

RICHMOND COUNTY BOARD OF EDUCATION AUGUSTA, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2015
(Including Independent Auditors' Reports)

RICHMOND COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION ..... i-iv

SECTION I

FINANCIAL

INDEPENDENT AUDITORS' REPORT ..... v-vii

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS ..... viii-xix

EXHIBITS

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

A STATEMENT OF NET POSITION 1

B STATEMENT OF ACTIVITIES ..... 2 - 3

C FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS 4

D RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION 5

E STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS 6

F RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMETN OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCESS TO THE
STATEMENT OF ACTIVITIES 7

G STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS 8

H STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS 9

I NOTES TO THE BASIC FINANCIAL STATEMENTS 10-37

RICHMOND COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

PAGE

SCHEDULES

1 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND 38

2 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 39-41

3 SCHEDULE OF STATE REVENUE 42-43

4 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS 44

5 ALLOTMENTS AND EXPENDITURES GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM 45

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

INDEPENDENT AUDITORS' 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* 46-47

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 48-49

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS 50

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 51



INTRODUCTORY SECTION

Augusta, GA is the second largest and oldest city in Georgia with a population of about 200,000. The city of Augusta was named after Princess Augusta of Saxe-Gotha-Altenburg. Situated on the bank of the Savannah River, Augusta is best known as the Garden City and home of the Masters Golf Tournament, held the first full week in April. It is also known for its rich medical heritage and the Fort Gordon military installation.

The Richmond County School System was chartered as a public education system on August 23, 1872. The School System's central office is located at 864 Broad Street, Augusta, GA.

Vision

Create a world class school system where 90 percent of students graduate, are college/career ready and globally competitive.

Motto

Learning Today…Leading Tomorrow

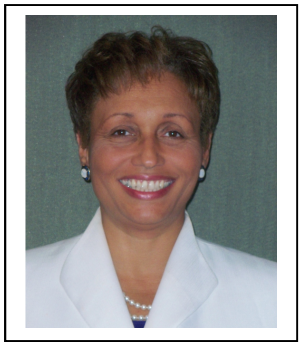
Mission

The mission of the Richmond County School System is to educate students to become lifelong learners and productive citizens.

Belief Statements

- Every person has the right to a quality education.
- Education is the shared responsibility of the individual, home, school, and community.
- Respect and acceptance are essential for learning and personal development.
- A safe, orderly, and healthy environment is essential to learning.
- Communication is the key to understanding among people.
- Excellence cannot be compromised.

SUPERINTENDENT



Dr. Angela Pringle is a native of Danville, Virginia. She received a dual undergraduate degree in Mathematics and Business Management; a Master's Degree from Hampton University in Secondary Education; and, her doctorate from Virginia Tech. She has over 25 years of experience as an Educator and Administrator. Dr. Pringle has received numerous awards for her work with the community. In 2005, she was recognized as "High School Principal of the Year" for her work in building the capacity of the PTSA with diverse communities. She was also recognized by the Governor's Office of Accountability with the Bronze Award for student achievement.

Message from the Superintendent:

I am truly honored to serve as Superintendent of the Richmond County School System. On behalf of the Board of Education and Administration, it is with a great deal of pride that I serve a district where we are focused on preparing all students to be college and career ready.

The very focal point of our mission is students. By working together, we have an opportunity to build upon our successes to ensure that all students are learning at high levels and every job in the district supports classroom efforts.

Our partnership with parents and community members has a focus of teaching and learning with an emphasis on learning. Significant increases in academic achievement requires engagement and commitments from families and community. I invite every community member, parent, grandparent, aunt, uncle, and all caregivers that touch the lives of children, to be on board with our focus.

I close with thoughts from John Dewey, "Education is not preparation for life; education is life itself."

Dr. Angela Pringle,
Superintendent

School Board Profile

The Board of Education of the City of Augusta is composed of ten citizens representing each of the city systems and each serving four-year terms. The Board of Education is a policy-making body and serves as a legislative body in the development and evaluation of policies. While the board is responsible for school programs and operations by law, it delegates some portion of that authority to the Superintendent. The board is governed by a President and a Vice-President who are elected by and from the board membership every two years on the Saturday preceding the second Thursday in January. As representatives of the people, board members are responsible for ensuring that school system operations are efficient, financially and legally sound, and focused on the best interest of Richmond County's children.



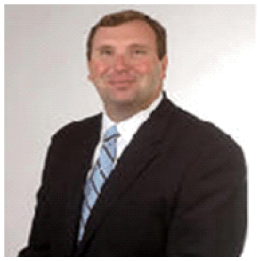
Helen Minchew,
President, District 10



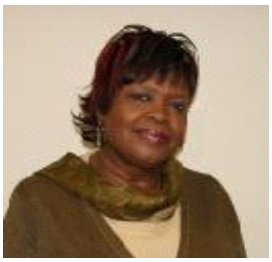
Marion E. Barnes, Vice
President, District 1



Charlie Hannah
District 2



Alex Howard
District 3



Barbara Pulliam
District 4



Patsy Scott
District 5



Jack Padgett, Jr.
District 6



Frank Dolan
District 7

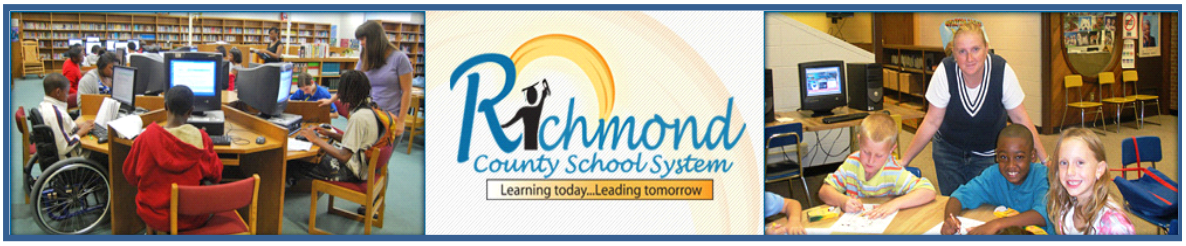


Jimmy Atkins
District 8



Venus Cain
District 9

Board Members



The mission of the Richmond County School System is to educate students to become lifelong learners and productive citizens.

STUDENT DEMOGRAPHICS

Total Enrollment - 30,636

Grade Range: PreK-12th

SCHOOLS

Comprehensive High Schools	8
Middle	9
Elementary	33
Magnet	4
Special	1
Charter	1

STUDENT DEMOGRAPHICS

African American	73%
Asian	1%
Hispanic	4%
Multicultural	4%
White	18%

EMPLOYEES

Certified	2,304
Non Certified	1,806

CERTIFIED PERSONNEL DATA

Education/Certification Level of Professional Staff

4 Yr Bachelor's	30%
5 Yr Master's	40%
6 Yr Specialist's	25%
Doctorate	5%

SCHOOL NUTRITION

Serves approximately 14,000 breakfasts, 24,500 lunches, and 830 snacks each day.

FINANCIAL SECTION


Reaching for World Class
Status!

Michelle Bennett, CPA
Rick L. Evans, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA
Abram J. Serotta, CPA
Andrea Usry, CPA
Paul Wade, CPA

INDEPENDENT AUDITORS' REPORT

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, 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 Richmond County Board of Education, as of and for the year ended June 30, 2015, 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.

Auditors' 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 auditors' 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 auditors consider 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 Richmond County Board of Education, as of June 30, 2015, and the respective changes in financial position for the 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 and budgetary comparison information on pages viii through xix and page 38 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 Richmond County Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedules 3 through 5, are presented for purposes of additional analysis and are 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 also not a required part of the basic financial statements.

Schedules 3 through 5, 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, schedules 3 through 5, 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 introductory 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 on our consideration of the Richmond 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 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 Richmond County Board of Education's internal control over financial reporting and compliance.

Serotta Maddocks Evans + Co.

SEROTTA MADDOCKS EVANS & CO., CPA'S

March 28, 2016

Introduction

The discussion and analysis of the Richmond County Board of Education's (subsequently referred to as the School System) financial performance provides an overall review of the School System's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School System's financial performance as a whole. Readers are encouraged to review the transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements to enhance their understanding of the School System's financial performance.

The basic financial statements are comprised of three components:

1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities.
2) Fund financial statements.
3) Notes to the financial statements.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2015 are as follows:

On the government-wide financial statements:

- Due to continuing financial constraints, the School System maintained increased class sizes and used furlough days to compensate for the reductions in state funding. Furlough days were reduced from 9 to 4 during the year.

- In a comprehensive tax reform bill, state legislators changed the method of taxing motor vehicles. As of March 1, 2013, the state implemented a Title Ad Valorem Tax in lieu of the state sales tax and annual vehicle ad valorem tax. The Title Ad Valorem Tax applies when ownership of the vehicle changes and applies to dealer and private sales. For the full year of implementation, the School System collected $1.9 million in Title Ad Valorem taxes.

- The School System's assets exceeded its liabilities by $344.1 million at June 30, 2015. This represents an increase in restated net position of $34.0 million. This total increase is due to governmental activities since the School System has no business-type activities.

- General revenues accounted for $137.2 million or 41% of all revenues. Program specific revenues in the form of capital and operating grants and contributions and charges for services accounted for $198.4 million of all revenues. Total Revenues increased by $9.1 million. Program specific revenues increased by $9.2 million and general revenues decreased by $.1 million.

- The school system had $301.6 million in expenses related to governmental activities of which $198.4 million were offset by program specific charges for services or grants and contributions.

- Total net position includes the following:

    1) Net investment in capital assets include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the construction or purchase of capital assets.
    2) Restricted net position of $44.8 million represents constraints which are imposed outside of the School System. This includes restrictions for debt covenants and continuance of grants, and capital projects.
    3) Unrestricted net assets non-pension related of $27.5 million represent the net position available to sustain the School System's continuing obligations to its citizens and creditors.

On the fund financial statements:

- The School System's General Fund reported a fund balance of $43.1 million at June 30, 2015 which represents an increase of $6.4 million from the prior fiscal year.

The financial highlights noted above are explained in more detail within the financial analysis section of this document.

Overview of the Basic Financial Statements

This annual report consists of a series of financial statements, the government-wide, and fund statements, and notes to those statements.

The government-wide financial statements, the Statement of Net Position, and the Statement of Activities are designed to illustrate the School System as an aggregate of its financial activities and present a longer-term view of its finances. Increases or decreases to net position may provide an informative indicator of the financial position of the School System as a whole.

The next level of detail is provided by the fund financial statements. These statements reflect the short-term finances as well as the balances available for future needs. Fund financial statements are useful in assessing annual financing requirements and the commitment of existing spendable resources. The fund level statements report the School System's operations in more detail than the government-wide statements.

The notes to the financial statements serve to supplement and clarify the information contained within the financial statements and will provide the reader a more comprehensive understanding of the School System's financial position.

Figure 1 summarizes the significant features of the Richmond County Board of Education's annual financial statements and provides information on the School System's activities and the types of information found in the financial statements.

Figure 1.
Significant Features of the Government-Wide and Fund Level Financial Statements

	Government-wide Statements	Fund Level Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School System (excluding fiduciary funds)	The activities of the School System that are not proprietary or fiduciary. This includes instruction, support services, administration, transportation, and maintenance.	Funds for which the School System administers resources on behalf of someone else. This includes scholarships and student funds.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities(financial, capital, short-term and long-term).	Generally includes assets expected to be consumed and liabilities that are due within the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities. Includes short-term and long term and may include capital assets.
Type of Inflow/Outflow Information	All revenues and expenditures earned or incurred during the fiscal year regardless of when cash is received or paid out.	Revenues for which cash is received during the year or soon thereafter. Expenditures for which goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid out.

Reporting the School System as a Whole (Government-Wide)

Statement of Net Position and the Statement of Activities

The analysis of the School System as a whole looks at all financial transactions and enables the reader of the financial statements to ascertain whether the School System's financial position has improved or diminished. The statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This methodology is similar to the accounting of most private-sector businesses. This basis of accounting considers all the current year's revenues and expenses regardless of when cash is received or paid. There are many factors, some financial, some not, affecting the financial position of the School System. Some of these factors include the School System's property tax base, state austerity reductions, state and federal mandates that are unfunded, the age and condition of school facilities, and the economy of the area.

In the Statement of Net Position and the Statement of Activities, all of the School System's activities are reflected as governmental activities. The governmental activities of the Richmond County Board of Education are financed through taxes, state QBE funds, competitive and non-competitive grants.

The Statement of Net Position provides information about the overall financial activities of the School System; whereas, the Statement of Activities provides a comparison of direct expenses and program revenues. Direct expenses are incurred in association with a specific program or function. Program and services reported here include instruction, support services, operation and maintenance of plant, pupil transportation, food service, school activity accounts and various others.

Reporting the School System's Most Significant Funds (Fund Financials)

Governmental Funds: The fund financial statements provide detailed information about the School System's most significant funds. The School System's major governmental funds are the General Fund, Capital Projects Fund, and the Debt Service Fund.

Most of the School System's activities are reported in governmental funds which focus on how money flows into and out of these funds and the balances remaining at year-end that are available for spending in future periods. These funds are reported using an accounting methodology called modified accrual accounting. This methodology measures cash and all other financial assets that may be readily converted to cash. The fund statements offer a detailed short-term view of the School System's general government operations and the basic services it provides. Governmental fund information helps one determine whether than are more or fewer financial resources available to finance educational programs in the near future. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in these statements.

Fiduciary Funds: The School System is the trustee, or fiduciary, for assets that belong to others. The School System serves as a fiduciary for school clubs and organizations within the principals' account and various scholarships.

These activities are reported in a separate statement of Fiduciary Net Position and Changes in Net Position. The School System 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. These activities have been excluded from the School System's other financial statements because the School System may not use these assets to finance its operations.

Reporting the School System as a Whole

The Statement of Net Position provides the prospective of the School System as a whole.

Table 1 provides a comparative summary of the School System's net position for fiscal years 2014 and 2015.

TABLE 1
NET POSITION
(in Thousands)

	Governmental Activities June 30, 2015	Governmental Activities June 30, 2014 (Restated)
Assets		
Current and Other Assets	$ 190,993	$ 217,624
Capital Assets, Net	542,370	511,260
Total Assets	$ 733,363	$ 728,884
Deferred Outflows of Resources	19,997	18,727
Liabilities		
Current and Other Liabilities	$ 57,061	$ 48,275
Long-Term Liabilities	277,153	389,203
Total Liabilities	$ 334,214	$ 437,478
Deferred Inflows of Resources	75,057	-
Net Position		
Net Investement in Capital Assets	$ 515,706	$ 500,516
Restricted	44,799	41,916
Unrestricted	(216,416)	(232,266)
Total Net Position	$ 344,089	$ 310,166

The School System's net position increased $36.2 million. This increase may be attributed to the collection of SPLOST proceeds and an increase in capital assets in addition to an increase in unrestricted assets.

Table 2 shows the comparative changes in net position for fiscal years 2014 and 2015.

TABLE 2
CHANGE IN NET POSITION
(in Thousands)

	Governmental Activities June 30, 2015	Governmental Activities June 30, 2014
Revenues		
Program Revenues		
Charges for Services	$ 1,237	$ 1,152
Operating Grants and Contributions	193,007	188,027
Capital Grants and Contributions	4,108	-
Total Program Revenues	$ 198,352	$ 189,179
General Revenues		
Taxes		
Property Taxes	$ 88,924	$ 88,056
Sales Tax	37,994	37,367
Grants and Contributions not Restricted	7,454	8,539
Investment Earnings	209	350
Miscellaneous	2,484	2,968
Gain on Sales of Assets	117	-
Total General Revenues	$ 137,182	$ 137,280
Total Revenues	$ 335,534	$ 326,459
Program Expenses		
Instruction	$ 174,462	$ 180,636
Support Services		
Pupil Services	10,052	9,852
Improvement of Instruction	13,847	15,395
Educational Media Services	6,397	6,575
General Administration	2,213	2,063
School Administration	17,980	17,821
Business Administration	1,959	1,974
Maintenance and Operations of Plant	34,766	34,926
Student Transportation Services	11,813	12,123
Central Support Services	4,843	4,068
Other Support Services	1,976	1,905
Operations of Non-Instructional Services		
Community Services	1,037	1,072
Food Services	19,152	18,731
Interest on Short-Term and Long-Term Debt	1,081	1,896
Total Expenses	$ 301,578	$ 309,037
Change in Net Position	$ 33,956	$ 17,422

Governmental Activities

The Statement of Activities details the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities. It identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Cost of service comparisons are provided for fiscal years 2014 and 2015.

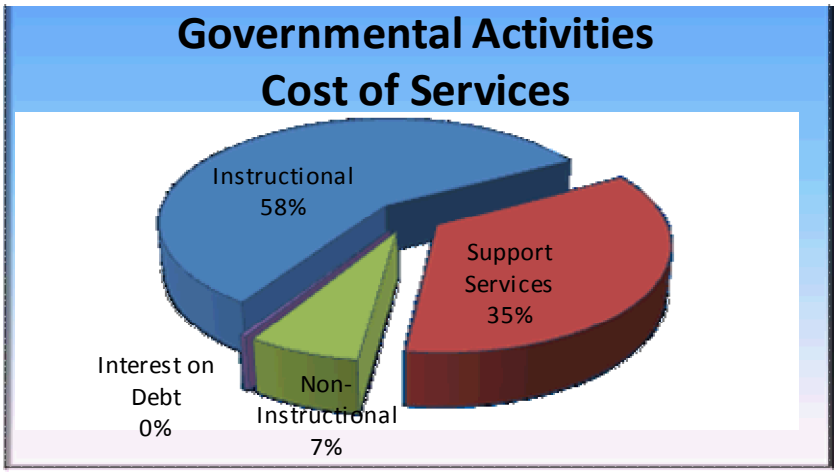
TABLE 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2014
Instructional	$ 174,462	$ 180,636	$ 49,730	$ 61,739
Support Services				
Pupil Services	10,052	9,852	6,483	6,380
Improvement of Instruction	13,847	15,395	1,198	1,205
Educational Media Services	6,397	6,575	2,087	2,519
General Administration	2,213	2,063	(1,699)	(1,806)
School Administration	17,980	17,821	8,150	8,270
Support Services Business	1,959	1,974	1,481	1,906
Maintenance and Operation of Plant	34,766	34,926	22,827	24,657
Student Transportation	11,813	12,123	7,986	8,345
Central Support Services	4,843	4,068	4,523	3,951
Other Support Services	1,976	1,904	(6)	47
Operations of Non-Instructional Services				
Community Services	1,037	1,072	637	931
Food Services	19,152	18,731	(1,252)	(182)
Interest on Short-Term and Long-Term Debt	1,081	1,625	1,081	1,625
Total Expense	$ 301,578	$ 308,765	$ 103,226	$ 119,587

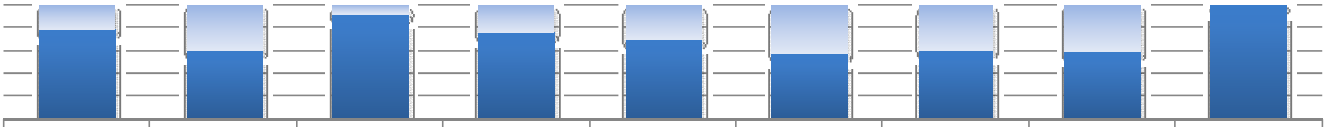
The State's Quality Basic Education Funding (QBE) is not sufficient to provide basic education services or to provide adequate maintenance of the School System's facilities. To provide further funding, the School System levies a millage rate of 19.972 mills in addition to a 1% Education Special Purpose Local Option Sales Tax (SPLOST) authorized by local referendum.

The net cost reflects the financial burden placed on the School System's local taxpayers. The increase in the net cost of services indicates that the School System's taxpayers have had to provide a larger percentage of the total cost of services.

Figure 2.



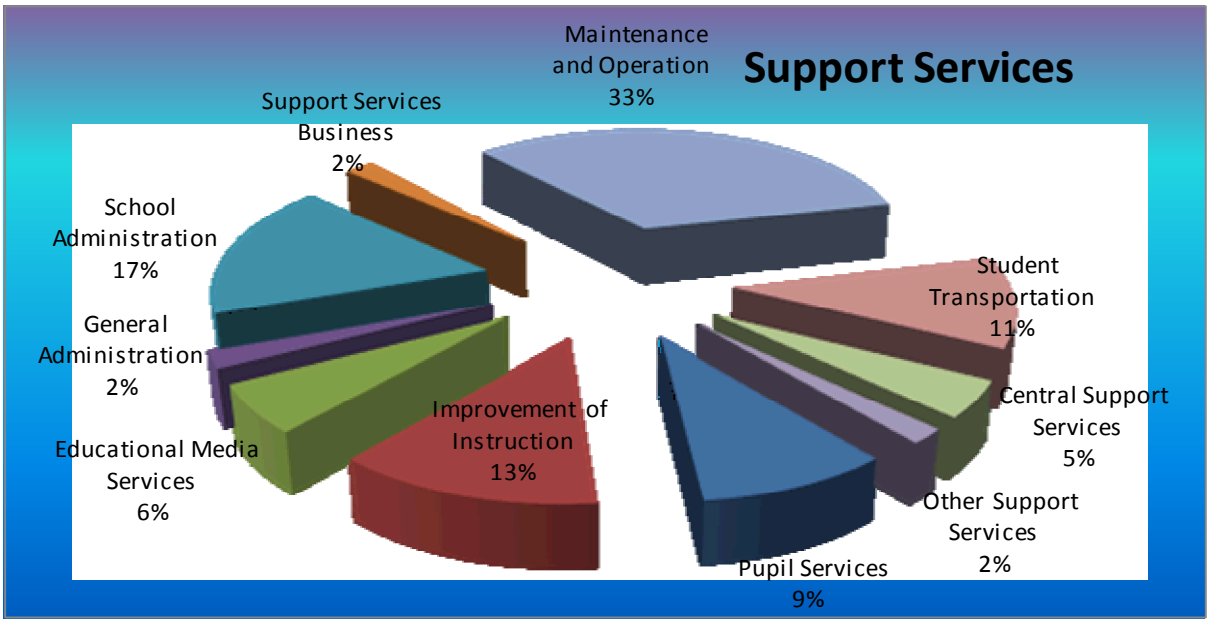
Governmental Activities
Comparison of Net Cost to Total Cost of Services
(in millions)



	Instructional	Pupil Services	Improve Instruction	Educational Media	School Admin	Business Services	Maintenance	Transportation	Food Services
Net Cost	49,730	6,483	1,198	2,087	8,150	1,481	22,827	7,986	0
Total Cost	174,462	10,052	13,847	6,397	17,980	1,959	34,766	11,813	19,152

Instruction expenditures include activities related to the interaction between students and teachers. Instruction expenditures account for the largest percentage of the cost of service for governmental activities.

Figure 3.



Support services include activities that assess and supplement the teaching process, assist teachers in developing and evaluating the technique of providing instruction, operation of the educational media centers, administration of the policy of the School System, maintenance of the fiscal responsibilities of the School System, transportation costs, and upkeep of the grounds and facilities.

The School System's Funds

The School System's funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of $337.6 million and expenditures and other financing uses of $370.6 million. The general fund's fund balance reflected an increase of $6.4 million, and the district-wide capital projects funds decreased by $39.4 million.

The general fund operations increase may be attributed to an increase in state funds and property taxes.

The capital fund operations decrease is related to the completion of several projects addressed in the Phase 3 Bond and Sales Tax issuance.

General Fund Budgeting Highlights

The School System's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. Throughout fiscal year 2015, the School System amended its general fund budget several times. Site-based budgeting is used by the School System and is designed to tightly control total site budgets but allow some management flexibility. The School System's top management monitors a detailed report comparing actual revenues and expenditures to budget on a monthly basis. Site management has access to this information on a demand basis through a report available using the School System's accounting software.

For the general fund, the final budgeted revenues of $297.0 million exceeded the original budget of $276.4 million by $20.6 million. The budgeted revenues exceeded the actual revenues by $2.3 million. In FY 2015, the state continued the reduction of Quality Basic Education (QBE) funding to local School Systems. Throughout the year, the School System made a concerted effort to reduce expenditures and was successful in mitigating the loss of funding through the reduction of spending and furloughing staff. The actual expenditures were $24.8 million less than the final budgeted amount. The significant difference in the comparison of the budget to actual expenditures is the result of many of the federal program funds being budgeted for periods exceeding the fiscal year or crossing two fiscal years. The actual fund balance increased by $6.4 million.

Capital Assets and Debt Administration

At the end of fiscal year 2015, the School System had capital assets of $542.4 million, net of accumulated depreciation.

The primary increase occurred in construction work in progress. Due to funding from a Special Purpose Local Option Sales Tax and a bond issue, the School System is building and renovating numerous schools.

Table 4 shows comparative statements for 2014 and 2015.

TABLE 4
CAPITAL ASSETS
(Net of Depreciation, in Thousands)

	Governmental Activities June 30, 2015	Governmental Activities June 30, 2014
Land	$ 15,353	$ 15,377
Construction Work in Progress	48,090	44,538
Works of Art	42	42
Building and Building Improvements	436,564	416,350
Equipment	26,429	22,415
Land Improvements	15,892	12,538
Total Capital Assets, Net of Depreciation	$ 542,370	$ 511,260

Debt

At June 30, 2015, the School System had $80.0 million in general obligation bonds, with $27.1 million due within one year. Debt comparisons between fiscal year 2014 and 2015 are shown below.

TABLE 5
DEBT
(in Thousands)

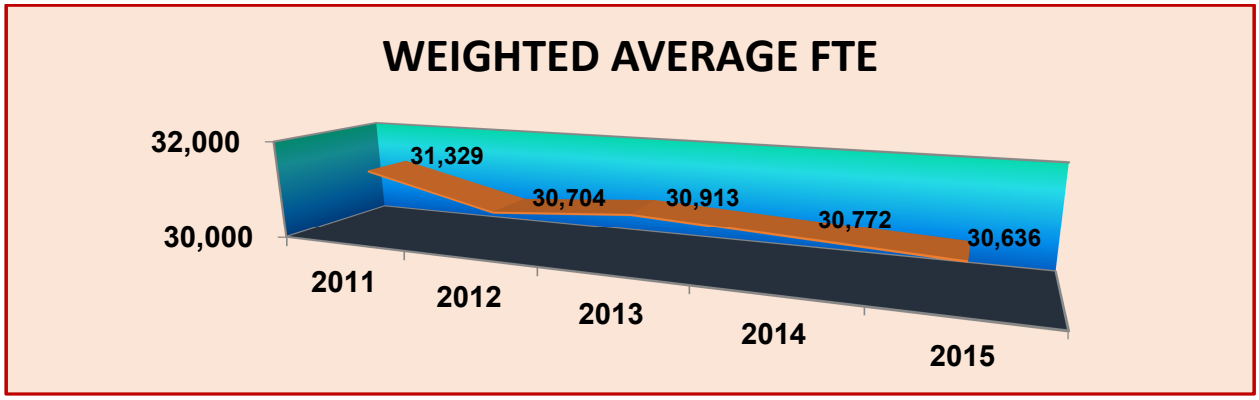
	Governmental Activities June 30, 2015	Governmental Activities June 30, 2014
General Obligation Bonds	$ 79,970	$ 105,785
Compensated Balances	1,651	1,638
Unamortized Bond Premium	6,700	10,051
Total Debt	$ 88,321	$ 117,474

Current Issues

The Richmond County Board of Education has maintained its economic stability by budgeting conservatively, instituting staff furloughs, and monitoring its expenditures. Areas of concern are the State of Georgia's continued amended formula reduction to the QBE funding formula, the rising costs in employee benefits and declining student growth.

Student enrollment is the driving factor in the State's education funding formula. Student enrollment is converted to a "Full Time Equivalent" (FTE) for funding purposes. As student enrollment and FTE decrease so does State funding.

The School System showed a decrease in the weighted average of full time equivalent students. From 2014 to 2015 the weighted average of full time equivalent students decreased by 136 students. The figure shown below shows the trend in the School System's enrollment over the past five years.



The amended formula adjustment, the reduction in state funding, for fiscal year 2015 was $13.9 million. The school system has furloughed staff 4 days to help offset the reduction in state funding.

Contacting the School System's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School System's finances and to reflect the School System's accountability for the funds it receives. For questions about this report or additional financial information, please contact the Director of Budget and Finance, Richmond County Board of Education, 864 Broad Street, Augusta, GA 30901.


Reaching for World Class
Status!

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
JUNE 30, 2015

EXHIBIT "B"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 117,308,882.67
Investments	37,135,352.72
Accounts Receivable, Net	
Taxes	6,408,812.12
State Government	19,386,096.41
Federal Government	9,095,391.54
Other	445,700.39
Inventories	1,212,403.04
Capital Assets, Non-Depreciable	63,484,798.58
Capital Assets, Depreciable (Net of Accumulated Depreciation)	478,885,556.37
Total Assets	733,362,993.84
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	19,996,657.57
Total Deferred Outflows of Resources	19,996,657.57
LIABILITIES	
Accounts Payable	2,162,368.20
Salaries and Benefits Payable	41,533,878.12
Interest Payable	919,572.40
Claims Payable	2,284,583.00
Contracts Payable	5,834,304.13
Retainages Payable	3,810,265.08
Deposits and Unearned Revenues	515,994.18
Long-Term Liabilities	
Due Within One Year	30,440,194.92
Due in More Than One Year	57,880,968.18
Net Pension Liability	188,831,747.00
Total Liabilities	334,213,875.21
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	75,057,039.00
Total Deferred Inflows of Resources	75,057,039.00
NET POSITION	
Net Investment in Capital Assets	515,706,078.33
Restricted for	
Continuation of Federal Programs	5,681,850.87
Debt Service	28,019,868.59
Capital Projects	11,097,114.74
Unrestricted (Deficit)	(216,416,175.33)
Total Net Position	$ 344,088,737.20

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

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
JUNE 30, 2015

EXHIBIT "B"

		EXPENSES
GOVERNMENTAL ACTIVITIES		
Instruction	$	174,461,974.71
Support Services		
Pupil Services		10,051,772.52
Improvement of Instructional Services		13,846,828.28
Educational Media Services		6,397,355.20
General Administration		2,213,120.75
School Administration		17,979,546.74
Business Administration		1,959,031.23
Maintenance and Operation of Plant		34,766,092.91
Student Transportation Services		11,813,485.39
Central Support Services		4,843,262.23
Other Support Services		1,976,007.96
Operations of Non-Instructional Services		
Community Services		1,036,612.24
Food Services		19,152,005.66
Interest on Short-Term and Long-Term Debt		1,081,239.48
Total Governmental Activities	$	301,578,335.30
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Other Taxes		
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		
Special Items		
Gain on Sale of Assets		
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)
CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$ 803,122.98	$ 123,026,223.23	$ 902,318.98	$ (49,730,309.52)
-	3,427,745.69	141,323.15	(6,482,703.68)
-	12,648,882.18	-	(1,197,946.10)
-	4,212,170.57	98,356.97	(2,086,827.66)
-	3,909,779.92	2,475.11	1,699,134.28
-	9,657,562.43	172,363.63	(8,149,620.68)
-	475,561.41	2,835.22	(1,480,634.60)
49,924.48	10,017,019.67	1,872,231.87	(22,826,916.89)
-	3,539,015.46	288,122.93	(7,986,347.00)
-	121,481.87	198,875.82	(4,522,904.54)
-	1,981,571.95	-	5,563.99
-	179,681.39	219,434.48	(637,496.37)
384,358.66	19,810,210.20	209,173.74	1,251,736.94
-	-	-	(1,081,239.48)
$ 1,237,406.12	$ 193,006,905.97	$ 4,107,511.90	$ (103,226,511.31)

	$ 86,961,755.14
	86,154.80
	1,876,000.10
	36,531,299.00
	1,462,627.72
	7,453,872.00
	209,400.03
	2,483,868.97
	117,069.85
	137,182,047.61
	33,955,536.30
	310,133,200.90
	$ 344,088,737.20

RICHMOND COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	GENERAL FUND	DISTRICT - WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 51,334,979.41	$ 65,973,751.99	$ 151.27	$ 117,308,882.67
Investments	2,971,481.88	34,163,870.84	-	37,135,352.72
Accounts Receivable, Net				
Taxes	3,366,640.03	3,042,172.09	-	6,408,812.12
State Government	19,386,096.41	-	-	19,386,096.41
Federal Government	9,095,391.54	-	-	9,095,391.54
Interfund	192,907.68	-	39.32	192,947.00
Other	445,700.39	-	-	445,700.39
Inventories	1,212,403.04	-	-	1,212,403.04
Total Assets	$ 88,005,600.38	$ 103,179,794.92	$ 190.59	$ 191,185,585.89
LIABILITIES				
Accounts Payable	$ 2,162,368.20	$ -	$ -	$ 2,162,368.20
Salaries and Benefits Payable	41,533,878.12	-	-	41,533,878.12
Contracts Payable	-	5,834,304.13	-	5,834,304.13
Retainages Payable	-	3,810,265.08	-	3,810,265.08
Deposits and Unearned Revenue	515,994.18	-	-	515,994.18
Interfund Payables	-	192,947.00	-	192,947.00
Total Liabilities	44,212,240.50	9,837,516.21	-	54,049,756.71
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	705,940.75	-	-	705,940.75
Total Deferred Inflows of Resources	705,940.75	-	-	705,940.75
FUND BALANCES				
Nonspendable	1,212,403.04	-	-	1,212,403.04
Restricted	5,681,850.87	93,342,278.71	190.59	99,024,320.17
Assigned	14,883,421.96	-	-	14,883,421.96
Unassigned	21,309,743.26	-	-	21,309,743.26
Total Fund Balances	43,087,419.13	93,342,278.71	190.59	136,429,888.43
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 88,005,600.38	$ 103,179,794.92	$ 190.59	$ 191,185,585.89

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

RICHMOND COUNTY BOARD OF EDUCATION EXHIBIT "D"
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 136,429,888.43
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	$ 15,352,855.65	
Construction in Progress	48,089,942.93	
Land Improvements	24,898,117.73	
Buildings	608,262,182.52	
Equipment	59,490,762.93	
Works of Art and Historical Collections	42,000.00	
Accumulated Depreciation	(213,765,506.81)	
Total Capital Assets		542,370,354.95
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability		(188,831,747.00)
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		(55,060,381.43)
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		705,940.75
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These consist of:		
Bonds and Notes Payable	$ (79,970,000.00)	
Accrued Interest Payable	(919,572.40)	
Compensated Absences Payable	(1,650,773.26)	
Discount on Issuance of Bonds	(6,700,389.84)	
Claims and Judgments Payable	(2,284,583.00)	
Total Long-Term Liabilities		(91,525,318.50)
Net Position of Governmental Activities (Exhibit "A")		$ 344,088,737.20

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

RICHMOND COUNTY BOARD OF EDUCATION EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2015

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 89,380,751.59	$ -	$ 39.32	$ 89,380,790.91
Sales Taxes	1,462,627.72	38,397,432.00	-	39,860,059.72
State Funds	148,827,470.38	4,107,511.90	-	152,934,982.28
Federal Funds	51,186,920.60	-	-	51,186,920.60
Charges for Services	1,237,406.12	-	-	1,237,406.12
Investment Earnings	76,200.46	133,138.36	61.21	209,400.03
Miscellaneous	2,483,868.97	-	-	2,483,868.97
Total Revenues	294,655,245.84	42,638,082.26	100.53	337,293,428.63
EXPENDITURES				
Current				
Instruction	174,848,121.12	1,955,802.38	-	176,803,923.50
Support Services				
Pupil Services	9,763,775.52	31,891.14	-	9,795,666.66
Improvement of Instructional Services	14,304,434.50	-	-	14,304,434.50
Educational Media Services	6,066,964.12	154,067.30	-	6,221,031.42
General Administration	2,162,241.81	124,786.97	-	2,287,028.78
School Administration	17,841,798.19	116,214.31	-	17,958,012.50
Business Administration	1,772,698.37	229,892.00	-	2,002,590.37
Maintenance and Operation of Plant	27,138,090.99	1,367,885.20	-	28,505,976.19
Student Transportation Services	11,026,410.99	463,558.11	-	11,489,969.10
Central Support Services	2,871,935.41	1,303,648.20	-	4,175,583.61
Other Support Services	2,039,719.25	-	-	2,039,719.25
Community Services	179,681.39	-	-	179,681.39
Food Services Operation	18,619,322.24	-	-	18,619,322.24
Capital Outlay	-	46,105,817.37	-	46,105,817.37
Debt Services				
Principal	-	-	25,815,000.00	25,815,000.00
Dues and Fees	-	-	600.00	600.00
Interest	-	-	4,336,375.00	4,336,375.00
Total Expenditures	288,635,193.90	51,853,562.98	30,151,975.00	370,640,731.88
Excess of Revenues over (under) Expenditures	6,020,051.94	(9,215,480.72)	(30,151,874.47)	(33,347,303.25)
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	346,890.87	-	-	346,890.87
Transfers In	-	-	30,151,975.00	30,151,975.00
Transfers Out	-	(30,151,975.00)	-	(30,151,975.00)
Total Other Financing Sources (Uses)	346,890.87	(30,151,975.00)	30,151,975.00	346,890.87
Net Change in Fund Balances	6,366,942.81	(39,367,455.72)	100.53	(33,000,412.38)
Fund Balances - Beginning	36,720,476.32	132,709,734.43	90.06	169,430,300.81
Fund Balances - Ending	$ 43,087,419.13	$ 93,342,278.71	$ 190.59	$ 136,429,888.43

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

RICHMOND COUNTY BOARD OF EDUCATION EXHIBIT "F"

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ (33,000,412.38)
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	$ 47,798,736.40	
Depreciation Expense	(16,458,170.04)	
Excess of Capital Outlay over Depreciation Expense		31,340,566.36
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position.		(229,821.02)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District Pension Contributions	19,969,542.57	
Cost of Benefits Earned net of Employee Contributions	(10,859,595.00)	9,109,947.57
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(456,880.87)
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		25,815,000.00
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) Decrease in Accrued Interest on Issuance of Bonds	323,990.60	
Amortization on bond premium	3,350,194.92	
(Increase) Decrease in Compensated Absences	(12,465.88)	
(Increase) in Claims and Judgements	(2,284,583.00)	
Total Additional Expenditures		1,377,136.64
Change in Net Position of Governmental Activities (Exhibit "B")		$ 33,955,536.30

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

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 50,964.22	$ 757,131.10
Accounts Receivable		
Other	-	7.44
Total Assets	$ 50,964.22	$ 757,138.54
LIABILITIES		
Funds Held for Others	$ -	$ 757,138.54
NET ASSETS		
Held in Trust for Private Purposes	50,964.22	-
Total Liabilities and Net Assets	$ 50,964.22	$ 757,138.54

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

RICHMOND COUNTY BOARD OF EDUCATION EXHIBIT "H"
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

		PRIVATE PURPOSE TRUSTS
ADDITIONS		
Investment Earnings		
Other	$	77.11
Change in Net Assets	$	77.11
Net Assets - Begining	$	50,887.11
Net Assets - Ending	$	50,964.22

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

NOTE 1: DESCRIPTION OF SCHOOL SYSTEM AND REPORTING ENTITY

REPORTING ENTITY

The Richmond County Board of Education (School System) 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 System'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 Richmond 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 System'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 System related to the administration and support of the School System'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 System's funds, including fiduciary 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, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The School System reports the following major governmental funds:

- General Fund is the School System'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), Bond Proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The School System reports the following fiduciary fund types:

- Private Purpose Trust fund reports a trust arrangement under which principal and income may be expended to provide scholarships for selected students.
- Agency funds account for assets held by the School System 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) fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School System gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, and grants. 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 System 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 System considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School System considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School System funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School System'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 2015, the School System made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, net position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of $253,002,076. This change is in accordance with generally accepted accounting principles.

Net Position, July 1, 2014, as previously reported	$	563,135,276.90
Prior Period adjustment - Implementation of GASB 68:		
Net pension liability (measurement date)		
TRS		(271,610,840.00)
ERS		(117,968.00)
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS		18,712,852.00
ERS		13,880.00
Net Position, July 1, 2014, as restated	$	310,133,200.90

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2015, the School System adopted 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 requires a restatement to beginning net position. The adoption of this statement has a significant impact on the School System's financial statements. As noted above the School System restated beginning Net Position for the cumulative effect of this accounting change.

In fiscal year 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations.* This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also requires that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The School System did not have any activities of this type during the fiscal year and the adoption of this statement does not have a significant impact on the School System's financial statements.

In fiscal year 2015, the School System adopted Governmental Accounting Standards Board (GASB) Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an *amendment of GASB No. 68*. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of statement. This statement amends paragraph 137 of Statement No. 68 which limited recognition of pension-related deferred inflows of resources at the transition to circumstances in which it is practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions. The adoption of this statement has a significant impact on the School System's financial statements. As noted above the School System restated beginning Net Position for the cumulative effect of this accounting change.

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

RECEIVABLES

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

PROPERTY TAXES

The Richmond County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on 9/12/2014 (levy date) based on property values as of January 1, 2014. Taxes were due on 11/15/2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The Richmond County Tax Commissioner bills and collects the property taxes for the School System, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School System. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to $87,504,790.81.

Tax millage rates levied for the 2014 tax year (calendar year) for the Richmond Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	19.972 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $1,876,000.10 during fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $38,397,432.00 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 weighted average. The School System 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 System 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 System.

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

		Capitalization Policy	Estimated Useful Life
Personal Property (Equipment)	$	5,000	5 to 30 years
Buildings & Building Improvements	$	100,000	25 to 30 years
Land Improvements	$	5,000	20 years
Land	$	Any Amount	N/A
Vehicles	$	5,000	8 years
Infrastructure	$	1,000,000	65 years
Works of Art	$	Any Amount	N/A
Intangible Assets	$	1,000,000	5 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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will 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. Under the full accrual method of accounting, the School System has reported deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 16 - Retirement Plans.

In addition to liabilities, the statement of net position and/or the balance sheet will 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. Under the full accrual method of accounting, the School System has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 16 - Retirement Plans. This item is reported only in the District-wide Statement of Net Position. Additionally, 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 grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

COMPENSATED ABSENCES

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

Vacation leave of 12 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days, unless otherwise approved by management.

	Beginning of Year Liability	Additions	Deductions	End of Year Liability
2013	$ 1,700,779.65	$ 1,091,290.08	$ 1,149,797.91	$ 1,642,271.82
2014	$ 1,642,271.82	$ 1,024,501.04	$ 1,028,465.48	$ 1,638,307.38
2015	$ 1,638,307.38	$ 1,063,122.42	$ 1,050,656.54	$ 1,650,773.26

GENERAL OBLIGATION BONDS

The School System 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 System 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.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), the Employees' Retirement System of Georgia (ERS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS /ERS/PSERS fiduciary net position have been determined on the same basis as they are reported by TRS/ERS/PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 16 - Retirement Plans.

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 System'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 System is legally or contractually obligated to spend resources for bus replacement, continuation of Federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net position - Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position.

The District-wide Statement of Net Position includes a deficit unrestricted net position at June 30, 2015. The balance of the unrestricted net position is as follows:

Unrestricted		
Net Unfunded Proportionate Share of the TRS Pension Liability	$	(243,782,884.86)
Net Unfunded Proportionate Share of the ERS Pension Liability		(109,243.57)
Unrestricted Net Position, non pension related		27,475,953.10
Net Position, Unrestricted, June 30, 2015	$	(216,416,175.33)

FUND BALANCES

The School System'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 System'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 System'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, 2015, are as follows:

FUND BALANCES		
Nonspendable		
Inventories		$ 1,212,403.04
Restricted		
Continuation of Federal Programs	$ 5,681,850.87	
Capital Projects	64,403,028.71	
Debt Service	28,939,440.59	99,024,320.17
Assigned		
Employee Benefits	$ 171,785.79	
School Activities	961,636.17	
Subsequent Period Expenditures	13,750,000.00	14,883,421.96
Unassigned		21,309,743.26
Fund Balance, June 30, 2015		$ 136,429,888.43

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 System'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 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 System'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 System'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.

The Superintendent or her designee is authorized by the Board to approve adjustments of the amount budgeted for expenditures in any budget object for any fund up to the legal level of budgetary control.

Under no circumstances is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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 System's deposits may not be returned to it. The School System does not have a deposit policy for custodial credit risk. At June 30, 2015, the School System had deposits with a carrying amount of $118,116,977.99 and a bank balance of $123,928,615.86. The bank balances insured by Federal depository insurance were $476,220.50 and the bank balances collateralized with securities held by the pledging financial institution or by the pledging financial institution's trust department or agent in the School System's name were $123,452,395.36.

The amounts exposed to custodial credit risk are classified into three categories as follows:

Category 1 - Uncollateralized,

Category 2 - Cash collateralized with securities held by the pledging financial institution, or

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

The School System's deposits by custodial credit risk category at June 30, 2015, are as follows:

Custodial Credit Risk Category		Bank Balance
1	$	-
2		-
3		123,452,395.36
Total	$	123,452,395.36

CATEGORIZATION OF INVESTMENTS

At June 30, 2015, the carrying value of the School System's total investments was $37,135,352.72. The School System's investments as of June 30, 2015, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type		Fair Value
Other Investments		
Equity Securities - Domestic	$	146,505.20
Investment Pools		
Office of Treasury and Fiscal Services		
Georgia Fund 1		36,988,847.52
Total Investments	$	37,135,352.72

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

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAA rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2015, was 56 days.

NOTE 5: NON-MONETARY TRANSACTIONS

The School System 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, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated				
Works of Art	$ 42,000.00	$ -	$ -	$ 42,000.00
Land	15,377,305.65	-	24,450.00	15,352,855.65
Construction in Progress	44,537,675.35	38,032,380.32	34,480,112.74	48,089,942.93
Total Capital Assets Not Being Depreciated	$ 59,956,981.00	$ 38,032,380.32	$ 34,504,562.74	$ 63,484,798.58
Capital Assets Being Depreciated				
Buildings and Building Improvements	$ 576,808,873.10	$ 31,842,754.41	$ 389,444.99	$ 608,262,182.52
Equipment	52,909,105.58	8,109,430.42	1,527,773.07	59,490,762.93
Land Improvements	20,603,833.74	4,294,283.99	-	24,898,117.73
Total Capital Assets Being Depreciated	$ 650,321,812.42	$ 44,246,468.82	$ 1,917,218.06	$ 692,651,063.18
Less Accumulated Depreciation For:				
Buildings and Building Improvements	$ 160,458,918.67	$ 11,487,484.16	$ 248,832.42	$ 171,697,570.41
Equipment	30,494,556.09	4,030,120.17	1,463,014.62	33,061,661.64
Land Improvements	8,065,709.05	940,565.71	-	9,006,274.76
Total Capital Assets Being Depreciated Net	$ 451,302,628.61	$ 27,788,298.78	$ 205,371.02	$ 478,885,556.37
Governmental Activities Capital Assets Net	$ 511,259,609.61	$ 65,820,679.10	$ 34,709,933.76	$ 542,370,354.95

Current year depreciation expense by function for governmental activities is as follows:

Instruction		$ 3,615,453.74
Support Services		
Pupil Services	$ 566,260.17	
Educational Media Services	394,101.30	
General Administration	9,917.40	
School Administration	690,634.62	
Business/Other	11,360.28	
Maintenance and Operation of Plant	7,501,745.87	
Student Transportation	1,154,464.39	
Support Services - Central	796,864.92	
Community Service	-	
Other Support Services	838,127.07	
		11,963,476.02
Food Service Operation		879,240.28
		$ 16,458,170.04

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, 2015, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	$ 192,907.68	$ -
District-wide Capital Projects	-	192,947.00
Debt Service Fund	39.32	-
	$ 192,947.00	$ 192,947.00

Transfers are used to move sales tax and property tax revenues as required matching funds or to provide supplemental funding for capital construction projects.

NOTE 8: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfer From	Transfer To	Amount
District-wide Capital Projects	Debt Service Fund	$ 30,151,975.00

Transfers were used to move District-wide Capital Projects Fund sales tax revenue to the Debt Service Fund for payment of bonds.

NOTE 9: RISK MANAGEMENT

The School System 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 System participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School System 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 insurance. Payment of excess insurance for the system varies by line of coverage.

The School System has elected to self-insure for all losses related to torts, assets and acts of God. In addition, the School System has elected to self-insure for errors or omissions, which includes, among other risks, risks for sexual harassment and discrimination. The School System has not experienced any losses related to these risks in the past three years.

The School System has established a limited risk management program for workers' compensation claims. The School System accounts for claims within the General Fund and School Nutrition. 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. An excess coverage insurance policy covers individual claims in excess of $650,000.00 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2014	$ -	$ 1,329,776.99	$ 1,329,776.99	$ -
2015	$ -	$ 1,145,828.29	$ 1,145,828.29	$ -

The School System is self-insured with regard to unemployment compensation claims. The School System 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
2014	$ -	$ 133,428.64	$ 133,428.64	$ -
2015	$ -	$ 40,119.00	$ 40,119.00	$ -

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

Position Covered	Amount
Superintendent	$ 50,000.00
President	$ 50,000.00
Vice-President	$ 50,000.00
Controller	$ 50,000.00
Deputy Superintendent	$ 50,000.00
Director of Accounting	$ 20,000.00
Accounting Supervisors	$ 20,000.00
Accounting and Professional Learning Bookkeepers	$ 10,000.00
Each Principal	$ 5,000.00
Each School Bookkeeper	$ 5,000.00
Each High School Business Manager	$ 5,000.00
Each Lunchroom Manager	$ 3,000.00

NOTE 10: LONG-TERM DEBT

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2012	2.00% - 5.00%	$ 79,970,000.00

The changes in Long-Term Liabilities during the fiscal year ended June 30, 2015, were as follows:

	Year Ended June 30, 2015 Governmental Funds			
	Compensated Absences (1)	General Obligation Bonds	Unamortized Bond Premium	Total
Balance July 1, 2014	$ 1,638,307.38	$ 105,785,000.00	$ 10,050,584.76	$ 117,473,892.14
Additions				
Annual Leave Earned	1,063,122.42	-	-	1,063,122.42
Deletions				
Annual Leave Utilized	1,050,656.54	-	-	1,050,656.54
Debt Retired	-	25,815,000.00	-	25,815,000.00
Bond Premium Amortized	-	-	3,350,194.92	3,350,194.92
Balance June 30, 2015	$ 1,650,773.26	$ 79,970,000.00	$ 6,700,389.84	$ 88,321,163.10
Due within One Year	$ -	$ 27,090,000.00	$ 3,350,194.92	$ 30,440,194.92

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

At June 30, 2015, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Unamortized Bond Premium
2016	$ 27,090,000.00	$ 3,071,250.00	$ 3,350,194.92
2017	28,345,000.00	1,785,375.00	3,350,194.92
2018	24,535,000.00	563,375.00	-
Total Principal and Interest	$ 79,970,000.00	$ 5,420,000.00	$ 6,700,389.84

NOTE 11: ON-BEHALF PAYMENTS

The School System has recognized revenues and costs in the amount of $870,266.37 for health insurance and retirement contributions paid on the School System'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 $0.00

Paid to the Teachers' Retirement System of Georgia

For Teachers' Retirement System (TRS) Employer's Cost

In the amount of $259,872.37

Office of State Treasurer

Paid to the Public School Employees' Retirement System

For Public School Employees' Retirement (PSERS) Employer's Cost

In the amount of $610,394.00

Funds paid on behalf of the School System are reported in governmental funds. See Note 16 - Retirement Plans for the State support related to the Net Pension Liability.

NOTE 12: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School System as of June 30, 2015, together with funding available:

	Project	Unearned Executed Contracts	Funding Available from State
B-013-016-4060	ARC Phase IV	$ 170,709.37	$ 1,730,182.00
B-12-014-2050	Barton Chapel Elementary	561,940.33	632,346.00
B-12-001-1052	Butler High	1,725,394.03	-
B-12-008-2052	Copeland Elementary	4,164,434.01	431,523.00
B-14-042-0451	Craig-Houghton Elementary	447,599.30	-
B-13-018-001	Cross Creek High	2,410.59	-
B-14-032-4562	Davidson Fine Arts	44,083.94	-
B-14-039-1054	Garrett Elementary	502,590.00	-
B-14-023-2054	Glenn Hills Elementary	1,926,236.80	
B-12-006-3054	Glenn Hills High	10,907.60	138,345.10
B-14-022-0197	Glenn Hills Middle	59,800.00	-
B-12-011-2056	Hephzibah High	189,113.60	986,678.00
B-013-017-1156	Hephzibah Middle	180,071.90	1,021,487.00
B-14-021-3556	Johnson Magnet	552,473.35	-
B-14-020-3756	Josey High	2,659,744.00	-
B-12-009-1603	Lake Forest Elementary	2,435.83	495,040.00
B-12-002-5566	Laney High	10,726,789.83	-
B-12-005-1058	Langford Middle	521,063.57	9,246.20
B-14-035-0177	Meadowbrook Elementary	54,795.24	-
B-14-030-2058	Merry Elementary	47,267.30	-
B-13-019-0184	Morgan Road Middle	903,953.84	594,238.00
B-12-003-5058	Murphey Middle	400,627.20	-
B-12-010-0201	Reynolds Elementary	3,829.42	-
	Risk Hazard	143,236.79	-
	School Security	3,589.11	-
B-14-025-0290	Rollins Elementary	26,806.89	-
B-14-027-3062	Sego Middle	2,288,940.68	-
B-14-033-0390	Spirit Creek Middle	69,383.30	-
B-08-016-445	Vocational Magnet School	69,999.99	-
B-14-038-1064	Walker Traditional Magnet	36,149.62	-
B-14-029-2064	Warren Road Elementary	4,733.96	-
B-12-007-2574	Westside High	85,106.46	76,302.50
B-12-013-4064	Wheeless Road Elementary	1,017,405.87	-
B-14-024-0104	Wilkinson Gardens Elementary	744,877.82	-
B-14-025-0290	Willis Foreman Elementary	28,074.00	-
B-14-026-1065	Windsor Springs Elementary	1,258,869.71	-
		$ 31,635,445.25	$ 6,115,387.80

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

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 System believes that such disallowances, if any, will be immaterial to its overall financial position.

The School System is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School System 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: SUBSEQUENT EVENTS

Subsequent to June 30, 2015 it was discovered that a business in Richmond County had been overcharged for local sales tax during the period July 2012 through May 2015, a portion of which was paid to the School System as part of the 1% education local option sales tax. The School System is expected to be responsible to the business for $1,866,132.80 in overpaid taxes, plus interest in the amount of $418,450.40, for a total of $2,284,583.20. The Georgia Department of Revenue will deduct the taxes plus interest that has been refunded to the taxpayer in one lump sum from future remittances.

NOTE 15: 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, 2015:

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

July 1, 2014 - June 30, 2015 $945 per member per month

For non-certificated school personnel:

July 1, 2014 - June 30, 2015 $596.20 per member per month

No additional contribution was required by the Board for fiscal year 2015 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 System'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	Required Contribution	Percent Contributed
2015	$ 29,084,396.20	100%
2014	$ 29,421,773.87	100%
2013	$ 36,692,079.98	100%

NOTE 16: RETIREMENT PLANS

Richmond County Board of Education participates in various retirement plans administered by the State of Georgia, as further explained below.

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the School System as defined in §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the *O.C.G.A.* assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers' Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

Benefits Provided*:* TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee 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. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2015. The school district's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of annual school district payroll.

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

Fiscal Year	Percent Contributed	Required Contribution
2015	100%	$ 19,950,102.14
2014	100%	$ 18,793,690.65
2013	100%	$ 18,076,573.33

EMPLOYEES RETIREMENT SYSTEM

Plan description: The Employees' Retirement System of Georgia (ERS) is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided: The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for old and new plan members and 18.87% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

Fiscal Year	Percent Contributed	Required Contribution
2015	100%	$ 19,950,102.14
2014	100%	$ 18,793,690.65
2013	100%	$ 18,076,573.33

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

Plan description: PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided: 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. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions: The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. 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 PSERS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Update based on applicable retirement plans)

At June 30, 2015, the School District reported a liability of $188,831,747.00 for its proportionate share of the net pension liability for TRS ($188,706,514.00) and ERS ($125,233.00).

The TRS net pension liability reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. The amount recognized by the School System as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School System were as follows:

School System's proporationate share of the net pension liability	$	188,706,514.00
State of Georgia's proportionate share of the net pension liability associated with the School System		2,631,975.00
	$	191,338,489.00

The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The School System's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2014.

At June 30, 2014, the School System's TRS proportion was 1.493678% which was a decrease of 0.065075% from its proportion measured as of June 30, 2013. At June 30, 2014, the School System's ERS proportion was 0.003339% which was an increase of 0.000908% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School System did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School System is $2,429,212.

The PSERS net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School System was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2014.

For the year ended June 30, 2015, the School System recognized pension expense of $10,834,999 for TRS, $24,596 for ERS and $210,962 for PSERS and revenue of $235,425 for TRS and $210,962 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2015, the School System reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources:

	TRS		ERS	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ -	$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investment	-	65,787,091.00	-	30,566.00
Change in proportion and differences between School System contributions and proportionate share of contributions	-	9,239,382.00	27,115.00	-
School System contributions subsequent to the measurement date	19,950,102.14	-	19,440.43	-
Total	$ 19,950,102.14	$ 75,026,473.00	$ 46,555.43	$ 30,566.00

Richmond County Board of Education contributions subsequent to the measurement date of June 30, 2014 for TRS and ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	TRS	ERS
2016	$ (18,546,628.00)	$ 9,305.00
2017	(18,546,628.00)	2,527.00
2108	(18,546,628.00)	(7,641.00)
2019	(18,546,643.00)	(7,642.00)
2020	(839,946.00)	-
Thereafter	-	-

***Actuarial assumptions*:** The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	3.00%
Salary increases	3.75 - 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2009.

Employees' Retirement System

Inflation	3.00%
Salary increases	5.45 - 9.25%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2009.

Public School Employees' Retirement System

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table set forward one year for males for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2009.

The long-term expected rate of return on TRS, ERS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large stocks	39.70%	6.50%
Domestic mid stocks	3.70%	10.00%
Domestic small stocks	1.60%	13.00%
International developed market stocks	18.90%	6.50%
International emerging market stocks	6.10%	11.00%
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount rate: The discount rate used to measure the total TRS, ERS and PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Richmond County Board of Education's proportionate share of the net pension liability to changes in the discount rate: The following presents the School System's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers Retirement System:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School System's proportionate share of the net pension liability	$ 347,760,786.00	$ 188,706,514.00	$ 57,728,623.00

Employees' Retirement System:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School System's proportionate share of the net pension liability	$ 182,615.00	$ 125,233.00	$ 76,388.00

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS, ERS and PSERS financial report which is publically available at www.trsga.com/publications and http://www.ers.ga.gov/formspubs/formspubs.html.

DEFINED CONTRIBUTION PLAN

In November 1999, the Richmond County Board of Education began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees' Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected Variable Annuity Life Insurance Company (VALIC) as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount up to 3% percent of the employee's base pay.

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

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

Fiscal Year		Amount Contributed
2015	$	216,646.35
2014	$	221,728.17
2013	$	237,999.14

REQUIRED SUPPLEMENTARY INFORMATION

RICHMOND COUNTY BOARD OF EDUCATION SCHEDULE "1"

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	NONAPPROPRIATED BUDGETS			
REVENUES	ORIGINAL	FINAL	ACTUAL AMOUNTS	VARIANCE OVER/UNDER
Property Taxes	$ 85,370,500.00	$ 85,370,500.00	$ 89,380,751.59	$ 4,010,251.59
Sales Taxes	1,180,000.00	1,180,000.00	1,462,627.72	282,627.72
State Funds	146,082,983.00	147,241,276.62	148,827,470.38	1,586,193.76
Federal Funds	37,473,471.00	58,373,546.29	51,186,920.60	(7,186,625.69)
Charges for Services	2,596,564.00	1,139,265.00	1,237,406.12	98,141.12
Investment Earnings	100,787.00	100,787.00	76,200.46	(24,586.54)
Miscellaneous	3,589,631.00	3,616,783.62	2,483,868.97	(1,132,914.65)
Total Revenues	$ 276,393,936.00	$ 297,022,158.53	$ 294,655,245.84	$ (2,366,912.69)
EXPENDITURES				
Current				
Instruction	$ 178,129,158.00	$ 185,352,172.75	$ 174,848,121.12	$ 10,504,051.63
Support Services				
Pupil Services	8,921,763.00	10,462,570.59	9,763,434.77	699,135.82
Improvement of Instructional Services	10,996,268.00	18,111,516.19	14,304,775.25	3,806,740.94
Educational Media Services	5,937,875.00	6,077,022.00	6,066,964.12	10,057.88
General Administration	3,624,742.00	4,251,160.06	2,162,241.81	2,088,918.25
School Administration	18,625,874.00	19,227,423.00	17,841,798.19	1,385,624.81
Business Administration	2,036,426.00	2,170,019.63	1,772,698.37	397,321.26
Maintenance and Operation of Plant	28,419,892.00	29,050,917.25	27,138,090.99	1,912,826.26
Student Transportation Service	11,942,250.00	13,508,050.84	11,026,410.99	2,481,639.85
Central Support Services	3,797,495.00	3,939,605.04	2,871,935.41	1,067,669.63
Other Support Services	2,246,935.00	2,538,773.86	2,039,719.25	499,054.61
Food Services Operation	18,022,065.00	18,492,843.32	18,619,322.24	(126,478.92)
Community Services Operations	-	284,210.00	179,681.39	104,528.61
Total Expenditures	$ 292,700,743.00	$ 313,466,284.53	$ 288,635,193.90	$ 24,831,090.63
Excess of Revenues over (under) Expenditures	$ (16,306,807.00)	$ (16,444,126.00)	$ 6,020,051.94	$ 22,464,177.94
OTHER FINANCING SOURCES (USES)				
Sale Of Equipment	$ -	$ -	$ 346,890.87	$ 346,890.87
Other Source	16,306,807.00	16,444,126.00	-	(16,444,126.00)
Total Other Financing Sources (Uses)	$ 16,306,807.00	$ 16,444,126.00	$ 346,890.87	$ (16,097,235.13)
Net Change in Fund Balances	$ -	$ -	$ 6,366,942.81	$ 6,366,942.81
Fund Balances - Beginning	36,720,476.32	36,720,476.32	36,720,476.32	-
Fund Balances - Ending	$ 36,720,476.32	$ 36,720,476.32	$ 43,087,419.13	$ 6,366,942.81

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

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 presetation of the fund financial statements.

See notes to basic financial statements.

RICHMOND COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

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	$ 17,776,293.39 (1)
Pass-Through From Bright From the Start:				
Georgia Department of Early Care and Learning				
Summer Food Service Program For Children	*	10.559	N/A	414,656.78
Total Child Nutrition Cluster				$ 18,190,950.17
Total U. S. Department of Agriculture				$ 18,190,950.17
Education, U. S. Department of				
Impact Aid Cluster				
Direct				
Impact Aid		84.041		(3)
Special Education Cluster				
Pass-Through From Georgia Department of Education				
Special Education				
Grants to States		84.027	N/A	6,013,707.44
Preschool Grants		84.173	N/A	140,962.93
Total Special Education Cluster				$ 6,154,670.37

See notes to basic financial statements.

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Other Programs				
Pass-Through From Georgia Department of Education				
ARRA - Race-to-the-Top Incentive Grants	*	84.395	N/A	$ 2,776,000.19
Career and Technical Education - Basic Grants to States		84.048	N/A	364,576.00
Education for Homeless Children and Youth		84.196	N/A	35,812.00
English Language Acquisition Grants		84.365	N/A	44,612.45
Improving Teacher Quality State Grants		84.367	N/A	1,793,661.42
Mathematics and Science Partnerships		84.366	N/A	264,121.69
Title I Grants to Local Educational Agencies		84.010	N/A	18,608,210.55
Twenty-First Century Community Learning Centers		84.287	N/A	621,102.28
Total Other Programs				$ 24,508,096.58
Total U. S. Department of Education				$ 30,662,766.95
Defense, U. S. Department of				
Direct				
Department of the Army				
R.O.T.C. Program		N/A		$ 50,243.81
Department of the Air Force				
R.O.T.C. Program		N/A		237,924.78
Department of the Navy				
R.O.T.C. Program		N/A		283,950.19
Department of the Marines				
R.O.T.C. Program		N/A		62,015.65
Total U. S. Department of Defense				$ 634,134.43
Total Expenditures of Federal Awards				$ 49,487,851.55

N/A = Not Available

See notes to the basic financial statements.

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $888,822.19.

(2) Expenditures for the funds earned on Snack Program ($121,764.26) and the School Breakfast Program ($4,715,640.53) were not maintained separately and are included in the 2015 National School Lunch Program.

(3) Funds earned on the Impact Aid Program, in the amount of $612,690.41, do not require reporting of expenditures.

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

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

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Richmond 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.

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUES
YEAR ENDED JUNE 30, 2015

SCHEDULE "3"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 3,962,236.05	$ -	$ 3,962,236.05
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	13,106,578.00	-	13,106,578.00
Kindergarten Program - Early Intervention Program	1,691,535.00	-	1,691,535.00
Primary Grades (1-3) Program	31,911,471.00	-	31,911,471.00
Primary Grades - Early Intervention (1-3) Program	3,808,946.00	-	3,808,946.00
Upper Elementary Grades (4-5) Program	13,791,253.00	-	13,791,253.00
Upper Elementary Grades - Early Intervention (4-5) Program	2,095,961.00	-	2,095,961.00
Middle Grades (6-8) Program	2,126,725.00	-	2,126,725.00
Middle School (6-8) Program	22,412,561.00	-	22,412,561.00
High School General Education (9-12) Program	20,343,507.00	-	20,343,507.00
Vocational Laboratory (9-12) Program	4,911,020.00	-	4,911,020.00
Students with Disabilities	18,393,761.00	-	18,393,761.00
Gifted Student - Category VI	1,944,965.00	-	1,944,965.00
Remedial Education Program	1,627,867.00	-	1,627,867.00
Alternative Education Program	1,669,006.00	-	1,669,006.00
English Speakers of Other Languages (ESOL)	580,325.00	-	580,325.00
Media Center Program	4,211,402.00	-	4,211,402.00
20 Days Additional Instruction	1,201,942.00	-	1,201,942.00
Staff and Professional Development	655,040.00	-	655,040.00
Indirect Cost			
Central Administration	2,873,500.00	-	2,873,500.00
School Administration	9,044,380.00	-	9,044,380.00
Facility Maintenance and Operations	9,129,517.00	-	9,129,517.00
Mid-term Adjustment Hold-Harmless	551,670.00	-	551,670.00
Amended Formula Adjustment	(12,993,759.00)	-	(12,993,759.00)
Local Fair Share	(24,811,751.00)	-	(24,811,751.00)

See notes to the basic financial statements.

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUES
YEAR ENDED JUNE 30, 2015

SCHEDULE "3"

AGENCY/FUNDING	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
Categorical Grants			
Pupil Transportation			
Regular	2,526,052.00	-	2,526,052.00
Nursing Services	600,196.00	-	600,196.00
Education Equalization Funding Grant	7,453,872.00	-	7,453,872.00
Other State Programs			
Food Services	443,304.00	-	443,304.00
GNETS State Grant	1,700,698.00	-	1,700,698.00
Math and Science Supplements	222,908.46	-	222,908.46
Preschool Handicapped Program	422,687.00	-	422,687.00
Rule 10 Special Education State Grant	89,977.11	-	89,977.11
Teacher of the Year	1,014.25	-	1,014.25
Teachers' Retirement	259,872.37	-	259,872.37
Vocational Education	256,837.14	-	256,837.14
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	4,107,511.90	4,107,511.90
Office of the State Treasurer			
Public School Employees Retirement	610,394.00	-	610,394.00
	$ 148,827,470.38	$ 4,107,511.90	$ 152,934,982.28

See notes to the basic financial statements.

RICHMOND COUNTY BOARD OF EDUCATION SCHEDULE "4"
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2015

	ORIGINAL ESTIMATED COST (1) (6)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
SPLOST 2007 (4)						
(a) Acquiring, Constructing, Equipping Facilities			$ 2,549,623.52	$ 169,547,603.75	$ 172,097,227.27	Various
(b) Textbooks and Technology			131,633.66	17,412,582.01	17,544,215.67	Various
(c) School Buses and Vehicles				4,411,592.58	4,411,592.58	April 2013
(d) Interest on the General Obligation Debt				27,601,844.27	27,601,844.27	October 2012
(e) Expenses for the Imposition of the SPLOST				1,714,572.29	1,714,572.29	June 2007
Total SPLOST 2007	$ 225,000,000.00	$ 227,508,974.00	$ 2,681,257.18	$ 220,688,194.90	$ 223,369,452.08	
SPLOST 2012 (5)						
(a) Acquiring, Constructing, Equipping Facilities			$ 45,952,712.12	$ 47,833,550.27	$ 93,786,262.39	Various
(b) Textbooks and Technology			2,811,459.68	6,009,813.42	8,821,273.10	Various
(c) School Buses and Vehicles			550,202.00	1,079,998.98	1,630,200.98	Various
(d) Demolitions			2,200.00	547,725.16	549,925.16	Various
(e) General Obligation Debt			30,151,375.00	35,533,820.83	65,685,195.83	October 2017
(f) Expenses for the Imposition of the SPLOST			600.00	1,727,289.31	1,727,889.31	June 2017
(g) New Elementary School, Auditoriums						
Total SPLOST 2012	$ 225,000,000.00	$ 225,000,000.00	$ 79,468,548.80	$ 92,732,197.97	$ 172,200,746.77	
GRANDTOTAL	$ 450,000,000.00	$ 452,508,974.00	$ 82,149,805.98	$ 313,420,392.87	$ 395,570,198.85	

NOTES

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

(2) The School System's current estimate of total cost for the projects. Includes all costs from project inception to completion. The current estimated cost may increase over the original cost estimate as a result of increased tax collections and investment earnings.

(3) The voters of Richmond 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) The purpose of the SPLOST issued in 2007 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith, (b) Acquiring textbooks and technology hardware and software and equipment in connection with the foregoing, (c) Acquiring, constructing, installing and equipping acquiring school buses and other vehicles for the safety, security, and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof, acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal, (d) To pay capitalized interest on the general obligation debt and (e) To pay or reimburse the expenses of the Board of Education necessary to accomplish the foregoing, including the expenses incurred in connection with calling the election and imposing the sales and use tax.additions to existing schools, including without limitation new classroom space, and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith.

(5) The purpose of the SPLOST issued in 2012 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith, additions to existing schools, including without limitation new classroom space, and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, (b) Acquiring textbooks and technology hardware and software and equipment in connection with the foregoing, (c) Acquiring, constructing, installing and equipping acquiring school buses and other vehicles for the safety, security, and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof, acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal, (d) Demolishing existing buildings and facilities located on school property that are no longer useful for public school purposes (e) To pay capitalized interest on the general obligation debt and (f) To pay or reimburse the expenses of the Board of Education necessary to accomplish the foregoing, including the expenses incurred in connection with calling the election and imposing the sales and use tax. (g) To the extent funds are available therefor, the construction of a new elementary school and the construction or renovation of performance auditoriums at existing schools.

(6) The original estimated cost for the 2012 SPLOST includes estimated proceeds from the imposition of a 1% sales tax, state capital outlay funding, and other local funds.

See notes to the basic financial statements.

RICHMOND COUNTY BOARD OF EDUCATION SCHEDULE "5"
GENERAL FUND - QUALITY BASED EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES BY PROGRAM
YEAR ENDED JUNE 30, 2015

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION(1)(2)(3)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	Total
Direct Instructional Programs				
Kindergarten Programs	$ 13,138,957.00	$ 11,142,729.32	$ 346,661.62	$ 11,489,390.94
Kindergarten Program - Early Intervention Program	1,724,184.00	501,732.55	4,246.92	505,979.47
Primary Grades (1-3) Program	31,605,841.00	29,266,301.82	1,035,207.78	30,301,509.60
Primary Grades Early Intervention (1-3) Program	3,964,324.00	1,946,867.48	12,843.23	1,959,710.71
Upper Elementary Grades (4-5) Program	13,769,719.00	16,210,326.63	546,388.23	16,756,714.86
Upper Elementary Grades-Early Intervention (4-5) Program	2,168,319.00	572,449.58	5,296.23	577,745.81
Middle Grades (6-8) Program		2,749,665.37	21,487.97	2,771,153.34
Middle School (6-8) Program	24,636,026.00	21,813,833.17	265,386.99	22,079,220.16
High School General Education (9-12) Program	20,319,890.00	26,909,866.60	527,677.53	27,437,544.13
Vocational Laboratory (9-12) Program	4,879,280.00	4,758,736.74	267,134.06	5,025,870.80
Students With Disabilities	18,308,458.00			
CATEGORY I		1,143,710.88	3,950.18	1,147,661.06
CATEGORY II		9,567,033.29	147,985.17	9,715,018.46
CATEGORY III		8,570,907.31	17,546.89	8,588,454.20
CATEGORY IV		707,607.46	2,836.08	710,443.54
CATEGORY V			1,336.32	1,336.32
Gifted Student - CATEGORY VI	1,920,767.00	900,972.03	34,763.77	935,735.80
Remedial Education Program	1,570,427.00	315.42	5,534.35	5,849.77
Alternative Education Program	1,669,143.00	2,502,109.45	8,241.83	2,510,351.28
English Speakers of Other Languages (ESOL)	553,232.00	979,014.87	15,828.72	994,843.59
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	$ 140,228,567.00	$ 140,244,179.97	$ 3,270,353.87	$ 143,514,533.84
Media Center Program	4,097,321.00	5,753,301.63	277,622.00	6,030,923.63
Staff and Professional Development	636,002.00	203,998.73	215,963.10	419,961.83
TOTAL QBE FORMULA FUNDS	$ 144,961,890.00	$ 146,201,480.33	$ 3,763,938.97	$ 149,965,419.30

(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 the GDOE to the Department of Community Health for the certified employees.

See notes to the basic financial statements.

Michelle Bennett, CPA
Rick L. Evans, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA
Abram J. Serotta, CPA
Andrea Usry, CPA
Paul Wade, CPA

INDEPENDENT AUDITORS' 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
Richmond County Board of Education
Augusta, Georgia

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 Richmond County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Richmond County Board of Education's basic financial statements and have issued our report thereon dated March 28, 2016.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Richmond 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 Richmond County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Richmond 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPA's

Augusta, Georgia
March 28, 2016

Michelle Bennett, CPA
Rick L. Evans, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA
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Andrea Usry, CPA
Paul Wade, CPA

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

To the Superintendent and Members of the
Richmond County Board of Education
Augusta, Georgia

Report on Compliance for Each Major Federal Program

We have audited Richmond 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 Richmond County Board of Education's major federal programs for the year ended June 30, 2015. Richmond 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Richmond 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 Richmond 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 Richmond County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Richmond 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, 2015.

Report on Internal Control over Compliance

Management of the Richmond 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 the Richmond 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 Richmond 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.

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPA's

Augusta, Georgia
March 28, 2016

Prior Year Findings and Questioned Costs - Financial Statement Audit

No matters were reported.

Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit

No matters were reported.

RICHMOND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the Richmond County Board of Education.

2. No instances of noncompliance material to the financial statements of the Richmond County Board of Education, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

3. No significant deficiencies were disclosed during the audit of internal control over the major federal award program.

4. The auditors' report on compliance for the major federal award programs for Richmond County Board of Education expresses an unmodified opinion on all major federal programs.

5. There were no audit findings that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133 reported in this Schedule.

6. The programs tested as major programs included:

   Child Nutrition Cluster (CFDA No. 10.553, CFDA No. 10.555, and CFDA 10.559).

   ARRA - Race to the Top Incentive Grants (CFDA No. 84.395)

7. The threshold used for distinguishing between Type A and Type B programs was $1,484,636.

8. The Richmond County Board of Education qualified as a low-risk auditee.

B. Findings - Financial Statement Audit

NONE

C. Findings and Questioned Costs - Major Federal Award Programs Audit

NONE