

ROCKDALE COUNTY BOARD OF EDUCATION
CONYERS, GEORGIA

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

ROCKDALE COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	REQUIRED SUPPLEMENTARY INFORMATION	
	MANAGEMENT'S DISCUSSION AND ANALYSIS	i
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	DISTRICT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	4
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	5
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	6
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G	STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	8
H	STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS	9
I	NOTES TO THE BASIC FINANCIAL STATEMENTS	11
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	31
2	SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS	32

ROCKDALE COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

3	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	33
4	SCHEDULE OF STATE REVENUE	35
5	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	37
6	ALLOTMENTS AND EXPENDITURES GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM	39

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

June 17, 2015

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, in 2014 the Rockdale County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2014, the Rockdale Board of Education restated the prior period financial statements to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual and the Schedule of Funding Progress, as presented on pages I through vii and pages 31 and 32, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockdale County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 2 through 6, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2015, on our consideration of the Rockdale County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rockdale County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2014ARL-11

INTRODUCTION

Our discussion and analysis of Rockdale County School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2014 are as follows:

- On the District-wide financial statements, the assets of the School District exceeded liabilities by $203.2 million. Of this amount, $8.2 million is unrestricted and is available for spending at the School District's discretion.

- The School District had $156.5 million in expenses relating to governmental activities; only $90.2 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $58.6 million were adequate to provide for these programs.

- As stated above, general revenues accounted for $58.6 million or 39% of all revenues totaling $148.7 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of several parts including management's discussion and analysis, the basic financial statements, required supplementary information and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the *District-wide* and *fund financial statements*.

The District-wide financial statements include the *Statement of Net Position* and *Statement of Activities*. These statements provide information about the activities of the School District presenting both *short-term* and *long-term* information about the School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The *Governmental Funds* statements disclose how basic services are financed in the short-term as well as what remains for future spending. The *Fiduciary Funds* statement provides information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Rockdale County School District, the General Fund, District-wide Capital Projects Funds and Debt Service Funds are the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

District-wide Statements

The District-wide financial statements are basically a consolidation of all of the District's operating funds into one column called *governmental activities*. In reviewing the District-wide financial statements, a reader might ask the question, are we in a better financial position than last year? The Statement of Net Position and the Statement of Activities provide the basis for answering this question. These financial statements include all District's *assets* and *liabilities* and use the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and any changes to that position. The change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

The Statement of Net Position and the Statement of Activities reflect the School District's governmental activities.

Fund Financial Statements

The School District uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detail information about only the School District's significant or major funds.

Governmental Funds: Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the *modified accrual method of accounting* which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled within the financial statements.

Fiduciary Funds: The School District is the trustee, or *fiduciary*, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to fiscal year 2013.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013 (Restated)
Assets		
Current and Other Assets	$ 59,677,672	$ 73,339,950
Capital Assets, Net	161,860,905	156,385,218
Total Assets	221,538,577	229,725,168
Liabilities		
Current and Other Liabilities	18,310,676	18,757,649
Net Position		
Investment in Capital Assets	161,860,905	156,385,218
Restricted	33,197,751	43,784,347
Unrestricted	8,169,245	10,797,954
Total Net Position	$ 203,227,901	$ 210,967,519

Total net position decreased $7.7 million in fiscal year 2014. This decrease is predominately due to a decrease in the local tax digest in fiscal year 2014 and a restatement to beginning net position of $0.2 million for corrections to Construction in Progress.

Table 2 shows the changes in net position for fiscal year 2014 compared to the changes in net position for fiscal year 2013.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 3,648,014	$ 2,580,181
Operating Grants and Contributions	84,184,315	82,850,226
Capital Grants and Contributions	2,344,908	1,560,553
Total Program Revenues	90,177,237	86,990,960
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	46,275,033	52,959,127
Railroad Cars	10,294	10,175
Sales Taxes		
Special Purpose Local Option Sales Tax	3,536,862	10,502,289
Intangible Recording Tax	489,996	577,595
Real Estate	143,452	105,154
Grants and Contributions not		
Restricted to Specific Programs	4,266,565	3,013,184
Investment Earnings	1,595,663	1,312,310
Miscellaneous	2,244,469	3,735,829
Total General Revenues	58,562,334	72,215,663
Total Revenues	148,739,571	159,206,623
Program Expenses:		
Instruction	94,581,308	94,616,928
Support Services		
Pupil Services	6,602,351	7,139,357
Improvement of Instructional Services	5,160,880	5,643,800
Educational Media Services	2,186,202	2,606,596
General Administration	1,811,569	1,716,865
School Administration	9,420,306	9,806,733
Business Administration	1,820,841	2,096,884
Maintenance and Operation of Plant	12,663,936	12,632,180
Student Transportation Services	7,536,648	8,333,778
Central Support Services	2,699,549	2,460,572
Other Support Services	1,974,570	1,610,838
Operations of Non-Instructional Services		
Food Services	10,007,870	9,773,141
Interest on Short-Term Debt	13,160	2,529
Total Expenses	156,479,190	158,440,201
Increase (Decrease) in Net Position	$ -7,739,619	$ 766,422

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2014 with fiscal year 2013. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2013
Instruction	$ 94,581,308	$ 94,616,928	$ 35,011,263	$ 38,312,417
Support Services:				
Pupil Services	6,602,351	7,139,357	3,513,804	4,931,884
Improvement of Instructional Services	5,160,880	5,643,800	3,393,961	3,413,621
Educational Media Services	2,186,202	2,606,596	110,536	550,542
General Administration	1,811,569	1,716,865	-411,026	-757,231
School Administration	9,420,306	9,806,733	5,540,140	5,899,588
Business Administration	1,820,841	2,096,884	1,783,149	2,075,460
Maintenance and Operation of Plant	12,663,936	12,632,180	7,650,266	7,791,614
Student Transportation Services	7,536,648	8,333,778	5,896,606	5,948,099
Central Support Services	2,699,549	2,460,572	2,612,963	2,438,333
Other Support Services	1,974,570	1,610,838	1,523,739	1,291,038
Operations of Non-Instructional Services:				
Food Services	10,007,870	9,773,141	-336,608	-448,654
Interest on Short-Term Debt	13,160	2,529	13,160	2,529
Total Expenses	$ 156,479,190	$ 158,440,201	$ 66,301,953	$ 71,449,240

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of $147,811,439 and total expenditures of $161,766,117.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law and board policy. The most significant budgeted fund is the general fund.

During the course of fiscal year 2014, the School District amended its general fund budget as needed. The School District uses a system-wide and site based budgeting process. This process includes input from all schools, central office departments, parents, community members and school councils. The budgeting systems are designed to control total site and program budgets but provide flexibility for site management.

The School District budget goals for fiscal year 2014 were –

- Improving Student Achievement
- Improving Communication
- Improving Safe and Orderly Schools
- Meet Strategic Plan Initiatives

For the general fund, the actual revenues of $143.2 million were over the final budgeted amounts of $139.9 million by $3.3 million.

The actual expenditures of $146.9 million were over the final budgeted expenditure amount of $144.1 million by $2.8 million

General Fund revenues were less than the expenditures by $3.6 million.

CAPITAL ASSETS

At fiscal year ended June 30, 2014, the School District had $161.9 million invested in capital assets, all in governmental activities. Table 4 reflects a summary of these balances net of accumulated depreciation for fiscal year 2014 compared to fiscal year 2013 balances.

Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2014	Fiscal Year 2013 (Restated)
Land	$ 8,590,176	$ 8,590,176
Construction In Progress	8,292,574	13,487,784
Building and Improvements	137,772,852	127,764,350
Equipment	3,110,542	3,034,758
Land Improvements	4,094,761	3,508,150
Total	$ 161,860,905	$ 156,385,218

Due to the ongoing growth in the county, the School District has numerous construction projects including new buildings, additions and renovations.

CURRENT ISSUES

Currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations are as follows –

- State revenues are being reduced due to budget cuts and zero growth is expected for our local taxes.

- Capital Improvements – the School District plans capital improvements as future capital needs arise due to facility repair or maintenance needs. Specific capital expenditure plans are formalized in conjunction with anticipated SPLOST receipts and anticipated annual receipts for capital outlay funds from the State of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs and has a board as well as state approved 5 year Facilities Plan that documents our needs and plans to address them.

- Increased utility costs for fuel, electricity, and natural gas.

- The School District will adopt GASB Statement No. 68 in fiscal year 2015 which will result in a material restatement of beginning net position.

Despite these challenges, the School District is strong financially and we remain optimistic about the ability of the School District to maximize all of the financial resources to provide a quality education to our students.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Lee Davis, Chief Financial Officer for the Rockdale County School System, 954 North Main Street, Conyers, Georgia 30012. You may also email your questions to Mr. Davis at leedavis@rockdale.k12.ga.us.

ROCKDALE COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 13,324,720.86
Investments	29,158,929.66
Accounts Receivable, Net	
Interest	480.95
Taxes	2,725,047.85
State Government	11,567,166.95
Federal Government	1,953,901.18
Other	396,621.20
Inventories	550,802.77
Capital Assets, Non-Depreciable	16,882,750.24
Capital Assets, Depreciable (Net of Accumulated Depreciation)	144,978,155.10
Total Assets	221,538,576.76
LIABILITIES	
Salaries and Benefits Payable	14,629,022.67
Net Other Post Employment Benefit Obligation	2,887,016.00
Contracts Payable	41,500.00
Retainages Payable	753,137.00
Total Liabilities	18,310,675.67
NET POSITION	
Investment in Capital Assets	161,860,905.34
Restricted for	
Continuation of Federal Programs	3,000,317.97
Debt Service	16,269.76
Capital Projects	23,718,572.63
RCPS Long-Term Disability, Survivors and Medical Benefit Plan	5,942,144.55
Bus Replacement	520,445.50
Unrestricted	8,169,245.34
Total Net Position	$ 203,227,901.09

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 94,581,307.58	$ 83,843.35
Support Services		
Pupil Services	6,602,350.70	1,312,472.76
Improvement of Instructional Services	5,160,879.92	
Educational Media Services	2,186,202.49	
General Administration	1,811,568.75	
School Administration	9,420,306.38	
Business Administration	1,820,840.98	
Maintenance and Operation of Plant	12,663,935.57	
Student Transportation Services	7,536,647.56	
Central Support Services	2,699,548.74	
Other Support Services	1,974,570.34	
Operations of Non-Instructional Services		
Food Services	10,007,869.95	2,251,697.75
Interest on Short-Term and Long-Term Debt	13,160.00	
Total Governmental Activities	$ 156,479,188.96	$ 3,648,013.86
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
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		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year (Restated)		
Net Position - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$ 57,763,250.96	$ 1,722,950.61	$ -35,011,262.66
1,682,803.98	93,270.22	-3,513,803.74
1,766,919.19		-3,393,960.73
2,031,773.06	43,893.86	-110,535.57
2,222,594.65		411,025.90
3,848,091.01	32,075.35	-5,540,140.02
32,431.21	5,260.92	-1,783,148.85
4,867,527.70	146,141.36	-7,650,266.51
1,408,381.37	231,660.00	-5,896,606.19
84,414.65	2,170.78	-2,612,963.31
450,831.26		-1,523,739.08
8,025,295.52	67,484.90	336,608.22
		-13,160.00
$ 84,184,314.56	$ 2,344,908.00	-66,301,952.54
		46,275,032.88
		10,293.84
		3,536,862.01
		633,447.86
		4,266,565.00
		1,595,662.62
		2,244,469.45
		58,562,333.66
		-7,739,618.88
		210,967,519.97
		$ 203,227,901.09

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 11,236,968.69	$ 2,071,482.41	$ 16,269.76	$ 13,324,720.86
Investments	9,978,334.64	19,180,595.02		29,158,929.66
Accounts Receivable, Net				
Interest	480.95			480.95
Taxes	1,540,219.37	1,184,828.48		2,725,047.85
State Government	9,453,918.95	2,113,248.00		11,567,166.95
Federal Government	1,953,901.18			1,953,901.18
Other	392,604.00	4,017.20		396,621.20
Inventories	550,802.77			550,802.77
Total Assets	$ 35,107,230.55	$ 24,554,171.11	$ 16,269.76	$ 59,677,671.42
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Salaries and Benefits Payable	$ 14,588,061.19	$ 40,961.48		$ 14,629,022.67
Contracts Payable		41,500.00		41,500.00
Retainages Payable		753,137.00		753,137.00
Total Liabilities	14,588,061.19	835,598.48		15,423,659.67
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	636,612.88	1,137,322.40		1,773,935.28
FUND BALANCES				
Nonspendable	550,802.77			550,802.77
Restricted	11,850,661.53	22,580,498.32	$ 16,269.76	34,447,429.61
Assigned	953,539.37	751.91		954,291.28
Unassigned	6,527,552.81			6,527,552.81
Total Fund Balances	19,882,556.48	22,581,250.23	16,269.76	42,480,076.47
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 35,107,230.55	$ 24,554,171.11	$ 16,269.76	$ 59,677,671.42

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

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

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 42,480,076.47
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	$ 8,590,176.05	
Construction in Progress	8,292,574.19	
Land Improvements	9,012,892.21	
Buildings	202,162,724.74	
Equipment	13,994,775.32	
Accumulated Depreciation	-80,192,237.17	
Total Capital Assets		161,860,905.34
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		636,612.88
Georgia State Financing and Investment Commission grants that are not available to pay current period expenditures are deferred in the funds.		1,137,322.40
The Net Other Post-Employment Benefit Obligation is not a current expenditure and therefore not reported on the Governmental Funds Balance Sheet.		-2,887,016.00
Net Position of Governmental Activities (Exhibit "A")		$ 203,227,901.09

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

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 46,494,518.42			$ 46,494,518.42
Sales Taxes	633,447.86	$ 3,536,862.01		4,170,309.87
State Funds	72,545,429.56	975,925.60		73,521,355.16
Federal Funds	16,137,110.00			16,137,110.00
Charges for Services	3,648,013.86			3,648,013.86
Investment Earnings	1,559,957.91	35,696.03	$ 8.68	1,595,662.62
Miscellaneous	2,244,469.45			2,244,469.45
Total Revenues	143,262,947.06	4,548,483.64	8.68	147,811,439.38
EXPENDITURES				
Current				
Instruction	88,095,503.88	2,698,667.50	0.00	90,794,171.38
Support Services				
Pupil Services	6,301,673.66	76,984.25		6,378,657.91
Improvement of Instructional Services	5,154,632.12			5,154,632.12
Educational Media Services	2,075,112.40			2,075,112.40
General Administration	1,803,182.41	6,000.00		1,809,182.41
School Administration	9,327,432.23	67,225.08		9,394,657.31
Business Administration	1,874,580.16			1,874,580.16
Maintenance and Operation of Plant	10,755,505.85	1,596,846.14		12,352,351.99
Student Transportation Services	6,991,410.66	400,049.05		7,391,459.71
Central Support Services	2,638,260.55	111,335.74		2,749,596.29
Other Support Services	1,973,109.15			1,973,109.15
Food Services Operation	9,926,697.95	33,150.00		9,959,847.95
Capital Outlay		9,858,758.33		9,858,758.33
Total Expenditures	146,917,101.02	14,849,016.09	0.00	161,766,117.11
Net Change in Fund Balances	-3,654,153.96	-10,300,532.45	8.68	-13,954,677.73
Fund Balances - Beginning	23,536,710.44	32,881,782.68	16,261.08	56,434,754.20
Fund Balances - Ending	$ 19,882,556.48	$ 22,581,250.23	$ 16,269.76	$ 42,480,076.47

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

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

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -13,954,677.73
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	$ 10,751,694.56	
Depreciation Expense	-5,213,961.41	
Excess of Capital Outlay over Depreciation Expense		5,537,733.15
Taxes and state funds reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	$ -209,191.70	
Georgia State Financing and Investment Commission	1,137,322.40	
Total Funds Reported in the Statement of Activities		928,130.70
The increase in Net Other Post Employment Benefit Obligation is reported in the Statement of Activities but not in the governmental funds.		-250,805.00
Change in Net Position of Governmental Activities (Exhibit "B")		$ -7,739,618.88

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

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

EXHIBIT "G"

	OTHER EMPLOYEE BENEFITS PLAN TRUST FUND	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS			
Cash and Cash Equivalents	$ 0.00	$ 14,375.00	$ 417,771.57
Investments		66,159.40	
Total Assets	$ 0.00	$ 80,534.40	$ 417,771.57
LIABILITIES			
Funds Held for Others	$ 0.00	$ 0.00	$ 417,771.57
NET POSITION			
Held in Trust for Private Purposes	$ 0.00	$ 80,534.40	$ 0.00

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

ROCKDALE COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014

EXHIBIT "H"

	OTHER EMPLOYEE BENEFITS PLAN TRUST FUND	PRIVATE PURPOSE TRUSTS
ADDITIONS		
Contributions		
Employer/Donor	$ 175,952.00	$ 6,000.00
Investment Earnings		
Net Increase in Fair Value of Investments		78.97
Total Additions	175,952.00	6,078.97
DEDUCTIONS		
Benefits Paid to Participants	175,952.00	
Other Deductions		16,500.00
Total Deductions	175,952.00	16,500.00
Change in Net Position	0.00	-10,421.03
Net Position - Beginning	0.00	90,955.43
Net Position - Ending	$ 0.00	$ 80,534.40

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

(This page left intentionally blank)

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

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

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and 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) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

- Other Employee Benefits Trust Fund accounts for the activities of the Rockdale County Public Schools Long-Term Disability, Survivors, and Medical Benefits Plan related to retirees.
- Private Purpose Trust fund reports trust arrangements under which the income earned on the Trust may be expended to provide college scholarships to the students from Rockdale County, Georgia.
- Agency funds account for assets held by the School District as an agent for various funds, governments, or individuals.

BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 60 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 claims and judgments which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

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

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2014, the School District restated Capital Assets due to errors and omissions. The School District's beginning balance for construction in progress was decreased by $176,369.66 for construction projects not capitalized. The result is a decrease in Net Position at July 1, 2013, of $176,369.66. This change is in accordance with generally accepted accounting principles.

NEW ACCOUNTING PRONOUNCEMENTS

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

FUTURE ACCOUNTING PRONOUNCEMENTS

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

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

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

The School District does not have a formal policy regarding investment policies that address credit quality risks, custodial credit risks, concentration of credit risks, or interest rate 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 Rockdale County Board of Commissioners adopted the property tax levy for the 2013 tax digest year (calendar year) on July 30, 2013 (levy date) based on property values as of January 1, 2013. Taxes were due on November 15, 2013 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2013 tax digest are reported as revenue in the governmental funds for fiscal year 2014. The Rockdale County Tax Commissioner bills and collects the property taxes for the School District, withholds 1.0% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2014, for maintenance and operations amounted to $44,301,834.30.

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

School Operations	26.00 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $2,182,390.28 during fiscal year ended June 30, 2014.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $3,536,862.01 and is to be used for capital outlay for educational purposes. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 25,000.00	20 years
Buildings and Improvements	$ 5,000.00	20 to 75 years
Equipment	$ 25,000.00	5 to 20 years
Intangible Assets	$ 500,000.00	5 to 80 years

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

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 20 years.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NET POSITION

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

Investment in capital assets - This represents the School District's total investment in capital assets.

Restricted net position - This represents resources for which the School District is legally or contractually obligated to spend resources for bus replacement, continuation of Federal Programs, debt service, capital projects and Rockdale County Public Schools Long-Term Disability, Survivors, and Medical Benefits Plan in accordance with restrictions imposed by external third parties.

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

FUND BALANCES

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

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

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

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

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

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

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

Nonspendable		
Inventories		$ 550,802.77
Restricted		
Bus Replacement	$ 520,445.50	
Continuation of Federal Programs	2,501,055.48	
Capital Projects	22,580,498.32	
Debt Service	16,269.76	
RCPS Long-term Disability, Survivors, and Medical Benefits Plan	8,829,160.55	34,447,429.61
Assigned		
Local Capital Outlay Projects	$ 751.91	
Self-Insurance	105,991.75	
School Activity Accounts	847,547.62	954,291.28
Unassigned		6,527,552.81
Fund Balance, June 30, 2014		$ 42,480,076.47

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 5% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

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

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

The Superintendent, as Treasurer of the Rockdale County Board of Education, is authorized and directed to spend funds of the School District in accordance with the annual operating budget. However, the Superintendent is authorized to spend funds for a single occurrence up to $25,000.00 for miscellaneous items or services not identified by a specific line item but having a general line item category. The Superintendent will report such line item transfer to 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 District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2014, the School District had deposits with a carrying amount of $19,765,922.99, which includes 6,009,055.56 in Certificates of Deposit that are reported as Investments, and a bank balance of $26,931,780.04. The bank balances insured by Federal depository insurance was $501,248.63.

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

Category 1 - Uncollateralized,
Category 2 - Cash collateralized with securities held by the pledging financial institution, or
Category 3 - Cash collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

The School District's deposits by custodial risk category at June 30, 2014, are as follows:

Custodial Credit Risk Category	Bank Balance
1	$ 0.00
2	0.00
3	26,430,531.41
Total	$ 26,430,531.41

CATEGORIZATION OF INVESTMENTS

At June 30, 2014, the carrying value of the School District's total investment was $29,225,089.06. This includes $6,009,055.56 invested in Certificates of Deposit, which are collateralized in the same manner as other cash deposits. The School District's investments as of June 30, 2014, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value	Investment Maturity Less Than 1 Year	1 - 5 Years	6 - 10 Years
Debt Securities				
U. S. Treasuries				
Money Market	$ 6,226.72	$ 6,226.72		
I Shares				
Bond Market Fund	2,757,783.36		$ 1,973,887.38	$ 783,895.98
Mutual Bond Fund	2,753,837.99		2,753,837.99	
	5,517,848.07	$ 6,226.72	$ 4,727,725.37	$ 783,895.98
Other Investments				
I Shares Equity				
Exchange Traded Funds	4,192,688.25			
Investment Pools				
Office of State Treasurer				
Georgia Fund 1	13,505,497.18			
Total Investments	$ 23,216,033.50			

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 District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at http://www.audits.ga.gov/SGD/cafr.html.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does 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 AAAf 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, 2014, was 62 days.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2014, $5,517,848.07 of the School District's applicable investments were uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the School District's name.

Credit Quality Risk
Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have a formal policy for managing custodial credit risk.

The investments subject to credit quality risk are reflected below:

		Quality Ratings	
Rated Debt Investments	Fair Value	AAA	Unrated
Debt Securities			
U. S. Treasury			
Money Market	$ 6,226.72	$ 6,226.72	
I Shares			
Bond Market Fund	2,757,783.36		$ 2,757,783.36
Mutual Bond Fund	2,753,837.99		2,753,837.99
Totals by Quality Ratings	$ 5,517,848.07	$ 6,226.72	$ 5,511,621.35

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in I Shares Russell 1000 Growth Equity Security, I Shares Russell 1000 Value Equity Security. These investments are 6.79% and 5.81%, respectively, of the School District's total investments.

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2013 (Restated)	Increases	Decreases	Balances June 30, 2014
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 8,590,176.05			$ 8,590,176.05
Construction Work In Progress	13,487,784.49	$ 9,224,555.53	$ 14,419,765.83	8,292,574.19
Total Capital Assets, Not Being Depreciated	22,077,960.54	9,224,555.53	14,419,765.83	16,882,750.24
Capital Assets, Being Depreciated:				
Buildings and Improvements	188,012,930.50	14,149,794.24		202,162,724.74
Equipment	13,436,147.27	826,873.05	268,245.00	13,994,775.32
Land Improvements	8,104,700.64	908,191.57		9,012,892.21
Less: Accumulated Depreciation:				
Buildings and Improvements	60,248,580.18	4,141,292.58		64,389,872.76
Equipment	10,401,389.74	751,089.00	268,245.00	10,884,233.74
Land Improvements	4,596,550.84	321,579.83		4,918,130.67
Total Capital Assets, Being Depreciated, Net	134,307,257.65	10,670,897.45	0.00	144,978,155.10
Governmental Activity Capital Assets - Net	$ 156,385,218.19	$ 19,895,452.98	$ 14,419,765.83	$ 161,860,905.34

Current year depreciation expense by function is as follows:

Instruction		$ 3,618,917.90
Support Services		
Pupil Services	$ 212,206.36	
Educational Media Services	99,866.33	
School Administration	72,977.14	
Business Administration	11,969.54	
Maintenance and Operation of Plant	332,497.61	
Student Transportation Services	707,047.43	
Central Support Services	4,938.92	1,441,503.33
Food Services		153,540.18
		$ 5,213,961.41

NOTE 7: RISK MANAGEMENT

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

The School District participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one

or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage. Additional coverage is provided through agreements by the system with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the system varies by line of coverage.

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $400,000.00 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
2013	$ 0.00	$ 490,951.81	$ 490,951.81	$ 0.00
2014	$ 0.00	$ 695,467.76	$ 695,467.76	$ 0.00

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2013	$ 0.00	$ 106,414.96	$ 106,414.96	$ 0.00
2014	$ 0.00	$ 57,291.89	$ 57,291.89	$ 0.00

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

Position Covered	Amount
Superintendent	$ 100,000.00
Each Principal	$ 100,000.00

NOTE 8: SHORT-TERM DEBT

The School District issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt is to provide cash provide cash for operations until tax collections are received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75 percent of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

Short-term debt activity for the fiscal year is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ 0.00	$ 8,000,000.00	$ 8,000,000.00	$ 0.00

NOTE 9: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $7,576,532.83 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Georgia Department of Community Health
For Health Insurance of Certificated Personnel
In the amount of $7,058,748.00

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $171,788.83

Office of the State Treasurer
Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of $345,996.00

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

NOTE 10: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2014:

Project	Unearned Executed Contracts
Conyers Middle School Renovations	$ 4,193,735.00
Edwards Middle SchoolRenovations	3,614,428.00
Heritage High School Renovations	23,865.00
Rockdale County High School Athletic Improvement	107,000.00
Rockdale County High School and Salem High School Miscellaneous Site Improvements	155,580.00
	$ 8,094,608.00

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

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 12: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

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

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

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

For non-certificated school personnel:

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2014	100%	$ 13,302,417.94
2013	100%	$ 14,749,041.28
2012	100%	$ 14,607,772.20

NOTE 13: RETIREMENT PLANS

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2014	100%	$ 9,776,065.99
2013	100%	$ 9,512,313.95
2012	100%	$ 8,949,956.88

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

DEFINED CONTRIBUTION PLAN

In January 1983, Rockdale 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 Union Mutual as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to 5.65 percent of the employee's base pay.

The employee becomes vested in the plan at inception. Employees hired at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment with the Rockdale County Board of Education. The vendor for the plan changed to Lincoln on July 3. 1995.

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

Fiscal Year	Percentage Contributed	Required Contribution
2014	100%	$ 483,281.71
2013	100%	$ 533,746.19
2012	100%	$ 570,255.61

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Descriptions and Membership Information

In 1983, Rockdale County Public Schools withdrew from Social Security (including Medicare) and authorized benefit replacement plans for employees. These plans included a Long-Term Disability, Survivors', and Medical Benefits Plan (the "Plan"), which is a single-employer, defined benefit plan. The Plan is administered by a trustee, SunTrust Bank, under the direction of the Rockdale County Board of Education. Plan benefits are paid from a Voluntary Employee Benefits Association (VEBA). Assets within the VEBA are not considered to be plan assets because these assets are also used to provide benefits to active employees. The Plan is considered unfunded. However, total assets within this VEBA at June 30, 2014 were $9,829,160.55.

Long-Term Disability Plan
The Long-Term Disability (LTD) plan pays monthly disability income benefits after five months of continuous disability. Coverage ends at the earliest of age 65, cessation of disability, or death. The School District now purchases this coverage from an insurance provider. No active employees have been covered by this benefit since August 2000, when the School District first purchased coverage from an insurance provider. There are 5 former employees receiving LTD payments from the plan.

Survivors' Benefit Plan
The Survivors' Benefit plan provides monthly income benefits to surviving spouses and children of deceased employees.

Surviving spouse receives 50% of the first $750 of monthly wages plus 30% of monthly wages in excess of $750, paid for his or her lifetime or until remarried.

Each surviving child receives 15% of the first $750 of monthly wages plus 5% of monthly wages in excess of $750, paid until age 19 (or, if a student, age 23). If there are more than two children, the amount each receives is proportionately reduced.

The total monthly benefit is capped at $3,000.00.

The capped benefit is offset by Social Security survivor benefits and by benefits payable from the Teachers Retirement System and the Public School Employees Retirement System.

Medical Benefit Plan
On April 1, 1986, the School District was required to re-enter the Medicare program. The Retiree Medical Benefit is available to those employees hired prior to this date who retire after attaining age 65 and have 10 years of service with the Rockdale County Board of Education. The plan benefits pay for Medicare Part A coverage for the lifetime of the retiree, unless he or she receives Medicare via other Medicare-covered employment or as the spouse of a Medicare-eligible worker. Spouses are not covered.

Membership consisted of the following at June 30, 2014:

	Long-Term Disability Plan	Survivors' Benefit Plan	Medical Benefit Plan	Total Participants
Retirees and beneficiaries eligible for benefits	5	20		25
Active plan members		1,772	1	1,773
Total Participants	5	1,792	1	1,798

Summary of Significant Accounting Policies
The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding Policy
The contribution requirements of plan members and the Rockdale County Board of Education, as employer, are established and may be amended by the Board. The Plan is substantially funded on a "pay-as-you-go" basis. That is, annual cost of providing benefits will be financed in the same year as claims occur, with no significant assets accumulating as would occur in an advance funding strategy.

Annual OPEB Cost and Net OPEB Obligation

The Rockdale County Board of Education's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC 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 over a period not to exceed thirty years.

As determined through actuarial studies performed for the fiscal year ending June 30, 2014, the School District's ARC was $473,761.00. At June 30, 2014, the Plan's Net OPEB obligation was $2,887,016.00.

Calculation of the Plan's OPEB obligation for the current fiscal year was as follows:

Annual Required Contribution	$	473,761.00
Interest on Net OPEB Obligation		105,448.00
Adjustment to Annual Required Contribution		-152,452.00
Annual OPEB Cost		426,757.00
Employer Contributions (actual benefits paid)		175,952.00
Increase in net OPEB obligation		250,805.00
Net OPEB Obligation as of July 1, 2013		2,636,211.00
Net OPEB Obligation as of June 30, 2014	$	2,887,016.00

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net obligation for the Plan for the current fiscal year was as follows:

Annual OPEB Cost and Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 426,757.00	$ 175,952.00	41.2%	$ 2,887,016.00

Funded Status and Funding Progress

Actuarial Valuation Ending	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2014	$ 0.00	$ 5,551,946.00	$ 5,551,946.00	0%	$ 83,967,253.00	6.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially

determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is designed to present trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions is designed to present trend information about the amounts contributed to the plan by the School District in comparison to the ARC. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Projected postretirement benefits were determined for all participants based on estimated salaries and services at projected event date. The actuarial accrued liability is equal to the actuarial present value of the projected benefits calculated with service as of the current fiscal year. The normal cost is equal to the difference between the actuarial present value of the projected benefits calculated with service counted for up to one additional year, less the value with service counted to the current year. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	30 years; Open
Asset Valuation Method	No assets; Plan Unfunded
Remaining Amortization Period	30 years
Actuarial Assumptions	
Discount Rate for Benefit Obligations	4.00%
Salary Increase Rate	4.00%
Medicare Part A Inflation Rate	2.50%

(This page left intentionally blank)

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

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 45,744,837.00	$ 45,744,837.00	$ 46,494,518.42	$ 749,681.42
Sales Taxes	560,000.00	560,000.00	633,447.86	73,447.86
State Funds	69,214,914.00	70,314,058.92	72,545,429.56	2,231,370.64
Federal Funds	14,965,602.75	17,154,950.91	16,137,110.00	-1,017,840.91
Charges for Services	2,438,100.00	2,438,100.00	3,648,013.86	1,209,913.86
Investment Earnings	22,000.00	22,000.00	1,559,957.91	1,537,957.91
Miscellaneous	3,704,000.00	3,714,000.00	2,244,469.45	-1,469,530.55
Total Revenues	136,649,453.75	139,947,946.83	143,262,947.06	3,315,000.23
EXPENDITURES				
Current				
Instruction	85,473,660.75	87,460,863.90	88,095,503.88	-634,639.98
Support Services				
Pupil Services	4,603,073.48	4,804,095.10	6,301,673.66	-1,497,578.56
Improvement of Instructional Services	4,487,985.87	5,238,204.05	5,154,632.12	83,571.93
Educational Media Services	2,361,802.00	2,378,136.16	2,075,112.40	303,023.76
General Administration	2,003,061.14	2,043,173.94	1,803,182.41	239,991.53
School Administration	9,615,330.78	9,648,198.11	9,327,432.23	320,765.88
Business Administration	1,874,849.70	1,913,167.70	1,874,580.16	38,587.54
Maintenance and Operation of Plant	11,034,508.10	11,058,102.82	10,755,505.85	302,596.97
Student Transportation Services	5,531,418.91	5,998,427.39	6,991,410.66	-992,983.27
Central Support Services	2,076,503.00	2,509,199.50	2,638,260.55	-129,061.05
Other Support Services	129,946.60	618,651.61	1,973,109.15	-1,354,457.54
Food Services Operation	10,337,780.78	10,425,232.56	9,926,697.95	498,534.61
Total Expenditures	139,529,921.11	144,095,452.84	146,917,101.02	-2,821,648.18
Excess of Revenues over (under) Expenditures	-2,880,467.36	-4,147,506.01	-3,654,153.96	493,352.05
OTHER FINANCING USES				
Other Uses	-450,000.00	-450,000.00		450,000.00
Net Change in Fund Balances	-3,330,467.36	-4,597,506.01	-3,654,153.96	943,352.05
Fund Balances - Beginning	13,676,947.17	13,676,947.17	23,536,710.44	9,859,763.27
Fund Balances - Ending	$ 10,346,479.81	$ 9,079,441.16	$ 19,882,556.48	$ 10,803,115.32

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $2,376,748.84 and $2,219,997.25, respectively.

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

See notes to the basic financial statements.

Rockdale County Public Schools Long-Term Disability, Survivors and Medical Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2014	$ 0.00	$ 5,551,946.00	$ 5,551,946.00	0%	$ 83,967,253.00	6.6%
6/30/2013	$ 0.00	$ 6,876,666.00	$ 6,876,666.00	0%	$ 106,247,846.00	6.5%
6/30/2012	$ 0.00	$ 6,883,077.00	$ 6,883,077.00	0%	$ 105,429,410.00	6.5%
6/30/2011	$ 0.00	$ 6,679,547.00	$ 6,679,547.00	0%	$ 102,401,438.00	6.5%

Rockdale County Public Schools Long-Term Disability, Survivors and Medical Benefits Plan
Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 426,757.00	41.2%	$ 2,887,016.00
2013	$ 655,885.00	26.8%	$ 2,698,257.00
2012	$ 664,337.00	24.8%	$ 2,223,727.00
2011	$ 617,081.00	27.4%	$ 1,724,086.00

See notes to the basic financial statements.

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

SCHEDULE "3"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 9,764,224.44	(1)
Total Child Nutrition Cluster				9,764,224.44	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Fresh Fruit and Vegetable Program		10.582	N/A	134,160.67	
Total U. S. Department of Agriculture				9,898,385.11	
Education, U. S. Department of					
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States	*	84.027	N/A	2,633,716.00	
Preschool Grants	*	84.173	N/A	68,838.00	
Total Special Education Cluster				2,702,554.00	
Other Programs					
Direct					
Safe and Drug-Free Schools and Communities - National Programs	*	84.184		917,560.38	
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	731,743.12	
Career and Technical Education - Basic Grants to States		84.048	N/A	134,620.28	
Education for Homeless Children and Youth		84.196	N/A	30,783.20	
English Language Acquisition Grants		84.365	N/A	84,925.82	
Improving Teacher Quality State Grants		84.367	N/A	302,792.94	
Mathematics and Science Partnerships		84.366	N/A	25,830.99	
Title I - Grants to Local Educational Agencies	*	84.010	N/A	3,202,975.32	
Total Other Programs				5,431,232.05	
Total U. S. Department of Education				8,133,786.05	
Health and Human Services, U. S. Department of					
Child Care and Development Fund Cluster					
Pass-Through From Office of the Governor					
Child Care and Development Block Grant		93.575	N/A	131,008.40	
Defense, U. S. Department of					
Direct					
Department of the Marines					
R.O.T.C. Program				227,602.93	
Total Expenditures of Federal Awards				$ 18,390,782.49	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $550,024.65.
(2) Expenditures for the funds earned on the School Breakfast Program ($1,936,975.66) were not maintained separately and are included in the 2014 National School Lunch Program.

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

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

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

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

SCHEDULE "4"

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	$ 1,060,946.85		$ 1,060,946.85
Education, Georgia Department of			
Quality Basic Education (1)			
Direct Instructional Cost			
Kindergarten Program	5,261,008.00		5,261,008.00
Kindergarten Program - Early Intervention Program	473,663.00		473,663.00
Primary Grades (1-3) Program	11,346,194.00		11,346,194.00
Primary Grades - Early Intervention (1-3) Program	1,246,056.00		1,246,056.00
Upper Elementary Grades (4-5) Program	5,372,631.00		5,372,631.00
Upper Elementary Grades - Early Intervention (4-5) Program	550,356.00		550,356.00
Middle School (6-8) Program	9,818,165.00		9,818,165.00
High School General Education (9-12) Program	10,009,173.00		10,009,173.00
Vocational Laboratory (9-12) Program	2,522,171.00		2,522,171.00
Students with Disabilities	9,476,419.00		9,476,419.00
Gifted Student - Category VI	4,388,360.00		4,388,360.00
Remedial Education Program	558,162.00		558,162.00
Alternative Education Program	742,353.00		742,353.00
English Speakers of Other Languages (ESOL)	987,578.00		987,578.00
Media Center Program	1,727,511.00		1,727,511.00
20 Days Additional Instruction	534,047.00		534,047.00
Staff and Professional Development	319,228.00		319,228.00
Indirect Cost			
Central Administration	1,742,652.00		1,742,652.00
School Administration	3,228,813.00		3,228,813.00
Facility Maintenance and Operations	4,016,475.00		4,016,475.00
Amended Formula Adjustment	-10,200,621.00		-10,200,621.00
Categorical Grants			
Pupil Transportation			
Regular	1,117,594.00		1,117,594.00
Nursing Services	298,776.00		298,776.00
Vocational Supervisor	26,733.00		26,733.00
Education Equalization Funding Grant	4,266,565.00		4,266,565.00
Other State Programs			
Food Services	234,970.00		234,970.00
Math and Science Supplements	108,924.91		108,924.91
Move On When Ready Grant	2,400.00		2,400.00
Preschool Handicapped Program	260,693.00		260,693.00
Pupil Transportation - State Bonds	231,660.00		231,660.00
Teachers' Retirement	171,788.83		171,788.83
Technology To Support Digital Learning Bonds	80,140.98		80,140.98
Tuition For the Multi-Handicapped Children	126,665.00		126,665.00
Vocational Education	86,056.99		86,056.99

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

SCHEDULE "4"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 975,925.60	$ 975,925.60
Office of the State Treasurer			
Public School Employees' Retirement	$ 345,996.00		345,996.00
Quality Basic Education Contra Account (Debit)			
Principal Staff and Professional Development	-887.00		-887.00
Quality Basic Education Formula Earnings (State and Local Funds)			
Principal Staff and Professional Development	6,012.00		6,012.00
	$ 72,545,429.56	$ 975,925.60	$ 73,521,355.16

(1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School District in the amount of $7,058,748.00 are included as part of the Quality Basic Education revenue allotments above.

See notes to the basic financial statements.

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

SCHEDULE "5"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEAR (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE (4)
SPLOST II							
(1) The cost of							
(a) acquiring, constructing, and equipping one new elementary school, one new middle school, and one new high school,	$ 37,964,000.00	$ 54,822,035.26	$	54,822,035.26	$ 54,822,035.26	$ 0.00	Complete
(b) acquiring land for future schools and instructional and administrative technology improvements for existing schools,	2,000,000.00	2,214,300.27		2,214,300.27	2,214,300.27		Complete
(c) adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal,	17,176,000.00	27,181,648.32	$ 256,470.53	24,327,830.32			3/31/2015
(2) The cost of							
(a) acquiring school buses,	900,000.00	853,566.00		853,566.00	853,566.00		Complete
(b) acquiring, constructing, and equipping one new stadium for an existing high school, and	4,000,000.00	5,143,837.90		5,143,837.90	5,143,837.90		Complete
(c) adding to, renovating, repairing, improving, and equipping existing athletic facilities and other facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal.	2,960,000.00	2,977,254.98	26,189.97	2,951,065.01			6/30/2015
SPLOST II Total	65,000,000.00	93,192,642.73	282,660.50	90,312,634.76	63,033,739.43	0.00	
SPLOST III							
(1) The cost of							
(a) acquiring land for future schools and instructional and administrative technology improvements for existing and new schools, and	12,125,000.00	12,602,101.06	2,339,313.78	8,602,101.06	0.00	0.00	12/31/2015
(b) adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal,	72,675,000.00	48,124,726.93	11,138,546.24	18,752,499.06			6/30/2017
(2) The cost of							
(a) acquiring school buses,	3,000,000.00	3,942,358.25	400,049.05	2,342,358.25			12/31/2015
(b) adding to, renovating, repairing, improving, and equipping existing athletic facilities and other facilities useful or desirable in connection therewith, and acquiring any necessary property therefor, both real and personal.	7,000,000.00	11,186,534.29	325,775.63	10,860,758.66			6/30/2016
SPLOST III Total	94,800,000.00	75,855,720.53	14,203,684.70	40,557,717.03	0.00	0.00	
SPLOST IV							
(1) The cost of acquiring safety and security technology improvements for existing and new schools, other facilities, and school buses and fleet vehicles	4,975,000.00	4,975,000.00	24,920.00	0.00	0.00	0.00	6/30/2020
(2) The cost of acquiring instructional and administrative technology improvements for existing and new schools and other facilities (including, without limitation, laptop and other individual student devices)	20,000,000.00	20,000,000.00					6/30/2020
(3) The cost of							
(a) acquiring, constructing, and equipping two new elementary schools,	32,000,000.00	32,000,000.00					6/30/2019
(b) adding to, renovating, repairing, improving, and equipping existing school buildings, existing athletic facilities, and other buildings and facilities useful or desirable in connection therewith	20,810,000.00	20,810,000.00	281,143.89				6/30/2020
(c) acquiring band instruments and band uniforms	1,000,000.00	1,000,000.00					6/30/2020
(d) renovation of an existing school building into an administration building	1,000,000.00	1,000,000.00					6/30/2018
(e) acquiring land for future schools; and acquiring any necessary property both real and personal;	2,400,000.00	2,400,000.00					6/30/2016
(4) The cost of acquiring school buses and fleet vehicles	1,415,000.00	1,415,000.00	56,607.00				6/30/2016
SPLOST IV Total	83,600,000.00	83,600,000.00	362,670.89	0.00	0.00	0.00	
SPLOST Grand Total	$ 243,400,000.00	$ 252,648,363.26	$ 14,849,016.09	$ 130,870,351.79	$ 63,033,739.43	$ 0.00	

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

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

(3) The voters of Rockdale 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) Project 2B/SPLOST III was expected to be completed on or before December 31, 2016. Due to the decrease in Sales Tax revenues collected, the projects are expected to be completed no later than June 2017.

See notes to the basic financial statements.

(This page left intentionally blank)

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

SCHEDULE "6"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2) (3)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 6,112,772.00	$ 5,604,979.00	$ 183,647.65	$ 5,788,626.65
Kindergarten Program-Early Intervention Program	535,053.00	28,472.67		28,472.67
Primary Grades (1-3) Program	13,392,748.00	12,583,772.07	400,080.63	12,983,852.70
Primary Grades-Early Intervention (1-3) Program	1,379,205.00	1,383,477.38	391.13	1,383,868.51
Upper Elementary Grades (4-5) Program	6,326,957.00	6,977,836.48	298,037.11	7,275,873.59
Upper Elementary Grades-Early Intervention (4-5) Program	635,071.00	367,989.20	283.76	368,272.96
Middle School (6-8) Program	11,528,097.00	13,439,556.34	270,984.71	13,710,541.05
High School General Education (9-12) Program	11,749,227.00	17,934,147.74	1,026,474.57	18,960,622.31
Vocational Laboratory (9-12) Program	2,936,270.00	503,497.13	108,085.17	611,582.30
Students with Disabilities	10,909,712.00			
Category I		471,534.63	10,756.38	482,291.01
Category II		1,036,881.12	1,168.77	1,038,049.89
Category III		6,817,724.61	15,343.87	6,833,068.48
Category IV		471,852.34		471,852.34
Category V		190,478.50		190,478.50
Gifted Student - Category VI	5,048,070.00	1,255,699.87	13,552.34	1,269,252.21
Remedial Education Program	632,969.00		2,214.57	2,214.57
Alternative Education Program	884,790.00	628,876.40	1,943.65	630,820.05
English Speakers of Other Languages (ESOL)	1,152,259.00	1,961,924.52	12,824.34	1,974,748.86
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	73,223,200.00	71,658,700.00	2,345,788.65	74,004,488.65
Media Center Program	2,021,845.00	1,454,968.40	183,553.74	1,638,522.14
Staff and Professional Development	374,506.00			287,037.42
TOTAL QBE FORMULA FUNDS	$ 75,619,551.00	$ 73,113,668.40	$ 2,529,342.39	$ 75,930,048.21

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

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

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

See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

June 17, 2015

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

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

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rockdale County Board of Education as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Rockdale County Board of Education's basic financial statements and have issued our report thereon dated June 17, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2014YB-10

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

June 17, 2015

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

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

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Rockdale 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 Rockdale 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 Rockdale County Board of Education's internal control over compliance.

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:as
2014SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-143, Section 510(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster
84.184	Safe and Drug-Free Schools and Communities

Dollar threshold used to distinguish between Type A and Type B programs: $551,723.47

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.