

LAURENS COUNTY BOARD OF EDUCATION
DUBLIN, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014
(Including Independent Auditor's Reports)

LAURENS COUNTY BOARD OF EDUCATION

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FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

May 27, 2015

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through H) of the Laurens County Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Laurens County Board of Education, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2014 the Laurens County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The School District restated beginning Net Position for the cumulative effect of this accounting change. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on page 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2015, on our consideration of the Laurens County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laurens County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2014ARL-11

LAURENS COUNTY BOARD OF EDUCATION

LAURENS COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2014

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 15,325,644.28
Investments	454,054.57
Accounts Receivable, Net	
Taxes	1,582,721.60
State Government	3,955,077.00
Federal Government	921,697.68
Local	2,572.95
Other	8,000.00
Inventories	157,864.60
Capital Assets, Non-Depreciable	1,643,866.15
Capital Assets, Depreciable (Net of Accumulated Depreciation)	80,914,685.38
Total Assets	104,966,184.21
LIABILITIES	
Accounts Payable	3,209.89
Salaries and Benefits Payable	6,732,700.42
Interest Payable	54,720.50
Deposits and Unearned Revenues	11,500.00
Long-Term Liabilities	
Due Within One Year	2,306,092.93
Due in More Than One Year	7,734,040.77
Total Liabilities	16,842,264.51
NET POSITION	
Net Investment in Capital Assets	73,202,538.77
Restricted for	
Continuation of Federal Programs	280,083.83
Debt Service	2,443,602.50
Capital Projects	4,421,850.46
Continuation of State Programs	18,791.60
Unrestricted	7,757,052.54
Total Net Position	$ 88,123,919.70

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

LAURENS COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 37,526,717.52	$ 692,774.01
Support Services		
Pupil Services	2,840,175.34	
Improvement of Instructional Services	1,048,998.18	
Educational Media Services	792,223.89	
General Administration	895,673.37	
School Administration	3,008,888.98	
Business Administration	336,081.82	
Maintenance and Operation of Plant	3,057,120.28	
Student Transportation Services	3,472,993.02	
Central Support Services	25,320.35	
Other Support Services	299,799.94	
Operations of Non-Instructional Services		
Enterprise Operations	5,344.27	106,853.55
Food Services	3,762,131.06	548,222.39
Interest on Short-Term and Long-Term Debt	328,455.70	
Total Governmental Activities	$ 57,399,923.72	$ 1,347,849.95
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year (Restated)		
Net Position - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$ 26,069,327.94		$ -10,764,615.57
246,238.27		-2,593,937.07
1,036,040.03		-12,958.15
824,495.00		32,271.11
1,040,398.16		144,724.79
1,555,445.00		-1,453,443.98
2,836.13		-333,245.69
1,960,544.04		-1,096,576.24
1,017,356.81	$ 77,220.00	-2,378,416.21
742.33		-24,578.02
136,455.90		-163,344.04
		101,509.28
3,179,649.15		-34,259.52
		-328,455.70
$ 37,069,528.76	$ 77,220.00	-18,905,325.01
		11,544,606.37
		5,463,108.43
		172,199.63
		4,469,102.00
		11,736.88
		878,157.16
		22,538,910.47
		3,633,585.46
		84,490,334.24
		$ 88,123,919.70

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 9,592,560.02	$ 5,108,327.97	$ 624,756.29	$ 15,325,644.28
Investments		454,054.57		454,054.57
Accounts Receivable, Net				
Taxes	1,124,686.97	458,034.63		1,582,721.60
State Government	3,955,077.00			3,955,077.00
Federal Government	921,697.68			921,697.68
Local	2,572.95			2,572.95
Interfund		275,000.00		275,000.00
Other	8,000.00			8,000.00
Inventories	157,864.60			157,864.60
Total Assets	$ 15,762,459.22	$ 6,295,417.17	$ 624,756.29	$ 22,682,632.68
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 3,209.89			$ 3,209.89
Salaries and Benefits Payable	6,732,700.42			6,732,700.42
Accounts Payable, Interfund	275,000.00			275,000.00
Deposits and Unearned Revenue	11,500.00			11,500.00
Total Liabilities	7,022,410.31			7,022,410.31
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	552,831.74			552,831.74
FUND BALANCES				
Nonspendable	157,864.60			157,864.60
Restricted	141,010.83	$ 6,295,417.17	$ 624,756.29	7,061,184.29
Assigned	829,617.50			829,617.50
Unassigned	7,058,724.24			7,058,724.24
Total Fund Balances	8,187,217.17	6,295,417.17	624,756.29	15,107,390.63
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,762,459.22	$ 6,295,417.17	$ 624,756.29	$ 22,682,632.68

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

LAURENS COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 15,107,390.63
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 1,643,866.15	
Land Improvements	1,521,554.10	
Buildings	98,004,168.74	
Equipment	8,314,586.92	
Accumulated Depreciation	-26,925,624.38	
Total Capital Assets		82,558,551.53
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		552,831.74
Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Bonds Payable	$ -9,160,000.00	
Accrued Interest Payable	-54,720.50	
Intergovernmental Contracts	-600,320.94	
Bond Premiums, Net of Amortization	-279,812.76	
Total Liabilities		-10,094,854.20
Net Position of Governmental Activities (Exhibit "A")		$ 88,123,919.70

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

LAURENS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 12,049,178.84			$ 12,049,178.84
Sales Taxes	172,199.63	$ 5,463,108.43		5,635,308.06
State Funds	34,712,157.46			34,712,157.46
Federal Funds	6,903,693.30			6,903,693.30
Charges for Services	1,347,849.95			1,347,849.95
Investment Earnings	9,360.40	1,630.53	$ 745.95	11,736.88
Miscellaneous	878,157.16			878,157.16
Total Revenues	56,072,596.74	5,464,738.96	745.95	61,538,081.65
EXPENDITURES				
Current				
Instruction	35,734,054.01	112,981.54		35,847,035.55
Support Services				
Pupil Services	2,782,483.02			2,782,483.02
Improvement of Instructional Services	1,048,998.18			1,048,998.18
Educational Media Services	792,223.89			792,223.89
General Administration	878,733.99	7,488.77		886,222.76
School Administration	3,008,888.98			3,008,888.98
Business Administration	336,081.82			336,081.82
Maintenance and Operation of Plant	3,046,059.61	53,625.96		3,099,685.57
Student Transportation Services	3,175,427.82			3,175,427.82
Central Support Services	23,860.83			23,860.83
Other Support Services	221,883.94	3,050.00		224,933.94
Enterprise Operations	5,344.27			5,344.27
Food Services Operation	3,674,939.23			3,674,939.23
Capital Outlay		109,015.50		109,015.50
Debt Services				
Principal	62,802.38		1,840,000.00	1,902,802.38
Dues and Fees			1,850.00	1,850.00
Interest	17,926.75		392,700.00	410,626.75
Total Expenditures	54,809,708.72	286,161.77	2,234,550.00	57,330,420.49
Excess of Revenues over (under) Expenditures	1,262,888.02	5,178,577.19	-2,233,804.05	4,207,661.16
OTHER FINANCING SOURCES (USES)				
Transfers In	0.00		2,232,700.00	2,232,700.00
Transfers Out		-2,232,700.00		-2,232,700.00
Total Other Financing Sources (Uses)	0.00	-2,232,700.00	2,232,700.00	0.00
Net Change in Fund Balances	1,262,888.02	2,945,877.19	-1,104.05	4,207,661.16
Fund Balances - Beginning	6,924,329.15	3,349,539.98	625,860.34	10,899,729.47
Fund Balances - Ending	$ 8,187,217.17	$ 6,295,417.17	$ 624,756.29	$ 15,107,390.63

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

LAURENS COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2014

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ 4,207,661.16
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 232,445.05	
Depreciation Expense	-2,286,921.71	
Excess of Capital Outlay over Depreciation Expense		-2,054,476.66
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-504,572.47
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond Principal Retirements	$ 1,840,000.00	
Intergovernmental Contracts Repayments	62,802.38	
Amortization of Bond Premiums	71,441.55	
Total Long-Term Debt Repayments		1,974,243.93
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:		
Net Increase in Accrued Interest on Issuance of Bonds		10,729.50
Change in Net Position of Governmental Activities (Exhibit "B")		$ 3,633,585.46

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

LAURENS COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 60,601.06
LIABILITIES	
Funds Held for Others	$ 60,601.06

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and Bond Proceeds that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

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

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2014, the School District made a prior period adjustment due to the adoption of GASB Statement No. 65, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2013, net position in Governmental Activities. The result is a decrease in Net Position at July 1, 2013 of $163,632.54. This change is in accordance with generally accepted accounting principles.

Net Position, July 1, 2013, as Previously Reported	$	84,653,966.78
Reclassification of Bond Issuance Costs		-163,632.54
Net Position, July 1, 2013, as Restated	$	84,490,334.24

NEW ACCOUNTING PRONOUNCEMENTS

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

FUTURE ACCOUNTING PRONOUNCEMENTS

In fiscal year 2015, the School District will adopt Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this Statement will require the School District to record a liability for its proportionate share of the Net Pension Liability of pension plans in which it participates. Actuarial estimates are currently being made to determine the School District's liability, the effects of which are believed to be material.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

1. Obligations issued by the State of Georgia or by other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime banker's acceptances,
6. The local government investment pool (Georgia Fund 1) administered by the State of Georgia, Office of the State Treasurer,
7. Repurchase agreements, and
8. Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Laurens County Board of Commissioners adopted the property tax levy for the 2013 tax digest year (calendar year) on September 19, 2013 (levy date) based on property values as of January 1, 2013. Taxes were due on December 4, 2013 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2013 tax digest are reported as revenue in the governmental funds for fiscal year 2014. The Laurens County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2014, for maintenance and operations amounted to $11,239,974.33.

The tax millage rate levied for the 2013 tax year (calendar year) for the Laurens County Board of Education was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	16.00 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $809,204.51 during fiscal year ended June 30, 2014.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $5,463,108.43 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School

District does not capitalize book collections or works of art. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 100,000.00	10 to 20 years
Buildings	$ 100,000.00	20 to 50 years
Buildings and Improvements	$ 100,000.00	10 to 30 years
Equipment	$ 5,000.00	3 to 15 years
Intangible Assets	$ 100,000.00	5 to 20 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives, with the exception of intangible assets which are amortized.

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 20 years.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reporting only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

GENERAL OBLIGATION BONDS

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

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

NET POSITION

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

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

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

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

FUND BALANCES

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

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

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

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

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

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

Fund Balances of the Governmental Funds at June 30, 2014, are as follows:

Nonspendable		
Inventories		$ 157,864.60
Restricted		
Continuation of Federal Programs	$ 122,219.23	
Capital Projects	4,421,850.46	
Debt Service	2,498,323.00	
Continuation of State Programs	18,791.60	7,061,184.29
Assigned		
School Activity Accounts	$ 332,524.35	
Subsequent Period Expenditures	497,093.15	829,617.50
Unassigned		7,058,724.24
Fund Balance, June 30, 2014		$ 15,107,390.63

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

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

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of Official Code of Georgia Annotated section 20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2014, the School District had deposits with a carrying amount of $15,386,245.34 and a bank balance of $16,399,897.83. The bank balances insured by Federal depository insurance were $1,044,392.70, and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were $15,355,505.13.

CATEGORIZATION OF INVESTMENTS

At June 30, 2014, the carrying value of the School District's total investment was $454,054.57. The School District's investments as of June 30, 2014, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value
Other Investments	
Federated Government Obligations Fund	$ 454,054.57

The Federated Government Obligations Fund, formerly referred to as a Government Obligations Fund, administered by the Federated Investors, Incorporated, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The Federated Government Obligations Fund invests primarily in a portfolio of short-term U. S. Treasury and government agency securities, including repurchase agreements.

The Federated Government Obligations Fund is registered with the SEC as an investment company and operated in a matter consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the fund's share price, $1.00 per share. The fund is an AAAm rated investment pool by Standard and Poor's. The weighted average maturity for Federated Government Obligations Fund on June 30, 2014 was 51 days.

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2013	Increases	Decreases	Balances June 30, 2014
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,643,866.15			$ 1,643,866.15
Construction in Progress	5,493,340.57	$ 66,888.19	$ 5,560,228.76	0.00
Total Capital Assets Not Being Depreciated	7,137,206.72	66,888.19	5,560,228.76	1,643,866.15
Capital Assets Being Depreciated				
Buildings and Improvements	92,443,939.98	5,560,228.76	0.00	98,004,168.74
Equipment	8,177,355.06	137,231.86		8,314,586.92
Land Improvements	1,493,229.10	28,325.00		1,521,554.10
Less Accumulated Depreciation for:				
Buildings and Improvements	18,480,657.57	1,768,692.96		20,249,350.53
Equipment	5,896,832.33	443,362.75		6,340,195.08
Land Improvements	261,212.77	74,866.00		336,078.77
Total Capital Assets, Being Depreciated, Net	77,475,821.47	3,438,863.91	0.00	80,914,685.38
Governmental Activity Capital Assets - Net	$ 84,613,028.19	$ 3,505,752.10	$ 5,560,228.76	$ 82,558,551.53

Current year depreciation expense by function is as follows:

Instruction		$ 1,676,431.76
Support Services		
Pupil Services	$ 56,589.11	
General Administration	7,455.27	
Maintenance and Operation of Plant	10,853.05	
Student Transportation Services	375,202.00	
Other Support Services	74,866.00	524,965.43
Food Services		85,524.52
		$ 2,286,921.71

NOTE 7: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2014, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund		$ 275,000.00
District-wide Capital Projects	$ 275,000.00	
	$ 275,000.00	$ 275,000.00

Interfund activity is to reimburse the Capital Projects Fund for equipping the West Laurens High School's lunchroom.

NOTE 8: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfer to	Transfers From District-wide Capital Projects
Debt Service Fund	$ 2,232,700.00

Transfers are used to move sales tax revenues collected by the District-wide Capital Projects Fund to the Debt Service Fund to pay bond principal and interest payments.

NOTE 9: RISK MANAGEMENT

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

The School District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, and acts of God. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2013	$ 0.00	$ 3,074.00	$ 0.00	$ 3,074.00
2014	$ 3,074.00	$ 9,150.00	$ 12,224.00	$ 0.00

The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general worker's compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of $1 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of $2 million. The Trust covers the first $1 million of each Employers liability claim with Safety National providing additional Employers Liability limits up to a $2 million per occurrence maximum. Safety National Casualty Company also provides $2 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

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

Position Covered	Amount
Superintendent	$ 100,000.00
All Employees	$ 100,000.00

NOTE 10: OPERATING LEASES

Laurens County Board of Education has entered into various leases as lessee for copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2014, for governmental funds amounted to $79,948.90.

NOTE 11: LONG-TERM LIABILITIES

INTERGOVERNMENTAL CONTRACT

The Laurens County Board of Education entered into a contract with the City of East Dublin and the City of Dudley dated August 6, 2006, and November 19, 1999, respectively, for the purpose of construction of a water line to the school facilities of Dudley and East Dublin, respectively.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2009	4.14%	$ 4,695,000.00
General Government - Series 2012	3.00%	4,465,000.00
		$ 9,160,000.00

Voters have authorized $39,000,000.00 in general obligation debt for acquiring, constructing, renovating, and equipping the capital outlay projects of the School District which was not issued as of June 30, 2014.

The changes in Long-Term Liabilities during the fiscal year ended June 30, 2014, were as follows:

	Governmental Activities				
	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
G.O. Bonds	$ 11,000,000.00	$ 0.00	$ 1,840,000.00	$ 9,160,000.00	$ 2,170,000.00
Intergovernmental Agreement	663,123.32		62,802.38	600,320.94	64,651.38
Bond Premiums Amortized	351,254.31		71,441.55	279,812.76	71,441.55
	$ 12,014,377.63	$ 0.00	$ 1,974,243.93	$ 10,040,133.70	$ 2,306,092.93

At June 30, 2014, payments due by fiscal year which includes principal and interest for these items are as follows:

	Intergovernmental Agreement	
Fiscal Year Ended June 30:	Principal	Interest
2015	$ 64,651.38	$ 16,077.75
2016	66,563.91	14,165.22
2017	68,542.46	12,186.67
2018	70,589.56	10,139.57
2019	72,707.94	7,192.49
2020 - 2024	257,265.69	11,035.51
Total Principal and Interest	$ 600,320.94	$ 70,797.21

	General Obligation Debt		Unamortized
Fiscal Year Ended June 30:	Principal	Interest	Bond Premium
2015	$ 2,170,000.00	$ 328,323.00	$ 71,441.55
2016	2,250,000.00	250,626.00	71,441.55
2017	2,330,000.00	170,016.00	71,441.55
2018	2,410,000.00	86,493.00	65,488.11
Total Principal and Interest	$ 9,160,000.00	$ 835,458.00	$ 279,812.76

NOTE 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $2,649,928.21 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Certificated Personnel
In the amount of $2,500,128.00

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $25,241.21

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of $124,559.00

Funds paid to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District are reported as part of the Quality Basic Education revenue allotments on Schedule 3 – Schedule of State Revenue.

NOTE 13: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 14: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State

provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

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

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

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

For non-certificated school personnel:

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2014	100%	$ 5,925,547.79
2013	100%	$ 5,259,225.26
2012	100%	$ 5,413,861.37

NOTE 14: RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2014	100%	$ 3,631,302.00
2013	100%	$ 3,276,368.16
2012	100%	$ 2,839,223.70

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

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

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 11,382,980.00	$ 11,625,000.00	$ 12,049,178.84	$ 424,178.84
Sales Taxes	200,000.00	200,000.00	172,199.63	-27,800.37
State Funds	33,574,332.00	32,596,415.00	34,712,157.46	2,115,742.46
Federal Funds	4,176,442.00	4,176,442.00	6,903,693.30	2,727,251.30
Charges for Services	60,000.00	60,000.00	1,347,849.95	1,287,849.95
Investment Earnings	7,820.00	7,820.00	9,360.40	1,540.40
Miscellaneous	354,200.00	354,200.00	878,157.16	523,957.16
Total Revenues	49,755,774.00	49,019,877.00	56,072,596.74	7,052,719.74
EXPENDITURES				
Current				
Instruction	35,981,713.48	31,944,603.28	35,734,054.01	-3,789,450.73
Support Services				
Pupil Services	1,964,865.40	1,784,812.84	2,782,483.02	-997,670.18
Improvement of Instructional Services	1,153,977.76	308,884.29	1,048,998.18	-740,113.89
Educational Media Services	827,438.07	826,438.07	792,223.89	34,214.18
General Administration	927,005.26	883,037.26	878,733.99	4,303.27
School Administration	2,812,108.09	2,811,608.09	3,008,888.98	-197,280.89
Business Administration	309,109.10	309,109.10	336,081.82	-26,972.72
Maintenance and Operation of Plant	3,225,867.20	3,225,867.20	3,046,059.61	179,807.59
Student Transportation Services	3,231,868.10	3,208,283.10	3,175,427.82	32,855.28
Central Support Services	25,215.50	23,215.50	23,860.83	-645.33
Other Support Services	154,441.00	42,000.00	221,883.94	-179,883.94
Enterprise Operations			5,344.27	-5,344.27
Food Services Operation	1,593,546.31	1,593,546.31	3,674,939.23	-2,081,392.92
Debt Service	149,000.00	149,000.00	80,729.13	68,270.87
Total Expenditures	52,356,155.27	47,110,405.04	54,809,708.72	-7,699,303.68
Net Change in Fund Balances	-2,600,381.27	1,909,471.96	1,262,888.02	-646,583.94
Fund Balances - Beginning	7,018,836.89	6,223,679.48	6,924,329.15	700,649.67
Adjustments	-139,727.05			
Fund Balances - Ending	$ 4,278,728.57	$ 8,133,151.44	$ 8,187,217.17	$ 54,065.73

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The principal accounts had actual revenues $1,365,658.78 and expenditures of $1,540,434.56.

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

See notes to the basic financial statements.

LAURENS COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 3,523,111.93	(1)
Total Child Nutrition Cluster				3,523,111.93	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Fresh Fruit and Vegetable Program		10.582	N/A	19,721.03	
Total U. S. Department of Agriculture				3,542,832.96	
Education, U. S. Department of					
School Improvement Grants Cluster					
Pass-Through From Georgia Department of Education					
ARRA - School Improvement Grants		84.388	N/A	683,725.93	
School Improvement Grants		84.377	N/A	200,090.72	
Total School Improvement Grants Cluster				883,816.65	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States	*	84.027	N/A	940,391.49	
Preschool Grants	*	84.173	N/A	29,069.34	
Total Special Education Cluster				969,460.83	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	4,143.35	
Career and Technical Education - Basic Grants to States		84.048	N/A	64,350.00	
Improving Teacher Quality State Grants		84.367	N/A	218,097.50	
Migrant Education - State Grant Program		84.011	N/A	22,471.00	
Rural Education		84.358	N/A	124,702.18	
Title I Grants to Local Educational Agencies		84.010	N/A	1,583,019.50	
Total Other Programs				2,016,783.53	
Total U. S. Department of Education				3,870,061.01	
Total Expenditures of Federal Awards				$ 7,412,893.97	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $330,604.76.

(2) Expenditures for the funds earned on the School Breakfast Program ($744,351.12) were not maintained separately and are included in the 2014 National School Lunch Program.

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

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

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

See notes to the basic financial statements.

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

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 1,313,222.84
Education, Georgia Department of	
Quality Basic Education (1)	
Direct Instructional Cost	
Kindergarten Program	2,065,536.00
Kindergarten Program - Early Intervention Program	492,298.00
Primary Grades (1-3) Program	4,738,855.00
Primary Grades - Early Intervention (1-3) Program	999,695.00
Upper Elementary Grades (4-5) Program	2,388,913.00
Upper Elementary Grades - Early Intervention (4-5) Program	525,087.00
Middle School (6-8) Program	4,301,626.00
High School General Education (9-12) Program	3,612,054.00
Vocational Laboratory (9-12) Program	1,068,987.00
Students with Disabilities	4,491,501.00
Gifted Student - Category VI	1,420,831.00
Remedial Education Program	147,783.00
Alternative Education Program	291,954.00
English Speakers of Other Languages (ESOL)	31,361.00
Media Center Program	736,011.00
20 Days Additional Instruction	224,695.00
Staff and Professional Development	140,122.00
Indirect Cost	
Central Administration	899,185.00
School Administration	1,387,892.00
Facility Maintenance and Operations	1,709,469.00
Amended Formula Adjustment	-4,367,103.00
Categorical Grants	
Pupil Transportation	
Regular	923,257.00
Nursing Services	124,689.00
Education Equalization Funding Grant	4,469,102.00
Other State Programs	
Food Services	107,166.00
Math and Science Supplements	9,066.56
Preschool Handicapped Program	66,424.16
Pupil Transportation - State Bonds	77,220.00
Teachers' Retirement	25,241.21
Vocational Education	165,457.69
Office of the State Treasurer	
Public School Employees' Retirement	124,559.00
	$ 34,712,157.46

(1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District in the amount of $2,500,128.00 are included as part of the Quality Basic Education revenue allotments above.

See notes to the basic financial statements.

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

SCHEDULE "4"

SPLOST II PROJECTS	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
Acquisition of real property and construction, equipping and furnishing of new school buildings and facilities, including but not limited to, new middle schools including physical education and athletic facilities, and the completion of the new West Laurens High School; additions, renovations, repairs and improvements to existing school buildings and facilities, including, but not limited to, the East Laurens Primary, Elementary, Middle and High School Complex, including the vocational building, and to Southwest Laurens Elementary, Northwest Laurens Elementary, West Laurens Middle School, and the old West Laurens High School, including physical education and athletic facilities; Construction of new auditoriums;	$ 34,150,000.00	$ 8,100,000.00	$ 165,691.46	$ 5,065,894.32			December 31, 2014
Technology equipment and improvements throughout the Laurens County School District;	200,000.00	125,000.00	120,470.31	3,255.31			December 31, 2014
Acquisition of school vehicles, including but not limited to school buses and equipment;	1,200,000.00	415,000.00		113,883.50			December 31, 2014
	$ 35,550,000.00	$ 8,640,000.00	$ 286,161.77	$ 5,183,033.13			

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Laurens County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	$ 1,009,937.50
Current Year	392,700.00
Total	$ 1,402,637.50

See notes to the basic financial statements.

LAURENS COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2014

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2) (3)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 2,323,580.00	$ 1,820,906.72	$ 21,526.86	$ 1,842,433.58
Kindergarten Program-Early Intervention Program	547,961.00	821,334.72	1,730.98	823,065.70
Primary Grades (1-3) Program	5,341,594.00	4,020,648.50	50,765.37	4,071,413.87
Primary Grades-Early Intervention (1-3) Program	1,101,632.00	1,482,514.35	2,868.54	1,485,382.89
Upper Elementary Grades (4-5) Program	2,690,927.00	2,571,956.08	43,168.94	2,615,125.02
Upper Elementary Grades-Early Intervention (4-5) Program	559,262.00	892,167.31	2,013.75	894,181.06
Middle School (6-8) Program	4,803,300.00	4,713,673.83	72,779.49	4,786,453.32
High School General Education (9-12) Program	4,058,900.00	4,386,863.00	193,559.83	4,580,422.83
Vocational Laboratory (9-12) Program	1,206,146.00	1,215,449.27	66,867.55	1,282,316.82
Students with Disabilities Category III	4,979,379.00	4,259,565.20	27,347.04	4,286,912.24
Gifted Student - Category VI	1,616,387.00	1,637,344.29	11,927.54	1,649,271.83
Remedial Education Program	177,136.00	619,682.63	2,210.64	621,893.27
Alternative Education Program	333,829.00	448,139.14	1,797.51	449,936.65
English Speakers of Other Languages (ESOL)	38,394.00	93,776.95	1,844.07	95,621.02
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	29,778,427.00	28,984,021.99	500,408.11	29,484,430.10
Media Center Program	825,782.00	754,203.76	29,758.78	783,962.54
Staff and Professional Development	154,439.00	38,989.17	91,419.16	130,408.33
TOTAL QBE FORMULA FUNDS	$ 30,758,648.00	$ 29,777,214.92	$ 621,586.05	$ 30,398,800.97

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

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

May 27, 2015

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

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

Ladies and Gentlemen:

We have audited, in accordance with 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 Laurens County Board of Education as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Laurens County Board of Education's basic financial statements, and have issued our report thereon dated May 27, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 as item FS 2014-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Laurens County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we have reported to management of Laurens County Board of Education in a separate letter dated May 27, 2015.

Laurens County Board of Education's Response to Findings

Laurens County Board of Education's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Laurens County 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.

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2014YB-30

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

May 27, 2015

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

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

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited Laurens County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Laurens County Board of Education's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Laurens County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Laurens County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Laurens County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Laurens County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Laurens County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Laurens County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Laurens County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

Greg S. Griffin
State Auditor

GSG:as
2014SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

LAURENS COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-6871-12-01	Further Action Not Warranted
FS-6871-13-01	Partially Resolved - See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
GENERAL LEDGER
Inadequate Internal Controls at the Central Office
Finding Control Number: FS-6871-13-01

The Board has hired an additional bookkeeper and the Finance Director is implementing additional controls to assist in key accounting functions at the Central Office.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

LAURENS COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2014-001	Inadequate Controls at the Central Office
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None

Description:
This is a repeat finding (FS-6871-13-01, FS-6871-12-01, and FS-6871-11-02) from the years ended June 30, 2013, June 30, 2012, and June 30, 2011, respectively. The accounting procedures of the School District were insufficient to provide for adequate internal controls at the Central Office.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Condition:
Cash and Cash Equivalents

- The bank accounts were not properly reconciled to the general ledger. The School District's general ledger reflected an overall balance in the Interfund Cash account of $7,171.83. This amount should always carry an overall balance of zero.
- One bank account was reported under the School District's Federal Identification Number to the bank but was not reported in the general ledger or financial statements.

Revenues/Receivables/Receipts

- The cash receipts and deposit preparation functions were not separated from the record keeping and cash custody functions.

General Ledger
A review of journal entries revealed the following deficiencies:

- Journal entries did not indicate a date when reviewed or approved.
- Several journal entries did not have sufficient supporting documentation.

Cause:
According to management of the School District, the errors were a result of failing to ensure that all internal control procedures were implemented and functioning as intended.

Effect or Potential Effect:
The failure to maintain adequate internal controls increases the risk that misstatements could occur in the financial statements due to error or fraud.

Recommendation:
The School District should review procedures and monitor controls to provide reasonable assurance that transactions are processed according to established controls. All School District bank accounts should be maintained on the general ledger. Bank accounts not accounted for by the School District should not be utilizing the School District's Federal Identification Number. The School District should implement procedures to ensure the key accounting functions are separated. In addition, the School District should establish sufficient internal controls to ensure that all journal entries are documented and properly approved prior to posting.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Views of Responsible Officials and Corrective Action Plans:

We concur with this finding. This is a repeat finding from prior year and has been addressed in fiscal year 2015. Procedures have been put in place for fiscal year 2015 that will improve the documentation supporting the bank reconciliation review process. We have added a part time bookkeeping staff member to assure that there is separation of those who perform monthly bank reconciliation and record keeping. Journal entries and related documentation for journal entries are now being documented and reviewed.

Contact Person: Kim Thompson, Director of Finance
Telephone: (478) 272-4767 Fax: (478) 277-2619
E-mail: kimthompson@lcboe.net

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.