



COLQUITT COUNTY BOARD OF EDUCATION

MOULTRIE, GEORGIA

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

JUNE 30, 2015

(Including Independent Auditor's Reports)

COLQUITT 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	10

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS' RETIREMENT SYSTEM OF GEORGIA	33
2	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	34
3	SCHEDULE OF CONTRIBUTIONS - TEACHERS' RETIREMENT SYSTEM OF GEORGIA	36
4	SCHEDULE OF CONTRIBUTIONS - EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	38
5	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	40

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COLQUITT COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

	<u>Page</u>
SECTION I	
FINANCIAL	
SCHEDULES	
REQUIRED SUPPLEMENTARY INFORMATION	
6 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	41
SUPPLEMENTARY INFORMATION	
7 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	42
8 SCHEDULE OF STATE REVENUE	43
9 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	44
10 ALLOTMENTS AND EXPENDITURES GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM	45
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 <i>GOVERNMENT AUDITING STANDARDS</i>	
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	

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SECTION I
FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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Atlanta, Georgia 30334-8400

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

July 25, 2016

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

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 of the Colquitt County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through I), 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

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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 Colquitt County Board of Education, as of June 30, 2015, 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 2015, the Colquitt County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The School District restated beginning Net Position for the cumulative effect of these accounting changes. 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, Schedules of Proportionate Share of the Net Pension Liability, Schedules of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through xi and pages 33 through 41 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.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colquitt County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 7 through 10, 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 July 25, 2016, 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* in considering Colquitt 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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

GSG:er
2015ARL-11

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COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of Colquitt County Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. 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 financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ☐ During fiscal year 2015, the School District made several prior period adjustments to recognize the effect of the adoption of GASB Statements 68 and 71. These adjustments, which recorded the School District's portion of employee pension plans, resulted in a decrease in the School District's net position at July 1, 2014 of \$75.3 million.
- ☐ On the District-wide financial statements, the assets and deferred outflows of the School District exceeded its liabilities and deferred inflows at June 30, 2015, by \$73.0 million. Of this amount, a deficit balance of \$67.6 million was reflected in unrestricted net assets. This deficit is primarily related to the recording of the School District's portion of employee pension plans as noted above.
- ☐ Net position increased by a total of \$20.5 million. This increase is due primarily to the increase in Construction in Progress of \$39.5 million, which includes the new Colquitt County High School and System Energy Management projects.
- ☐ The School District had \$87.9 million in expenses relating to governmental activities; only \$78.1 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$30.2 million were adequate to provide for these programs.
- ☐ As stated above, general revenues accounted for \$30.2 million or 27.9% of all revenues totaling \$108.4 million. Program specific revenues in the form of charges for services, grants and contributions accounted for \$78.1 million or 72.1% of total revenues.
- ☐ Among major funds, the General Fund had \$88.3 million in revenue and \$88.1 million in expenditures. The General Fund's balance increased \$0.2 million from \$6.0 million to \$6.2 million a 2.9% increase from the last fiscal year. Of this total, \$3.2 million represents unassigned fund balance.
- ☐ SPLOST collections in fiscal year 2015 increased 3.6% from collections in fiscal year 2014. This increase from \$5.2 million in fiscal year 2014 to \$5.4 million in fiscal year 2015 is due to a leveling out of a prior year change in sales tax collection on car sales combined with growth in commercial development.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Colquitt County Board of Education as a financial whole, or as an entire operating entity.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds. In the case of the Colquitt County Board of Education, the General Fund is by far the most significant fund.

Reporting the Board as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities for the schools, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the economic resources focus and *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 the cash is received or paid.

These two statements report the School District's *net position* and changes in net position. This 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 result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has one distinct type of activity:

- ☐ Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Capital Projects Fund, and the Debt Service Fund.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Governmental Funds - Most of the School District's activities are reported in governmental fund, 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 current financial resources measurement focus and the *modified accrual* accounting method, 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 adequate financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in 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.

The School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2015 compared to fiscal year 2014.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Assets		
Current and Other Assets	\$ 27,322,747	\$ 41,741,452
Capital Assets, Net	170,284,572	132,393,849
Total Assets	<u>197,607,319</u>	<u>174,135,301</u>
Deferred Outflows of Resources	<u>6,239,925</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>203,847,244</u>	<u>174,135,301</u>
Liabilities		
Current and Other Liabilities	12,842,443	11,187,205
Long-Term Liabilities	96,483,531	35,062,050
Total Liabilities	<u>109,325,974</u>	<u>46,249,255</u>
Deferred Inflows of Resources	<u>21,505,271</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources	<u>130,831,245</u>	<u>46,249,255</u>
Net Position		
Net Investment in Capital Assets	131,997,642	112,894,896
Restricted	8,609,385	10,003,550
Unrestricted (Deficit)	<u>-67,591,028</u>	<u>4,987,600</u>
Total Net Position	<u>\$ 73,015,999</u>	<u>\$ 127,886,046</u>

(1) Fiscal year 2014 balances do not reflect the effect of the Restatement of Net Position.
See Note 2 in the Notes to the Basic Financial Statements for additional information.

Total net position decreased by \$54.9 million in fiscal year 2015. Current assets decreased by \$14.4 million and capital assets increased by \$37.9 million in fiscal year 2015. The decrease in current assets is due primarily to the use of Capital Projects Fund resources for construction. Net capital assets increased due primarily to the increase in Construction in Progress of \$39.5 million, which includes the new Colquitt County High School and System Energy Management projects and was offset by the annual depreciation expense recognized. Unrestricted net position also decreased by \$72.6 million due to the recognition of Deferred Outflows/Inflows and Net Pension Liability associated with the adoption of GASB Statements 68 and 71.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Table 2 shows the changes in net position for fiscal year 2015 compared to changes in net position for fiscal year 2014.

Table 2
Change In Net Position

	Governmental Activities	
	Fiscal	Fiscal
	Year 2015	Year 2014 (1)
Revenues		
Program Revenues:		
Charges for Services	\$ 1,190,185	\$ 1,039,574
Operating Grants and Contributions	62,162,721	58,330,754
Capital Grants and Contributions	14,781,552	7,013,624
Total Program Revenues	78,134,458	66,383,952
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	9,764,773	8,287,748
Other Property Taxes	13,672	24,460
Sales Taxes		
Local Option Sales Tax	5,417,481	5,228,583
Special Purpose Local Option Sales Tax		
For Debt Services	3,921,663	5,228,555
For Capital Projects	1,495,806	
Other Sales Tax	103,893	121,228
Grants and Contributions not		
Restricted to Specific Programs	7,846,358	8,844,946
Investment Earnings	178,345	410,972
Miscellaneous	1,484,754	1,352,368
Total General Revenues	30,226,745	29,498,860
Total Revenues	108,361,203	95,882,812
Program Expenses:		
Instruction	54,556,504	54,394,422
Support Services		
Pupil Services	4,586,173	4,594,840
Improvement of Instructional Services	2,178,177	1,941,946
Educational Media Services	1,545,394	1,613,452
General Administration	618,247	592,715
School Administration	4,320,210	4,500,577
Business Administration	940,282	1,668,701
Maintenance and Operation of Plant	7,636,886	6,153,850
Student Transportation Services	3,168,135	3,411,369
Central Support Services	174,570	285,344
Other Support Services	137,328	137,816
Operations of Non-Instructional Services		
Enterprise Operations	758,357	554,707
Food Services	6,850,811	6,683,034
Interest on Short-Term and Long-Term Debt	413,469	521,659
Total Expenses	87,884,543	87,054,432
Increase in Net Position	\$ 20,476,660	\$ 8,828,380

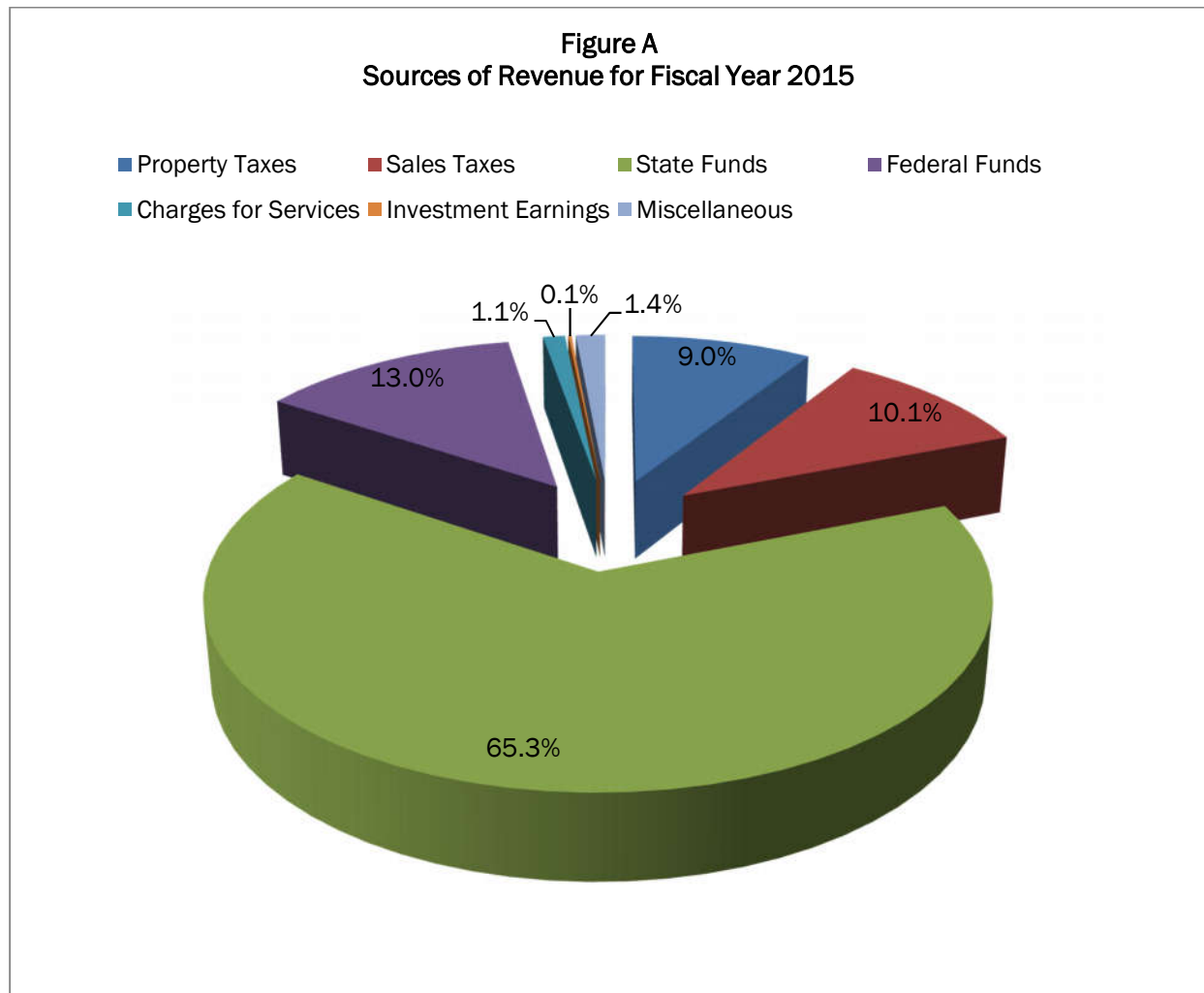
(1) Fiscal year 2014 balances do not reflect the effect of the Restatement of Net Position.
See Note 2 in the Notes to the Basic Financial Statements for additional information.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Grants and Contributions increased by \$3.8 million due to additional state education funding received by the School System as a result of enrollment growth over the past years and additional federal funding for the School Nutrition Department and Striving Readers program. Capital Grants and Contributions increased by \$7.8 million due to additional funding from the State for the construction of the new Colquitt County High School.

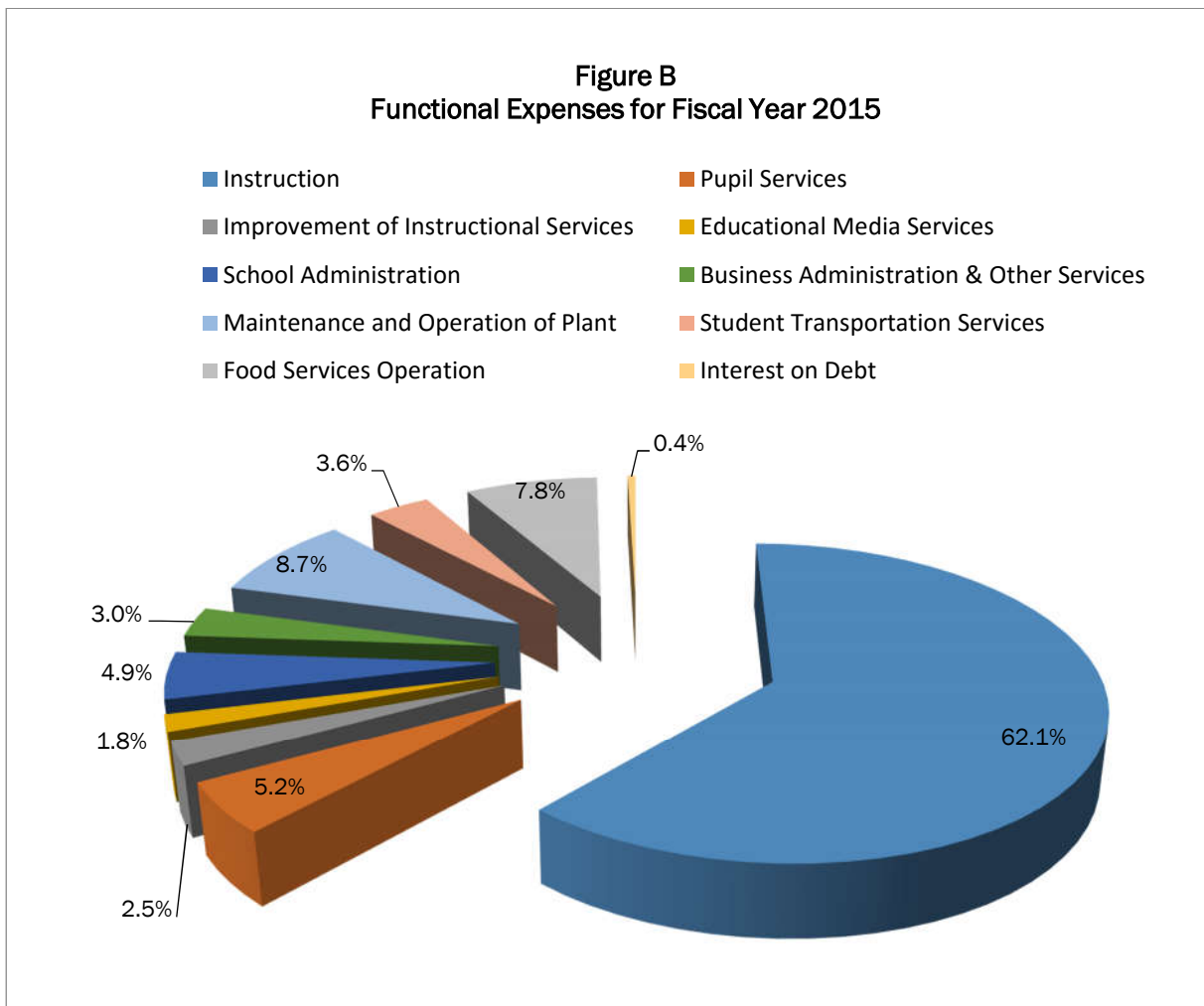
General revenues had a net increase of \$0.7 million due to the net effect of an increase of \$1.5 million in property taxes as a result of an increase in the millage rate, an increase of \$0.2 million in sales taxes collected, and a decrease of \$1.0 million in the Education Equalization Funding Grant. Program expenses were \$0.8 million more than the prior year, as expenditures normally increase each year due to the rising cost of employee benefits and the addition of federal funding as noted above.

Figure A shows the funding sources for the revenues. State grants comprise 65.3% of the School District's revenues, a 1.3% increase from 2014. Property Taxes make up 9.0% of the total funding, an increase of 0.3% from 2014. Sales Taxes make up 10.1% of the total funding, a decrease of 0.9%. An additional 13.0% is received from Federal sources, a decrease of 0.4% from the prior year.



COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

As shown in Figure B, Instruction comprised 62.1% of governmental program expenses, while nine additional areas comprise the other 37.9% of expenditures for fiscal year 2015. Business Administration and Other Services (3.0%) consist of the central office, business, warehouse, athletics and other operations of the School District. Areas with the most direct impact on student instruction comprise 71.6% of the expenses, which included instruction, pupil services, improvement of instructional services, and educational media services. The total for this same category for 2014 was 71.8%.



All of the percentages in the chart above are similar to the percentages from 2014, with the biggest change occurring in Maintenance and Operation of Plant, which increased to 8.7% from 7.1% of the total of functional expenses. Water, sewer services, rental of equipment, and energy expenses decreased from 2014 expenses while other fees, repairs and maintenance, communication, and small equipment increased from 2015 expenses.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2015 with fiscal year 2014. In other words, 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 2015	Fiscal Year 2014 (1)	Fiscal Year 2015	Fiscal Year 2014 (1)
Instruction	\$ 54,556,504	\$ 54,394,422	\$ -2,086,378	\$ 7,609,092
Support Services:				
Pupil Services	4,586,173	4,594,840	3,400,187	3,443,104
Improvement of Instructional Services	2,178,177	1,941,946	485,806	486,369
Educational Media Services	1,545,394	1,613,452	-371,034	232,524
General Administration	618,247	592,715	-1,090,427	-977,269
School Administration	4,320,210	4,500,577	1,203,439	1,855,130
Business Administration	940,282	1,668,701	936,482	1,645,627
Maintenance and Operation of Plant	7,636,886	6,153,850	3,804,136	2,534,515
Student Transportation Services	3,168,135	3,411,369	2,918,125	2,998,757
Central Support Services	174,570	285,344	173,052	279,819
Other Support Services	137,328	137,816	28,538	35,527
Operations of Non-Instructional Services:				
Enterprise Operations	758,357	554,707	670,818	446,352
Food Services	6,850,811	6,683,034	-736,128	-440,726
Interest on Short-Term and Long-Term Debt	413,469	521,659	413,469	521,659
Total Expenses	\$ <u>87,884,543</u>	\$ <u>87,054,432</u>	\$ <u>9,750,085</u>	\$ <u>20,670,480</u>

(1) Fiscal year 2014 balances do not reflect the effect of the Restatement of Net Position.
See Note 2 in the Notes to the Basic Financial Statements for additional information.

Although *program revenues* make up a majority of the funding, the School District is dependent upon property tax and sales tax revenues for governmental activities.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$117.5 million, and expenditures and other financing uses of \$133.7 million. There was a decrease in the fund balance totaling \$16.1 million for the governmental funds as a whole, which is attributed to Capital Projects Fund and Debt Service Fund spending. The decrease in fund balance for the Capital Projects Fund was \$14.7 million and was due to the significant expenditures in projects entered into after the sale of bonds and reauthorization of the SPLOST in a previous fiscal year. The decrease in fund balance for the Debt Service Fund was \$1.6 million and was due to debt service expenditures exceeding the debt service revenues provided from sales taxes. These decreases were offset by an immaterial increase in fund balance for the General Fund of \$0.2 million.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with Georgia law. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2015, the School District amended its General Fund budget as needed. The School District uses site-based budgeting. This method is used to ensure that total site budgets are controlled but also give flexibility to site level administrators for meeting the needs of their respective schools.

For the General Fund, the final budgeted *revenues and other financing sources* of \$88.1 million, was higher than the original budgeted amount of \$85.5 million by \$2.6 million. The overall difference was mainly due to additional federal grant awards of \$2.9 million. The actual revenues and other financing sources of \$88.3 million was more than the amended budgeted amount by \$0.1 million, which is considered to be insignificant.

The final budgeted *expenditure and other financing uses* of \$88.7 million was higher than the original budgeted amount of \$85.7 million by \$3.0 million. This difference was mainly due to additional expenditures related to federal grant awards as described in the paragraph above. The actual expenditures and other financing uses of \$88.1 million was \$0.6 million less than the final amended budget. The reduced expenditures were mainly a result of the requirement to budget for specific federal grants in advance of anticipated and actual need.

Capital Assets

At the end of fiscal year 2015, the School District had 170.3 million invested in capital assets, net of depreciation, all in governmental activities. Table 4 shows fiscal year 2015 balances compared with fiscal year 2014 balances.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
Land	\$ 1,058,022	\$ 1,058,022
Construction In Progress	61,034,191	21,507,931
Buildings and Improvements	100,116,277	102,282,671
Equipment	4,711,361	4,059,646
Land Improvements	3,364,721	3,485,579
Total	\$ <u>170,284,572</u>	\$ <u>132,393,849</u>

The overall capital assets increased in fiscal year 2015 by \$37.9 million due to the construction and renovation expenses primarily from the Colquitt County High School, System Energy Management and Odom Elementary projects during the current fiscal year offset by the fiscal year 2015 depreciation of \$2.8 million.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Debt

As of June 30, 2015, the School District had \$18.9 million in bonds outstanding with \$4.7 million of principal due within one year, \$17.9 million in capital leases outstanding with \$5.0 million due within one year, \$0.3 million in compensated absences earned as of the end of the year, and 1.8 million in unamortized bond premiums with \$0.5 million due within one year. In addition, the School District reported a liability for its proportionate share of the Net Pension Liability. Reporting this liability was required by GASB 68 and GASB 71.

Table 5 summarizes the long-term debt outstanding at June 30, 2015, compared to fiscal year 2014.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
General Obligation Bonds	\$ 18,940,000	\$ 23,470,000
Capital Leases	17,939,743	8,975,399
Compensated Absences	286,821	280,811
Unamortized Bond Premiums	1,816,765	2,335,840
Net Pension Liability	<u>57,500,202</u>	
Total	\$ <u>96,483,531</u>	\$ <u>35,062,050</u>

Current Issues

The Colquitt County School System consists of 15 campuses located in Colquitt County, which had an estimated population of 46,102 in 2014, compared to 42,053 in 2000.

Current student enrollment in the system is approximately 9,633 students in grades Pre-K-12, a decrease of 65 students over the previous year. Since 2005, student enrollment has increased by 1,006 students. The ethnicity of our school student enrollment has also changed over time. In 1994, Colquitt County's student population was 61.3% white, 34.2% black, 4.2% Hispanic, and 0.3% other. In 2015, the student population consisted of 42.3% white, 27.0% black, 27.0% Hispanic, and 3.7% other.

Colquitt County Board of Education is Colquitt County's largest employer with approximately 1,367 employees. Sanderson Farms is the second largest employer with approximately 1,310 employees processing 250,000 chickens daily. Colquitt Regional Medical Center and Southwest Georgia Community Action Council rank 3rd and 4th with approximately 889 and 600 employees, respectively.

Colquitt County has one large municipality and six small communities. The county seat is Moultrie, which had an estimated population of 14,507 in 2014. The County also includes the communities of Berlin, Doerun, Ellenton, Funston, Norman Park and Riverside, with populations ranging from 35 to 972. Unincorporated Colquitt County represented 64% of the County's total estimated population in 2014. The County's 2013 population ranked 43rd out of 159 counties in the state.

COLQUITT COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The median household income as of 2013 was \$32,484 per year. The per capita income was \$17,025 in 2013. Colquitt County ranks 40 out of 159 counties in the state for persons below the poverty level. Colquitt County has 26.7% of its residents below the poverty level in 2013.

Over time, the School District has consistently held a strong financial position. In light of current economic conditions and legislative actions that have adversely affected state and local funding, School District finances have withstood the constant barrage. Austerity reductions will continue in fiscal year 2016, but legislators have taken a firm stance on adding funds back to austerity. In addition, the School District has also seen a boost in local revenue due to a two mill property tax increase by the Board. As a result, equalization funding has also increased. For 2016 and beyond, the School District stands to realize increases in revenue. On the other hand, rising healthcare costs for classified employees and increases in the employer portion of TRS will lead to significant increases in expenditures. These increases in combination with online testing directives and technology infrastructure needs further reduce the flexibility of the School District in offsetting the shortfalls in state funding. Fortunately, Colquitt County has historically, supported SPLOST for capital outlay. Through continued support of this local option sales tax, the System gains flexibility in offsetting items that would otherwise have to be paid from general fund revenues. It is also advantageous to the system that it holds an A1 bond rating.

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 Dr. Brad Gregory, Assistant Superintendent of Finance, or Susan Z. Wynn, CPA, Accountant at the Colquitt County Board of Education, 710 28th Avenue, S.E., Moultrie, Georgia 31768. You may also email your questions to bgregory@colquitt.k12.ga.us or swynn@colquitt.k12.ga.us.

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COLQUITT COUNTY BOARD OF EDUCATION

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COLQUITT COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 4,807,085.20
Investments	10,638,806.56
Accounts Receivable, Net	
Taxes	1,287,875.99
State Government	8,588,698.05
Federal Government	1,517,079.37
Other	139,641.80
Inventories	288,341.35
Prepaid Items	55,218.85
Capital Assets, Non-Depreciable	62,092,212.71
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>108,192,359.00</u>
Total Assets	<u>197,607,318.88</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>6,239,924.89</u>
<u>LIABILITIES</u>	
Accounts Payable	26,253.75
Salaries and Benefits Payable	9,363,276.08
Claims Incurred but not Reported (IBNR)	35,685.21
Interest Payable	423,545.53
Contracts Payable	846,546.98
Retainages Payable	2,147,135.06
Long-Term Liabilities	
Due Within One Year	10,194,578.61
Due in More Than One Year	28,788,750.26
Net Pension Liability	<u>57,500,202.00</u>
Total Liabilities	<u>109,325,973.48</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>21,505,271.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	131,997,641.86
Restricted for	
Continuation of Federal Programs	640,032.79
Debt Service	7,921,610.60
Capital Projects	47,742.11
Unrestricted (Deficit)	<u>-67,591,028.07</u>
Total Net Position	<u>\$ 73,015,999.29</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, 2015

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 54,556,503.57	\$ 841,269.97
Support Services		
Pupil Services	4,586,173.03	
Improvement of Instructional Services	2,178,176.70	
Educational Media Services	1,545,394.28	
General Administration	618,247.29	
School Administration	4,320,210.39	
Business Administration	940,281.87	
Maintenance and Operation of Plant	7,636,886.23	5,147.50
Student Transportation Services	3,168,135.23	
Central Support Services	174,570.46	
Other Support Services	137,327.87	
Operations of Non-Instructional Services		
Enterprise Operations	758,357.10	87,539.12
Food Services	6,850,810.60	256,229.12
Interest on Short-Term and Long-Term Debt	413,468.54	
	<u>\$ 87,884,543.16</u>	<u>\$ 1,190,185.71</u>
Total Governmental Activities		
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
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		
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.

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)	
OPERATING	CAPITAL	REVENUES	
GRANTS AND	GRANTS AND	AND CHANGES IN	
CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION	
\$ 45,379,794.64	\$ 10,421,817.23	\$ 2,086,378.27	
893,443.52	292,542.24	-3,400,187.27	
1,546,099.61	146,271.12	-485,805.97	
1,185,073.00	731,355.60	371,034.32	
1,598,970.74	109,703.33	1,090,426.78	
2,385,415.32	731,355.60	-1,203,439.47	
3,800.30		-936,481.57	
2,803,704.47	1,023,897.83	-3,804,136.43	
95,569.89	154,440.00	-2,918,125.34	
1,518.34		-173,052.12	
108,790.36		-28,537.51	
		-670,817.98	
6,160,540.67	1,170,168.95	736,128.14	
		-413,468.54	
<u>\$ 62,162,720.86</u>	<u>\$ 14,781,551.90</u>	<u>-9,750,084.69</u>	
		9,764,773.03	
		13,671.87	
		3,921,663.26	
		1,495,805.83	
		5,417,480.60	
		103,892.71	
		7,846,358.00	
		178,345.06	
		<u>1,484,754.22</u>	
		<u>30,226,744.58</u>	
		20,476,659.89	
		<u>52,539,339.40</u>	
		<u>\$ 73,015,999.29</u>	

COLQUITT COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,530,965.50	\$ 1,276,119.70		\$ 4,807,085.20
Investments	2,757,472.27	4,987,941.56	\$ 2,893,392.73	10,638,806.56
Accounts Receivable, Net				
Taxes	824,054.15		463,821.84	1,287,875.99
State Government	6,440,068.46	2,148,629.59		8,588,698.05
Federal Government	1,517,079.37			1,517,079.37
Other	139,641.80			139,641.80
Inventories	288,341.35			288,341.35
Prepaid Items	55,218.85			55,218.85
Total Assets	\$ 15,552,841.75	\$ 8,412,690.85	\$ 3,357,214.57	\$ 27,322,747.17
<u>LIABILITIES</u>				
Accounts Payable	\$ 26,253.75			\$ 26,253.75
Salaries and Benefits Payable	9,363,276.08			9,363,276.08
Contracts Payable		\$ 846,546.98		846,546.98
Retainages Payable		2,147,135.06		2,147,135.06
Total Liabilities	9,389,529.83	2,993,682.04		12,383,211.87
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	1,648.30			1,648.30
<u>FUND BALANCES</u>				
Nonspendable	343,560.20			343,560.20
Restricted	466,228.58	5,419,008.81	\$ 3,357,214.57	9,242,451.96
Assigned	2,114,581.82			2,114,581.82
Unassigned	3,237,293.02			3,237,293.02
Total Fund Balances	6,161,663.62	5,419,008.81	3,357,214.57	14,937,887.00
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,552,841.75	\$ 8,412,690.85	\$ 3,357,214.57	\$ 27,322,747.17

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 POSITION
JUNE 30, 2015

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 14,937,887.00

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

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

Land	\$	1,058,021.51	
Construction in Progress		61,034,191.20	
Land Improvements		5,458,186.93	
Buildings and Improvements		128,949,193.46	
Equipment		9,939,959.42	
Accumulated Depreciation		<u>-36,154,980.81</u>	
Total Capital Assets			170,284,571.71

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net Pension Liability			-57,500,202.00
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Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

-15,265,346.11

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

Property Taxes			1,648.30
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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. These consist of:

Bonds Payable	\$	-18,940,000.00	
Accrued Interest Payable		-423,545.53	
Capital Leases Payable		-17,939,742.89	
Compensated Absences Payable		-286,821.02	
Bond Premiums, Net of Amortization		-1,816,764.96	
Claims and Judgments Payable		<u>-35,685.21</u>	
Total Long-Term Liabilities			<u>-39,442,559.61</u>

Net Position of Governmental Activities (Exhibit "A") \$ 73,015,999.29

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, 2015

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 9,784,174.22			\$ 9,784,174.22
Sales Taxes	5,521,373.31	\$ 1,495,805.83	\$ 3,921,663.26	10,938,842.40
State Funds	56,249,169.69	14,627,111.90		70,876,281.59
Federal Funds	14,059,094.40			14,059,094.40
Charges for Services	1,190,185.71			1,190,185.71
Investment Earnings	8,411.65	165,652.01	4,281.40	178,345.06
Miscellaneous	1,498,010.76			1,498,010.76
Total Revenues	88,310,419.74	16,288,569.74	3,925,944.66	108,524,934.14
<u>EXPENDITURES</u>				
Current				
Instruction	55,028,351.51			55,028,351.51
Support Services				
Pupil Services	4,795,681.77			4,795,681.77
Improvement of Instructional Services	2,235,011.07			2,235,011.07
Educational Media Services	1,513,434.77			1,513,434.77
General Administration	633,544.34			633,544.34
School Administration	4,399,933.54			4,399,933.54
Business Administration	965,447.09			965,447.09
Maintenance and Operation of Plant	7,645,404.84			7,645,404.84
Student Transportation Services	3,246,347.35			3,246,347.35
Central Support Services	190,073.37			190,073.37
Other Support Services	144,967.91			144,967.91
Enterprise Operations	764,086.75			764,086.75
Food Services Operation	6,561,504.71			6,561,504.71
Capital Outlay		39,997,587.39		39,997,587.39
Debt Services				
Principal	9,624.24		4,530,000.00	4,539,624.24
Interest	1,861.76		987,750.00	989,611.76
Total Expenditures	88,135,275.02	39,997,587.39	5,517,750.00	133,650,612.41
Excess of Revenues over (under) Expenditures	175,144.72	-23,709,017.65	-1,591,805.34	-25,125,678.27
<u>OTHER FINANCING SOURCES</u>				
Capital Leases		8,973,968.00		8,973,968.00
Net Change in Fund Balances	175,144.72	-14,735,049.65	-1,591,805.34	-16,151,710.27
Fund Balances - Beginning	5,986,518.90	20,154,058.46	4,949,019.91	31,089,597.27
Fund Balances - Ending	\$ 6,161,663.62	\$ 5,419,008.81	\$ 3,357,214.57	\$ 14,937,887.00

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, 2015

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ -16,151,710.27

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	\$	40,741,394.88	
Depreciation Expense		<u>-2,837,416.02</u>	
Excess of Capital Outlay over Depreciation Expense			37,903,978.86

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. -13,256.54

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. -5,729.32

Some of the Capital Assets acquired this year were financed with capital leases. In Governmental Funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a Long-Term Liability. -8,973,968.00

Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Bond Principal Retirements	\$	4,530,000.00	
Capital Lease Payments		<u>9,624.24</u>	
Total Long-Term Debt Repayments			4,539,624.24

Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid. 67,570.39

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. The net effect of these adjustments consist of:

Amortization of Bond Premium	\$	519,075.72	
Compensated Absences		-6,010.40	
Claims and Judgments		15,926.32	
Pension Expense		<u>2,581,158.89</u>	
Total Additional Expenditures			<u>3,110,150.53</u>

Change in Net Position of Governmental Activities (Exhibit "B") \$ 20,476,659.89

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

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 7,614.01	\$ 292,138.48
Investments	163,174.77	20,113.27
Accounts Receivable, Net		
Interest and Dividends	<u>57.22</u>	<u>22.04</u>
 Total Assets	 <u>170,846.00</u>	 <u>\$ 312,273.79</u>
 <u>LIABILITIES</u>		
Accounts Payable	800.00	
Funds Held for Others	<u> </u>	<u>\$ 312,273.79</u>
 Total Liabilities	 <u>800.00</u>	 <u>\$ 312,273.79</u>
 <u>NET POSITION</u>		
Held in Trust for Private Purposes	<u>\$ 170,046.00</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 POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT "H"

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Investment Earnings	
Interest	\$ <u>749.87</u>
<u>DEDUCTIONS</u>	
Scholarships	<u>5,291.19</u>
Change in Net Position	-4,541.32
Net Position - Beginning	<u>174,587.32</u>
Net Position - Ending	\$ <u><u>170,046.00</u></u>

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

The School District reports the following fiduciary fund types:

- Private Purpose Trust funds report trust arrangements under which principal and income benefit 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 the 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 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 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School 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 2015, the School District made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, Net Position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of \$75,346,707.00. This change is in accordance with generally accepted accounting principles.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

Net Position, July 1, 2014, as previously reported		\$ 127,886,046.40
Prior Period adjustment - Implementation of GASB 68:		
Net Pension Liability (measurement date)		
TRS	\$ -80,896,399.00	
ERS	<u>-154,120.00</u>	-81,050,519.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS	\$ 5,685,971.00	
ERS	<u>17,841.00</u>	<u>5,703,812.00</u>
Net Position, July 1, 2014, as restated		<u>\$ 52,539,339.40</u>

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The adoption of this statement has a significant impact on the School District's financial statements. As noted above, the School District restated beginning Net Position for the cumulative effect of this accounting change.

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

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

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

The School District does not have a formal policy regarding investment policies that address credit 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 Colquitt County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on August 26, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 10, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The 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, 2015, for maintenance and operations amounted to \$8,642,833.73.

The tax millage rate levied for the 2014 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>10.287</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,127,668.62 during fiscal year ended June 30, 2015.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

SALES TAXES

Local Option Sales Tax revenue, at the fund reporting level, during the fiscal year amounted to \$5,417,480.60 and was recorded in the General Fund. Local Option Sales Tax is to be used for the maintenance and operation of the School District.

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$5,417,469.09 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

On the District-wide 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 consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses are recorded at the time the supplies are consumed.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods subsequent to June 30, 2015, are recorded as prepaid items.

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	\$ 10,000.00	20 to 60 years
Buildings and Improvements	\$ 10,000.00	25 to 60 years
Equipment	\$ 10,000.00	5 to 25 years
Intangible Assets	\$ 100,000.00	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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School District has reported deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 14 – Retirement Plans.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 14 – Retirement Plans. This item is reported only in the District-wide Statement of Net Position. Additionally, the School District has 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 reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and this amount is deferred and will be recognized as an inflow of resources in the period in which the amount becomes available.

COMPENSATED ABSENCES

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

Vacation leave of 10 days and 5 days is 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.

GENERAL OBLIGATION BONDS

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

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

PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), the Employees' Retirement System of Georgia (ERS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS/ERS/PSERS's fiduciary net position have been determined on the same basis as they are reported by TRS/ERS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 14 - Retirement Plans.

NET POSITION

The School District's Net Position in the District-wide Statements is classified as follows:

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

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

Unrestricted Net Position - Unrestricted Net Position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension Liability of \$57,500,202.00 which is required for financial reporting.

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 have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

Fund Balances of the Governmental Funds at June 30, 2015, are as follows:

Nonspendable			
Inventories	\$	288,341.35	
Prepaid Assets		<u>55,218.85</u>	\$ 343,560.20
Restricted			
Continuation of Federal Programs	\$	466,228.58	
Capital Projects		431,067.25	
Debt Service		<u>8,345,156.13</u>	9,242,451.96
Assigned			
Self-Insurance	\$	1,700,330.65	
School Activity Accounts		<u>414,251.17</u>	2,114,581.82
Unassigned			<u>3,237,293.02</u>
Fund Balance, June 30, 2015			\$ <u>14,937,887.00</u>

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

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

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

See Schedule 6 – 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, 2015, the School District had deposits with a carrying amount of \$5,290,125.73, which includes \$183,288.04 in Certificates of Deposit that are reported as Investments, and a bank balance of \$9,023,262.31. The bank balances insured by Federal depository insurance were \$1,065,994.61.

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. |

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

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

Custodial Credit Risk Category	Bank Balance
1	\$ 0.00
2	0.00
3	<u>7,957,267.70</u>
Total	<u>\$ 7,957,267.70</u>

CATEGORIZATION OF INVESTMENTS

At June 30, 2015, the carrying value of the School District's total investment was \$10,822,094.60. This includes \$183,288.04 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, 2015, 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 Less Than 1 Year</u>
Debt Securities		
Municipal Obligation	\$ 4,987,941.56	\$ <u>4,987,941.56</u>
Investment Pools		
Office of the State Treasurer		
Georgia Fund 1	<u>5,650,865.00</u>	
Total Investments	<u>\$ 10,638,806.56</u>	

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

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

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

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, 2015, \$4,987,941.56 of the School District's applicable investments 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:

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Rating</u>
		<u>A</u>
Debt Securities		
Municipal Obligation	\$ 4,987,941.56	\$ 4,987,941.56

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 46% 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, 2014	Increases	Decreases	Transfers	Balances June 30, 2015
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,058,021.51		\$ 0.00		\$ 1,058,021.51
Construction in Progress	21,507,931.33	\$ 40,011,867.39		\$ -485,607.52	61,034,191.20
Total Capital Assets, Not Being Depreciated	22,565,952.84	40,011,867.39	0.00	-485,607.52	62,092,212.71
Capital Assets, Being Depreciated:					
Buildings and Improvements	128,949,193.46				128,949,193.46
Equipment	8,911,867.81	676,505.09	134,021.00	485,607.52	9,939,959.42
Land Improvements	5,405,164.53	53,022.40			5,458,186.93
Less: Accumulated Depreciation:					
Buildings and Improvements	26,666,522.38	2,166,393.95			28,832,916.33
Equipment	4,852,221.22	497,141.62	120,764.46		5,228,598.38
Land Improvements	1,919,585.65	173,880.45			2,093,466.10
Total Capital Assets, Being Depreciated, Net	109,827,896.55	-2,107,888.53	13,256.54	485,607.52	108,192,359.00
Governmental Activity Capital Assets - Net	\$ 132,393,849.39	\$ 37,903,978.86	\$ 13,256.54	\$ 0.00	\$ 170,284,571.71

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

Capital assets acquired under capital leases as of June 30, 2015, are as follows:

	Governmental Activities
Buildings and Improvements	\$ 4,962,501.64
Construction in Progress	12,852,740.00
Equipment	37,000.00
Less: Accumulated Depreciation	<u>879,897.65</u>
	<u>\$ 16,972,343.99</u>

Current year depreciation expense by function is as follows:

Instruction	\$ 1,608,405.66
Support Services	
Pupil Services	\$ 51,425.37
Educational Media Services	86,655.76
General Administration	10,831.97
School Administration	108,319.70
Business Administration	9,581.99
Maintenance and Operation of Plant	320,243.87
Student Transportation Services	<u>283,452.50</u>
Food Services	<u>358,499.20</u>
	<u>\$ 2,837,416.02</u>

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. 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 expense 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.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2014	\$ 1,042,795.81	\$ -378,662.11	\$ 612,522.17	\$ 51,611.53
2015	\$ 51,611.53	\$ 127,997.63	\$ 143,923.95	\$ 35,685.21

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:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2014	\$ 0.00	\$ 9,580.86	\$ 9,580.86	\$ 0.00
2015	\$ 0.00	\$ 6,189.00	\$ 6,189.00	\$ 0.00

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000.00

NOTE 8: LONG-TERM LIABILITIES

CAPITAL LEASES

The Colquitt County Board of Education also 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 2013	3.00% - 5.00%	\$ 18,940,000.00

Voters have authorized \$1,530,000.00 in general obligation debt for acquisition and construction of major capital facilities which was not issued as of June 30, 2015.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

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

	Governmental Activities				
	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
G.O. Bonds	\$ 23,470,000.00		\$ 4,530,000.00	\$ 18,940,000.00	\$ 4,665,000.00
Capital Leases	8,975,399.13	\$ 8,973,968.00	9,624.24	17,939,742.89	5,010,502.89
Compensated Absences (1)	280,810.62	380,341.85	374,331.45	286,821.02	
Bond Premiums Amortized	2,335,840.68		519,075.72	1,816,764.96	519,075.72
	<u>\$ 35,062,050.43</u>	<u>\$ 9,354,309.85</u>	<u>\$ 5,433,031.41</u>	<u>\$ 38,983,328.87</u>	<u>\$ 10,194,578.61</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, 2015, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30:	Capital Leases	
	Principal	Interest
2016	\$ 5,010,502.89	\$ 971.52
2017	103,010.00	398,007.00
2018	407,765.00	394,835.00
2019	633,240.00	382,276.00
2020	693,700.00	362,772.00
2021 - 2025	4,232,850.00	1,537,501.00
2026 - 2030	6,029,750.00	945,537.00
2031	828,925.00	33,538.00
Total Principal and Interest	<u>\$ 17,939,742.89</u>	<u>\$ 4,055,437.52</u>

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
2016	\$ 4,665,000.00	\$ 851,850.00	\$ 519,075.72
2017	4,850,000.00	665,250.00	519,075.72
2018	5,045,000.00	471,250.00	519,075.72
2019	4,380,000.00	219,000.00	259,537.80
Total Principal and Interest	<u>\$ 18,940,000.00</u>	<u>\$ 2,207,350.00</u>	<u>\$ 1,816,764.96</u>

NOTE 9: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$233,644.23 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education

Paid to the Teachers' Retirement System of Georgia

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

In the amount of \$39,997.23

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 \$193,647.00

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

Funds paid on behalf of the School District are reported in governmental funds. See Note 14 - Retirement Plans for the State support related to the Net Pension Liability.

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, 2015:

Project	Unearned Executed Contracts
New Colquitt County High School	\$ 526,339.45
ABM Energy Project	76,500.00
	<u>\$ 602,839.45</u>

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.

NOTE 12: SUBSEQUENT EVENTS

On March 1, 2016, the voters of Colquitt County approved the continuation of the Education Special Purpose Local Option Sales Tax of one percent to be imposed on all sales and uses in Colquitt County for a period of time not to exceed 20 calendar quarters to raise not more than \$34,000,000.00. The proceeds are to be used as stated on the Official Ballot of Colquitt County as follows:

“For the purposes of acquiring, constructing, repairing, improving, renovating, adding to, extending, upgrading, furnishing and equipping school buildings and support facilities in the Colquitt County School District useful or desirable in connection therewith, including acquiring any necessary property therefore, both real and personal, specifically including, but not limited to, the following: (1) renovating and improving Odom Elementary School; (2) renovating and improving Doerun Elementary School; (3) acquiring safety and security equipment, instructional and administrative materials and technology, textbooks and textbook related materials, including e-books, buses, vehicles, transportation equipment, and band and music equipment; (4) renovating, improving, and adding to Colquitt County High School, including acquiring special education facilities and administrative offices; (5) demolition, site work and renovations to existing school sites and facilities; (6) adding to, improving, and renovating physical education and athletic facilities; (7) paying previously incurred general obligation debt, or lease purchase or installment agreement payments; and/or (8) paying expenses incident to accomplishing the foregoing.”

This vote also approved the issuance of general obligation debt of the Colquitt County School District in the principal amount of \$24,000,000.00 for the above capital outlay purposes.

NOTE 13: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2015:

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

July 1, 2014 – June 30, 2015	\$945.00 per member per month
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For non-certificated school personnel:

July 1, 2014 – June 30, 2015	\$596.20 per member per month
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No additional contribution was required by the Board for fiscal year 2015 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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:

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 10,276,453.17
2014	100%	\$ 10,006,296.67
2013	100%	\$ 9,060,122.96

NOTE 14: RETIREMENT PLANS

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

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 6,226,328.92
2014	100%	\$ 5,713,364.59
2013	100%	\$ 5,323,499.74

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2015	100%	\$ 20,797.45
2014	100%	\$ 16,732.24
2013	100%	\$ 12,090.60

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

Benefits provided: A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2015, the School District reported a liability of \$57,500,202.00 for its proportionate share of the Net Pension Liability for TRS (\$57,339,225.00) and ERS (\$160,977.00).

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

School District's proportionate share of the Net Pension Liability	\$ 57,339,225.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	<u>371,304.00</u>
Total	<u>\$ 57,710,529.00</u>

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

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

At June 30, 2014, the School District's TRS proportion was 0.453860%, which was a decrease of 0.010398% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.004292%, which was an increase of 0.001116% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is \$745,837.00.

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

For the year ended June 30, 2015, the School District recognized pension expense of \$3,594,779.00 for TRS, \$30,660.00 for ERS and \$64,771.00 for PSERS and revenue of \$24,128.00 for TRS and \$64,771.00 for PSERS was recognized. The revenue is support provided by the State of Georgia. For TRS, the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	19,989,669.00	\$	39,289.00
Changes in proportion and differences between School District contributions and proportionate share of contributions		1,476,313.00	\$	33,327.00
School District contributions subsequent to the measurement date	\$ 6,185,800.44		20,797.45	
Total	\$ 6,185,800.44	\$ 21,465,982.00	\$ 54,124.45	\$ 39,289.00

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

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

Year Ended June 30:	TRS	ERS
2016	\$ -5,332,942.00	\$ 11,007.00
2017	\$ -5,332,942.00	\$ 2,676.00
2018	\$ -5,332,942.00	\$ -9,822.00
2019	\$ -5,332,946.00	\$ -9,823.00
2020	\$ -134,210.00	

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

Teachers' Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

EXHIBIT "I"

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

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

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

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

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

Teachers' Retirement System:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	\$ 105,668,498.00	\$ 57,339,225.00	\$ 17,541,072.00

Employees' Retirement System:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	\$ 234,736.00	\$ 160,977.00	\$ 98,190.00

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

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COLQUITT COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE "1"

	<u>2015</u>
School District's proportion of the net pension liability	0.453860%
School District's proportionate share of the net pension liability	\$ 57,339,225.00
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>371,304.00</u>
Total	\$ <u><u>57,710,529.00</u></u>
School District's covered-employee payroll	46,526,984.74
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	123.24%
Plan fiduciary net position as a percentage of the total pension liability	84.03%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Schedule includes all significant plans and funds administered by Colquitt County Board of Education.

COLQUITT COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE "2"

	<u>2015</u>
School District's proportion of the net pension liability	0.004292%
School District's proportionate share of the net pension liability	\$ 160,977.00
School District's covered-employee payroll	\$ 90,640.99
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	177.60%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Schedule includes all significant plans and funds administered by Colquitt County Board of Education.

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COLQUITT COUNTY BOARD EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 6,226,328.92	\$ 5,713,364.59	\$ 5,323,499.74
Contributions in relation to the contractually required contribution	\$ <u>6,226,328.92</u>	\$ <u>5,713,364.59</u>	\$ <u>5,323,499.74</u>
Contribution deficiency (excess)	\$ 0.00	\$ 0.00	\$ 0.00
School District's covered-employee payroll	\$ 47,348,508.94	\$ 46,526,984.74	\$ 46,656,439.44
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 4,866,574.13	\$ 4,830,319.00	\$ 4,688,894.00	\$ 4,423,802.84	\$ 4,247,790.44	\$ 4,061,722.12	\$ 3,762,241.00
<u>\$ 4,866,574.13</u>	<u>\$ 4,830,319.00</u>	<u>\$ 4,688,894.00</u>	<u>\$ 4,423,802.84</u>	<u>\$ 4,247,790.44</u>	<u>\$ 4,061,722.12</u>	<u>\$ 3,762,241.00</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
\$ 47,340,215.27	\$ 46,987,538.91	\$ 48,140,593.53	\$ 47,670,289.23	\$ 45,773,603.91	\$ 43,768,557.30	\$ 40,716,893.94
10.28%	10.28%	9.74%	9.28%	9.28%	9.28%	9.24%

COLQUITT COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 20,797.45	\$ 16,732.24	\$ 12,090.60
Contributions in relation to the contractually required contribution	\$ <u>20,797.45</u>	\$ <u>16,732.24</u>	\$ <u>12,090.60</u>
Contribution deficiency (excess)	\$ 0.00	\$ 0.00	\$ 0.00
School District's covered-employee payroll	\$ 94,706.45	\$ 90,640.99	\$ 81,145.00
Contributions as a percentage of covered-employee payroll	21.96%	18.46%	14.90%

This schedule is intended to show information for 10 years. Employees eligible for retirement benefits under the Employees' Retirement System of Georgia began employment with the Colquitt County Board of Education in fiscal year 2010. Therefore, the School District is only able to display six years of information. Additional years will be displayed as they become available.

SCHEDULE "4"

<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 4,532.75	\$ 1,580.23	\$ 1,341.32
<u>\$ 4,532.75</u>	<u>\$ 1,580.23</u>	<u>\$ 1,341.32</u>
\$ 0.00	\$ 0.00	\$ 0.00
\$ 38,974.63	\$ 15,179.60	\$ 12,884.92
11.63%	10.41%	10.41%

COLQUITT COUNTY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE "5"

Teachers' Retirement System

Changes of assumptions : In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions : The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

Valuation date	June 30, 2012
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	3.75 – 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Employees' Retirement System

Changes of assumptions : There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

Method and assumptions used in calculations of actuarially determined contributions : The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

Valuation date	June 30, 2012
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	2.725% – 4.625% for FY 2012-2013, 5.45% - 9.25% for FY2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

COLQUITT COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

SCHEDULE "6"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
<u>REVENUES</u>				
Property Taxes	\$ 9,873,475.00	\$ 9,873,475.00	\$ 9,784,174.22	\$ -89,300.78
Sales Taxes	5,560,000.00	5,560,000.00	5,521,373.31	-38,626.69
State Funds	55,855,610.66	55,662,680.59	56,249,169.69	586,489.10
Federal Funds	12,885,223.73	15,738,880.73	14,059,094.40	-1,679,786.33
Charges for Services	277,200.00	277,200.00	1,190,185.71	912,985.71
Investment Earnings	7,600.00	7,600.00	8,411.65	811.65
Miscellaneous	408,390.00	408,390.00	1,498,010.76	1,089,620.76
Total Revenues	84,867,499.39	87,528,226.32	88,310,419.74	782,193.42
<u>EXPENDITURES</u>				
Current				
Instruction	54,933,110.08	57,083,983.48	55,028,351.51	2,055,631.97
Support Services				
Pupil Services	4,507,652.10	4,654,388.20	4,795,681.77	-141,293.57
Improvement of Instructional Services	2,105,395.19	2,604,065.83	2,235,011.07	369,054.76
Educational Media Services	1,429,601.75	1,429,601.75	1,513,434.77	-83,833.02
General Administration	547,799.29	659,747.62	633,544.34	26,203.28
School Administration	4,339,650.52	4,347,017.31	4,399,933.54	-52,916.23
Business Administration	1,517,959.03	1,517,959.03	965,447.09	552,511.94
Maintenance and Operation of Plant	6,039,534.17	6,039,534.17	7,645,404.84	-1,605,870.67
Student Transportation Services	3,402,999.84	3,439,403.40	3,246,347.35	193,056.05
Central Support Services	243,562.65	246,662.65	190,073.37	56,589.28
Other Support Services	120,285.05	200,275.00	144,967.91	55,307.09
Enterprise Operations			764,086.75	-764,086.75
Food Services Operation	6,452,507.72	6,452,507.72	6,561,504.71	-108,996.99
Debt Service			11,486.00	-11,486.00
Total Expenditures	85,640,057.39	88,675,146.16	88,135,275.02	539,871.14
Excess of Revenues over (under) Expenditures	-772,558.00	-1,146,919.84	175,144.72	1,322,064.56
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers From Other Funds	102,921.14	102,921.14		-102,921.14
Other Sources	496,514.98	496,514.98		-496,514.98
Operating Transfers To Other Funds	-102,921.14	-102,921.14		102,921.14
Total Other Financing Sources (Uses)	496,514.98	496,514.98		-496,514.98
Net Change in Fund Balances	-276,043.02	-650,404.86	175,144.72	825,549.58
Fund Balances - Beginning	5,986,518.90	5,986,518.90	5,986,518.90	0.00
Fund Balances - Ending	\$ 5,710,475.88	\$ 5,336,114.04	\$ 6,161,663.62	\$ 825,549.58

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 \$1,612,454.43 and \$1,471,251.19, 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.

COLQUITT COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

SCHEDULE "7"

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	\$ 6,297,018.76 (1)
Total Child Nutrition Cluster			6,297,018.76
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	N/A	9,285.10
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	16,199.19
Total U.S. Department of Agriculture			6,322,503.05
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	N/A	1,964,476.07
Preschool Grants	84.173	N/A	75,510.35
Total Special Education Cluster			2,039,986.42
Other Programs			
Pass-Through From Georgia Department of Education			
ARRA - Race-to-the-Top Incentive Grants	84.395	N/A	1,789.43
Career and Technical Education - Basic Grants to States	84.048	N/A	95,869.86
Education for Homeless Children and Youth	84.196	N/A	34,066.00
English Language Acquisition Grants	84.365	N/A	199,646.92
Improving Teacher Quality State Grants	* 84.367	N/A	491,179.53
Migrant Education - State Grant Program	84.011	N/A	713,731.23
Rural Education	84.358	N/A	199,257.77
Striving Readers	* 84.371	N/A	869,492.47
Title I Grants to Local Educational Agencies	* 84.010	N/A	3,300,262.27
Total Other Programs			5,905,295.48
Total U. S. Department of Education			7,945,281.90
Health and Human Services, U. S. Department of			
Other Programs			
Direct			
Affordable Care Act Grants for School-Based Health Center Capital Expenditures	93.501		35,940.05
Defense, U. S. Department of			
Direct			
Department of the Marines			
R.O.T.C. Program			68,531.15
Total Expenditures of Federal Awards			\$ 14,372,256.15

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 \$334,087.97.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$1,430,538.97) were not maintained separately and are included in the 2015 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, 2015

SCHEDULE "8"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		
	GENERAL	CAPITAL	TOTAL
	FUND	PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 2,218,563.01		\$ 2,218,563.01
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	3,905,086.00		3,905,086.00
Primary Grades (1-3) Program	8,492,084.00		8,492,084.00
Upper Elementary Grades (4-5) Program	3,186,548.00		3,186,548.00
Middle Grades (6-8) Program	4,969,647.00		4,969,647.00
High School General Education (9-12) Program	3,783,286.00		3,783,286.00
Vocational Laboratory (9-12) Program	1,908,921.00		1,908,921.00
Students with Disabilities	7,482,177.00		7,482,177.00
Gifted Student - Category VI	4,081,333.00		4,081,333.00
Remedial Education Program	467,118.00		467,118.00
Alternative Education Program	344,333.00		344,333.00
English Speakers of Other Languages (ESOL)	1,750,901.00		1,750,901.00
Media Center Program	1,079,962.00		1,079,962.00
20 Days Additional Instruction	297,649.00		297,649.00
Staff and Professional Development	197,099.00		197,099.00
Indirect Cost			
Central Administration	1,272,099.00		1,272,099.00
School Administration	2,160,508.00		2,160,508.00
Facility Maintenance and Operations	2,526,288.00		2,526,288.00
Amended Formula Adjustment	-4,316,351.00		-4,316,351.00
Categorical Grants			
Pupil Transportation			
Regular	921,750.00		921,750.00
Nursing Services	174,723.00		174,723.00
Education Equalization Funding Grant	7,846,358.00		7,846,358.00
Other State Programs			
Area Teacher Grant	407,871.00		407,871.00
Food Services	147,257.00		147,257.00
Math and Science Supplements	45,789.58		45,789.58
Preschool Handicapped Program	88,260.00		88,260.00
Pupil Transportation - State Bonds	154,440.00		154,440.00
Teacher of the Year	1,014.24		1,014.24
Teachers' Retirement	39,997.23		39,997.23
Technology for Connections to Classrooms Bonds	110,572.46		110,572.46
Vocational Education	297,788.17		297,788.17
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		\$ 14,627,111.90	14,627,111.90
Office of the State Treasurer			
Public School Employees Retirement	193,647.00		193,647.00
CONTRACT			
Governor's Office of Student Achievement			
Connections to Classrooms State Grant	12,451.00		12,451.00
	\$ 56,249,169.69	\$ 14,627,111.90	\$ 70,876,281.59

See notes to the basic financial statements.

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

SCHEDULE "9"

REFERENDUM	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4) (5)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
<u>SPLIST III Projects</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 therefore, including school buses and system-wide technology.	\$ 36,000,000.00	\$ 30,027,000.00	\$ 1,497,118.00	\$ 28,530,204.25	\$ 0.00	\$ 0.00	August 2015
<u>SPLIST IV Projects</u>							
The acquiring, constructing, repairing, improving, renovating, extending, upgrading, and equipping school buildings and support facilities in the Colquitt County School District useful or desirable in connection therewith, including acquiring and necessary property therefore, both real and personal, specifically including, but not limited to:							
(1) acquiring, constructing and equipping a replacement high school	34,000,000.00	51,003,412.00	30,514,252.00	18,476,961.87	0.00	0.00	August 2015
(2) acquiring instructional and administrative technology equipment							
(3) acquiring buses							
(4) acquiring textbooks and textbook related materials (including e-books)							
(5) paying expenses incident to accomplishing the foregoing.				2,500.00			August 2015
	<u>\$ 70,000,000.00</u>	<u>\$ 81,030,412.00</u>	<u>\$ 32,011,370.00</u>	<u>\$ 47,009,666.12</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	

- (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. This amount includes interest costs on the bonds issued.
- (3) The voters of Colquitt County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may be funded with sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) Included in the expenditures shown above, the School District has incurred interest to provide advance funding for the above referendum listed first as follows:
- | | |
|--------------|------------------------|
| Prior Years | \$ 2,251,185.04 |
| Current Year | <u>987,750.00</u> |
| Total | <u>\$ 3,238,935.04</u> |
- (5) During fiscal year ended June 30, 2015, \$4,530,000.00 was paid as debt service on bonds issued to advance fund the SPLIST projects. This amount is not included in the expenditures above.

See notes to the basic financial statements.

COLQUITT COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2015

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 4,316,358.00	\$ 4,440,611.77	\$ 53,039.60	\$ 4,493,651.37
Primary Grades (1-3) Program	9,259,083.00	8,542,822.78	126,082.44	8,668,905.22
Upper Elementary Grades (4-5) Program	3,475,291.00	4,008,260.31	123,712.10	4,131,972.41
Middle School (6-8) Program	5,480,147.00	5,291,696.19	150,355.22	5,442,051.41
High School General Education (9-12) Program	4,176,719.00	6,097,094.24	419,972.45	6,517,066.69
Vocational Laboratory (9-12) Program	2,094,947.00	1,413,343.64	142,078.57	1,555,422.21
Students with Disabilities	8,186,049.00			
Category I			3,249.99	3,249.99
Category II		3,276,678.62	15,702.97	3,292,381.59
Category III		3,929,687.86	47,759.68	3,977,447.54
Category IV		344,480.23	6,464.00	350,944.23
Category V		206,016.34	18,028.79	224,045.13
Gifted Student - Category VI	4,450,129.00	2,845,747.29	46,725.09	2,892,472.38
Remedial Education Program	505,364.00	224,259.26	4,849.23	229,108.49
Alternative Education Program	380,915.00	715,583.74	8,289.57	723,873.31
English Speakers of Other Languages (ESOL)	1,901,437.00	1,796,382.12	6,134.57	1,802,516.69
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	44,226,439.00	43,132,664.39	1,172,444.27	44,305,108.66
Media Center Program	1,183,153.00	1,239,115.44	119,990.25	1,359,105.69
Staff and Professional Development	211,523.00	24,656.07	39,680.27	64,336.34
TOTAL QBE FORMULA FUNDS	\$ 45,621,115.00	\$ 44,396,435.90	\$ 1,332,114.79	\$ 45,728,550.69

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

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

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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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

July 25, 2016

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, 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 Colquitt County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Colquitt County Board of Education's basic financial statements and have issued our report thereon dated July 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colquitt 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 Colquitt County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Colquitt 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.

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

We noted certain matters that we have reported to management of Colquitt County Board of Education in a separate letter dated July 25, 2016.

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 Colquitt 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 Colquitt County Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

GSG:er
2015YB-10

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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

July 25, 2016

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 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 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, 2015. 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.

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 Colquitt 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Colquitt County Board of Education's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Colquitt County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Colquitt 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 Colquitt 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 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. *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

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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COLQUITT COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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

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-133, Section 510(a)? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants
84.371	Striving Readers

Dollar threshold used to distinguish between Type A and Type B programs: \$431,167.68

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.