CITY OF DECATUR
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2014

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FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

I. FINANCIAL SECTION	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	15
Statement of Assets and Liabilities – Agency Fund	16
Notes to Financial Statements	17-38
Combining and Nonmajor Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	40
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	41

II. CONTINUING DISCOSURE SECTION (UNAUDITED)	
General Information – CUSIPS	42
School Buildings	43
Active Personnel	44
Sales & Use Tax Receipts	45
Legal Debt Margin Information – City of Decatur, Georgia	46
Tax Digest History	47
Property Tax Rates – Direct and Overlapping Governments	48
Property Tax Levies and Collections	49
Tax Revenue Sources – City of Decatur, Georgia	50
Principal Property Taxpayers	51
Annual Budget (Cash Basis) – City of Decatur, Georgia	52

CITY OF DECATUR BOARD OF EDUCATION
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TABLE OF CONTENTS

III. SINGLE AUDIT SECTION

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*	**53 and 54**
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	**55 and 56**
Schedule of Expenditures of Federal Awards	**57 and 58**
Schedule of Findings and Questioned Costs	**59 and 60**
Status of Prior Fiscal Year Findings and Questioned Costs	**61**

I. FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia

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 of the City of Decatur Board of Education as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Decatur Board of Education'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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to 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 City of Decatur Board of Education as of June 30, 2014, and the respective changes in financial position, and the budgetary comparison for the General Fund, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 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 about 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 City of Decatur Board of Education's basic financial statements. The combining and nonmajor fund statements and schedules and continuing disclosure section, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining and nonmajor fund statements and schedules, schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining and nonmajor fund statements and schedules, schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of the City of Decatur Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Decatur Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 17, 2014

BASIC FINANCIAL STATEMENTS

The discussion and analysis of the City of Decatur Board of Education's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the complete financial statements, with footnotes, to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- Total net position increased from approximately $76.7 million in 2013 to approximately $80.5 million in 2014, an increase of approximately $3.8 million. The increase is due primarily to the construction in progress during fiscal year 2014.

- Total revenues increased from approximately $51.8 million in fiscal year 2013 to approximately $55.8 million in fiscal year 2014, an increase of approximately $4.0 million the majority of which included a $3.3 million or 17.6% increase in Operating Grants and Contributions.

- Total expenses increased from approximately $50.8 million in fiscal year 2013 to approximately $51.9 million in fiscal year 2014, an increase of approximately $1.1 million. This increase was the result of an increase in staff to accommodate the increase in enrollment, the establishment of a Transportation Department which included hiring bus drivers and bus aids, a 1.25% step increase for qualifying employees, and an increase to the employer portion of health care costs and Teachers' Retirement benefits.

- Among the major funds, the General Fund has approximately $48 million in revenues (including other financing sources) and approximately $46.5 million in expenditures (including other financing uses) in fiscal year 2014. Fund balance for the General Fund increased by approximately $1.5 million due to better than expected State and local tax revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government–wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows of resources with the difference between the three reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

	Governmental Activities	
Assets:	**2013**	**2014**
Current and other assets	$34,569,576	$53,887,098
Capital assets	79,306,781	82,570,790
Total assets	113,876,357	136,457,888
Liabilities:		
Long-term liabilities outstanding, net of current portion	18,952,990	37,078,992
Other liabilities	7,487,435	7,921,598
Total liabilities	26,440,425	45,000,590
Deferred Inflows of Resources		
Unearned revenue – property taxes	10,751,076	10,944,362
Net Position:		
Net investment in capital assets	60,978,404	62,460,448
Restricted	2,022,841	3,397,817
Unrestricted	13,683,611	14,654,671
Total net position	$76,684,856	$80,512,936

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

	Government Activities	
	2013	**2014**
Revenues:		
Program revenues:		
Charges for services	$3,516,856	$3,624,616
Operating grants and contributions	18,687,345	21,977,651
General revenues:		
Property taxes	25,154,387	25,415,811
Sales taxes	3,303,484	3,383,656
Unrestricted investment earnings	20,470	19,309
Other	1,082,790	1,354,258
Total revenues	51,765,332	55,775,301
Expenses:		
Instruction	33,533,045	30,823,313
Support services	14,571,971	17,458,123
Food services operation	1,927,989	2,292,029
Community service operation	64,193	74,248
Interest on long-term debt	741,448	1,299,508
Total expenses	50,838,646	51,947,221
Increase in net position	926,686	3,828,080
Net position, beginning of fiscal year	75,758,170	76,684,856
Net position, end of fiscal year	$76,684,856	$80,512,936

In contrast, fund balance reports only those assets, deferred inflows of resources, and liabilities that primarily have an impact on short-term financing decisions. Fund balance (specifically, unassigned fund balance) is a measure of available financial resources. Net position reports all assets, all liabilities, and certain deferred inflows of resources regardless of their relevance to near-term financing decisions. Net position should be understood as a measure of net worth rather than a measure of available financial resources.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two (2) categories: governmental funds and fiduciary funds.

Governmental Funds

Most of the District's activities (instruction, administration, maintenance, and student transportation) are reported in governmental funds, which focus on how money flows in and out of those funds and balances left at fiscal year-end are available for spending in future periods. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The governmental fund activities may be financed with property taxes, Quality Basic Education (QBE) State formula aid, and federal funds.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as club and class funds and payroll withholding funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

Government-wide Financial Analysis

As previously stated, the total net position for fiscal year 2014 is approximately $80.5 million which represents an increase over fiscal year 2013 in the amount of approximately $3.8 million. This increase to the District's net position from the prior fiscal year was primarily due to the construction in progress. In fiscal year 2014, the District had the following construction projects; an addition to Oakhurst Elementary School, an addition to the 4/5 Academy at Fifth Avenue, a renovation at Renfroe Middle School, and a renovation at Westchester Elementary School.

Changes in Net Position from Operating Results

Revenues

For fiscal year 2014, the District's total revenues increased by approximately 7.8% or $4 million. This was due to an increase Operating grants and contributions (State funding). Operating grants and contributions increased by approximately 17.6% or $3.3 million as a result of increased enrollment.

Expenses

The District's total expenses increased approximately 2.2% as compared with fiscal year 2013. Instruction decreased by approximately $2.7 million or approximately 8%, Support Services increased by approximately $2.9 million or approximately 19.8%, and Food Services operation increased $364,040 or approximately 18.9%. The decrease in Instruction expenses and increase in Support Services expenses for

fiscal year 2014 was largely due to depreciation expense previously being allocated to Instruction now being allocated to Support Services. The increase to Food Services was due to increases in employee salaries, benefits, and food costs. In addition, Interest on long-term debt increased by $558,060 as a result of increased long-term debt obligations.

Governmental Activities

The net cost of governmental activities reports the total and net cost of major District activities: instruction, pupil and improvement of instructional services, school and administrative services, maintenance and operations, transportation, and others.

Net cost of services is the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost shows the financial burden on the District's taxpayers by each activity. The total cost of governmental services in fiscal year 2014 was approximately $51.9 million. Users of the District's programs financed $3.6 million of the costs. Federal and State grants, subsidized programs, and contributions financed approximately $22 million of the cost. The District's property taxpayers financed the largest portion of the District's cost, which was approximately $25.4 million for fiscal year 2014.

The District's Funds

The District ended fiscal year 2014 with a strong fund balance in its governmental funds. The combined balance of all governmental funds including the District-wide Capital Projects Fund is approximately $35.7 million. The ending fund balance represents approximately 63.9% of total expenditures. Of the governmental fund balance, approximately $21.4 million is restricted for capital projects and approximately $6.1 million has been assigned by the Superintendent to cover a projected fiscal year 2015 budget deficit.

General Fund Budgetary Highlights

In developing the fiscal year 2014 budget, the Administration of the District understood and planned for the following; appropriate student/teacher ratios, adequate fund balance reserves, and expenditure controls. As a result, the budget included an increase in staff and benefits as a result of the increase in enrollment. Planning for these and other unforeseen challenges are necessary in this time of uncertainty with the State and the national economy.

The City of Decatur Board of Education originally budgeted an operating loss of approximately $2.9 million but actually achieved a positive result of approximately $1,475,000. This variance is a result of higher than expected property tax revenues, increased State QBE funding due to increased enrollment, and controlled spending.

General Fund

The total fund balance of the General Fund of approximately $13.5 million represents an increase of approximately $1.5 million over the previous fiscal year ending fund balance. In fiscal year 2014, the increase in fund balance was due to a conservative budget and the continuous monitoring and review of the District financial state. As a result, the District has been able to reduce property taxes from 20.9 mills to 20.5 mills and avoid cuts to staff and programs. To that effect, the Superintendent has assigned fund balance to cover a projected fiscal year 2015 budget deficit bringing the unassigned fund balance down to approximately $7.4 million or approximately 16% of fiscal year 2014 expenditures, and other financing uses, and approximately 13.8% of budgeted fiscal year 2015.

District-wide Capital Projects Fund

The District uses capital projects funds to account for school construction and improvement projects. Since 1997, sales tax proceeds have become the primary funding source as a result of the approval by DeKalb County voters in March 1997 of a five-year special purpose local option sales tax (SPLOST). Collections of the tax began on July 1, 1997 and it has been renewed by the voters three subsequent times. The current SPLOST that began July 2012 is expected to generate a total of $645 million of which City Schools of Decatur received $18,115,116 million over its life. The sales tax is proportionately distributed to DeKalb, Atlanta Independent School System (within DeKalb County) and City of Decatur Board of Education based on full time equivalent (FTE) of students. The District-wide Capital Projects Fund had expenditures and other financing uses, of approximately $6.4 million for the fiscal year ended June 30, 2014 and a fund balance of approximately $21.7 million.

Capital Assets and Debt Administration

Capital Assets

Capital assets increased from approximately $79.3 million in fiscal year 2013 to $82.6 million in fiscal 2014. The majority of this increase is the result of the addition to both the 4/5 Academy at Fifth Avenue and Oakhurst Elementary School and the renovation of Renfroe Middle School and Westchester Elementary School. For more information on capital assets, see footnote 6.

Long-Term Debt

At the end of June 30, 2014, the District has long-term liabilities in the form of certificates of participation, City of Decatur intergovernmental payable, capital leases, and compensated absences. For more information on long-term debt, see footnote 7.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Certification of participation	$10,020,000	$18,120,000	$(280,000)	$27,860,000	$285,000
Intergovernmental payable	5,415,000	-	-	5,415,000	-
Unamortized premium	245,320	574,970	(69,834)	750,456	-
Capital leases	4,001,729	474,156	(581,441)	3,894,444	584,555
Compensated absences	87,431	101,022	(69,864)	118,589	89,942
Governmental activities long term liabilities	$ 19,769,480	$ 19,270,148	$ (1,001,139)	$38,038,489	$ 959,497

Factors Bearing on the District's Future

We are pleased that City Schools of Decatur continues to enjoy a strong financial position. We have seen a positive tax digest growth over the last few years and remain hopeful that it will continue. Educational funding from the State of Georgia is expected to remain at a conservatively low level, but we have had an increase in funding due to the District's increased enrollment.

The District remains confident in our ability to maximize resources so that we may provide the best possible educational experience for all our students.

Requests for Information

This financial report is designed to provide a general overview of the City of Decatur Board of Education's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Decatur Board of Education, Finance Director, 125 Electric Avenue, Decatur, Georgia 30030.

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 46,949,879
Receivables:	
Intergovernmental	2,918,442
Property taxes	2,981,556
Sales taxes	583,246
Accounts	36,376
Inventory	30,992
Prepaid items	386,607
Total Current Assets	53,887,098
Noncurrent Assets:	
Capital assets, nondepreciable	8,537,809
Capital assets, depreciable, net of accumulated depreciation	74,032,981
Total Noncurrent Assets	82,570,790
Total Assets	136,457,888
LIABILITIES	
Current Liabilities:	
Accounts payable	2,546,318
Salaries payable	3,535,279
Contracts payable	566,352
Accrued interest payable	314,152
Capital leases payable	584,555
Certificates of participation	285,000
Compensated absences payable	89,942
Total Current Liabilities	7,921,598
Long-Term Liabilities (net of current portion):	
Capital leases payable	3,309,889
Certificates of participation	28,149,970
Contract payable to the City of Decatur	5,590,486
Compensated absences payable	28,647
Total Long-Term Liabilities	37,078,992
Total Liabilities	45,000,590
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue - property taxes	10,944,362
Total Deferred Inflows of Resources	10,944,362
NET POSITION	
Net investment in capital assets	62,460,448
Restricted for:	
Capital projects	2,980,659
Federal programs	5,147
School food operations	412,011
Unrestricted	14,654,671
Total Net Position	$ 80,512,936

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction	$ 30,823,313	$ 2,731,083	$ 18,417,649	$ (9,674,581)
Support services:				
Pupil services	1,376,104	-	-	(1,376,104)
Improvement of instructional services	1,465,418	-	-	(1,465,418)
Educational media services	966,126	-	-	(966,126)
Grant administration	103,510	-	-	(103,510)
General administration	1,320,013	-	683,844	(636,169)
School administration	5,259,076	-	1,025,766	(4,233,310)
Business administration	392,826	-	-	(392,826)
Maintenance and operation of plant	4,218,149	-	1,025,766	(3,192,383)
Student transportation services	1,471,174	-	248,181	(1,222,993)
Central support services	878,883	-	-	(878,883)
Other support services	6,844	-	-	(6,844)
Food services operation	2,292,029	893,533	576,445	(822,051)
Community services operation	74,248	-	-	(74,248)
Interest on long-term debt and issuance costs	1,299,508	-	-	(1,299,508)
Total governmental activities	$ 51,947,221	$ 3,624,616	$ 21,977,651	(26,344,954)
Total	$ 51,947,221	$ 3,624,616	$ 21,977,651	(26,344,954)
General revenues:				
Property taxes				25,415,811
Sales taxes				3,383,656
Unrestricted investment earnings				19,309
Other				1,354,258
Total general revenues				30,173,034
Change in net position				3,828,080
Net position, beginning of fiscal year				76,684,856
Net position, end of fiscal year				$ 80,512,936

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS	General Fund	District-Wide Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 24,861,299	$ 21,659,396	$ 429,184	$ 46,949,879
Receivables:				
Intergovernmental	2,412,946	-	505,496	2,918,442
Property taxes, net of allowance	2,981,556	-	-	2,981,556
Sales taxes	-	583,246	-	583,246
Accounts	36,376	-	-	36,376
Due from other funds	425,048	-	25,900	450,948
Prepaid items	-	386,607	-	386,607
Inventory	-	-	30,992	30,992
Total assets	$ 30,717,225	$ 22,629,249	$ 991,572	$ 54,338,046
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 2,216,080	$ 310,287	$ 19,951	$ 2,546,318
Salaries payable	3,453,322	-	81,957	3,535,279
Contracts payable	-	566,352	-	566,352
Due to other funds	-	9,434	441,514	450,948
Total liabilities	5,669,402	886,073	543,422	7,098,897
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	603,116	-	-	603,116
Unearned revenue - property taxes	10,944,362	-	-	10,944,362
Total deferred inflows of resources	11,547,478	-	-	11,547,478
FUND BALANCES				
Fund balances:				
Nonspendable:				
Inventory	-	-	30,992	30,992
Prepaid items	-	386,607	-	386,607
Restricted:				
Federal programs	-	-	5,147	5,147
Capital projects	-	21,356,569	-	21,356,569
School food operations	-	-	412,011	412,011
Assigned:				
Subsequent fiscal year's budget deficit	6,071,059	-	-	6,071,059
Unassigned	7,429,286	-	-	7,429,286
Total fund balances	13,500,345	21,743,176	448,150	35,691,671
Total liabilities, deferred inflows of resources, and fund balances	$ 30,717,225	$ 22,629,249	$ 991,572	$ 54,338,046

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2014

Total Governmental Fund Balances		$ 35,691,671
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds, but are reported on the government-wide statement of net position.		
Cost	$ 90,149,071	
Less accumulated depreciation	(7,578,281)	82,570,790
Receivables not collected within 60 days of fiscal year-end are not considered available and are deferred inflows of resources on the governmental funds' balance sheet but are recognized as revenue on the government-wide statement of net position.		
Property taxes		603,116
Interfund receivables (or due from other funds) and payables (or due to other funds) between governmental funds are reported on the governmental funds' balance sheet but are eliminated on the government-wide statement of position.		
Interfund receivables	$ (450,948)	
Interfund payables	450,948	-
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the governmental funds' balance sheet but are reported on the government-wide statement of net position.		
Accrued interest payable	$ (314,152)	
Capital leases payable	(3,894,444)	
Certificates of participation (including unamortized premium)	(28,434,970)	
Intergovernmental payable to the City of Decatur (including unamortized premium)	(5,590,486)	
Compensated absences payable	(118,589)	(38,352,641)
Net Position of Governmental Activities		$ 80,512,936

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	District-Wide Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 25,493,577	$ -	$ -	$ 25,493,577
Sales taxes	-	3,383,656	-	3,383,656
Intergovernmental revenue - state	17,335,048	1,212,575	752,360	19,299,983
Intergovernmental revenue - federal	-	184,978	2,286,405	2,471,383
Charges for services	2,710,204	-	868,008	3,578,212
Investment income	14,966	3,867	476	19,309
Other revenue	1,367,949	137,436	32,714	1,538,099
On behalf payments	68,848	-	-	68,848
Total revenues	46,990,592	4,922,512	3,939,963	55,853,067
EXPENDITURES				
Current:				
Instruction	29,757,066	-	2,203,621	31,960,687
Support services:				
Pupil services	1,356,390	-	19,714	1,376,104
Improvement of instructional services	1,158,586	-	306,832	1,465,418
Educational media services	961,945	-	-	961,945
Grant administration	-	-	103,510	103,510
General administration	1,053,967	-	-	1,053,967
School administration	3,468,175	-	-	3,468,175
Business administration	392,046	780	-	392,826
Maintenance and operation of plant	4,206,324	-	-	4,206,324
Student transportation services	1,371,203	-	19,979	1,391,182
Central support services	878,883	-	-	878,883
Other support services	6,844	-	-	6,844
Food services operation	761,258	-	1,509,936	2,271,194
Community services operation	74,248	-	-	74,248
Capital outlay	-	4,339,091	-	4,339,091
Debt service:				
Principal retirement	413,354	448,087	-	861,441
Interest and fiscal charges	16,237	762,811	-	779,048
Issuance costs	-	302,464	-	302,464
Total expenditures	45,876,526	5,853,233	4,163,592	55,893,351
Excess (deficiency) of revenues over (under) expenditures	1,114,066	(930,721)	(223,629)	(40,284)
OTHER FINANCING SOURCES (USES)				
Proceeds from contract payable - City of Decatur	-	18,120,000	-	18,120,000
Premium on debt issued	-	574,970	-	574,970
Capital leases	474,156	-	-	474,156
Transfers in	492,517	371,889	233,382	1,097,788
Transfers out	(605,271)	(492,517)	-	(1,097,788)
Total other financing sources (uses)	361,402	18,574,342	233,382	19,169,126
Net change in fund balances	1,475,468	17,643,621	9,753	19,128,842
FUND BALANCE, beginning of fiscal year	12,024,877	4,099,555	438,397	16,562,829
FUND BALANCE, end of fiscal year	$ 13,500,345	$ 21,743,176	$ 448,150	$ 35,691,671

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds		**$ 19,128,842**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay	$ 5,406,631	
Depreciation expense	(2,142,622)	3,264,009
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(77,766)
Transfers between governmental funds are reported in the governmental funds but are eliminated on the government-wide statement of activities.		
Transfers in	$ (1,097,788)	
Transfers out	1,097,788	-
The issuance of long-term debt, (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal retirement:		
Capital leases	$ 581,441	
Certificates of participation	280,000	
Proceeds from debt issuance	(18,120,000)	
Premium on issuance of debt	(574,970)	
Amortization of premiums	69,834	
Accrued interest	(217,996)	
Issuance of capital leases	(474,156)	(18,455,847)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		(31,158)
Change in net position - governmental activities		$ 3,828,080

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 24,716,408	$ 24,716,408	$ 25,493,577	$ 777,169
Intergovernmental revenue - state	16,241,624	16,241,624	17,335,048	1,093,424
Charges for services	2,334,498	2,334,498	2,710,204	375,706
Investment income	32,400	32,400	14,966	(17,434)
Other revenue	392,689	392,689	1,367,949	975,260
On behalf payments	317,339	317,339	68,848	(248,491)
Total revenues	44,034,958	44,034,958	46,990,592	2,955,634
EXPENDITURES				
Current:				
Instruction	30,249,661	30,249,661	29,757,066	492,595
Support services:				
Pupil services	1,490,881	1,490,881	1,356,390	134,491
Improvement of instructional services	1,284,291	1,284,291	1,158,586	125,705
Educational media services	897,636	897,636	961,945	(64,309)
General administration	1,109,677	1,109,677	1,053,967	55,710
School administration	3,645,516	3,645,516	3,468,175	177,341
Business administration	439,535	439,535	392,046	47,489
Maintenance and operation of plant	4,384,708	4,384,708	4,206,324	178,384
Student transportation services	1,176,609	1,176,609	1,371,203	(194,594)
Central support services	789,599	789,599	878,883	(89,284)
Other support services	6,844	6,844	6,844	-
Food services operation	827,139	827,139	761,258	65,881
Community services operation	63,718	63,718	74,248	(10,530)
Debt service - principal retirement	266,024	266,024	413,354	(147,330)
Debt service - interest and fiscal charges	5,114	5,114	16,237	(11,123)
Total expenditures	46,636,952	46,636,952	45,876,526	760,426
Excess (deficiency) of revenues over (under) expenditures	(2,601,994)	(2,601,994)	1,114,066	3,716,060
OTHER FINANCING SOURCES (USES)				
Capital leases	-	-	474,156	474,156
Transfers in	-	-	492,517	492,517
Transfers out	(274,176)	(274,176)	(605,271)	(331,095)
Total other financing sources (uses)	(274,176)	(274,176)	361,402	635,578
Net change in fund balances	(2,876,170)	(2,876,170)	1,475,468	4,351,638
FUND BALANCE, beginning of fiscal year	12,024,877	12,024,877	12,024,877	-
FUND BALANCE, end of fiscal year	$ 9,148,707	$ 9,148,707	$ 13,500,345	$ 4,351,638

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2014

	Agency Fund
ASSETS	
Cash and cash equivalents	$ 52,828
Total assets	$ 52,828
LIABILITIES	
Due to others	$ 52,828
Total liabilities	$ 52,828

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur Board of Education (the "District") have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District was established under the laws of the State of Georgia and operates under the guidance of a five-member school board elected by the voters and a Superintendent appointed by the School Board. The District is organized as a separate legal entity and provides public education throughout the city of Decatur, Georgia, excluding DeKalb County, Georgia.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the fiscal year ended June 30, 2014, the District has no business-type activities.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting except long-term liabilities.

Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

The State of Georgia reimburses the District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent fiscal year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each fiscal year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the governmental fund financial statements, property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year if they meet the appropriate recognition criteria. In accordance with GASB Statement No. 33, "Accounting and Financing Reporting for Non-exchange Transactions, the corresponding assets (receivables) in non-exchange transactions are recognized in the fiscal year in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all the eligibility requirements have been met, or when resources are received, depending on the revenue source. This is when the District gives or receives value without directly receiving or giving equal value in exchange including property taxes, local option sales taxes, intergovernmental grants and donations. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The ***District-Wide Capital Projects Fund*** accounts for the proceeds of a one percent Special Purpose Local Option Sales Tax, intergovernmental revenue (bond proceeds) from other governments and certificates of participation. Funds are used for: building renovations; land and building acquisitions; and, construction of new educational facilities.

Additionally, the District reports the following fund types:

The ***Agency Fund*** is used to account for school activity funds that the District holds for others in an agency capacity.

The nonmajor governmental funds include the following funds:

The **S*chool Food Services Fund*** accounts for the monies and commodities received from the Federal and State governments and the School Food Service's cafeteria sales for the purpose of maintaining the District's breakfast, lunch, and snack programs.

The ***Lottery Programs Fund*** accounts for the Pre-K program administered by the District in which the revenues are legally restricted by external parties.

The ***Federal Programs Fund*** accounts for various Federal grant monies received by the District in which the revenues are legally restricted by external parties.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund, Special Revenue Funds, and District-wide Capital Projects Fund of the District. The governmental funds' budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and Special Revenue Funds each fiscal year through passage of an annual budget ordinance and amended as required. The District adopts project length budgets for the District-wide Capital Projects Fund. During the fiscal year ended June 30, 2014, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each fiscal year.

E. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. OCGA 45-8-14 authorizes the District to deposit its funds in one or more solvent banks or insured Federal savings and loan associations.

Investments made by the District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost which approximates market value. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost which approximates fair value. Both participating interest earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. OCGA 36-83-4 authorizes the District to invest its funds and in selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions in 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) repurchase agreements; (7) obligations of other political subdivisions of the State of Georgia; and (8) the Local Government Investment Pool administered by the State of Georgia, Office of the State Treasurer.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

The investment policy of the State of Georgia, Office of the State Treasurer for the Local Government Investment Pool (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. A description of the Primary Liquidity Portfolio is as follows:

The Primary Liquidity Portfolio consists of Georgia Fund 1, which is a common local and state government investment pool. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a $1.00 per share. The fair value of the District's position in the pool is the same as the value of pool shares ($1 per share value). Georgia Fund 1 is regulated by the Office of the State Treasurer.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

G. On-Behalf Payments

The State of Georgia makes certain health insurance and retirement plan payments on behalf of the District for its employees. The District records these payments as both a revenue and expenditure in the General Fund. The total of the on-behalf payments for the fiscal year ended June 30, 2014 was $68,848.

H. Inventory and Prepaid Items

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

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditures/expense in the fiscal year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, as this amount is not available for general appropriation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

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

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

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

Asset	Years
Equipment	5-20
Land improvements	15
Buildings and buildings improvements	50

J. Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures. The long-term obligations of the District at June 30, 2014 were compensated absences, capital leases, intergovernmental payable to the City of Decatur, and certificates of participation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, one of which arises only under a modified accrual basis of accounting, that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Additionally, the governmental funds balance sheet and the government wide statement of net position will report unearned property tax revenues as a deferred inflow of resources as the amount represents property taxes which have been received or are receivable as of the balance sheet date but which are meant to fund expenditures for the upcoming fiscal year and thus will be recognized as revenue in the period for which they have been levied.

L. Compensated Absences

Compensated absences represent obligations of the District relating to an employee's 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. Accumulated unpaid sick leave costs are not vested and are not accrued, but are recognized as expenditures or expenses, when paid. Accumulated unpaid vacation costs are accrued when incurred in the government-wide financial statements.

Regular full-time twelve month custodial and maintenance staff earn vacation leave with pay from ten to fifteen days per fiscal year based on years of continuous service with a maximum accumulation of twenty days. Upon separation from the District, employees may be paid for unused vacation leave up to a maximum of twenty days at the current rate of pay.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity (Continued)

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Likewise, fund balances that have been committed cannot be used for any other purposes unless the Board of Education removes the commitment of these funds through formal action of the adoption of a resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the District's intent to be used for the specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent to assign fund balances.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. The Board will strive to maintain an unassigned fund balance of between 4% - 15% based upon annual budgeted expenditures. The balance may be drawn down in the event of an unexpected decrease in the property tax digest or a reduction to State funding.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represent the difference between assets, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by retainage (contracts) payables and by the outstanding balances of any borrowing used (i.e., the amount that the District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Use of Estimates

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Budgetary Data. The budget is a complete financial plan for the District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared by fund, function, and object. The legal level of budgetary control was established by the Board at the aggregate level. The budget for the General Fund was prepared in accordance with U.S. generally accepted accounting principles.

The budgetary process begins with District administration presenting an initial budget for the Board's review. The Board provides the administration with revenue, expenditure, and fund balance guidelines, and receives public comments. Administration makes revisions as necessary and prepares a tentative budget for the Board's approval. After approval of this tentative budget by the Board, such a budget is advertised at least once in a newspaper of general circulation in the locality. 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 school budget. This final budget is then submitted, in accordance with provisions of the Quality Basic Education Act, OCGA 20-2-167 (c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the fiscal year. All unexpended budget authority lapses at fiscal year-end.

The Superintendent is authorized by the Board to approve adjustments of no more than five percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board of Education. If expenditure of funds in any budget function for any fund is anticipated to be more than five percent of the budgeted amount, the Superintendent shall request board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget and that exceeds $25,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board of Education.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (Continued)

For fiscal year ended June 30, 2014, the following departments had excesses of actual expenditures over appropriations:

General Fund departments:		
Educational media services	$	64,309
Student transportation services		194,594
Central support services		89,284
Community services operation		10,530
Debt service - principal retirement		147,330
Debt service - interest and fiscal charges		11,123
Transfers out		331,095

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits. The District's entire deposits are either insured by federal depository insurance or collateralized in an amount equal to 110% of uninsured deposits. The collateral must be placed with the Federal Reserve Bank or a third party bank, which serves as the District's agent. The collateral placed with the Federal Reserve Bank or the third party bank is in the name of the District and the District is responsible for the release of the collateral securities.

At June 30, 2014, all investments of the District were invested in Georgia Fund 1, the local government investment pool administered by the State of Georgia. The Georgia Fund 1 investment pool is not subject to credit risk classification and the carrying amount of $14,763,839 is reported at fair value. These investments are considered cash equivalents.

Credit risk. State statutes authorize the District to invest in obligations of the State of Georgia or other States; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2014, the District's following investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

Investment	Maturities	Fair Value
Georgia Fund 1	62 day weighted average	$ 14,763,839

NOTE 4. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2014 for the District's individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	General	District-wide Capital Projects	Nonmajor Governmental Funds	Total
Receivables:				
Intergovernmental	$ 2,412,946	$ -	$ 505,496	$ 2,918,442
Property taxes	3,023,361	-	-	3,023,361
Sales taxes	-	583,246	-	583,246
Accounts	36,376	-	-	36,376
Gross receivables	5,472,683	583,246	505,496	6,561,425
Less: Allowance for uncollectibles	(41,805)	-	-	(41,805)
Net receivables	$ 5,430,878	$ 583,246	$ 505,496	$ 6,519,620

NOTE 5. PROPERTY TAXES

The City of Decatur, Georgia bills and collects property taxes for the District. Property taxes are levied on property values assessed as of January 1. The tax levy is divided into two billings. The first billing is mailed April 1, and the second billing is mailed no later than October 20. The billings are considered due upon receipt by the taxpayer; however, the billings are considered delinquent on June 1 and December 20. After these dates, penalties and interest may be assessed by the City.

As discussed in Note 1, the District records deferred inflows of resources related to the property tax levies. At June 30, 2014, the District reports a deferred inflow of resources - unearned revenue of $10,944,362 for the 2014 tax year digest collections which are budgeted to fund fiscal year 2015 operations as reported in both the balance sheet for governmental funds as well as the government-wide statement of net position. Furthermore, in the General Fund, the District reports a deferred inflow of resources - unavailable property taxes of $603,116 which consists of the 2013 tax year digest (and prior fiscal year taxes) not collected within 60 days of June 30, 2014.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

Governmental activities	Balances Beginning	Additions	Deletions	Balances Ending
Capital assets, not being depreciated				
Land	$ 907,473	$ -	$ -	$ 907,473
Construction in progress	4,100,783	3,529,553	-	7,630,336
Total	5,008,256	3,529,553	-	8,537,809
Capital assets, being depreciated				
Land improvements	108,945	62,324	-	171,269
Buildings and building improvements	76,107,856	-	-	76,107,856
Equipment	3,517,383	1,814,754	-	5,332,137
Total	79,734,184	1,877,078	-	81,611,262
Less accumulated depreciation for:				
Land improvements	(11,491)	(8,858)	-	(20,349)
Buildings and building improvemnets	(2,865,902)	(1,648,641)		(4,514,543)
Equipment	(2,558,266)	(485,123)		(3,043,389)
Total	(5,435,659)	(2,142,622)	-	(7,578,281)
Total capital assets, being depreciated, net	74,298,525	(265,544)	-	74,032,981
Governmental activities capital assets, net	$ 79,306,781	$ 3,264,009	$ -	$ 82,570,790

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
General administration	$ 234,888
School administration	1,790,901
Maintenance and operation of plant	11,825
Educational media services	4,181
Student transportation	79,992
Food services operation	20,835
Total depreciation expense - governmental activities	$ 2,142,622

NOTE 7. LONG-TERM DEBT

Certificates of Participation. In April 2014, the District entered into a lease agreement with the Georgia Municipal Association, Inc. ("GMA"). The funding of the lease was provided by the issuance of $18,120,000 Certificates of Participation Series 2014 by GMA. The proceeds from the Certificates will be used to finance the acquisition and construction of school buildings and facilities for the District and the costs incurred in connection with the execution and delivery of the certificates. The lease agreement with GMA provides that the District owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in annual installments of $335,000 to $1,060,000 beginning in November 2014 and ending May 2044. Interest is payable at rates of 2.00% to 5.25%.

Fiscal Year Ending, June 30	Principal	Interest	Total
2015	$ -	$ 816,989	$ 816,989
2016	335,000	769,938	1,104,938
2017	345,000	763,238	1,108,238
2018	355,000	752,888	1,107,888
2019	370,000	738,688	1,108,688
2020-2024	2,080,000	3,459,440	5,539,440
2025-2029	2,540,000	2,991,189	5,531,189
2030-2034	3,210,000	2,327,950	5,537,950
2035-2039	3,990,000	1,547,356	5,537,356
2040-2044	4,895,000	641,114	5,536,114
Total	$ 18,120,000	$ 14,808,790	$ 32,928,790
Plus: Unamortized premium	574,970		
Total	$ 18,694,970		

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation. In January 2010, the District entered into a lease agreement with the Georgia School Boards Association, Inc. (the "Association"). The funding of the lease was provided by the issuance of $10,295,000 Taxable Certificates of Participation, Build America Bonds, Direct Payment, Series 2010 by the Association. The lease agreement with the Association provides that the District owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in annual installments of $275,000 to $625,000 beginning in May 2013 to May 2037. Interest is payable at rates of 2.70% to 5.55%.

Fiscal Year Ending, June 30	Principal	Interest	Total
2015	$ 285,000	$ 560,273	$ 845,273
2016	295,000	549,728	844,728
2017	300,000	537,485	837,485
2018	310,000	524,135	834,135
2019	320,000	509,410	829,410
2020-2024	1,760,000	2,293,283	4,053,283
2025-2029	2,105,000	1,767,285	3,872,285
2030-2034	2,565,000	1,063,986	3,628,986
2035-2037	1,800,000	229,950	2,029,950
Total	$ 9,740,000	$ 8,035,535	$ 17,775,535

NOTE 7. LONG-TERM DEBT (Continued)

Intergovernmental Payable. In December 2012, the City of Decatur, on behalf of the District, issued $5,415,000 in general obligation sales tax notes, with a premium of $270,732 and principal and interest payments beginning May 1, 2013 through November 1, 2017 at an interest rate of 2.00%. The District will fund the notes with special purpose local option sales tax (SPLOST) revenues and thus the District has an intergovernmental payable to the City of Decatur equal to the outstanding notes. The proceeds from the notes will be used for the cost of acquiring, constructing, and equipping certain capital projects for the District.

The intergovernmental payable currently outstanding is as follows:

Fiscal Year Ending, June 30	Principal	Interest	Total
2015	$ -	$ 108,300	$ 108,300
2016	1,770,000	90,600	1,860,600
2017	1,805,000	54,850	1,859,850
2018	1,840,000	18,400	1,858,400
Total	5,415,000	$ 272,150	$ 5,687,150
Plus: Unamortized premium	175,486		
Total	$ 5,590,486		

Capital Leases. The District has entered into an agreement for the purpose of renovating a school facility. Under the terms of the agreement, the District will assure that the payments of principal and interest on the capital lease are made in a timely manner through August 1, 2025. The total monthly payment is $20,966.

The District has entered into an agreement for software and under the terms of the agreement the District will assure that the payments of principal and interest are made in a timely manner through July 2015. The total monthly payment is $45,000.

The District has entered into two agreements for buses and under the terms of the agreement the District will assure that the payments of principal and interest are made in a timely manner through August 2021 and July 2022. The total monthly payments are $10,912 and $130,564, respectively.

The following is an analysis of assets under capital leases as of June 30, 2014:

Asset	Governmental Activities
Building improvements, software, and buses (acquisition costs)	$ 5,807,966
Less accumulated depreciation	(704,660)
Net depreciable capital assets under leases	$ 5,103,306

Annual depreciation of these assets is included in depreciation expense.

NOTE 7. LONG-TERM DEBT (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2015	$ 709,201
2016	570,812
2017	393,066
2018	393,066
2019	393,066
2020-2024	1,812,891
2025-2026	251,590
Total minimum lease payments	4,523,692
Less: amount representing interest	(629,248)
Present value of minimum lease payments	3,894,444
Less: current liabilities	(584,555)
Total due in more than one fiscal year	$ 3,309,889

Long-term liability activity for the fiscal year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Governmental activities:						
Certificates of participation:						
Series 2010	$ 10,020,000	$ -	$ (280,000)	$ 9,740,000	$ 285,000	$ 9,455,000
Series 2014	-	18,120,000	-	18,120,000	-	18,120,000
Intergovernmental payable, City of Decatur	5,415,000	-	-	5,415,000	-	5,415,000
Unamortized premiums	245,320	574,970	(69,834)	750,456	-	-
Capital leases	4,001,729	474,156	(581,441)	3,894,444	584,555	3,309,889
Compensated absences	87,431	101,022	(69,864)	118,589	89,942	28,647
Governmental activities long-term liabilities	$ 19,769,480	$ 19,270,148	$ (1,001,139)	$ 38,038,489	$ 959,497	$ 36,328,536

For governmental activities, compensated absences and capital leases are generally liquidated by the General Fund. The certificates of participation and the intergovernmental payable to the City of Decatur will be liquidated by the District-wide Capital Projects Fund.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances as of the fiscal year ended June 30, 2014 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 415,614
General Fund	District-wide Capital Projects Fund	9,434
Nonmajor governmental funds	Nonmajor governmental funds	25,900
		$ 450,948

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers as of the fiscal year ended June 30, 2014 are as follows:

Transfers In	Transfers Out	Amount
General Fund	District-Wide Capital Projects Fund	$ 492,517
Nonmajor governmental funds	General Fund	233,382
District-Wide Capital Projects Fund	General Fund	371,889
		$ 1,097,788

NOTE 9. 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.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRPB-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 SRPB-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

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.

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 most recent actuarial valuation.

Covered employees contributions for the fiscal years ended June 30, 2014, 2013, and 2012 were $1,477,421, $1,408,605, and $1,246,809, respectively. The District's contributions to TRS for the fiscal years ended June 30, 2014, 2013, and 2012 were $2,995,534, $2,653,597, and $2,294,115, equal to the annual required contribution for each fiscal year.

Public School Employees Retirement System of Georgia (PSERS)

Plan Description. Full time employees not eligible to participate in the Teachers Retirement System may participate in the Public School Employees Retirement System (PSERS). The PSERS is a cost sharing, multiple-employer, defined benefit pension plan established by the Georgia Assembly in 1969. Upon retirement, the participating member will receive a monthly benefit of $12.00 multiplied by the number of years of creditable service. Death, disability, and spousal benefits are also available through PSERS. Additionally, PSERS makes periodic cost-of-living adjustments to the monthly benefits. The District makes contributions of $4.00 per month for nine months on behalf of the employee members.

Funding Policy. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the Board of the Employees' Retirement System of Georgia. The Board of Employees' Retirement System of Georgia issues a publicly available financial report that includes financial statements and required supplementary information for PSERS. That report may be obtained by writing Public School Employees Retirement System, Two Northside 75, Suite 300, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

NOTE 9. RETIREMENT PLANS (Continued)

Public School Employees Retirement System of Georgia (PSERS) - Continued

Members become vested after ten years of creditable service. Upon termination of employment, member contributions are refundable with interest. However, if an otherwise vested member terminates and withdraws their member contributions, no vesting of employer contributions occurs. The employer contributions to the unfunded accrued liability were projected to liquidate the accrued liability within twelve years based upon the actuarial valuation at July 1, 1987. A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65.

If a member chooses, he or she may begin receiving reduced benefits after age 60 and upon completion of ten years of service. Members retiring before age 65 will receive a benefit reduced by *1/2* of 1 % for each month under age 65. The Government Accounting Standards Board requires disclosure of the District's annual required contributions for the current fiscal year and each of the two preceding fiscal years. PSERS provides service retirement, disability retirement, and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of services and retirees between the ages of 60 and 65 received a reduced benefit. Monthly retirement benefits paid to members are equal to eight dollars per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by State statute.

Covered employees are required by State statute to contribute $4 per month for the nine-month school year. Unlike TRS, the District makes no contribution to PSERS. Total contributions from employees of the District made for the fiscal years ended June 30, 2014, 2013, and 2012 totaled $3,930, $2,810, and $2,212, respectively.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation. The State's contribution for employees for the fiscal years ended June 30, 2014, 2013, and 2012 for District employees was $40,136, $34,794, and $22,311, respectively.

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest. There were 100 employees covered under PSERS for the fiscal year ended June 30, 2014.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; natural disaster; workers compensation, and unemployment compensation. The District participates in the Georgia School Boards Association Risk and Insurance Management System (the "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 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) and automobile risks. Payment of excess insurance for the System varies by line of coverage.

The District is self-insured with regard to unemployment compensation claims. The District accounts for its claims within the General Fund with an expenditure and a liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The District unemployment claims during fiscal years ended June 30, 2014 and 2013 totaled $22,849 and $23,625, respectively.

The following describes the changes in the claims liability over the last two (2) fiscal years.

Fiscal Year	Beginning of Fiscal Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Fiscal Year Claims Liability
2014	$ -	$ 22,849	$ (22,849)	$ -
2013	-	23,625	(23,625)	-

The District participates in the Georgia School Boards Association Workers' Compensation Fund (the "Fund"), a public entity risk pool organized on July 1, 1992 to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The District pays an annual premium to the Fund for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Fund with Safety National to provide coverage for potential losses sustained by the Fund in excess of $100,000 loss per occurrence, up to the statutory limit.

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

Position covered	Amount
Superintendent	$ 100,000
All other employees	100,000

NOTE 11. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audits and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2014 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the financial statements for such contingencies.

For the fiscal year ended June 30, 2014, the District has contractual commitments on uncompleted contracts totaling $409,863. These contracts relate to construction and renovation projects at various facilities throughout the District.

NOTE 12. POSTEMPLOYMENT BENEFITS

Georgia Retiree Health Benefit Fund

Plan Description. The District contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

Funding Policy. The contribution requirements of the plan members and participating employers are established and may be amended by the Board of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

NOTE 13. POSTEMPLOYMENT BENEFITS (Continued)

Georgia Retiree Health Benefit Fund (Continued)

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2014, were as follows:

For certified teachers, librarians and regional service agencies and certain other eligible participants:
July 2013 – June 2014 $945.00 per member per month

For non-certified school personnel:
July 2013 – June 2014 $596.20 per member per month

No additional contribution was required by the Board of Community Health for fiscal year 2014 or contributed to GRBHF to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board of Community Health in accordance with the State plan for other post-employment benefits and are subject to appropriation. The District's contributions to the health insurance plans for the fiscal year ended June 30, 2014, 2013, and 2012 were $3,679,354, $4,527,187, and $3,869,412, respectively, which equaled the annual required contribution.

CITY OF DECATUR BOARD OF EDUCATION
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

SCHOOL FOOD SERVICES To account for the monies and commodities received from the federal and state governments and the School Food Service's cafeteria sales for the purpose of maintaining the District's breakfast, lunch, and snack programs.

LOTTERY PROGRAMS To account for the Pre-K program administered by the District.

FEDERAL PROGRAMS To account for various federal grant monies received by the District.

CITY OF DECATUR BOARD OF EDUCATION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
ASSETS	School Food Services	Lottery Programs	Federal Programs	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 429,184	$ -	$ -	$ 429,184
Receivables:				
Intergovernmental	57,283	-	448,213	505,496
Due from other funds	7,501	18,399	-	25,900
Inventory	30,992	-	-	30,992
Total assets	$ 524,960	$ 18,399	$ 448,213	$ 991,572
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 18,399	$ 1,552	$ 19,951
Salaries payable	81,957	-	-	81,957
Due to other funds	-	-	441,514	441,514
Total liabilities	81,957	18,399	443,066	543,422
FUND BALANCES (DEFICIT)				
Fund balances:				
Nonspendable:				
Inventory	30,992	-	-	30,992
Restricted for:				
School food operations	412,011	-	-	412,011
Federal programs		-	5,147	5,147
Total fund balances	443,003	-	5,147	448,150
Total liabilities and fund balances	$ 524,960	$ 18,399	$ 448,213	$ 991,572

CITY OF DECATUR BOARD OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	School Food Services	Lottery Programs	Federal Programs	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental - federal	$ 576,444	$ -	$ 1,709,961	$ 2,286,405
Intergovernmental - state	36,900	715,460	-	752,360
Charges for services	868,008	-	-	868,008
Investment income	476	-	-	476
Other revenue	32,714	-	-	32,714
Total revenues	1,514,542	715,460	1,709,961	3,939,963
EXPENDITURES				
Instruction	-	909,434	1,294,187	2,203,621
Support services:				
Pupil services	-	-	19,714	19,714
Improvement of instructional services	-	-	306,832	306,832
Grant administration	-	-	103,510	103,510
Student transportation services	-	-	19,979	19,979
Food services operation	1,509,936	-	-	1,509,936
Total expenditures	1,509,936	909,434	1,744,222	4,163,592
Excess (deficiency) of revenues over (under) expenditures	4,606	(193,974)	(34,261)	(223,629)
OTHER FINANCING SOURCES				
Transfers in	-	193,974	39,408	233,382
Total other financing sources	-	193,974	39,408	233,382
Net change in fund balance	4,606	-	5,147	9,753
FUND BALANCE, beginning of fiscal year	438,397	-	-	438,397
FUND BALANCE, end of fiscal year	$ 443,003	$ -	$ 5,147	$ 448,150

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

2012 Issue

	Original Estimated Cost	Current Estimated Cost	Amount Expended in Current Year	Amount Expended in Prior Years	Total Amount Expended to Date	Project Status
To demolish existing structures or portions thereof at Renfroe Middle School and to design, acquire, construct, renovate, modify, add to, repair, replace, improve, and equip Renfroe Middle School and the surrounding green space, including the conversion of the area formerly used as a gymnasium for use as classrooms.	$ 960,000	$ 960,000	$ 690,830	$ 263,667	$ 954,497	8/1/2014
Acquisition of facilities leased by the City Schools of Decatur, including the College Heights Early Learning Center and the 4-5 Academy at Fifth Avenue, as not existing and as hereafter improved.	4,415,000	4,415,000	1,105,597	913,061	2,018,658	Ongoing
To acquire, design, construct, renovate, modify, add to, repair, replace, demolish all or a portion of, improve and equip existing school buildings and other buildings and facilities, including green space, useful or desirable in connection there within, including:						
4-5 Academy at Fifth Avenue	2,355,000	3,408,708	1,832,676	1,499,554	3,332,230	Ongoing
Oakhurst Elementary School	2,990,116	3,034,112	708,886	2,242,960	2,951,846	Ongoing
Westchester Elementary School	1,300,000	1,299,153	457,575	72,572	530,147	8/1/2014
Glennwood Elementary School	30,000	29,800	14,900	-	14,900	7/30/2014
School improvement and maintenance projects throughout the City Schools of Decatur, including but not limited to, HVAC renovations, repairs and replacements; roofing repairs and replacements; electrical repairs, renovations and upgrades, including but not limited to cost-saving energy efficiency capital projects; boiler renovations, repairs and upgrades; and other similar capital improvements.	2,000,000	1,968,359	298,861	142,627	441,488	6/30/2017
To acquire, including, but not limited to, through lease-purchase, design, construct and equip a new Central Office for the City Schools of Decatur, including parking.	3,015,000	3,014,761	128,377	1,147	129,524	Ongoing
Debt Service on intergovernmental payable to the City of Decatur for general obligation sales tax notes	850,000	450,000	108,300	397,982	506,282	Ongoing
To acquire computers or similar technology for the use of students and staff in and outside of the classroom.	200,000	199,486	171,739	-	171,739	Ongoing
Total	$ 18,115,116	$ 18,779,379	$ 5,517,741	$ 5,533,570	$ 11,051,311	

Reconciliation of the Schedule of Approved Local Option Sales Tax Projects expenditures to the Capital Projects Fund total expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds:

Expenditures from above paid for by SPLOST funding	$ 5,517,741
Expenditures not reflected above that were paid from other local sources of the School System	335,492
Total Capital Projects Expenditures	**$ 5,853,233**

II. DISCLOSURE SECTION
(Unaudited)

The following statistical section is presented to be in compliance with continuing disclosure requirements for the following debt issues:

$18,120,000 Certificates of Participation
(City Schools of Decatur Project), Series 2014

And

$10,295,000 Taxable Certificates of Participation
(City Schools of Decatur Project), Series 2010

And

$5,415,000 City of Decatur, Georgia
Sales Tax Bonds Series 2012

CITY OF DECATUR BOARD OF EDUCATION

GENERAL INFORMATION - CUSIPS
JUNE 30, 2014

$18,120,000 Georgia Municipal Association, Inc. Certificates of Participation
(City Schools of Decatur Project), Series 2014

Item	CUSIP	No	Date
1	24310P	AA7	2016
2	24310P	AB5	2017
3	24310P	AC3	2018
4	24310P	AD1	2019
5	24310P	AE9	2020
6	24310P	AF6	2021
7	24310P	AG4	2022
8	24310P	AH2	2023
9	24310P	AJ8	2024
10	24310P	AK5	2025
11	24310P	AL3	2026
12	24310P	AM1	2027
13	24310P	AN9	2028
14	24310P	AP4	2029
15	24310P	AQ2	2030
16	24310P	AR0	2034
17	24310P	AS8	2039
18	24310P	AT6	2044

$5,415,000 City of Decatur, Georgia Sales Tax Bonds Series 2012

Item	CUSIP	No	Date
1	243109	FJ9	2015
2	243109	FK6	2016
3	243109	FL4	2017

$10,295,000 Taxable Certificates of Participation (City Schools of Decatur Project), Series 2010

Item	CUSIP	No	Date
1	243124	AB0	2014
2	243124	AC8	2015
3	243124	AD6	2016
4	243124	AE4	2017
5	243124	AF1	2018
6	243124	AG9	2019
7	243124	AH7	2020
8	243124	AJ3	2021
9	243124	AK0	2022
10	243124	AL8	2023
11	243124	AM6	2024
12	243124	AN4	2025
13	243124	AP9	2030
14	243124	AQ7	2037

CITY OF DECATUR BOARD OF EDUCATION

SCHOOL BUILDINGS
JUNE 30, 2014

School Name	Grades	Active Enrollment	Size of Site (acres)	Occupied Year [1]	Number of Instructional Units
College Heights	PreK	200	5.50	1955	17
Clairemont	K-3	398	4.08	1936	18
Glennwood	K-3	310	4.13	1913	16
Oakhurst	K-3	458	5.85	1916	24
Winnona Park	K-3	413	4.13	1923	18
4/5 Academy	4-5	636	3.92	2011	35
Renfroe	6-8	896	8.02	1972	51
Decatur	9-12	1,023	16.61	1965	56
Totals		4,334	52.24		235

[1] Occupied year represents the year during which the school was initially opened and utilized for instructional purposes but does not reflect the most recent year of subsequent additions, improvements or renovations, if any to the facility.

CITY OF DECATUR BOARD OF EDUCATION

ACTIVE PERSONNEL
LAST SIX FISCAL YEARS

Category	2014	2013	2012	2011	2010	2009
Teachers	385	339	314	284	239	234
Support	268	259	239	244	217	217
Administrators	40	36	35	36	33	31
Totals	693	634	588	564	489	482

CITY OF DECATUR BOARD OF EDUCATION

SALES & USE TAX RECEIPTS
LAST SIX FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year ended June 30,	Sales & Use Tax Receipts
2014	$3,384
2013	3,303
2012	2,528
2011	2,357
2010	2,375
2009	2,316

CITY OF DECATUR BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION - CITY OF DECATUR, GEORGIA
JUNE 30, 2014
(amounts expressed in thousands)

Gross Tax Digest	$ 1,379,006
Debt Limit (10% of Assessed Value)	137,901
Amount of Debt Applicable to Debt Limit	31,370
Less Amount set aside for repayment of general obligation debt	(969)
Total net debt applicable to limit	30,401
Legal Debt Margin	$ 107,500

CITY OF DECATUR BOARD OF EDUCATION

TAX DIGEST HISTORY
LAST SIX TAX YEARS
(amounts expressed in thousands)

	Tax Year					
Property Type	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Residential	$ 1,003,607	$ 1,000,689	$ 993,586	$ 1,000,018	$ 996,485	$ 964,144
Commercial	175,035	167,430	158,863	162,993	165,632	159,731
Personal Property	23,054	22,174	21,086	20,649	20,385	18,346
Utility	14,640	14,299	13,590	15,989	16,474	16,893
Motor Vehicle	42,384	49,311	46,724	46,120	50,081	49,015
Gross Digest	1,258,720	1,253,903	1,233,849	1,245,769	1,249,057	1,208,129
Maintenance & Operation City Exemptions	111,549	126,914	125,110	122,579	118,900	157,384
City Net M&O Digest	$ 1,147,171	$ 1,126,989	$ 1,108,739	$ 1,123,190	$ 1,130,157	$ 1,050,745
Maintenance & Operation School Exemptions	66,559	65,244	65,429	63,621	66,711	64,211
School Net M&O Digest	$ 1,192,161	$ 1,188,659	$ 1,168,420	$ 1,182,148	$ 1,182,346	$ 1,143,918
Estimated Actual Value	$ 2,517,440	$ 2,507,806	$ 2,467,698	$ 2,491,538	$ 2,498,114	$ 2,416,258

CITY OF DECATUR BOARD OF EDUCATION

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST SIX TAX YEARS

Government	Tax Year 2013	2012	2011	2010	2009	2008
Direct Rates						
City of Decatur Board of Education:						
Operating	20.900	20.900	20.900	19.900	19.900	19.900
Overlapping Rates						
City of Decatur:						
Maintenance & Operating	11.580	11.580	11.680	11.595	11.595	11.595
Bonds	1.420	1.420	1.320	1.440	1.440	1.440
DeKalb County:						
Maintenance & Operating	10.430	10.430	10.740	8.000	8.000	7.990
Bonds	2.420	2.420	2.420	1.940	1.940	1.960
Special Service	8.360	8.360	8.360	6.920	6.920	6.120
Hospital	0.940	0.940	0.940	0.960	0.960	0.840
State	0.250	0.250	0.250	0.250	0.250	0.250
Total Direct & Overlapping Rates	56.300	56.300	56.610	51.005	51.005	50.095

CITY OF DECATUR BOARD OF EDUCATION

PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX TAX YEARS
(amounts expressed in thousands)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Tax Year	Taxes Levied for the Tax Year	Amount	Percentage of Levy	Collections in Subsequent Fiscal Years	Amount	Percentage of Levy
2013	$36,499	$17,139	47.0%	$19,253	$36,392	99.7%
2012	$35,781	$17,185	48.0%	$18,423	$35,608	99.5%
2011	$35,855	$16,759	46.7%	$19,084	$35,843	100.0%
2010	$34,872	$16,682	47.8%	$18,190	$34,872	100.0%
2009	$35,153	$15,442	43.9%	$19,701	$35,143	100.0%
2008	$33,106	$14,364	43.4%	$18,678	$33,042	99.8%

CITY OF DECATUR BOARD OF EDUCATION

TAX REVENUE SOURCES - CITY OF DECATUR, GEORGIA
LAST SIX FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year Ended June 30,					
Tax Source	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
General Property Tax	$ 15,101	$ 14,824	$ 14,769	$ 14,765	$ 15,360	$ 14,508
Franchise Tax	1,451	1,486	1,510	1,466	1,377	1,364
Sales Tax	4,944	4,580	3,706	694	617	641
Insurance Tax	997	963	907	977	1,006	1,016
Other Taxes	503	501	425	421	388	383
Total	$ 22,996	$ 22,354	$ 21,317	$ 18,323	$ 18,748	$ 17,912

[(1)]Includes penalties and interest on delinquent taxes, business personal property tax, payments in lieu of tax, homestead tax credit reimbursement.

CITY OF DECATUR BOARD OF EDUCATION

PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2014

Taxpayer	Taxable Assessed Value	Percentage of Taxable Assessed Value
DTC Partners LLC	$ 14,740,100	1.15 %
N G One West Court LLC	11,470,550	0.90
RREF II DB DRI LLC	10,672,050	0.83
Noble I Decatur LLC	9,345,139	0.73
SNH Medical Office Properties	9,126,090	0.71
Parmenter Clairemont LLC	8,957,950	0.70
Bellsouth Telecom/AT&T Georgia	8,790,617	0.69
Georgia Power Company	6,153,921	0.48
Ashton Park Trace Apartments	4,529,800	0.35
RS Decatur LLC	4,425,000	0.35
Totals	$ 88,211,217	6.89%

CITY OF DECATUR BOARD OF EDUCATION

ANNUAL BUDGET (CASH BASIS) - CITY OF DECATUR, GEORGIA
FOR THE FISCAL YEARS ENDING JUNE 30, 2015 AND 2014
(amounts expressed in thousands)

	Fiscal Year Ending June 30,	
	2015	2014
Revenues		
Taxes	$ 17,423	$ 15,558
Licenses and permits	1,201	1,338
Intergovernmental	464	385
Fines and forfeitures	1,370	1,001
Charges for services	1,906	1,261
Interest income	1	1
Other revenues	5	106
Proceeds from sale of capital assets		10
Transfers	232	(2,564)
Total Revenue	22,602	17,096
Expenditures		
General government	6,595	7,370
Public safety	8,943	8,620
Public works	4,545	3,217
Recreation	1,747	1,513
Total Expenditures	21,830	20,720
Net change in fund balance	772	(3,625)
Fund balance, beginning of fiscal year	5,122	8,746
Fund balance, end of fiscal year	$ 5,894	$ 5,122

III. SINGLE AUDIT SECTION

MAULDIN & JENKINS

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

To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia

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 the City of Decatur Board of Education, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Decatur Board of Education's basic financial statements, and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Decatur 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 City of Decatur Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Decatur 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, as item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Decatur 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*.

City of Decatur Board of Education's Response to Finding

The City of Decatur Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Decatur Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 17, 2014

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Decatur 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 the City of Decatur Board of Education's major federal programs for the fiscal year ended June 30, 2014. The City of Decatur 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 the City of Decatur 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 City of Decatur 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 the City of Decatur Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Decatur 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 fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Decatur 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 the City of Decatur 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 City of Decatur 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 17, 2014

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	3100	$ 88,302
National School Lunch Program	10.555	3100	488,144
National School Lunch Program			576,446
Total Child Nutrition Cluster			576,446
Total U.S. Department of Agriculture			576,446
U.S. Department of Education			
Exceptional Student Services Cluster			
Pass-Through From Georgia Department of Education:			
Part B-Exceptional Student			
Flow Through	84.027	2824	571,126
Preschool	84.173	2820	16,891
High Cost Fund Pool	84.027		10,209
Total Exceptional Student Services Cluster			598,226
Title I Part A Cluster			
Pass-Through From Georgia Department of Education:			
Part A - Title I			
Grants to Local Educational Agencies	84.010	1750	747,314
Total Title I Part -A Cluster			747,314
Education for the Homeless Children and Youth Cluster			
Pass-Through From Georgia Department of Education:			
Stewart B. McKinney Homeless Assistance Act			
Education for Homeless Children and Youth	84.196	1800	34,179
Total Education for Homeless Children and Youth Cluster			34,179

(Continued)

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES
Other Programs			
Pass-Through From Georgia Department of Education:			
Title II			
Improving Teacher Quality	84.367	1784	195,567
Title III			
Limited English Proficient (LEP)	84.365	1816	9,852
Vocational Education-Basic Grants to States			
CTE Perkins IV Grant Program Improvement	84.048	3315	30,308
Total Vocational Education-Basic Grants to States			30,308
Race to the Top	84.395	4239	4,650
Total U.S. Department of Education			1,620,096
U.S. Department of Defense			
Direct			
Department of the Army			
R.O.T.C. Program	Unknown	1862	84,717
Total Expenditures of Federal Awards			$ 2,281,259

Notes to the Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the accrual basis of accounting.

The District did not provide Federal Assistance to any Subrecipient.

(1) The amounts shown for the Food Distribution Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the District during the current fiscal year.

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified?	_____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	_____ yes __X__ no

Identification of major program:

Name of Federal Program or Cluster / CFDA Number

Title I Part A Cluster CFDA #84.010
Exceptional Student Services Cluster, CFDA #84.027 and #84.173

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	___ yes __X_ no

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings and Responses

2014-001 Proper Recording of Capital Assets

Criteria: Internal controls should be in place to ensure that all capital asset amounts reported within the financial statements are accurate, in accordance with generally accepted accounting principles, and represent assets that are owned by the School District.

Condition: While the District was creating the listing of additions for capital assets, the District did not review or consider expenditures in all the repairs and maintenance and capital outlay accounts. There were expenditures in these accounts that met the criteria for capital assets that were not included in the listing of capital assets.

Context/Cause: The School District did not properly review all the repairs and maintenance and capital outlay accounts to capture all expenditures that met the capital asset criteria set by the District.

Effects/Possible Effects: By not reviewing all the repairs and maintenance and capital outlay accounts, the District understated the capital assets as of June 30, 2014. In the governmental activities, an adjustment of $125,080 was required to increase capital assets and decrease expenses.

Recommendation: We recommend the School District review the repairs and maintenance accounts to ensure that all expenditures that meet the capital asset criteria are included in the capital asset additions listing at fiscal year end.

Auditee's Response: We concur with finding and will institute additional controls to ensure all capital assets are properly reported.

Section III – Federal Award Findings and Questioned Costs

None noted.

CITY OF DECATUR BOARD OF EDUCATION

STATUS OF PRIOR FISCAL YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section IV – Status of Prior Audit Findings

None noted related to the federal award programs