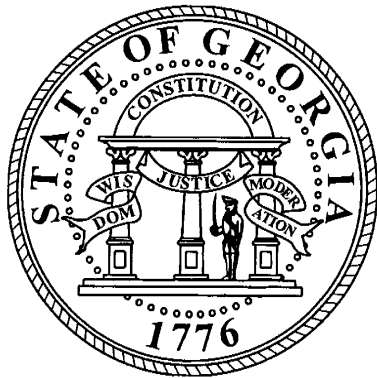


**COWETA COUNTY BOARD OF EDUCATION  
NEWNAN, GEORGIA**

**REPORT ON AUDIT  
OF THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**



**STATE OF GEORGIA**

**DEPARTMENT OF AUDITS AND ACCOUNTS**

**Russell W. Hinton  
State Auditor**

COWETA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

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

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS i

EXHIBITS

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

A STATEMENT OF NET ASSETS 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 ASSETS 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 ASSETS  
FIDUCIARY FUNDS 9  
H NOTES TO THE BASIC FINANCIAL STATEMENTS 10

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

1 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND 27

COWETA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

	<u>Page</u>
SECTION I	
FINANCIAL	
SCHEDULES	
SUPPLEMENTARY INFORMATION	
2	28
3	30
4	32
5	35
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM	
SECTION II	
COMPLIANCE AND INTERNAL CONTROL REPORTS	
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>	
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	
SECTION III	
AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS	
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	
SECTION IV	
FINDINGS AND QUESTIONED COSTS	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	

SECTION I  
FINANCIAL



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 31, 2009

Honorable Sonny Perdue, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Coweta County Board of Education

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

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (Exhibits A through H) of the Coweta County Board of Education, as of and for the year ended June 30, 2008, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Coweta County Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coweta County Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coweta County Board of Education, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

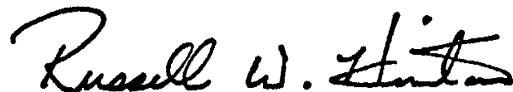
In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009, on our consideration of the Coweta County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through ix and page 27 respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM  
State Auditor

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The discussion and analysis of Coweta County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Board's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2008 are as follows:

- ❑ In total, net assets increased \$15.2 million which represents a 6.3 percent increase from 2007. This total increase was due to governmental activities since the Board has no business-type activities.
- ❑ General revenues accounted for \$98.1 million in revenue or 46 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$115.4 million or 54 percent of total revenues of \$213.5 million.
- ❑ The Board had \$198.2 million in expenses related to governmental activities; only \$115.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$98.1 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$189.7 million in revenues, \$185.6 million in expenditures and \$3.0 million in other financing uses. The general fund's fund balance increased to \$23.1 million from \$22.1 million.
- ❑ Due to the financial condition of the State of Georgia, the State again reduced the Board's funding. The current reduction is \$1.8 million which follows a \$2.1 million reduction for 2007, a \$3.9 million reduction for 2006, a \$3.9 million reduction for 2005, a \$3.3 million reduction for 2004, and a \$1.6 million reduction for 2003. The reduction will be \$4.8 million for 2009.

**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 Coweta County Board of Education as a financial whole, or as an entire operating entity.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole Board, presenting both an aggregate view of the Board'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. In the case of the Coweta County Board of Education, the general fund is by far the most significant fund.

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**REPORTING THE BOARD AS A WHOLE**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the Board to provide programs and activities, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Board's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Board as a whole, the *financial position* of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Board's property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the Board has one distinct type of activity:

- Governmental Activities** - All of the Board's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, after school program, principal's accounts and various others.

**REPORTING THE BOARD'S MOST SIGNIFICANT FUNDS**

*Fund Financial Statements*

Fund financial reports provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the general fund, the capital projects fund and the debt service fund.

**Governmental Funds** Most of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer 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 Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.



**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

***Fiduciary Funds*** The Board is the trustee, or *fiduciary*, for assets that belong to others, such as the dependent care spending account fund, the medical spending account fund and school clubs and organizations within the principals' accounts. The Board 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 Board excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**THE BOARD AS A WHOLE**

The perspective of the statement of net assets is of the Board as a whole. Table 1 provides a summary of the Board's net assets for fiscal year 2008 compared to fiscal year 2007.

**Table 1  
Net Assets  
(in Thousands)**

	<u>Governmental Activities</u>	
	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
<b>Assets</b>		
Current and Other Assets	\$ 115,253	\$ 135,057
Capital Assets, Net	228,918	228,907
<b>Total Assets</b>	<b>\$ 344,171</b>	<b>\$ 363,964</b>
<b>Liabilities</b>		
Current and Other Liabilities	\$ 23,105	\$ 22,684
Long-Term Liabilities	62,495	97,943
<b>Total Liabilities</b>	<b>\$ 85,600</b>	<b>\$ 120,627</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	\$ 184,209	\$ 153,888
Restricted	37,537	53,955
Unrestricted	36,825	35,494
<b>Total Net Assets</b>	<b>\$ 258,571</b>	<b>\$ 243,337</b>

Total net assets increased \$15.2 million in fiscal year 2008.

Table 2 shows the changes in net assets for fiscal year 2008 compared to the changes in net assets for fiscal year 2007.

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Table 2  
Change in Net Assets  
(in Thousands)**

	<u>Governmental Activities</u>	
	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$ 7,244	\$ 6,966
Operating Grants and Contributions	106,599	101,428
Capital Grants and Contributions	<u>1,537</u>	<u>12,738</u>
Total Program Revenues	<u>\$ 115,380</u>	<u>\$ 121,132</u>
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	\$ 67,418	\$ 65,168
Railroad Cars	45	92
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Service	194	17,262
For Capital Projects	20,858	3,336
Intangible Recording Tax	1,557	2,024
Real Estate	427	677
Grants and Contributions not Restricted to Specific Programs	1,985	3,347
Investment Earnings	3,510	5,674
Miscellaneous	2,113	2,354
Special Items		
Loss on Sale of Capital Assets	<u>-5</u>	<u>-48</u>
Total General Revenues	<u>\$ 98,102</u>	<u>\$ 99,886</u>
Total Revenues	<u>\$ 213,482</u>	<u>\$ 221,018</u>
<b>Program Expenses</b>		
Instruction	\$ 125,655	\$ 120,564
Support Services		
Pupil Services	8,156	4,235
Improvement of Instructional Services	3,078	2,699
Educational Media Services	3,263	3,336
General Administration	857	909
School Administration	12,943	11,790
Business Administration	1,278	1,050
Maintenance and Operation of Plant	16,083	14,901
Student Transportation Services	9,964	7,911
Central Support Services	1,378	1,274
Other Support Services	1,421	886
Operations of Non-Instructional Services		
Enterprise Operations	882	716
Community Services	1,444	1,498
Food Services	8,506	7,597
Interest on Short-Term and Long-Term Debt	<u>3,340</u>	<u>4,033</u>
Total Expenses	<u>\$ 198,248</u>	<u>\$ 183,399</u>
Increase in Net Assets	<u>\$ 15,234</u>	<u>\$ 37,619</u>

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**GOVERNMENTAL ACTIVITIES**

Governmental program expenses are comprised of the following: Instruction 63.4 percent, Support Services 29.5 percent, Operations of NonInstructional Services 5.4 percent and Interest on Short-Term and Long-Term Debt 1.7 percent. Interest expense was attributable to capital leases and the outstanding bonds for capital projects.

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 2008 with fiscal year 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3  
Governmental Activities  
(in Thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
Instruction	\$ 125,655	\$ 120,564	\$ 41,665	\$ 34,189
Support Services				
Pupil Services	8,156	4,235	6,893	2,975
Improvement of Instructional Services	3,078	2,699	1,688	1,321
Educational Media Services	3,263	3,336	1,094	1,054
General Administration	857	909	-1,426	-1,400
School Administration	12,943	11,790	8,449	7,521
Business Administration	1,278	1,050	1,204	863
Maintenance and Operation of Plant	16,083	14,901	10,359	6,491
Student Transportation Services	9,964	7,911	6,940	4,611
Central Support Services	1,378	1,274	1,347	1,203
Other Support Services	1,421	886	915	408
Operations of Non-Instructional Services				
Enterprise Operations	882	716	282	45
Community Services	1,444	1,498	134	-216
Food Services	8,506	7,597	-16	-831
Interest on Short-Term and Long-Term Debt	<u>3,340</u>	<u>4,033</u>	<u>3,340</u>	<u>4,033</u>
Total Expenses	<u>\$ 198,248</u>	<u>\$ 183,399</u>	<u>\$ 82,868</u>	<u>\$ 62,267</u>

Although program revenues make up a majority of the revenues, the Board is still dependent upon tax revenues for governmental activities. Taxes and other general revenues support 33.2 percent of instructional activities; for all governmental activities general revenue support is 41.8 percent.

**THE BOARD'S FUNDS**

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues, other financing sources, and special items of \$217.4 million and expenditures and other financing uses of \$236.3 million. There was an increase of \$17.8 million

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

in the capital projects fund due to an increase in the sales tax revenue and investment earnings for capital projects. The general fund had an increase of \$1.1 million and debt service funds had a decrease of \$37.8 million. The increase in the general fund for the year reflects the continuation of the spending restrictions implemented by the administration. The decrease in debt service funds is due to the retirement of the General Obligation Bonds Series 1998 and Series 2002 - Refunding.

***General Fund Budgeting Highlights***

The Board's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund.

During the course of fiscal 2008, the Board amended its general fund budget as needed. The Board uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budgeted revenues and other financing sources of \$198.7 million exceeded the original budgeted amount of \$181.1 million by \$17.6 million. This difference was due to an increase in miscellaneous revenues of \$7.0 million, an increase in property taxes of \$2.0 million, an increase in state revenues of \$6.7 million (\$3.2 million of this increase was for on-behalf payments), an increase in Federal revenues of \$1.8 million, and an increase of \$0.1 million in other sources. The miscellaneous revenues budgeted increased due to the inclusion of the principals' accounts in our financial statements, the property taxes increased due to the growth in the tax digest, the state revenues increased due to increased grants and growth in mid-term funding, the Federal revenues increased due to an increase in the Federal grants, and the other sources increased due to an increase in transfers. The final budgeted revenues and other financing sources of \$198.7 million exceeded the actual revenues and other financing sources by \$9 million.

The final budgeted expenditures and other financing uses of \$204.7 million exceeded the original budgeted amount of \$184.9 million by \$19.8 million. The majority of this difference was due to an increase in instruction of \$12.6 million (\$2.4 million of this increase was for on-behalf payments and \$7.0 million was due to the inclusion of the principals' accounts) and an increase in enterprise activities of \$1.5 million due to the inclusion of the principals' accounts in our financial statements. The budget for other uses increased \$4.2 million and the budgeted ending fund balance decreased \$2.2 million. The actual expenditures and other financing uses of \$188.5 million was \$16.1 million less than budgeted.

General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1.0 million.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2008 the Board had \$228.9 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2008 balances compared with fiscal year 2007 balances.

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Table 4  
Capital Assets at June 30  
(Net of Depreciation, in Thousands)**

	<u>Governmental Activities</u>	
	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
Land	\$ 9,140	\$ 8,284
Construction in Progress	3,125	30,311
Buildings and Building Improvements	189,570	166,684
Equipment	13,150	12,388
Land Improvements	<u>13,933</u>	<u>11,239</u>
 Total	 <u>\$ 228,918</u>	 <u>\$ 228,906</u>

The primary increases occurred in buildings and building improvements due to completed construction and in construction in progress due to the construction program associated with the bonds issued in fiscal year 2006.

***Debt***

At June 30, 2008 the Board had \$58.0 million in bonds outstanding with \$9.3 million due within one year and \$1.3 million in capital leases outstanding with \$0.4 million due within one year. Table 5 summarizes general operations bonds, capital leases, compensated absences outstanding and unamortized bond premium. Table 5 shows fiscal year 2008 balances compared with fiscal year 2007 balances.

**Table 5  
Debt at June 30  
(in Thousands)**

	<u>Governmental Activities</u>	
	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
General Obligation Bonds	\$ 58,000	\$ 88,890
Capital Leases	1,330	5,414
Compensated Absences	1,080	1,100
Unamortized Bond Premium	<u>2,085</u>	<u>2,539</u>
 Total	 <u>\$ 62,495</u>	 <u>\$ 97,943</u>

At June 30, 2008, the Board's overall legal bonding authority was \$386,171,412. The Board maintains an AA3 bond rating.

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**CURRENT ISSUES**

Although trends of high population growth and growth in retail and residential development in Coweta County continued through the summer of 2008, there were signs that those trends were cooling significantly for the first time in several years. Trends in school system enrollment and in the local tax digest growth clearly showed that Coweta County was being affected by a turn-down in the national economy in the form of slower growth rates.

U. S. Census estimate placed Coweta County's population at 118,936 in June, 2007, up from 115,291 in June 2006 and 109,903 in June, 2005. The estimated 2007 population of the county represented a 33.3% increase from the 2000 Census count of 89,215 residents, and projected the county's population to grow to 153,449 residents by 2015, assuming growth trends continued.

While 2008 census estimates were not available, Coweta County School System enrollment numbers indicated a significant slowdown in the residential growth of the county. From spring 2005 to spring 2006, system enrollment increased by about 1,000 students to approximately 20,500 at the end of 2006. The average rate of enrollment for the school system in the period 2001-2006 was approximately 4.6%. In fact, system growth has averaged well over 4% or higher annually for any 5-year period since 1991, and enrollment increases of 500 to 1,200 students each year were consistently experienced by Coweta County. Enrollment grew from 20,500 students to 21,255 students from spring to fall of 2006, but then shrank slightly to 21,282 by the fall of 2007. Enrollment increased by the start of the next school year, in fall of 2007, to 21,713, and to 21,717 by the spring of 2008. Given a continued decline in new housing starts by the summer of 2008, enrollment growth was expected to slow to as little as 300 to 400 students by the start of the new school year in fall, 2008.

Unemployment figures for the county and region show a similar trend. The unemployment rate in Coweta County had declined to 4.1% in June, 2007, down from 4.6% in June, 2006 and 5.1% in June, 2005. This compared to similar rates of 5.6% (2006), 5.3% (2006) and 5.7% (2005) for Carroll County, Georgia, and 3.9% (2006) 4.6% (2006) and 4.4% (2005) for Fayette County, Georgia. Carroll and Fayette are adjacent to Coweta County, and are similar to Coweta in population and labor force.

A preliminary estimate of Coweta County's Civilian Labor Force as of June, 2008 was 60,367 workers. The total civilian labor force in Coweta County for June, 2007 was 59,250. Preliminary unemployment numbers by the summer of 2008 suggested that Coweta County's unemployment rate had risen to 4.6% by January, 2008, and 5.4% in June, 2008. The June unemployment rate was reported as 6.5% for Carroll County; 4.7% for Fayette County; 5.6% for the state of Georgia overall, and 6.2% nationally. Unemployment had risen in Coweta County, even as it was doing relatively better than the nation, state and its neighboring counties.

In Coweta County, continued growth in the retail and services sector is promising, as Coweta County continues to develop as a regional retail destination. Retail growth has shown signs of slowing significantly throughout Coweta County, with the Thomas Enterprises development of the

**COWETA COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Ashley Park retail center being the notable exception. Several "big box" retailers have located at the Ashley Park shopping district in just the last year - including JC Penney, Dillard's Department Store, Barnes and Noble Booksellers and several smaller brand-name outlets - and several more announced that they would begin construction in 2008, including Belk's Department Store.

In addition to an apparent slowdown in housing construction, the county continued to see little new industrial development or existing industrial expansion, and employment growth continues in service and other nonindustrial and nonagricultural sectors. The Coweta Development Authority has reported an increase in industrial development inquires to their office, and future employment manufacturing development is promising as the Atlanta-based Patillo Corporation was awarded sewer access by Coweta County that will allow construction of a new 800-plus acre industrial park at the Georgia Highway 154/exit 51 area on the I-85 corridor.

Notable exceptions to these trends are the expectation that Piedmont Healthcare of Atlanta will begin construction of a new \$200 million healthcare facility on Poplar Road near Newnan within the next year, following its 2006 acquisition of Newnan Hospital, and consideration of Coweta County as a site for a proposed southeastern regional location for Cancer Treatment Centers of America.

Sales tax revenues grew from annual collections of \$20,597,817 in fiscal year 2007 to \$21,052,259 in fiscal year 2008 (revenues received July, 2007 to June, 2008). The rise represented a 2.21% increase period-to-period. This increase is lower than the 12.5% increase of the previous year. The school system estimated a 5.75% increase in the local tax digest for its 2008-09 school year budget, with actual increases in the tax digest coming in at approximately 6.1%. This compares to previous year tax digest increases of 10% to 20% or higher in previous years. Much of the tax digest increase came from retail growth and some, significantly smaller, new home construction in the county.

While not experiencing flat or even negative trends that had affected other Georgia counties' school enrollment counts, tax collections, and tax digests by the summer of 2008, a slowing economy was clearly demonstrated in Coweta County's experience.

**CONTACTING THE BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact W. Keith Chapman, CPA, Assistant Superintendent for Financial Services at the Coweta County Board of Education, 237 Jackson Street, Newnan, Georgia 30263. You may also email your questions to [keith.chapman@cowetaschools.net](mailto:keith.chapman@cowetaschools.net).

COWETA COUNTY BOARD OF EDUCATION



COWETA COUNTY BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 25,043,359
Investments	69,558,864
Accounts Receivable, Net	
Taxes	6,880,317
State Government	12,407,307
Federal Government	955,930
Other	121,574
Inventories	285,921
Capital Assets	
Land	9,139,880
Construction in Progress	3,125,488
Land Improvements	17,614,247
Buildings	223,065,427
Equipment	20,305,768
Less: Accumulated Depreciation	<u>-44,332,298</u>
 Total Assets	 \$ <u><u>344,171,784</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 5,018,440
Salaries and Benefits Payable	16,315,835
Claims Incurred But Not Reported	458,972
Contracts Payable	1,024,234
Retainages Payable	155,853
Deferred Revenue	132,068
Long-Term Liabilities	
Due Within One Year	11,213,833
Due in More Than One Year	<u>51,281,132</u>
 Total Liabilities	 \$ <u><u>85,600,367</u></u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 184,209,466
Restricted for	
Continuation of Federal Programs	989,191
Debt Service	2,037,568
Capital Projects	34,509,758
Unrestricted	<u>36,825,434</u>
 Total Net Assets	 \$ <u><u>258,571,417</u></u>
 Total Liabilities and Net Assets	 \$ <u><u>344,171,784</u></u>

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

COWETA COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 125,654,504	\$ 1,695,724
Support Services		
Pupil Services	8,156,390	
Improvement of Instructional Services	3,077,815	
Educational Media Services	3,263,328	
General Administration	857,173	
School Administration	12,943,159	
Business Administration	1,277,843	
Maintenance and Operation of Plant	16,083,471	
Student Transportation Services	9,963,983	
Central Support Services	1,378,174	
Other Support Services	1,420,880	
Operations of Non-Instructional Services		
Enterprise Operations	881,790	598,706
Community Services	1,444,230	1,243,659
Food Services	8,505,524	3,705,576
Interest on Short-Term and Long-Term Debt	3,339,528	
Total Governmental Activities	\$ 198,247,792	\$ 7,243,665
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Services		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Intangible Recording Tax		
Real Estate		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Special Items		
Loss on Sale of Capital Assets		
Total General Revenues and Special Items		
Change in Net Assets		
Net Assets - Beginning of Year		
Net Assets - End of Year		

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

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING	CAPITAL	REVENUES
GRANTS AND	GRANTS AND	AND CHANGES IN
CONTRIBUTIONS	CONTRIBUTIONS	NET ASSETS
\$ 81,564,881	\$ 728,721	\$ -41,665,178
1,263,044		-6,893,346
1,388,176	1,306	-1,688,333
2,143,830	25,411	-1,094,087
2,281,483	2,030	1,426,340
4,483,831	10,334	-8,448,994
55,955	18,318	-1,203,570
5,415,815	308,736	-10,358,920
2,672,190	351,364	-6,940,429
30,667	840	-1,346,667
506,042		-914,838
	1,418	-281,666
31,862	34,803	-133,906
4,761,363	53,805	15,220
		<u>-3,339,528</u>
<u>\$ 106,599,139</u>	<u>\$ 1,537,086</u>	<u>\$ -82,867,902</u>
		\$ 67,417,482
		257
		45,217
		194,198
		20,858,061
		1,557,286
		427,122
		1,985,154
		3,510,199
		2,112,796
		<u>-5,064</u>
		<u>\$ 98,102,708</u>
		\$ 15,234,806
		<u>243,336,611</u>
		<u>\$ 258,571,417</u>

COWETA COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

EXHIBIT "C"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 14,381,313	\$ 10,658,913	\$ 3,133	\$ 25,043,359
Investments	14,564,829	52,955,925	2,038,110	69,558,864
Accounts Receivable, Net				
Taxes	1,937,388	3,621,218		5,558,606
State Government	12,354,678	52,629		12,407,307
Federal Government	955,930			955,930
Other	121,574			121,574
Inventories	285,921			285,921
Total Assets	\$ 44,601,633	\$ 67,288,685	\$ 2,041,243	\$ 113,931,561
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 4,968,289	\$ 46,476	\$ 3,675	\$ 5,018,440
Salaries and Benefits Payable	16,315,835			16,315,835
Contracts Payable		1,024,234		1,024,234
Retainages Payable		155,853		155,853
Deferred Revenue	132,068			132,068
Total Liabilities	\$ 21,416,192	\$ 1,226,563	\$ 3,675	\$ 22,646,430
 <u>FUND BALANCES</u>				
Reserved for:				
Continuation of Federal Programs	\$ 989,191			\$ 989,191
Debt Service			\$ 2,037,568	2,037,568
Capital Projects		\$ 50,225,217		50,225,217
Unreserved				
Undesignated Reported in:				
General Fund	22,196,250			22,196,250
Capital Projects	15,836,905			15,836,905
Total Fund Balances	\$ 23,185,441	\$ 66,062,122	\$ 2,037,568	\$ 91,285,131
Total Liabilities and Fund Balances	\$ 44,601,633	\$ 67,288,685	\$ 2,041,243	\$ 113,931,561

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

COWETA COUNTY BOARD OF EDUCATION  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2008

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 91,285,131

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

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

Land	\$	9,139,880	
Construction in Progress		3,125,488	
Land Improvements		17,614,247	
Buildings		223,065,427	
Equipment		20,305,768	
Accumulated Depreciation		<u>-44,332,298</u>	
Total Capital Assets			228,918,512

Some of the School District's property tax revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures. 1,321,711

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:

Bonds Payable	\$	-58,000,000	
Capital Leases		-1,330,419	
Compensated Absences		-1,079,884	
Unamortized Bond Premiums		-2,084,662	
Claims Payable		<u>-458,972</u>	
Total Long-Term Liabilities			<u>-62,953,937</u>

Net Assets of Governmental Activities (Exhibit "A") \$ 258,571,417

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

COWETA COUNTY BOARD OF EDUCATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

EXHIBIT "E"

	GENERAL FUND	DISTRICT- WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<b><u>REVENUES</u></b>				
Property Taxes	\$ 68,347,699		\$ 257	\$ 68,347,956
Sales Taxes	1,984,408	\$ 20,858,061	194,198	23,036,667
State Funds	96,697,469	1,185,722		97,883,191
Federal Funds	12,238,188			12,238,188
Charges for Services	7,243,665			7,243,665
Investment Earnings	1,155,141	2,132,941	222,117	3,510,199
Miscellaneous	1,991,127	120,721	948	2,112,796
Total Revenues	\$ 189,657,697	\$ 24,297,445	\$ 417,520	\$ 214,372,662
<b><u>EXPENDITURES</u></b>				
Current				
Instruction	\$ 120,539,587	\$ 958,472		\$ 121,498,059
Support Services				
Pupil Services	8,147,625			8,147,625
Improvement of Instructional Services	3,044,890			3,044,890
Educational Media Services	3,121,582			3,121,582
General Administration	842,831			842,831
School Administration	12,871,641			12,871,641
Business Administration	1,140,173	148	\$ 27,045	1,167,366
Maintenance and Operation of Plant	14,394,580			14,394,580
Student Transportation Services	8,256,099	760,790		9,016,889
Central Support Services	1,370,909			1,370,909
Other Support Services	962,006			962,006
Enterprise Operations	873,523			873,523
Community Services	1,246,254			1,246,254
Food Services Operation	8,192,486			8,192,486
Capital Outlay		7,800,775		7,800,775
Debt Services				
Principal	504,881		34,468,201	34,973,082
Interest	63,118		3,731,245	3,794,363
Total Expenditures	\$ 185,572,185	\$ 9,520,185	\$ 38,226,491	\$ 233,318,861
Excess of Revenues over (under) Expenditures	\$ 4,085,512	\$ 14,777,260	\$ -37,808,971	\$ -18,946,199
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In		\$ 3,005,754		\$ 3,005,754
Transfers Out	\$ -3,005,754			\$ -3,005,754
Total Other Financing Sources (Uses)	\$ -3,005,754	\$ 3,005,754		\$ 0
<b><u>SPECIAL ITEMS</u></b>				
Proceeds from Sale of Land		\$ 64,945		\$ 64,945
Net Change in Fund Balances	\$ 1,079,758	\$ 17,847,959	\$ -37,808,971	\$ -18,881,254
Fund Balances - Beginning	22,105,683	48,214,163	39,846,539	110,166,385
Fund Balances - Ending	\$ 23,185,441	\$ 66,062,122	\$ 2,037,568	\$ 91,285,131

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

COWETA 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, 2008

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ -18,881,254

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

Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$	4,755,040	
Depreciation Expense		<u>-4,673,058</u>	
Excess of Capital Outlay over Depreciation Expense			81,982

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues. -885,000

In the Statement of Activities, only the loss on the sale of building and equipment is reported, whereas in the Governmental Funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the carrying value of the building and equipment sold. -70,009

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

Bond Principal Retirements	\$	30,890,000	
Capital Lease Payments		4,083,082	
Amortized Bond Premium		<u>454,835</u>	
Total Long-Term Debt Repayments			35,427,917

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

Decrease in Compensated Absences	\$	20,142	
Increase in Claims		<u>-458,972</u>	
Total Additional Expenditures			<u>-438,830</u>

Change in Net Assets of Governmental Activities (Exhibit "B") \$ 15,234,806

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

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COWETA COUNTY BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 419,792
Investments	
Certificate of Deposit	<u>216,139</u>
Total Assets	\$ <u>635,931</u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u>635,931</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 Coweta 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.

**Blended Component Unit**

The Central Education Center (Charter School) is responsible for the public education of all students attending its school. The Charter School was created through a contract between the School District and the Charter School whereby all State funding associated with the students attending the Charter School and certain specified local funds are turned over to the Charter School to cover the cost of its operations. The financial statements of the Charter School have been blended with the School District's general fund.

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 Coweta County Board of Education.

***District-wide Statements:***

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***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 all financial resources of the School District, except those resources required to be accounted for in another fund.
- District-wide Capital Projects Fund accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- Debt Service Fund accounts for taxes (property and sales) legally restricted for the payment of general long-term principal, interest and paying agent's fees.

The School District reports the following fiduciary fund type:

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

**BASIS OF ACCOUNTING**

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**CASH AND CASH EQUIVALENTS**

**COMPOSITION OF DEPOSITS**

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

**INVESTMENTS**

**COMPOSITION OF INVESTMENTS**

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

- (1) Obligations issued by the State of Georgia or by other states,
- (2) Obligations issued by the United States government,

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (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 administered by the State of Georgia, Office of Treasury and Fiscal Services,
- (7) Repurchase agreements, and
- (8) Obligations of other political subdivisions of the State of Georgia.

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

**RECEIVABLES**

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

**PROPERTY TAXES**

The Coweta County Board of Commissioners fixed the property tax levy for the 2007 tax digest year (calendar year) on July 27, 2007 (levy date). Taxes were due on December 3, 2007 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2007 tax digest are reported as revenue in the governmental funds for fiscal year 2008. The Coweta 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, 2008, for maintenance and operations amounted to \$68,302,482 and for school bonds amounted to \$257.

The tax millage rate levied for the 2007 tax year (calendar year) for the Coweta County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations

18.59 mills

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**SALES TAXES**

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$21,052,259 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

**INVENTORIES**

**FOOD INVENTORIES**

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

**CAPITAL ASSETS**

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

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 10,000	20 to 80 years
Buildings and Improvements	\$ 10,000	25 to 80 years
Equipment	\$ 10,000	10 to 50 years

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

**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.

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

**NET ASSETS**

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

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

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

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

**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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

At June 30, 2008, the School District's compensated absences liability is composed of an overtime compensation liability of \$180,001 and a vacation leave liability of \$899,883.

The overtime compensation liability is calculated in accordance with the Fair Labor Standards Act and applies to all non-exempt employees of the School District as defined in the Fair Labor Standards Act. Applicable employees may accrue up to no more than 240 hours of compensatory leave.

Twelve month employees earn vacation leave. Twelve month hourly employees earn 10 days of vacation leave for the first year of service, with an additional vacation day for each additional year of service completed through the 10th year. Twelve month hourly employees earn a maximum of 20 days of vacation leave at 10 years of service, and any unused vacation leave days must be used within a 24 month period to avoid forfeiture.

Twelve month salaried employees earn 2 days of vacation leave for each year of service completed with the School District, up to a maximum of 10 days of vacation leave earned after completing the 5th year of service. Twelve month salaried employees are allowed to accumulate up to 20 days of vacation leave without forfeiture.

Note 3: DEPOSITS AND INVESTMENTS

**COLLATERALIZATION OF DEPOSITS**

Official Code of Georgia Annotated (OCGA) 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 (OCGA 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,



Note 3: DEPOSITS AND INVESTMENTS

- (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, notes, 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

At June 30, 2008, the bank balances were \$34,886,711. The amounts of the total uninsured bank balances are classified into three categories of custodial credit risk:

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

The School District's uninsured deposits are classified by custodial credit risk category at June 30, 2008, as follows:

<u>Custodial Credit Risk Category</u>	<u>Bank Balance</u>
1	\$ 0
2	3,420,624
3	<u>30,480,895</u>
Total	<u>\$ 33,901,519</u>

CATEGORIZATION OF INVESTMENTS

At June 30, 2008, the carrying value of the School District's total investments was \$69,558,864, which is materially the same as fair value. This investment consisted entirely of funds invested in the Georgia Fund 1, formerly referred to as LGIP, administered by the State of Georgia, Office of Treasury and Fiscal Services which are 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 Treasury and Fiscal Services for the Georgia Fund 1 (Primary Liquidity Portfolio)

COWETA COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008

EXHIBIT "H"

**Note 3: DEPOSITS AND INVESTMENTS**

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.state.ga.us/internet/searchRpts.html>.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share. The pool is an AAAM rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2008, was 40 days.

**Note 4: NON-MONETARY TRANSACTIONS**

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

**Note 5: CAPITAL ASSETS**

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

	<u>Balances</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2008</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,284,418	\$ 862,762	\$ 7,300	\$ 9,139,880
Construction in Progress	<u>30,310,584</u>	<u>4,525,691</u>	<u>31,710,787</u>	<u>3,125,488</u>
Total Capital Assets Not Being Depreciated	<u>\$ 38,595,002</u>	<u>\$ 5,388,453</u>	<u>\$ 31,718,087</u>	<u>\$ 12,265,368</u>
Capital Assets Being Depreciated				
Buildings and Improvements	\$ 196,886,916	\$ 26,265,142	\$ 86,631	\$ 223,065,427
Equipment	18,793,804	1,591,194	79,230	20,305,768
Land Improvements	14,393,209	3,221,038		17,614,247
Less Accumulated Depreciation for:				
Buildings and Improvements	30,202,438	3,338,730	45,922	33,495,246
Equipment	6,406,110	806,742	57,230	7,155,622
Land Improvements	<u>3,153,844</u>	<u>527,586</u>		<u>3,681,430</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 190,311,537</u>	<u>\$ 26,404,316</u>	<u>\$ 62,709</u>	<u>\$ 216,653,144</u>
Governmental Activity Capital Assets - Net	<u>\$ 228,906,539</u>	<u>\$ 31,792,769</u>	<u>\$ 31,780,796</u>	<u>\$ 228,918,512</u>

COWETA COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008

EXHIBIT "H"

Note 5: CAPITAL ASSETS

Capital assets being acquired under capital leases as of June 30, 2008, are as follows:

	<u>Governmental Funds</u>
Equipment	\$ 2,147,840
Less: Accumulated Depreciation	<u>214,790</u>
	<u>\$ 1,933,050</u>

Current year depreciation expense by function is as follows:

Instruction		\$ 2,523,285
Support Services		
Improvements of Instructional Services	\$ 4,523	
Educational Media Services	87,987	
General Administration	7,028	
School Administration	35,781	
Business Administration	63,428	
Maintenance and Operation of Plant	1,069,037	
Student Transportation Services	567,352	
Central Support Services	2,910	
Enterprises Operations	4,909	
Community Services	<u>120,510</u>	1,963,465
Food Services		<u>186,308</u>
		<u>\$ 4,673,058</u>

Note 6: RESTRICTED ASSETS

Special Purpose Local Option Sales Tax (SPLOST), general obligation bond proceeds and property tax levied specifically for retirement of outstanding bond principal, interest and paying agent's fees (Debt Service Funds) are restricted assets in the Statement of Net Assets because their use is limited by applicable bond covenants or statutory provisions. Restricted assets at June 30, 2008, were as follows:

COWETA COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008

EXHIBIT "H"

Note 6: RESTRICTED ASSETS

	<u>District-wide Capital Projects</u>		<u>Debt Service Funds</u>
	<u>SPLOST</u>	<u>Bond Proceeds</u>	
Restricted Cash and Cash Equivalents:			
Debt Services			\$ 3,133
Capital Acquisitions		\$ 414,525	
Restricted Investments:			
Debt Services			\$ 2,038,110
Capital Acquisitions	\$ 17,428,088	\$ 29,925,865	

Note 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<u>Transfer to</u>	<u>Transfers From General Fund</u>
District-wide Capital Projects	\$ <u>3,005,754</u>

Transfers are used to move property tax revenues collected by the General Fund to the District-wide Capital Projects Fund as supplemental funding source for capital construction projects.

Note 8: RISK MANAGEMENT

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

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

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$350,000 loss per occurrence, up to the statutory limit.

COWETA COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008

EXHIBIT "H"

Note 8: RISK MANAGEMENT

For purposes of estimating the claims incurred but not reported (IBNR) liability as of June 30, 2008, the School District computed the liability based on the estimated cost of each outstanding claim from claims experience of similar claims.

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>
2007	\$ 0	\$ 248,973	\$ 248,973	\$ 0
2008	\$ 0	\$ 698,898	\$ 239,926	\$ 458,972

The School District is self-insured with regard to unemployment compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expenses/expenditures and liabilities 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>
2007	\$ 0	\$ 9,703	\$ 9,703	\$ 0
2008	\$ 0	\$ 12,549	\$ 12,549	\$ 0

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 20,000
Assistant Superintendent for Financial Services	\$ 10,000
Board Treasurer	\$ 10,000
All Employees	\$ 250,000

Note 9: LONG-TERM DEBT

**CAPITAL LEASES**

The Coweta County Board of Education entered into a lease agreement for buses. This lease agreement qualifies as capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

COWETA COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008

EXHIBIT "H"

Note 9: LONG-TERM DEBT

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.

Changes in the compensated absences liability for the last three fiscal years are as follows:

	Beginning of Year Liability	Additions	Deductions	End of Year Liability
2006	\$ 608,378	\$ 890,186	\$ 460,865	\$ 1,037,699
2007	\$ 1,037,699	\$ 888,604	\$ 826,277	\$ 1,100,026
2008	\$ 1,100,026	\$ 1,044,136	\$ 1,064,278	\$ 1,079,884

GENERAL OBLIGATION DEBT OUTSTANDING

The General Obligation Bond currently outstanding is as follows:

Purpose	Interest Rates	Amount
General Government - Series 2005	3.50% -5.00%	\$ 58,000,000

The changes in Long-Term Debt during the fiscal year ended June 30, 2008, were as follows:

	Governmental Funds					
	Capital Leases		Compensated Absences	General Obligation Bonds	Unamortized Bond Premium	Total
	Georgia School Board Association	Other				
Balance July 1, 2007	\$ 3,578,201	\$ 1,835,300	\$ 1,100,026	\$ 88,890,000	\$ 2,539,497	\$ 97,943,024
Additions						
Annual Leave Earned			1,044,136			1,044,136
Deductions						
Annual Leave Utilized			1,064,278			1,064,278
Debt Retired	3,578,201	504,881		30,890,000		34,973,082
Bond Premiums Amortized					454,835	454,835
Balance June 30, 2008	\$ 0	\$ 1,330,419	\$ 1,079,884	\$ 58,000,000	\$ 2,084,662	\$ 62,494,965
Portion of Long-Term Debt						
Due within One Year	\$ 0	\$ 429,114	\$ 1,079,884	\$ 9,250,000	\$ 454,835	\$ 11,213,833

COWETA COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008

EXHIBIT "H"

Note 9: LONG-TERM DEBT

During the fiscal year, the School District called the Series 1998 and 2002 - Refunding Series Bonds. In addition, the School District paid off the Georgia School Board Association capital lease.

At June 30, 2008, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30	Capital Leases		General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	Principal	Interest	
2009	\$ 429,114	\$ 44,037	\$ 9,250,000	\$ 2,811,556	\$ 454,835
2010	443,316	29,833	11,750,000	2,369,681	454,835
2011	457,989	15,159	11,925,000	1,798,306	454,835
2012			8,475,000	1,241,431	454,835
2013			16,600,000	825,500	265,322
Total Principal and Interest	\$ <u>1,330,419</u>	\$ <u>89,029</u>	\$ <u>58,000,000</u>	\$ <u>9,046,474</u>	\$ <u>2,084,662</u>

Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$4,016,112 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education  
 Paid to the Georgia Department of Community Health  
 For Health Insurance of Non-Certified Personnel  
 In the amount of \$3,991,824

Office of Treasury and Fiscal Services  
 Paid to the Public School Employees Retirement System  
 For Public School Employees Retirement (PSERS) Employer's Cost  
 In the amount of \$24,288

Note 11: SPECIAL ITEMS

In fiscal year 2008, the Coweta County Board of Education disposed of certain capital assets with a carrying value of \$70,009. The assets were properly removed from the capital asset records by the School District. The net loss of \$5,064 resulting from the disposal of the capital assets is reported as a special item on the Statement of Activities.

Note 12: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2008, together with funding available:

Note 12: SIGNIFICANT COMMITMENTS

<u>Project</u>	<u>Unearned Executed Contracts</u>	<u>Funding Available From State</u>
Moreland Elementary Renovation	\$ 471,934	\$ 227,292
East Coweta Middle School Renovation	29,613	1,107,745
Brooks Elementary School	<u>16,028,286</u>	<u>                    </u>
	<u>\$ 16,529,833</u>	<u>\$ 1,335,037</u>

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

Note 13: SIGNIFICANT CONTINGENT LIABILITIES

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

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

Note 14: POSTEMPLOYMENT BENEFITS

**Georgia Retiree Health Benefit Fund**

*Plan Description.* The School District contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan assigned to the Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

*Funding Policy.* The contribution requirements of plan members and participating employers are established and may be amended by the Board of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.



**Note 14: POSTEMPLOYMENT BENEFITS**

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established by the Board of Community Health. This contribution rate is established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2008, were as follows:

Teachers	18.534% of state-based salaries
Non-Certificated Employees	\$162.72 per month

The School District's contribution to the health insurance plans for the fiscal year ended June 30, 2008, was \$13,725,322, which equaled the required contribution.

**Note 15: RETIREMENT PLANS**

**TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

**TRS PLAN DESCRIPTION**

Substantially all teachers, administrative and clerical personnel employed by local school systems are covered by the Teachers Retirement System of Georgia (TRS), which is a cost-sharing multiple employer defined benefit pension plan. TRS provides service retirement, disability retirement and survivors benefits for its members in accordance with State statute. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

**TRS CONTRIBUTIONS REQUIRED AND MADE**

Employees of the School District who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. The School District makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. The required employer contribution rate is 9.28% and 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>
2008	100%	\$ 9,731,112
2007	100%	\$ 9,022,845
2006	100%	\$ 8,070,080

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COWETA COUNTY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2008

SCHEDULE "1"

	NONAPPROPRIATED BUDGETS		ACTUAL
	ORIGINAL (1)	FINAL	AMOUNTS
<b><u>REVENUES</u></b>			
Property Taxes	\$ 67,008,231	\$ 69,008,231	\$ 68,347,699
Sales Taxes	2,750,000	2,750,000	1,984,408
State Funds	93,266,495	99,930,788	96,697,469
Federal Funds	11,367,990	13,155,970	12,238,188
Charges for Services	5,178,779	5,178,779	7,243,665
Investment Earnings	804,800	804,800	1,155,141
Miscellaneous	322,271	7,315,101	1,991,127
Total Revenues	\$ 180,698,566	\$ 198,143,669	\$ 189,657,697
<b><u>EXPENDITURES</u></b>			
Current			
Instruction	\$ 123,148,164	\$ 135,716,259	\$ 120,539,587
Support Services			
Pupil Services	4,350,341	4,532,924	8,147,625
Improvement of Instructional Services	4,417,008	4,437,197	3,044,890
Educational Media Services	3,152,127	3,215,250	3,121,582
General Administration	1,000,713	1,169,470	842,831
School Administration	12,549,536	12,794,331	12,871,641
Business Administration	1,140,106	1,161,545	1,140,173
Maintenance and Operation of Plant	13,901,354	13,947,412	14,394,580
Student Transportation Services	7,841,829	8,230,382	8,256,099
Central Support Services	1,406,514	1,553,001	1,370,909
Other Support Services	293,511	527,530	962,006
Enterprise Operations		1,500,000	873,523
Community Services	1,678,779	1,706,254	1,246,254
Food Services Operation	7,808,754	7,808,754	8,192,486
Debt Service			567,999
Total Expenditures	\$ 182,688,736	\$ 198,300,309	\$ 185,572,185
Excess of Revenues over (under) Expenditures	\$ -1,990,170	\$ -156,640	\$ 4,085,512
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Other Sources	\$ 450,000	\$ 600,000	
Other Uses	-2,251,000	-6,401,000	\$ -3,005,754
Total Other Financing Sources (Uses)	\$ -1,801,000	\$ -5,801,000	\$ -3,005,754
Net Change in Fund Balances	\$ -3,791,170	\$ -5,957,640	\$ 1,079,758
Fund Balances - Beginning	20,595,811	20,595,811	22,105,683
Fund Balances - Ending	\$ 16,804,641	\$ 14,638,171	\$ 23,185,441

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

(1) Original Budget amounts do not include budgeted revenues or expenditures of the various principal accounts or revenues or expenditures for health insurance and retirement contributions paid on the School District's behalf.

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.

COWETA COUNTY BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2008

SCHEDULE "2"

<u>FUNDING AGENCY</u> <u>PROGRAM/GRANT</u>	<u>CFDA</u> <u>NUMBER</u>	<u>PASS- THROUGH</u> <u>ENTITY</u> <u>ID</u> <u>NUMBER</u>	<u>EXPENDITURES</u> <u>IN PERIOD</u>
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	\$ <u>7,150,851</u>
Total Child Nutrition Cluster			\$ 7,150,851
Other Programs			
Pass-Through From Georgia Department of Education			
Food Donation (1)	10.550	N/A	<u>576,086</u>
Total U. S. Department of Agriculture			\$ <u>7,726,937</u>
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	* 84.027	N/A	\$ 3,838,082
Preschool Grants	* 84.173	N/A	<u>132,144</u>
Total Special Education Cluster			\$ 3,970,226
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	150,117
English Language Acquisition Grants	84.365	N/A	52,093
Improving Teacher Quality State Grants	84.367	N/A	703,559
Safe and Drug-Free Schools and Communities	84.186	N/A	66,447
State Grants for Innovative Programs	84.298	N/A	27,059
Title I Grants to Local Educational Agencies	84.010	N/A	<u>2,798,839</u>
Total U. S. Department of Education			\$ <u>7,768,340</u>
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program			\$ 107,835
Department of the Marine Corps			
R.O.T.C. Program			<u>59,058</u>
Total U.S. Department of Defense			\$ <u>166,893</u>
Total Federal Financial Assistance			\$ <u><u>15,662,170</u></u>

N/A = Not Available

COWETA COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008

SCHEDULE "2"

Notes to the Schedule of Expenditures of Federal Awards

- (1) The amount shown for the Food Donation Program represents the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the School District during the current fiscal year.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$738,767) were not maintained separately and are included in the 2008 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 Coweta 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 basic financial statements.

COWETA COUNTY BOARD OF EDUCATION  
 SCHEDULE OF STATE REVENUE  
 YEAR ENDED JUNE 30, 2008

SCHEDULE "3"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
<b>GRANTS</b>			
Bright From the Start			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 2,387,815		\$ 2,387,815
<b>Education, Georgia Department of</b>			
<b>Quality Basic Education</b>			
<b>Direct Instructional Cost</b>			
Kindergarten Program	6,067,704		6,067,704
Kindergarten Program - Early Intervention Program	288,045		288,045
Primary Grades (1-3) Program	14,136,300		14,136,300
Primary Grades - Early Intervention (1-3) Program	906,682		906,682
Upper Elementary Grades (4-5) Program	7,125,971		7,125,971
Upper Elementary Grades - Early Intervention (4-5) Program	549,708		549,708
Middle School (6-8) Program	11,967,540		11,967,540
High School General Education (9-12) Program	11,009,727		11,009,727
Vocational Laboratory (9-12) Program	2,113,760		2,113,760
Students with Disabilities	13,083,992		13,083,992
Gifted Student - Category VI	2,836,549		2,836,549
Remedial Education Program	168,139		168,139
Alternative Education Program	931,527		931,527
English Speakers of Other Languages (ESOL)	454,820		454,820
Media Center Program	2,038,013		2,038,013
20 Days Additional Instruction	619,308		619,308
Staff and Professional Development	401,469		401,469
<b>Indirect Cost</b>			
Central Administration	2,076,076		2,076,076
School Administration	4,004,059		4,004,059
Facility Maintenance and Operations	5,201,126		5,201,126
<b>Categorical Grants</b>			
<b>Pupil Transportation</b>			
Regular	1,838,723		1,838,723
Bus Replacement	351,364		351,364
Nursing Services	364,051		364,051
Education Equalization Funding Grant	1,985,154		1,985,154
Food Services	458,408		458,408
Amended Formula Adjustment	-1,773,933		-1,773,933
<b>Other State Programs</b>			
Apprenticeship	42,592		42,592
Career Related Education Grant	10,000		10,000
Communities in Schools - Dropout Recovery and Prevention	26,412		26,412
Extended Day - Agriculture	7,163		7,163
Extended Day - Technology/Career	31,228		31,228
Extended Year - Agriculture	2,929		2,929
Health Insurance	3,991,824		3,991,824
High School Graduation Coach	147,100		147,100
Middle School Graduation Coach	252,576		252,576
Middle School Math Remediation and Intervention Grant	16,503		16,503
National Teacher Certification	140,794		140,794
Preschool Handicapped Program	377,309		377,309
Supervision	34,654		34,654
<b>Georgia State Financing and Investment</b>			
<b>Commission</b>			
Reimbursement on Construction Projects	\$ 1,185,722		\$ 1,185,722

COWETA COUNTY BOARD OF EDUCATION  
 SCHEDULE OF STATE REVENUE  
 YEAR ENDED JUNE 30, 2008

SCHEDULE "3"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
GRANTS			
Office of Treasury and Fiscal Services			
Public School Employees Retirement	\$ 24,288		\$ 24,288
	<u>\$ 96,697,469</u>	<u>\$ 1,185,722</u>	<u>\$ 97,883,191</u>

See notes to the basic financial statements.

COWETA COUNTY BOARD OF EDUCATION  
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
 YEAR ENDED JUNE 30, 2008

SCHEDULE "4"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>AMOUNT EXPENDED IN CURRENT YEAR (3) (4) (5)</u>	<u>AMOUNT EXPENDED IN PRIOR YEARS (3) (4) (5)</u>	<u>PROJECT STATUS</u>
The payment of all of the principal and interest due on the School District's Series 1992 Bonds, Series 1993 Bonds, and Series 1998 Bonds with the result that no additional ad valorem taxes will need to be collected in order to pay principal and interest on such bonds.	\$ 36,974,261	\$ 39,630,408	\$ 22,002,489	\$ 17,627,919	Completed
The construction and equipment of a new middle school and two new elementary schools; and renovation of, modification of, making of new additions to and equipping of the following schools or facilities: Arbor Springs Elementary School, Arnall Middle School, Arnco-Sargent Elementary School, Atkinson Elementary School, Cannongate Elementary School, Central Education Center, East Coweta High School, East Coweta Middle School, Eastside Elementary School, Elm Street Elementary School, O.P. Evans Middle School, Winston Dowdell Academy, Jefferson Parkway Elementary School, Madras Middle School, Maggie Brown Pre-K, Moreland Elementary School, Newnan Crossing Elementary School, Newnan High School, Northgate High School, Northgate Elementary School, Poplar Road Elementary School, Ruth Hill Elementary School, Smokey Road Middle School, Thomas Crossroads Elementary School, Western Elementary School, Westside Burwell, White Oak Elementary School and school on Willis Road; the acquisition of land for the foregoing purpose, the furnishing and equipping of the Fine Arts Center; the acquisition of additional transportation facilities and school buses; the acquisition, construction and equipping of additions at facilities system-wide; and the addition of new technology and modification to existing technology system-wide.	61,009,000	61,009,000	2,586,432	56,910,961	Ongoing
The payment of principal and interest on the School District's 2005 General Obligation Sales Tax Bonds in the aggregate principal amount of \$58,000,000. Also, the acquiring, constructing and equipping of three ninth grade academies, one middle school and an addition to Eastside Elementary School; the retirement of any public purpose master lease executed for renovating, adding to and improving any existing school buildings and facilities; renovating, adding to and improving existing school buildings and facilities; providing additional technology; providing additional buses; acquisition, construction and equipping all facilities and additions thereto system-wide; and acquiring land for future school projects; and capitalizing interest on bonds through July 1, 2007.	<u>130,000,000</u>	<u>130,000,000</u>	<u>11,115,290</u>	<u>41,711,166</u>	Ongoing
	<u>\$ 227,983,261</u>	<u>\$ 230,639,408</u>	<u>\$ 35,704,211</u>	<u>\$ 116,250,046</u>	



COWETA COUNTY BOARD OF EDUCATION  
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
YEAR ENDED JUNE 30, 2008

SCHEDULE "4"

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Coweta County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	\$ 4,842,750
Current Year	<u>212,500</u>
Total	\$ <u>5,055,250</u>

- (5) The Series 1993 Bonds were retired through the sale of series 2002 Refunding Bond Issue. The School District will utilize the SPLOST proceeds budgeted for this project, plus any excess SPLOST proceeds to retire the Series 2002 Refunding Bond Issue.

See notes to the basic financial statements.

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COWETA COUNTY BOARD OF EDUCATION  
 GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)  
 ALLOTMENTS AND EXPENDITURES - BY PROGRAM  
 YEAR ENDED JUNE 30, 2008

SCHEDULE "5"

<u>DESCRIPTION</u>	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
<b>Direct Instructional Programs</b>				
Kindergarten Program	\$ 7,356,867	\$ 7,762,771	\$ 130,374	\$ 7,893,145
Kindergarten Program-Early Intervention Program	358,748	79,625	1,560	81,185
Primary Grades (1-3) Program	17,062,614	16,803,218	561,823	17,365,041
Primary Grades-Early Intervention (1-3) Program	1,074,110	1,574,032	4,480	1,578,512
Upper Elementary Grades (4-5) Program	8,514,260	9,781,456	373,262	10,154,718
Upper Elementary Grades-Early Intervention (4-5) Program	660,119	946,165	4,285	950,450
Middle School (6-8) Program	14,411,508	14,800,353	304,611	15,104,964
High School General Education (9-12) Program	13,198,411	16,758,235	940,587	17,698,822
Vocational Laboratory (9-12) Program	2,550,166	1,793,347	140,963	1,934,310
Students with Disabilities	15,976,787			
Category I		285,932	19,149	305,081
Category II		1,109,138	8,586	1,117,724
Category III		12,917,825	164,655	13,082,480
Category IV		457,396	26,180	483,576
Category V		1,032,202	15,887	1,048,089
Gifted Student - Category VI	3,429,441	3,328,576	29,784	3,358,360
Remedial Education Program	202,144	39,267		39,267
Alternative Education Program	1,119,646	412,696		412,696
English Speakers of Other Languages (ESOL)	538,901	872,424	25,029	897,453
<b>TOTAL DIRECT INSTRUCTIONAL PROGRAMS</b>	<b>\$ 86,453,722</b>	<b>\$ 90,754,658</b>	<b>\$ 2,751,215</b>	<b>\$ 93,505,873</b>
Media Center Program	2,455,881	2,753,411	261,693	3,015,104
Staff and Professional Development	488,315	331,100		331,100
<b>TOTAL QBE FORMULA FUNDS</b>	<b>\$ 89,397,918</b>	<b>\$ 93,839,169</b>	<b>\$ 3,012,908</b>	<b>\$ 96,852,077</b>

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

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

SECTION II  
COMPLIANCE AND INTERNAL CONTROL REPORTS



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 31, 2009

Honorable Sonny Perdue, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Coweta County Board of Education

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

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coweta County Board of Education as of and for the year ended June 30, 2008, which collectively comprise Coweta County Board of Education's basic financial statements and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coweta County Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coweta County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coweta County Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Coweta County Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted

accounting principles such that there is more than a remote likelihood that a misstatement of the Coweta County Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Coweta County Board of Education's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Coweta County Board of Education's internal control.

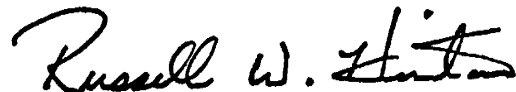
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

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

Respectfully submitted,



Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2008YB-10



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 31, 2009

Honorable Sonny Perdue, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Coweta County Board of Education

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

Ladies and Gentlemen:

Compliance

We have audited the compliance of Coweta County Board of Education with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. Coweta County Board of Education's major Federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Coweta County Board of Education's management. Our responsibility is to express an opinion on Coweta County Board of Education's compliance based on our audit.

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

circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coweta County Board of Education's compliance with those requirements.

In our opinion, the Coweta County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

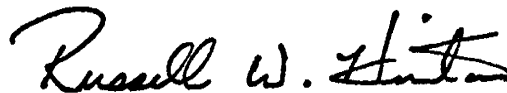
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.



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

Respectfully submitted,

A handwritten signature in black ink that reads "Russell W. Hinton". The signature is written in a cursive style with a large initial "R" and a distinct "H".

Russell W. Hinton, CPA, CGFM  
State Auditor

RWH:as  
2008SA-10

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

COWETA COUNTY BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>FINDING CONTROL NUMBER</u>	<u>AUDITEE'S RESPONSE/STATUS</u>	<u>SEE AUDITOR'S COMMENTS</u>
FA-6381-06-01	Unresolved	(1)

**AUDITOR'S COMMENTS**

- (1) Funding for the Hurricane Education Recovery program was a one year grant. Georgia Department of Education is reviewing this matter to determine if these funds were used properly or if a refund is appropriate.

SECTION IV  
FINDINGS AND QUESTIONED COSTS

COWETA COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

I SUMMARY OF AUDITOR'S RESULTS

1. Type of Report Issued on the Financial Statements

The auditor's opinion on the Coweta County Board of Education's financial statements was unqualified.

2. Significant Deficiencies in Internal Control Disclosed by the Audit of the Financial Statements

The audit report for the Coweta County Board of Education did not disclose any significant deficiencies related to the financial statements.

3. Noncompliance Material to the Financial Statements

The audit of the Coweta County Board of Education disclosed no instances of noncompliance that were deemed to be material to the financial statements.

4. Significant Deficiencies in Internal Control Over Major Programs

The audit report for the Coweta County Board of Education did not disclose any significant deficiencies in internal control over major programs.

5. Type of Report Issued on Compliance for Major Programs

The auditor's opinion on the Coweta County Board of Education's report on compliance with requirements applicable to major programs was unqualified.

6. Audit Findings Required to be Reported by Section .510(a) of OMB Circular A-133

The Coweta County Board of Education's audit did not disclose audit findings required to be reported by section .510(a) of OMB Circular A-133.

7. Major Programs

Federal awards audited as major programs are as follows:

84.027 Special Education - Grants to States  
84.173 Special Education - Preschool Grants

8. Type "A" Program Dollar Threshold

The dollar threshold for type "A" programs was \$469,865.

9. Low Risk Auditee

The Coweta County Board of Education qualified as a low risk auditee as defined by Section .530 of OMB Circular A-133.

COWETA COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.