



COLQUITT COUNTY BOARD OF EDUCATION MOULTRIE, GEORGIA

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011
(Including Independent Auditor's Reports)**



COLQUITT COUNTY BOARD OF EDUCATION

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COLQUITT COUNTY BOARD OF EDUCATION

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SECTION I
FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

May 2, 2012

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

INDEPENDENT AUDITOR'S COMBINED REPORT ON BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION - SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

Ladies and Gentlemen:

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 Colquitt County Board of Education, as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Colquitt County Board of Education's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Colquitt County Board of Education, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Colquitt County Board of Education has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not to be part of, the basic financial statements.

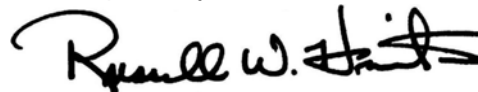
In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2012, on our consideration of the Colquitt County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on page 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colquitt County Board of Education's financial statements as a whole. The accompanying supplementary information consists of Schedules 2 through 5, which includes the Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011ARL-11

COLQUITT COUNTY BOARD OF EDUCATION

COLQUITT COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 3,267,652
Investments	17,283,084
Accounts Receivable, Net	
Interest	13
Taxes	1,144,708
State Government	5,722,213
Federal Government	1,997,814
Other	17,239
Inventories	182,762
Capitalized Bond and Other Debt Issuance Costs	85,854
Capital Assets, Non-Depreciable	4,001,295
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>112,764,152</u>
 Total Assets	 \$ <u><u>146,466,786</u></u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 58,853
Salaries and Benefits Payable	9,030,516
Claims Payable	89,182
Interest Payable	155,871
Contracts Payable	684,995
Retainages Payable	268,200
Long-Term Liabilities	
Due Within One Year	4,652,042
Due in More Than One Year	<u>13,474,652</u>
 Total Liabilities	 \$ <u><u>28,414,311</u></u>
 <u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 98,958,247
Restricted for	
Continuation of Federal Programs	807,642
Debt Service	9,388,801
Unrestricted	<u>8,897,785</u>
 Total Net Assets	 \$ <u><u>118,052,475</u></u>
 Total Liabilities and Net Assets	 \$ <u><u>146,466,786</u></u>

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

COLQUITT COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 54,720,606	\$ 690,437
Support Services		
Pupil Services	3,922,280	
Improvement of Instructional Services	1,818,839	
Educational Media Services	1,630,662	
General Administration	902,496	
School Administration	3,994,979	
Business Administration	1,007,875	
Maintenance and Operation of Plant	6,476,726	4,463
Student Transportation Services	3,343,549	
Central Support Services	280,246	
Other Support Services	203,895	
Operations of Non-Instructional Services		
Enterprise Operations	412,510	96,882
Food Services	5,695,213	788,626
Interest on Short-Term and Long-Term Debt	422,958	
	<u>\$ 84,832,834</u>	<u>\$ 1,580,408</u>
 Total Governmental Activities		
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Other Taxes		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Local Option Sales Tax		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Special Items		
Loss on Disposal of Building		
Total General Revenues and Special Items		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

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

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET ASSETS
\$ 44,410,711		\$ -9,619,458
822,602		-3,099,678
1,139,367		-679,472
1,133,350		-497,312
2,023,481		1,120,985
2,264,128		-1,730,851
2,767		-1,005,108
2,621,489		-3,850,774
175,966 \$	381,460	-2,786,123
2,179		-278,067
170,054		-33,841
62		-315,566
4,477,217		-429,370
		-422,958
<u>\$ 59,243,373</u>	<u>\$ 381,460</u>	<u>\$ -23,627,593</u>
		\$ 7,146,645
		13,480
		3,663,545
		1,810,748
		5,477,092
		112,217
		8,172,784
		221,561
		1,207,898
		-19,383
		<u>\$ 27,806,587</u>
		\$ 4,178,994
		<u>113,873,481</u>
		<u>\$ 118,052,475</u>

COLQUITT COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

EXHIBIT "C"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,265,978	\$ 1,001,674		\$ 3,267,652
Investments	8,220,213	4,046,018	\$ 5,016,853	17,283,084
Accounts Receivable, Net				
Interest	13			13
Taxes	662,907		481,801	1,144,708
State Government	5,722,213			5,722,213
Federal Government	1,997,814			1,997,814
Interfund	2,318,143			2,318,143
Other	17,239			17,239
Inventories	182,762			182,762
 Total Assets	 \$ <u>21,387,282</u>	 \$ <u>5,047,692</u>	 \$ <u>5,498,654</u>	 \$ <u>31,933,628</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 15,022	\$ 43,831		\$ 58,853
Salaries and Benefits Payable	9,030,516			9,030,516
Interfund Payable		2,318,143		2,318,143
Contracts Payable		684,995		684,995
Retainages Payable		268,200		268,200
Deposits and Deferred Revenue	18,215			18,215
 Total Liabilities	 \$ <u>9,063,753</u>	 \$ <u>3,315,169</u>	 \$	 \$ <u>12,378,922</u>
<u>FUND BALANCES</u>				
Nonspendable	\$ 182,762			\$ 182,762
Restricted	706,312	\$ 4,046,018	\$ 5,498,654	10,250,984
Assigned	2,496,633			2,496,633
Unassigned	8,937,822	-2,313,495		6,624,327
 Total Fund Balances	 \$ <u>12,323,529</u>	 \$ <u>1,732,523</u>	 \$ <u>5,498,654</u>	 \$ <u>19,554,706</u>
 Total Liabilities and Fund Balances	 \$ <u>21,387,282</u>	 \$ <u>5,047,692</u>	 \$ <u>5,498,654</u>	 \$ <u>31,933,628</u>

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

COLQUITT COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 19,554,706

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$	1,013,022	
Construction in Progress		2,988,273	
Land Improvements		4,650,517	
Buildings		124,956,560	
Equipment		8,555,055	
Accumulated Depreciation		-25,397,980	
Total Capital Assets		116,765,447	116,765,447

Taxes that are not available to pay for current period expenditures are deferred in the funds.

Property Taxes			18,215
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Other Long-Term Assets are not available to pay for current period expenditures and therefore, are deferred on the Statement of Net Assets.

Deferred Charges - Capitalized Bond Issuance Costs			85,854
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Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.
Long-Term Liabilities at year-end consist of:

Bonds Payable	\$	-12,700,000	
Accrued Interest		-155,871	
Capital Leases Payable		-5,107,200	
Compensated Absences Payable		-319,494	
Claims and Judgments Payable		-89,182	
Total Long-Term Liabilities		-18,371,747	-18,371,747

Net Assets of Governmental Activities (Exhibit "A") \$ 118,052,475

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

COLQUITT COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "E"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 7,141,910		\$ 7,141,910	
Sales Taxes	5,589,309	\$ 1,810,748	\$ 3,663,545	11,063,602
State Funds	53,165,653			53,165,653
Federal Funds	14,631,964			14,631,964
Charges for Services	1,580,408			1,580,408
Investment Earnings	19,131	195,121	7,309	221,561
Miscellaneous	1,247,753			1,247,753
Total Revenues	\$ 83,376,128	\$ 2,005,869	\$ 3,670,854	\$ 89,052,851
<u>EXPENDITURES</u>				
Current				
Instruction	\$ 53,208,805		\$ 53,208,805	
Support Services				
Pupil Services	3,853,656			3,853,656
Improvement of Instructional Services	1,817,973			1,817,973
Educational Media Services	1,547,869			1,547,869
General Administration	885,927			885,927
School Administration	3,890,083			3,890,083
Business Administration	1,005,203			1,005,203
Maintenance and Operation of Plant	6,604,183			6,604,183
Student Transportation Services	3,144,939			3,144,939
Central Support Services	280,246			280,246
Other Support Services	203,894			203,894
Enterprise Operations	412,510			412,510
Food Services Operation	5,359,411			5,359,411
Capital Outlay		\$ 3,549,678		3,549,678
Debt Services				
Principal	49,103		\$ 4,100,000	4,149,103
Interest	9,357		463,430	472,787
Total Expenditures	\$ 82,273,159	\$ 3,549,678	\$ 4,563,430	\$ 90,386,267
Excess of Revenues over (under) Expenditures	\$ 1,102,969	\$ -1,543,809	\$ -892,576	\$ -1,333,416
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In		\$ 156,655		156,655
Transfers Out	\$ -156,655			-156,655
Total Other Financing Sources (Uses)	\$ -156,655	\$ 156,655		0
Net Change in Fund Balances	\$ 946,314	\$ -1,387,154	\$ -892,576	\$ -1,333,416
Fund Balances - Beginning	11,377,215	3,119,677	6,391,230	20,888,122
Fund Balances - Ending	\$ 12,323,529	\$ 1,732,523	\$ 5,498,654	\$ 19,554,706

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

COLQUITT 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, 2011

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")	\$	-1,333,416
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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	\$	4,039,931	
Depreciation Expense		-2,668,120	
Excess of Capital Outlay over Depreciation Expense			1,371,811

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		18,215
--	--	--------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net assets.		-59,238
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Bond issuance costs, deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Assets and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:

Amortization of Bond Issuance Costs		-50,841
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Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Bond Principal Retirements	\$	4,100,000	
Capital Lease Payments		49,103	
Total Long-Term Debt Repayments			4,149,103

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:

Net Decrease in Accrued Interest on Issuance of Bonds	\$	49,829	
Increase in Compensated Absences		-24,235	
Decrease in Claims and Judgments		57,766	
Total Additional Expenditures			83,360

Change in Net Assets of Governmental Activities (Exhibit "B")	\$	4,178,994
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The notes to the basic financial statements are an integral part of this statement.

COLQUITT COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
	<hr/>	<hr/>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 6,375	\$ 223,150
Investments	179,654	44,446
Accounts Receivable, Net		
Interest and Dividends	<hr/> 133	<hr/> 74
Total Assets	\$ <u>186,162</u>	\$ <u>267,670</u>
<u>LIABILITIES</u>		
Funds Held for Others		\$ 267,670
<u>NET ASSETS</u>		
Held in Trust for Private Purposes	\$ <u>186,162</u>	<hr/>
Total Liabilities and Net Assets	\$ <u>186,162</u>	\$ <u>267,670</u>

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

COLQUITT COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT "H"

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Contributions	
Donors	\$ 715
Investment Earnings	
Interest	<u>2,365</u>
Total Additions	\$ <u>3,080</u>
<u>DEDUCTIONS</u>	
Scholarships	\$ <u>6,577</u>
Change in Net Assets	\$ -3,497
Net Assets - Beginning	<u>189,659</u>
Net Assets - Ending	\$ <u><u>186,162</u></u>

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

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Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Colquitt 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 Colquitt County Board of Education.

District-wide Statements:

The Statement of Net Assets 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.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT "I"

- District-wide Capital Projects Fund accounts for and reports financial resources including Special Purpose Local Option Sales Tax (SPLOST) that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

- Private Purpose Trust funds report trust arrangements to provide scholarships to various individuals. Some funds provide provisions under which principal and interest may be expended, and some funds provide provisions under which only income can be spent and principal must be invested and preserved intact.
- Agency funds account for assets held by the School District as an agent for various funds or individuals.

BASIS OF ACCOUNTING

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

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

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

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

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the School System over the same twelve month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued. Since the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2011, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of this Statement establish accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

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,

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- (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 Georgia Fund 1 administered by the State of Georgia, Office of the State Treasurer,
- (7) Repurchase agreements, and
- (8) Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Colquitt County Board of Commissioners fixed the property tax levy for the 2010 tax digest year (calendar year) on July 29, 2010 (levy date). Taxes were due on December 10, 2010 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2010 tax digest are reported as revenue in the governmental funds for fiscal year 2011. The Colquitt County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2011, for maintenance and operations amounted to \$7,128,430.

The tax millage rate levied for the 2010 tax year (calendar year) for the Colquitt County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>8.463</u> mills
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SALES TAXES

Local Option Sales Tax revenue, at the fund reporting level, during the fiscal year amounted to \$5,477,092 and was recorded in the General Fund. Local Option Sales Tax is to be used for the maintenance and operation of the School District.

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$5,474,293 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

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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.

Consumable Supplies

On the basic financial statements, consumable supplies are reported at cost (first-in, first-out). The School District uses the consumption method to account for the consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses are recorded at the time the supplies are consumed.

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:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 10,000	20 to 60 years
Buildings and Improvements	\$ 10,000	25 to 60 years
Equipment	\$ 10,000	5 to 25 years
Intangible Assets	\$ 100,000	10 to 20 years

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

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

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COMPENSATED ABSENCES

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

Vacation leave of 10 and 5 days are awarded on a fiscal year basis to all full time personnel employed on a twelve month basis and eleven month basis, respectively. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days for a twelve month basis employee and 10 days for an eleven month basis employee.

	Beginning of Year Liability	Increases	Decreases	End of Year Liability
2009	\$ 263,052	\$ 351,314	\$ 303,616	\$ 310,750
2010	\$ 310,750	\$ 333,585	\$ 349,077	\$ 295,258
2011	\$ 295,258	\$ 342,735	\$ 318,499	\$ 319,494

GENERAL OBLIGATION BONDS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the debt.

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

NET ASSETS

The School District's net assets in the District-wide Statements are classified as follows:

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

Restricted net assets - These represent resources for which the School District is legally or contractually obligated to spend resources for bus replacement, continuation of Federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

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Unrestricted net assets - Unrestricted net assets represent 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, 2011, are as follows:

Nonspendable		
Inventories	\$	182,762
Restricted		
Continuation of Federal Programs	\$	706,312
Debt Service		9,544,672
		<hr/>
Assigned		
Self-Insurance	\$	2,174,726
School Activity Accounts		321,907
		<hr/>
Unassigned		6,624,327
		<hr/>
Fund Balance, June 30, 2011	\$	<u>19,554,706</u>

COLQUITT COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

The School District adopted the fund balance policy. The policy establishes the various categories of fund balance, nonspendable, restricted, committed, assigned and unassigned, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5.

The policy establishes the School District's Board of Education as the District's highest level of decision-making authority and the only body able to commit fund balances on behalf of the District. The School Board by approval of resolution is able to establish, modify or rescind a fund balance commitment.

The policy establishes the School District's Superintendent, Comptroller, and Assistant Superintendent for Business Operations as officials authorized to assign fund balances to a specific purpose in accordance with the District's policy.

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.

DEFICIT FUND BALANCES

The fund reporting a deficit fund balance at June 30, 2011, is as follows:

<u>Fund Type/Fund Name</u>	<u>Deficit Balance</u>
Governmental Fund Type	
Capital Projects Fund	\$ 2,313,495

The Colquitt County Board of Education will liquidate the deficit in Capital Projects Fund as Special Purpose Local Option Sales Tax funds become available for transfer from the Debt Service Fund.

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: 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.

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EXHIBIT "I"

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, 2011, the bank balances were \$7,523,641. The amounts exposed to custodial credit risk are classified into three categories as follows:

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

The School District's deposits by custodial credit risk category at June 30, 2011, are as follows:

<u>Custodial Credit Risk Category</u>	<u>Bank Balance</u>
1	\$ 0
2	0
3	<u>5,738,671</u>
Total	<u>\$ 5,738,671</u>

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CATEGORIZATION OF INVESTMENTS

The School District's investments as of June 30, 2011, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>	
		<u>Less Than 1 Year</u>	<u>More Than 10 Years</u>
Debt Securities			
Municipal Obligations	\$ 2,144,390	\$ 2,144,390	
U. S. Agencies			
Implicitly Guaranteed	<u>1,901,628</u>		<u>\$ 1,901,628</u>
	\$ 4,046,018	<u>\$ 2,144,390</u>	<u>\$ 1,901,628</u>
Investment Pools			
Office of State Treasurer			
Georgia Fund 1	<u>13,231,780</u>		
Total Investments	<u>\$ 17,277,798</u>		

The Georgia Fund 1, formerly referred to as LGIP, 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 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 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 AAAM 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, 2011, was 59 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.

At June 30, 2011, \$4,046,018 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.

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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 credit quality risk.

The investments subject to credit quality risk are reflected below:

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings A2</u>
Debt Securities		
Municipal Obligation	\$ 2,144,390	\$ 2,144,390

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 municipal obligations. This investment is 12% of the School District's total investments.

Note 4: 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 5: CAPITAL ASSETS

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

	Balances July 1, 2010	Increases	Decreases	Balances June 30, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,013,022			\$ 1,013,022
Construction Work In Progress	5,832,946	\$ 3,542,342	\$ 6,387,015	2,988,273
Total Capital Assets, Not Being Depreciated	\$ 6,845,968	\$ 3,542,342	\$ 6,387,015	\$ 4,001,295
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 119,183,533	\$ 5,833,599	\$ 60,572	\$ 124,956,560
Equipment	8,416,497	419,443	280,885	8,555,055
Land Improvements	4,018,955	631,562		4,650,517
Less: Accumulated Depreciation:				
Buildings and Improvements	18,163,370	2,066,773	41,189	20,188,954
Equipment	3,606,061	460,424	241,030	3,825,455
Land Improvements	1,242,648	140,923		1,383,571
Total Capital Assets, Being Depreciated, Net	\$ 108,606,906	\$ 4,216,484	\$ 59,238	\$ 112,764,152
Governmental Activity Capital Assets - Net	\$ 115,452,874	\$ 7,758,826	\$ 6,446,253	\$ 116,765,447

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Capital assets being acquired under capital leases as of June 30, 2011, are as follows:

	Governmental Funds
	<u> </u>
Buildings and Improvements	\$ 5,257,502
Less: Accumulated Depreciation	<u>562,892</u>
	<u>\$ 4,694,610</u>

Current year depreciation expense by function is as follows:

Instruction	\$ 1,504,832	
Support Services		
Pupil Services	\$ 65,414	
Educational Media Services	82,566	
General Administration	10,321	
School Administration	103,208	
Business Administration	6,746	
Maintenance and Operation of Plant	288,003	
Student Transportation Services	<u>273,805</u>	830,063
Food Services		<u>333,225</u>
		<u>\$ 2,668,120</u>

Note 6: INTERFUND ASSETS AND LIABILITIES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2011, consisted of the following:

	Due From Other Funds	Due To Other Funds
	<u> </u>	<u> </u>
General Fund	\$ 2,318,143	
District-wide Capital Projects	<u> </u>	\$ 2,318,143
	<u>\$ 2,318,143</u>	<u>\$ 2,318,143</u>

Interfund receivables and payables are used to record receivables in the general fund from sales tax revenues received by the Capital Projects fund (interfund payables) for providing funding for capital construction projects in the current year.

Note 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	Transfers From General Fund
	<u> </u>
<u>Transfer to</u>	
District-wide Capital Projects	<u>\$ 156,655</u>

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Transfers are used to move local capital outlay funds into the District-wide Capital Projects fund for providing funding for capital construction projects in the current year.

Note 8: RISK MANAGEMENT

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

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

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims 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 \$350,000 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2010	\$ 241,023	\$ 174,631	\$ 268,706	\$ 146,948
2011	\$ 146,948	\$ 257,347	\$ 315,113	\$ 89,182

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
2010	\$ 0	\$ 14,229	\$ 14,229	\$ 0
2011	\$ 0	\$ 17,911	\$ 17,911	\$ 0

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000
Each Employee (Per Loss)	\$ 100,000

Note 9: LONG-TERM DEBT

CAPITAL LEASES

The Colquitt County Board of Education has entered into various lease agreements, including a Qualified Zone Academy Bond, as lessee for equipment, computer, and construction projects. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Series 2008	3.1106%	\$ 6,900,000
General Government - Series 2009	2.75%	5,800,000
		<u>\$ 12,700,000</u>

Voters have authorized \$2,200,000 in general obligation debt which was not issued as of June 30, 2011.

COLQUITT COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

The changes in Long-Term Debt during the fiscal year ended June 30, 2011, were as follows:

	Governmental Funds				
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year (1)
G. O. Bonds	\$ 16,800,000		\$ 4,100,000	\$ 12,700,000	\$ 4,600,000
Capital Leases	5,156,303		49,103	5,107,200	52,042
Compensated Absences (1)	295,258	\$ 342,735	318,499	319,494	
	<u>\$ 22,251,561</u>	<u>\$ 342,735</u>	<u>\$ 4,467,602</u>	<u>\$ 18,126,694</u>	<u>\$ 4,652,042</u>

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

At June 30, 2011, payments due by fiscal year which includes principal and interest for these items are as follows:

	Capital Leases	
	Principal	Interest
<u>Fiscal Year Ended June 30:</u>		
2012	\$ 52,042	\$ 6,427
2013	55,158	3,302
2015	5,000,000	
Total Principal and Interest	<u>\$ 5,107,200</u>	<u>\$ 9,729</u>
	General Obligation Debt	
	Principal	Interest
<u>Fiscal Year Ended June 30:</u>		
2012	\$ 4,600,000	\$ 338,340
2013	5,000,000	201,890
2014	3,100,000	89,470
Total Principal and Interest	<u>\$ 12,700,000</u>	<u>\$ 629,700</u>

Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$249,696 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 Non-Certified Personnel
In the amount of \$170,523

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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT "I"

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of \$31,822

Office of State Treasurer

Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of \$47,351

Note 11: SPECIAL ITEMS

In fiscal year 2011, the Colquitt County Board of Education disposed of a portable building. The portable building was removed from the School District's capital assets listing at its carrying value at the date disposed. The disposal is reported as a Special Item on the Statement of Activities.

Note 12: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2011:

Project	Unearned Executed Contracts
Sunset Elementary School	\$ 509,318
Mack Tharpe Stadium	164,674
	<u>\$ 673,992</u>

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

Note 13: SIGNIFICANT CONTINGENT LIABILITIES

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

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

Note 14: POST-EMPLOYMENT BENEFITS

Georgia School Personnel Post-employment Health Benefit Fund

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT "I"

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. On average, plan members pay approximately 25 percent of the cost of the health insurance coverage.

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, 2011:

For certificated teachers, librarians and regional educational service agencies:

July 2010 - April 2011	21.955% of covered payroll for August - May Coverage
May 2011 - June 2011	1.429% of covered payroll for June - July Coverage

For non-certificated school personnel:

July 2010 - December 2010	\$162.72 per member per month
January 2011 - May 2011	\$218.20 per member per month
June 2011	\$246.20 per member per month

The Department of Education was appropriated an additional \$25,081,633 for non-certificated personnel health insurance payments. The amount attributable to the School District is reflected in the On-behalf note disclosure.

No additional contribution was required by the Board for fiscal year 2011 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.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT "I"

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:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2011	100%	\$ 7,931,160
2010	100%	\$ 7,544,098
2009	100%	\$ 5,580,498

Note 15: 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, 2011, were

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT "I"

5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2011 were 10.28% of annual salary as required by the June 30, 2008, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2011	100%	\$ 4,830,319
2010	100%	\$ 4,688,894
2009	100%	\$ 4,423,803

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

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COLQUITT COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL (1)	AMOUNTS
<u>REVENUES</u>			
Property Taxes	\$ 6,913,844	\$ 7,336,844	\$ 7,141,910
Sales Tax	5,442,485	5,442,485	5,589,309
State Funds	51,732,848	51,793,213	53,165,653
Federal Funds	14,577,888	17,978,561	14,631,964
Charges for Services	847,340	850,540	1,580,408
Investment Earnings	153,550	21,550	19,131
Miscellaneous	544,588	544,588	1,247,753
Total Revenues	\$ 80,212,543	\$ 83,967,781	\$ 83,376,128
<u>EXPENDITURES</u>			
Current			
Instruction	\$ 54,775,180	\$ 55,777,393	\$ 53,208,805
Support Services			
Pupil Services	3,787,899	3,973,031	3,853,656
Improvement of Instructional Services	1,401,248	1,981,306	1,817,973
Educational Media Services	1,424,203	1,427,923	1,547,869
General Administration	1,333,297	1,259,727	885,927
School Administration	3,853,220	3,835,673	3,890,083
Business Administration	1,127,957	1,154,339	1,005,203
Maintenance and Operation of Plant	5,490,258	5,509,636	6,604,183
Student Transportation Services	3,549,369	3,364,277	3,144,939
Central Support Services	292,797	297,134	280,246
Other Support Services	171,380	233,510	203,894
Enterprise Operations			412,510
Food Services Operation	5,365,616	5,365,615	5,359,411
Debt Service			58,460
Total Expenditures	\$ 82,572,424	\$ 84,179,564	\$ 82,273,159
Excess of Revenues over (under) Expenditures	\$ -2,359,881	\$ -211,783	\$ 1,102,969
<u>OTHER FINANCING SOURCES (USES)</u>			
Other Sources	\$ 1,110,579	\$ 585,579	
Other Uses	-155,147	-2,056,050	-156,655
Total Other Financing Sources (Uses)	955,432	-1,470,471	-156,655
Net Change in Fund Balances	\$ -1,404,449	\$ -1,682,254	\$ 946,314
Fund Balances - Beginning	11,377,215	11,377,215	11,377,215
Fund Balances - Ending	\$ 9,972,766	\$ 9,694,961	\$ 12,323,529

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts.

The 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.

COLQUITT COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

SCHEDULE "2"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	N/A	(2)
National School Lunch Program	10.555	N/A	\$ 5,145,651 (1)
Total U. S. Department of Agriculture			\$ 5,145,651
Education, U. S. Department of			
Education of Homeless Children and Youth Cluster			
Pass-Through From Georgia Department of Education			
Education for Homeless Children and Youth	84.196	N/A	\$ 30,987
Educational Technology State Grants Cluster			
Pass-Through From Georgia Department of Education			
Education Technology State Grants	84.318	N/A	\$ 33,357
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
ARRA - Grants to States	* 84.391	N/A	\$ 962,274
ARRA - Preschool Grants	* 84.392	N/A	37,017
Grants to States	* 84.027	N/A	1,091,887
Preschool Grants	* 84.173	N/A	54,895
Total Special Education Cluster			\$ 2,146,073
Title I, Part A Cluster			
Pass-Through From Georgia Department of Education			
ARRA - Title I Grants to Local Educational Agencies	* 84.389	N/A	\$ 937,101
Title I Grants to Local Educational Agencies	* 84.010	N/A	3,357,813
Total Title I, Part A Cluster			\$ 4,294,914
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 112,639
Education Jobs Fund	* 84.410	N/A	1,755,855
English Language Acquisition Grants	84.365	N/A	141,023
Improving Teacher Quality State Grants	84.367	N/A	657,807
Migrant Education - State Grant Program	84.011	N/A	842,435
Rural Education	84.358	N/A	225,917
Total Other Programs			\$ 3,735,676
Total U. S. Department of Education			\$ 10,241,007
Health and Human Services, U. S. Department of			
Child Care and Development Fund Cluster			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
ARRA - Child Care and Development Block Grant	93.713	N/A	\$ 1,200
Defense, U. S. Department of			
Direct			
Department of the Marines			
R.O.T.C. Program			\$ 63,171
Total Expenditures of Federal Awards			\$ 15,451,029

N/A = Not Available

COLQUITT COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

SCHEDULE "2"

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 \$199,936.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$1,102,092) were not maintained separately and are included in the 2011 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 Colquitt 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.

COLQUITT COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2011

SCHEDULE "3"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPE</u>
	<u>GENERAL FUND</u>
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 2,745,815
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	3,867,887
Primary Grades (1-3) Program	7,485,126
Primary Grades - Early Intervention (1-3) Program	4,081
Upper Elementary Grades (4-5) Program	3,393,279
Upper Elementary Grades - Early Intervention (4-5) Program	-972
Middle Grades (6-8) Program	1,484,973
Middle School (6-8) Program	3,577,652
High School General Education (9-12) Program	4,198,525
Vocational Laboratory (9-12) Program	1,618,367
Students with Disabilities	6,887,012
Gifted Student - Category VI	3,883,528
Remedial Education Program	718,722
Alternative Education Program	375,001
English Speakers of Other Languages (ESOL)	1,307,956
Media Center Program	1,035,825
20 Days Additional Instruction	288,835
Staff and Professional Development	201,279
Indirect Cost	
Central Administration	1,352,577
School Administration	2,049,484
Facility Maintenance and Operations	2,411,727
Categorical Grants	
Pupil Transportation	
Regular	983,318
Nursing Services	140,149
Education Equalization Funding Grant	8,172,784
Food Services	151,330
Vocational Education	741,189
Amended Formula Adjustment	-6,728,742
Other State Programs	
Dual Enrollment Funding	67,548
Health Insurance	170,523
Math and Science Supplements	63,448
Preschool Handicapped Program	50,494
Pupil Transportation - State Bonds	381,460
Teachers' Retirement	31,822
Virtual Schools Grant	125
Office of the State Treasurer	
Public School Employees Retirement	47,351
Technical College System of Georgia	
Accelerated Certified Work Ready Communities	6,175
	<hr/>
	\$ 53,165,653

See notes to the basic financial statements.

COLQUITT COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2011

SCHEDULE "4"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>AMOUNT EXPENDED IN CURRENT YEAR (3)</u>	<u>AMOUNT EXPENDED IN PRIOR YEARS (3)</u>	<u>PROJECT STATUS</u>
The acquiring, constructing, renovating, repairing, improving and equipping existing school buildings, athletic facilities and other buildings and facilities useful or desirable in connection therewith, including the acquisition of all equipment and other real and personal property necessary therefor, including school buses and system- wide technology	\$ 36,000,000	\$ 36,000,000	\$ 4,013,108	\$ 22,964,475	Ongoing

- (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 project. Includes all cost from project inception to completion.
- (3) The voters of Colquitt County approved the imposition of a 1% sales tax to fund the above project and retire associated debt. Amounts expended for this project may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project.

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COLQUITT COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2011

SCHEDULE "5"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1)(2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 4,135,872	\$ 3,898,753	\$ 39,226	\$ 3,937,979
Primary Grades (1-3) Program	8,083,912	7,833,487	80,735	7,914,222
Primary Grades-Early Intervention (1-3) Program	25,402			
Upper Elementary Grades (4-5) Program	3,638,305	4,021,293	90,638	4,111,931
Middle Grades (6-8) Program	1,560,329	1,717,280	29,861	1,747,141
Middle School (6-8) Program	3,577,326	3,359,868	63,338	3,423,206
High School General Education (9-12) Program	4,018,592	5,230,819	186,231	5,417,050
Vocational Laboratory (9-12) Program	1,781,549	1,288,551	157,018	1,445,569
Students with Disabilities	7,397,748			
Category I			292	292
Category II		2,807,402	14,060	2,821,462
Category III		3,524,224	56,326	3,580,550
Category IV		386,353	4,802	391,155
Category V		17,265	31,390	48,655
Gifted Student - Category VI	4,154,405	2,250,109	54,781	2,304,890
Remedial Education Program	738,586	369,280	1,170	370,450
Alternative Education Program	406,535	657,886	16,458	674,344
English Speakers of Other Languages (ESOL)	1,394,932	1,477,696	7,538	1,485,234
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	\$ 40,913,493	\$ 38,840,266	\$ 833,864	\$ 39,674,130
Media Center Program	1,115,342	1,187,269	133,412	1,320,681
Staff and Professional Development	217,668	39,858	132,376	172,234
TOTAL QBE FORMULA FUNDS	\$ 42,246,503	\$ 40,067,393	\$ 1,099,652	\$ 41,167,045

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

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

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



DEPARTMENT OF AUDITS AND ACCOUNTS

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

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

May 2, 2012

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Colquitt 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colquitt County Board of Education as of and for the year ended June 30, 2011, which collectively comprise Colquitt County Board of Education's basic financial statements and have issued our report thereon dated May 2, 2012. 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.

Internal Control Over Financial Reporting

Management of Colquitt County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Colquitt County Board of Education's internal control over financial reporting as a basis for designing our auditing procedures 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 Colquitt County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Colquitt County Board of Education's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

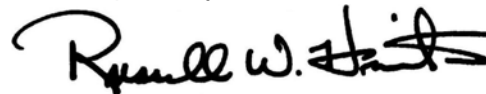
Compliance and Other Matters

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

We noted certain matters that we have reported to management of Colquitt County Board of Education in a separate letter dated May 2, 2012.

This report is intended solely for the information and use of management, members of the Colquitt County Board of Education, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011YB-10



DEPARTMENT OF AUDITS AND ACCOUNTS

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

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

May 2, 2012

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Ladies and Gentlemen:

Compliance

We have audited Colquitt 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, 2011. Colquitt 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Colquitt County Board of Education's management. Our responsibility is to express an opinion on Colquitt County Board of Education's compliance based on our audit.

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 Colquitt 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. Our audit does not provide a legal determination on Colquitt County Board of Education's compliance with those requirements.

In our opinion, the Colquitt County Board of Education complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

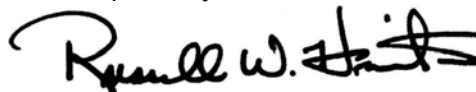
Management of Colquitt County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Colquitt County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Colquitt 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, members of the Colquitt County Board of Education, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
2011SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

COLQUITT COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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

COLQUITT COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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 Unqualified

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 Unqualified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$463,531

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.