587

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, 2014

EXHIBIT "G"

	INTERNAL SERVICE FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,059,516
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 31,849
Claims Payable	958,571
Total Current Liabilities	990,420
NET POSITION	
Unrestricted	69,096
Total Liabilities and Net Position	$ 1,059,516

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
JUNE 30, 2014

EXHIBIT "H"

	INTERNAL SERVICE FUND
OPERATING REVENUES	
Charges for Services	$ 928,096
OPERATING EXPENSES	
Contractual Services	114,371
Insurance Claims and Expenses	794,268
Total Operating Expenses	908,639
Operating Income	19,457
NONOPERATING REVENUES	
Interest and Investment Revenue	2,804
Changes in Net Position	22,261
Total Net Position - Beginning	46,835
Total Net Position - Ending	$ 69,096

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, 2014

EXHIBIT "I"

	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges for Services	$ 928,096
Cash Paid for Excess Worker's Compensation Insurance	-66,319
Cash Paid for Other Purchased Services	-48,052
Cash Paid for Worker's Compensation Claims	-738,890
Net Cash Provided (Used) by Operating Activities	74,835
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	2,804
Net Increase in Cash and Cash Equivalents	77,639
Balances - Beginning of Year	981,877
Balances - End of Year	$ 1,059,516
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 19,457
Accounts and Other Payables	55,378
Net Cash Provided (Used) By Operating Activities	$ 74,835

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, 2014

EXHIBIT "J"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 1,764,515
LIABILITIES	
Funds Held for Others	$ 1,764,515

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), Bond Proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal, 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 are both restricted and unrestricted net assets available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2014, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this Statement establish accounting and financial reporting standards that reclassify, as deferred outflows or inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities.

FUTURE ACCOUNTING PRONOUNCEMENTS

In fiscal year 2015, the School District will adopt Governmental Account Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement in fiscal year 2015 will result in a restatement to beginning net position. The School District's liability for the unfunded portion of the pension plan administered through the Teacher's Retirement System of Georgia (TRS) is currently being calculated based on actuarial estimates. The amount of this liability is unknown, but is believed to be material.

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 local government investment pool (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 adopted the property tax levy for the 2013 tax digest year (calendar year) on July 23, 2013 (levy date) based on property values as of January 1, 2013. Taxes were due on November 15, 2013 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2013 tax digest are reported as revenue in the governmental funds for fiscal year 2014. 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, 2014, for maintenance and operations amounted to $72,437,581.

The tax millage rate levied for the 2013 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	18.59 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $3,850,775 during fiscal year ended June 30, 2014.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $18,479,376 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, 2014, 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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The School District did not have any items that qualified for reporting in this category for the year ended June 30, 2014.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The School District did not have any items that qualified for reporting in this category for the year ended June 30, 2014.

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.

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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 is 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 – This represents resources for which the School District is legally or contractually obligated to spend resources for continuation of Federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net 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, 2014, are as follows:

Nonspendable		
Inventories	$ 175,141	
Prepaid Assets	110,414	$ 285,555
Restricted		
Capital Projects	$ 5,650,541	
Debt Service	4,786,900	
Continuation of Federal Programs	1,225,105	11,662,546
Assigned		
Anticipated Revenue Shortfall	$ 7,821,838	
School Activity Accounts	2,840,761	10,662,599
Unassigned		27,710,800
Fund Balance, June 30, 2014		$ 50,321,500

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 or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. At June 30, 2014, the carrying amount of deposits was $16,714,330 and bank balances were $17,478,408. The bank balances insured by Federal depository insurance were $1,077,008 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	16,401,400
Total	$ 16,401,400

CATEGORIZATION OF INVESTMENTS

At June 30, 2014, the carrying value of the School District's total investments was $33,029,562, which is materially the same as fair value. This investment consisted entirely of funds invested in the Georgia Fund 1(local government investment pool) administered by the State of Georgia, Office of the State Treasurer which 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. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAAf rated investment pool by Standard and Poor's. The weighted average maturity for Georgia Fund 1 on June 30, 2014, was 62 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, 2013	Increases	Decreases	Balances June 30, 2014
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 11,055,972			$ 11,055,972
Construction Work In Progress	36,641,684	$ 12,768,710	$ 36,020,459	13,389,935
Total Capital Assets, Not Being Depreciated	47,697,656	12,768,710	36,020,459	24,445,907
Capital Assets, Being Depreciated:				
Buildings and Improvements	263,466,246	34,566,684	6,300	298,026,630
Equipment	46,367,369	4,205,405	1,293,515	49,279,259
Land Improvements	776,044	2,074,846		2,850,890
Less: Accumulated Depreciation:				
Buildings and Improvements	71,908,707	6,653,014	6,300	78,555,421
Equipment	31,286,261	4,132,402	1,267,771	34,150,892
Land Improvements	436,501	56,016		492,517
Total Capital Assets, Being Depreciated, Net	206,978,190	30,005,503	25,744	236,957,949
Governmental Activity Capital Assets - Net	$ 254,675,846	$ 42,774,213	$ 36,046,203	$ 261,403,856

Current year depreciation expense by function is as follows:

Instruction		$ 8,691,089
Support Services		
Pupil Services	$ 5,642	
Improvements of Instructional Services	92,652	
Educational Media Services	45,275	
General Administration	129,261	
School Administration	123,742	
Business Administration	30,104	
Maintenance and Operation of Plant	368,228	
Student Transportation Services	954,052	
Central Support Services	8,288	
Other Support Services	5,735	1,762,979
Community Services		56,945
Food Services		330,419
		$ 10,841,432

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 $500,000 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
2013	$ 700,949	$ 806,378	$ 607,957	$ 899,370
2014	$ 899,370	$ 853,469	$ 794,268	$ 958,571

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
2013	$ 2,010	$ 0	$ 2,010	$ 0
2014	$ 0	$ 14,393	$ 11,050	$ 3,343

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%	$ 30,915,000

The School District passed another ESPLOST 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, 2014, were as follows:

	Governmental Activities				
	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
G. O. Bonds	$ 35,000,000		$ 4,085,000	$ 30,915,000	$ 8,400,000
Compensated Absences (1)	553,614	$ 510,712	546,875	517,451	
Bond Premiums Amortized	2,457,049		614,261	1,842,788	614,263
	$ 38,010,663	$ 510,712	$ 5,246,136	$ 33,275,239	$ 9,014,263

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

At June 30, 2014 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:			
2015	$ 8,400,000	$ 1,171,250	$ 614,263
2016	8,715,000	853,200	614,263
2017 - 2018	13,800,000	552,550	614,262
Total Principal and Interest	$ 30,915,000	$ 2,577,000	$ 1,842,788

Note 9: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $8,937,588 for health insurance paid on the School District's behalf by the following State Agency.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Certificated Personnel
In the amount of $8,937,588

Funds paid to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District are reported as part of the Quality Basic Education revenue allotments on 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, 2014 together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Other Projects	$ 1,298,656	
Elementary School	9,370,183	$ 3,843,518
	$ 10,668,839	$ 3,843,518

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 EMPLOYEES POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. 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. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2014:

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

July 1, 2013 - June 30, 2014 $945.00 per member per month

For non-certificated school personnel:

July 1, 2013 - June 30, 2014 $596.20 per member per month

No additional contribution was required by the Board for fiscal year 2014 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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

Fiscal Year	Percentage Contributed	Required Contribution
2014	100%	$ 19,872,588
2013	100%	$ 18,016,836
2012	100%	$ 18,829,094

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 educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers' Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

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

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

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2014, were 6.00% of annual salary. Employer contributions required for fiscal year 2014 were 12.28% of annual salary as required by the June 30, 2011 actuarial valuation. The employer contribution rate will increase to 13.15% effective July 1, 2014.

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

Fiscal Year	Percentage Contributed		Required Contribution
2014	100%	$	13,918,478
2013	100%	$	12,795,590
2012	100%	$	11,742,638

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

On 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
2014	100%	$ 149,024
2013	100%	$ 155,739
2012	100%	$ 157,673

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COLUMBIA COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 73,895,586	$ 73,895,586	$ 76,288,356	$ 2,392,770
Sales Tax	1,825,000	1,825,000	2,035,542	210,542
State Funds	94,832,837	96,057,775	96,085,651	27,876
Federal Funds	11,591,416	12,109,252	12,156,236	46,984
Charges for Services	4,989,200	4,989,200	10,013,184	5,023,984
Investment Earnings	127,000	127,000	107,140	-19,860
Miscellaneous	355,000	355,000	992,826	637,826
Total Revenues	187,616,039	189,358,813	197,678,935	8,320,122
EXPENDITURES				
Current				
Instruction	131,484,411	132,115,441	130,829,473	1,285,968
Support Services				
Pupil Services	4,049,665	4,094,794	4,192,868	-98,074
Improvement of Instructional Services	5,147,894	5,416,486	4,946,447	470,039
Educational Media Services	4,031,733	4,031,733	4,278,805	-247,072
General Administration	1,027,295	991,154	925,815	65,339
School Administration	12,209,588	12,210,838	13,716,483	-1,505,645
Business Administration	1,421,646	1,421,646	1,329,962	91,684
Maintenance and Operation of Plant	14,533,700	14,533,700	14,231,514	302,186
Student Transportation Services	9,643,533	9,674,910	9,555,578	119,332
Central Support Services	895,408	895,528	886,218	9,310
Other Support Services	37,877	37,651	13,928	23,723
Enterprise Operations			3,640,130	-3,640,130
Food Services Operation	10,232,762	10,232,762	9,801,173	431,589
Total Expenditures	194,715,512	195,656,643	198,348,394	-2,691,751
Net Change in Fund Balances	-7,099,473	-6,297,830	-669,459	5,628,371
Fund Balances - Beginning	40,553,518	40,553,518	40,553,518	0
Fund Balances - Ending	$ 33,454,045	$ 34,255,688	$ 39,884,059	$ 5,628,371

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $4,870,298 and $4,950,314, 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, 2014

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program		10.553	N/A	(2)	
National School Lunch Program		10.555	N/A	$ 9,529,987	(1)
Total U. S. Department of Agriculture				9,529,987	
Education, U. S. Department of					
Impact Aid Cluster					
Direct					
Impact Aid		84.041		(3)	
Education of Homeless Children and Youth Cluster					
Pass-Through From Georgia Department of Education					
Education for Homeless Children and Youth		84.196	N/A	44,375	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Grants to States	*	84.027	N/A	3,519,725	
Preschool Grants	*	84.173	N/A	84,625	
Total Special Education Cluster				3,604,350	
Title I, Part A					
Pass-Through From Georgia Department of Education					
Title I Grants to Local Educational Agencies	*	84.010	N/A	1,867,225	
Other Programs					
Pass-Trough From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	8,629	
Career and Technical Education - Basic Grants to States		84.048	N/A	136,032	
English Language Acquisition Grants		84.365	N/A	91,778	
Improving Teacher Quality State Grants		84.367	N/A	422,010	
Total Other Programs				658,449	
Total U. S. Department of Education				6,174,399	
Defense, U. S. Department of					
Direct					
Department of the Army					
R.O.T.C. Program				277,040	
Department of the Navy					
R.O.T.C. Program				57,072	
Total U. S. Department of Defense				334,112	
Total Expenditures of Federal Awards				$ 16,038,498	

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 $703,016.
(2) Expenditures for the funds earned on the School Breakfast Program ($750,814) were not maintained separately and are included in the 2014 National School Lunch Program.
(3) Funds earned on the Impact Aid Program, in the amount of $497,821, 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.

COLUMBIA COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2014

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 918,482		$ 918,482
Education, Georgia Department of			
Quality Basic Education (1)			
Direct Instructional Cost			
Kindergarten Program	6,816,663		6,816,663
Kindergarten Program - Early Intervention Program	1,243,026		1,243,026
Primary Grades (1-3) Program	16,564,964		16,564,964
Primary Grades - Early Intervention (1-3) Program	3,312,874		3,312,874
Upper Elementary Grades (4-5) Program	8,016,787		8,016,787
Upper Elementary Grades - Early Intervention (4-5) Program	1,685,629		1,685,629
Middle School (6-8) Program	14,979,292		14,979,292
High School General Education (9-12) Program	15,004,169		15,004,169
Vocational Laboratory (9-12) Program	2,599,967		2,599,967
Students with Disabilities			
Category I	313,728		313,728
Category II	419,729		419,729
Category III	6,140,696		6,140,696
Category IV	1,870,462		1,870,462
Category V	789,157		789,157
Gifted Student - Category VI	7,335,047		7,335,047
Remedial Education Program	994,923		994,923
Alternative Education Program	1,063,674		1,063,674
English Speakers of Other Languages (ESOL)	389,094		389,094
Media Center Program	2,561,662		2,561,662
20 Days Additional Instruction	795,685		795,685
Staff and Professional Development	485,225		485,225
Indirect Cost			
Central Administration	2,219,610		2,219,610
School Administration	4,872,829		4,872,829
Facility Maintenance and Operations	6,140,569		6,140,569
Categorical Grants			
Pupil Transportation			
Regular	1,593,931		1,593,931
Nursing Services	469,541		469,541
Vocational Supervisors	26,733		26,733
Education Equalization Funding Grant			
Food Services	271,186		271,186
Vocational Education	220,026		220,026
Amended Formula Adjustment	-14,679,350		-14,679,350
Other State Programs			
Preschool Handicapped Program	419,666		419,666
Science and Math Supplement	147,075		147,075
Move on When Ready	900		900
Technology Bond Grant	82,000		82,000
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 3,897,693	3,897,693
	$ 96,085,651	$ 3,897,693	$ 99,983,344

(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 $8,937,588 are included as part of the Quality Basic Education revenue allotments.

See notes to the basic financial statements.

COLUMBIA COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2014

SCHEDULE "4a"

	ORIGINAL BUDGET (as of 06-30-2007)	CURRENT BUDGET (as of 06-30-2014)	(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
Revenues												
Sales Tax 2002-2007 Proceeds	$ 68,265,548	$ 68,265,548	$ 0	$ 68,265,548	$ 0		$ 0		$ 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								19,976,024	19,976,024	100%
Interest	1,700,000	1,954,108		1,414,822		456,715		82,587			1,954,124	100%
Total Revenue	222,227,491	229,591,870	0	69,680,370	0	16,121,520	0	89,725,839	0	54,064,155	229,591,884	
Expenditures												
Debt Payments	83,006,732	82,750,863	0	43,910,202	0	1,531,774	0	37,308,887			82,750,863	100%
Audit Fees	36,000	39,000		15,250				23,750			39,000	100%
Capital Projects	108,995,625	129,400,837		15,327,690		14,589,627		46,775,890	229,307	52,478,323	129,400,837	100%
Equipment, Buses, & Portables	18,602,859	17,401,623		10,568,252				5,616,415	930,374	286,581	17,401,622	100%
Total Expenditures	210,641,216	229,592,323	0	69,821,394	0	16,121,401	0	89,724,942	1,159,681	52,764,904	229,592,322	
Proceeds for Current and Future Projects	$ 11,586,275	$ -453	$ 0	$ -141,024	$ 0	$ 119	$ 0	$ 897	$ -1,159,681	$ 1,299,251	$ -438	

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, 2014

SCHEDULE "4b"

	ORIGINAL BUDGET (as of 06-30-2011)	CURRENT BUDGET (as of 06-30-2014)	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	$ 0	$	18,479,376	$ 18,923,675	$	0	$ 37,403,051	34%	
2011 Bond Proceeds	38,196,026	38,196,026	$ 38,196,068						38,196,068	100%	
State Proceeds	11,000,000	11,741,211					$ 3,897,693		3,897,693	35%	
Local Proceeds	5,000,000	5,000,000							0	0%	
Interest	600,000	200,000		61,860	13,000	13,710			88,570	15%	
Total Revenue	163,396,026	150,737,237	0	38,257,928	18,492,376	18,937,385	3,897,693	0	79,585,382		
Expenditures											
Debt Payments	44,432,733	44,432,733	0	1,164,333	5,482,200	4,294,200	0	0	10,940,733	25%	10/1/2017
Audit Fees	25,000	25,000			5,000				5,000	20%	6/30/2017
Capital Projects	70,800,000	67,948,810		29,414,763	8,982,756	5,289,973			43,687,492	62%	Various
Other Capital Outlays	41,250,000	38,057,111		7,678,779	6,868,064				14,546,843	35%	Various
Total Expenditures	156,507,733	150,463,654	0	38,257,875	21,338,020	9,584,173	0	0	69,180,068		
Proceeds for Current and Future Projects	$ 6,888,293	$ 273,583	$ 0	$ 53	-2,845,644	9,353,212	$ 3,897,693	$ 0	$ 10,405,314		

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, 2014

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2) (3)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Funds				
Kindergarten Program	$ 8,332,752	$ 9,529,531	$ 246,205	$ 9,775,736
Kindergarten Program - Early Intervention Program	1,416,671	549,231	3,580	552,811
Primary Grades (1-3) Program	20,016,372	23,734,208	797,027	24,531,235
Primary Grades - Early Intervention (1-3) Program	3,865,875	1,390,963	15,022	1,405,985
Upper Elementary Grades (4-5) Program	9,805,841	12,774,888	491,648	13,266,536
Upper Elementary Grades Early Intervention Program	1,998,498	1,142,553	6,636	1,149,189
Middle Grades (6-8) Program				
Middle School (6-8) Program	18,056,154	21,151,670	1,098,215	22,249,885
High School General Education (9-12) Program	18,174,700	22,223,914	1,144,957	23,368,871
Vocational Laboratory (9-12) Program	3,133,331	2,617,161	113,032	2,730,193
Students with Disabilities				
Category I	397,217	507,010	8,376	515,386
Category II	520,868	634,391	3,861	638,252
Category III	7,390,774	9,695,689	411,766	10,107,455
Category IV	2,281,438	2,507,469	18,945	2,526,414
Category V	965,988	98,702	18,584	117,286
Gifted Student - Category VI	8,701,889	6,216,102	128,205	6,344,307
Remedial Education Program	1,257,615	749,461	4,218	753,679
Alternative Education Program	1,311,173	1,569,367	8,512	1,577,879
English Speakers of Other Languages (ESOL)	461,739	430,955	3,265	434,220
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	108,088,895	117,523,265	4,522,054	122,045,319
Media Center Program	3,094,913	3,682,822	269,778	3,952,600
Staff and Professional Development	583,915	82,002	293,185	375,187
TOTAL QBE FORMULA FUNDS	$ 111,767,723	$ 121,288,089	$ 5,085,017	$ 126,373,106

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

(2) Allotments do not include the impact of the State budget austerity reduction of $14,865,085.

(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

March 5, 2015

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, 2014, 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 March 5, 2015.

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 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 March 5, 2015.

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
2014YB-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

March 5, 2015

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, 2014. 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, 2014.

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
2014SA-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, 2014

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, 2014

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-143, Section 510(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $496,090

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.