



ATKINSON COUNTY BOARD OF EDUCATION PEARSON, GEORGIA

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015
(Including Independent Auditor's Reports)**



ATKINSON COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 26, 2015

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Atkinson County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through H), which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Atkinson County Board of Education, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2015, the Atkinson County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The School District restated beginning Net Position for the cumulative effect of these accounting changes. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Schedules of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through x and pages 29 through 33 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atkinson County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 5 through 8, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The

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Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015, on our consideration of the Atkinson County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atkinson County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:er
2015ARL-11

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

Introduction

The Atkinson County Board of Education's financial statements for the fiscal year ended June 30, 2015, includes a series of basic financial statements that report financial information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both a short-term and long-term view of the School District's finances. The fund financial statements provide information about all of the School District's funds. Information about these funds, such as the School District's General Fund, is important in its own right, but will also give insight into the School District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

On the District-wide financial statements:

- District-wide Net Position at June 30, 2014, was restated to \$10,675,127.00. It was decreased by \$12,933,888.00, due to the implementation GASB Statements 68 and 71.
- The District-wide Net Position at June 30, 2015 was \$11,319,596.00. Net position reflects the difference between all assets and deferred outflows of resources and all liabilities and deferred inflows of resources.
- The expense relating to governmental activities was \$17,543,260.00; \$12,792,103.00 of these expenses were offset by program specific charges for services, operating and capital grants and contributions. However, the general revenues (primarily property and sales taxes) of approximately \$5,395,626.00 provided additional funding of these expenses.

On the fund financial statements:

- The general fund ending fund balance at June 30, 2015 was \$4,194,925.00, with a net decrease of \$1,707,542.00, due to moving \$2,363,995.00 to assigned capital projects.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,958,200.00, or 24% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Atkinson County Board of Education's basic financial statements. The Board's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Board through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains the management's discussion and analysis (this section), required supplementary information and supplementary information that will enhance the reader's understanding of the financial condition of the Atkinson County Board of Education.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Board's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Board's financial status as a whole.

The two government-wide statements report the Board's Net Position and how it has changed. Net position is the difference between the Board's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Board's financial condition.

These statements are presented using the accrual basis of accounting, similar to the accounting used by most private-sector businesses. This basis of accounting includes all of the current year's revenues and expenditures regardless of when cash is received or paid.

The government-wide statements include most of the Board's basic services such as instruction, support services, operating and maintenance of plant, pupil transportation, school nutrition, administration and school activity accounts. Property taxes and state and federal grant funds finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Board's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Atkinson County Board of Education, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Board's budget policy. All of the funds of Atkinson County Board of Education can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Board's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Board's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

The Atkinson County Board of Education adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Board, the management of the Board, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Board to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Board complied with the budget policy and whether or not the Board succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Atkinson County Board of Education has one fiduciary fund, which is an agency fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information and other supplementary information concerning the Atkinson County Board of Education's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. Table 1 provides a summary of the School District's Net Position for the current and prior fiscal years.

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

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Assets		
Current and Other Assets	\$ 11,149,411	\$ 11,292,418
Capital Assets, Net	16,589,878	16,826,158
Total Assets	27,739,289	28,118,576
Deferred Outflows of Resources	1,322,146	0
Liabilities		
Current and Other Liabilities	2,248,725	2,509,561
Long-Term Liabilities	11,904,302	2,000,000
Total Liabilities	14,153,027	4,509,561
Deferred Inflows of Resources	3,588,812	0
Net Position		
Net Investment in Capital Assets	16,555,416	16,769,259
Restricted	867,299	462,006
Unrestricted	-6,103,119	6,377,750
Total Net Position	\$ 11,319,596	\$ 23,609,015

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

Governmental Activities

The total assets and deferred outflows of the Atkinson County Board of Education exceeded the total liabilities and deferred inflows by \$11,319,596.00 (net position) as of June 30, 2015. The net position decreased by \$12,289,419.00 for the fiscal year ended June 30, 2015, primarily due to the implementation of GASB statements 68 and 71. With the new reporting change of GASB 68 and 71, the Board is allocated its proportionate share of the Teachers' Retirement System's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plans, not by the Atkinson County Board of Education's management.

The largest portion of the net position is the investment in capital assets, net of related debt (e.g. land, buildings, and machinery) of \$16,555,416.00. The Atkinson County Board of Education uses these capital assets to provide services to the students; consequently, these assets are not available for future spending. An additional portion of the Board's Net Position is \$867,299.00 which represents resources that are subject to external restrictions on how they may be used. The remaining portion of the Board's net position is the unrestricted deficit balance of \$6,103,119.00. This deficit balance is due to the implementation of GASB Statements 68 and 71 this year, which decreased unrestricted net position by \$12,560,968.00.

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

Several particular aspects of the Board's financial operations positively influenced the total unrestricted governmental net position:

- Increased state revenues of approximately \$629,800.00 due to a reduction of the amended formula adjustment.
- The Board's ability to operate with no General Fund debt

Table 2 shows the changes in net position for the current and prior fiscal year.

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

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Revenues		
Program Revenues:		
Charges for Services	\$ 144,327	\$ 95,246
Operating Grants and Contributions	12,330,300	11,816,587
Capital Grants and Contributions	317,476	
Total Program Revenues	<u>12,792,103</u>	<u>11,911,833</u>
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	2,211,822	2,132,397
Other Taxes	5,235	4,828
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	687,822	666,209
Local Option Sales Tax	7,143	15,578
Grants and Contributions not		
Restricted to Specific Programs	2,130,304	2,136,430
Investment Earnings	35,260	32,563
Miscellaneous	318,040	283,233
Total General Revenues	<u>5,395,626</u>	<u>5,271,238</u>
Total Revenues	<u>18,187,729</u>	<u>17,183,071</u>
Program Expenses:		
Instruction	11,184,808	10,511,007
Support Services		
Pupil Services	378,088	356,844
Improvement of Instructional Services	499,499	502,945
Educational Media Services	329,646	326,540
General Administration	377,091	367,784
School Administration	1,001,337	1,048,563
Business Administration	183,599	291,976
Maintenance and Operation of Plant	1,255,687	1,197,354
Student Transportation Services	903,368	885,607
Central Support Services	42	
Other Support Services	124,840	127,456
Operations of Non-Instructional Services		
Food Services	1,275,593	1,169,994
Interest on Short-Term and Long-Term Debt	29,662	43,562
Total Expenses	<u>17,543,260</u>	<u>16,829,632</u>
Increase in Net Position	<u>\$ 644,469</u>	<u>\$ 353,439</u>

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

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

As reported in the changes in net position (Table 2), the Board's Net Position increased by \$644,469.00. The increase in net position was the result of a concerted effort to control costs and manage expenditures. The increase in the operating grants and contributions is primarily due to the increase in state revenues of \$629,800.00 due to a reduction in the amended formula adjustment. The Board's management acknowledges that 2015 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

The beginning Net Position has been restated to \$10,675,127.00, decreased by \$12,933,888.00 due to the implementation of GASB statements 68 and 71.

Financial Analysis of the School System's Funds

As noted earlier, the Atkinson County Board of Education uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The total governmental fund balance for 2015 is comprised of the following:

**Table 3
Governmental Funds
Fund Balance**

	Fiscal Year 2015		Fiscal Year 2014
General Fund	\$ 4,194,925	\$	5,902,467
Capital Projects Fund	4,516,842		2,698,553
Debt Service Fund	1,079		1,074
Total Fund Balances	\$ 8,712,846	\$	8,602,094

Governmental Funds

The focus of the Atkinson County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Atkinson County Board of Education's financing requirements.

The general fund is the chief operating fund of the Atkinson County Board of Education. At the end of the current fiscal year, Atkinson County Board of Education's fund balance in the General Fund was \$4,194,925.00 and the Capital Projects were \$4,516,842.00. The Governing Body of Atkinson County Board of Education has determined that the Board should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Board. The Board currently has an available fund balance of 24% of general fund expenditures, and total fund balance represents 25% of the same amount.

At June 30, 2015, the governmental funds of Atkinson County Board of Education reported a combined fund balance of \$8,712,846.00 with a net increase in fund balance of \$110,751.00.

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

General Fund Budgetary Highlights

Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

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

For the General Fund, the final budgeted revenues of \$16.6 million exceeded the original budgeted amount of \$16.3 million by \$0.3 million. The actual revenues of \$17.2 million were above the final budgeted amount by \$0.6 million.

The final budgeted expenditures of \$18.1 million exceeded the original budgeted amount of \$17.7 million by \$0.4 million. The actual expenditures of \$16.6 million were below the final budgeted amount by \$1.5 million.

General Fund revenues exceeded expenditures, contributing \$0.7 million to accumulated fund balance on hand. The School District has made a concerted effort to reduce expenditures as revenues decline, and this result is evidence of their work.

Capital Assets

At fiscal year ended June 30, 2015, the School District had \$16,589,878.00 invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal	Fiscal
	Year 2015	Year 2014
Land	\$ 611,420	\$ 611,420
Construction In Progress	145,978	400,103
Building and Improvements	14,064,010	14,007,770
Equipment	1,183,730	1,208,441
Land Improvements	584,740	598,424
Total	\$ 16,589,878	\$ 16,826,158

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

Major capital asset transactions during the year include the following:

- Construction in progress includes new HVAC units at Willacoochee Elementary School.
- Construction in progress includes the revocation of the Special Services.

Additional information on the Board's capital assets can be found in the Notes of the Basic Financial Statements.

Long-Term Liabilities

At June 30, 2015 the Atkinson County Board of Education reported a liability for its proportionate share of the net pension liability. Reporting this liability was required by GASB 68 and 71.

Debt

At June 30, 2015 the Atkinson County Board of Education had \$1,610,000.00 in bonds outstanding with \$395,000 due within one year. Table 5 represents the outstanding bond balances.

**Table 5
Debt at June 30**

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
General Obligation Bonds	\$ <u>1,610,000</u>	\$ <u>2,000,000</u>

Factors Bearing on the District's Future

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The District is financially stable. The School District's operating millage for fiscal year 2015 was 14.811, which produced approximately \$2.2 million. The District plans to fund additional capital outlays with the one percent local sales tax revenue.
- The School District is financially challenged by the State's continuing reduction of state revenue appropriations to local school districts.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Lessie Youngblood, Bookkeeper, Atkinson County School District, 98 East Roberts Avenue, Pearson, Georgia, 31642. You may also email your questions to Mrs. Youngblood at lyoungblood@atkinson.k12.ga.us

ATKINSON COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 5,118,082.17
Investments	4,026,720.58
Accounts Receivable, Net	
Interest	4,412.12
Taxes	386,313.27
State Government	1,243,918.00
Federal Government	342,310.92
Local	5,611.67
Other	256.49
Inventories	21,785.98
Capital Assets, Non-Depreciable	757,397.67
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>15,832,480.00</u>
 Total Assets	 <u>27,739,288.87</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	<u>1,322,146.13</u>
 <u>LIABILITIES</u>	
Accounts Payable	246,065.89
Salaries and Benefits Payable	1,761,239.82
Payroll Withholdings Payable	239,150.86
Interest Payable	2,268.75
Long-Term Liabilities	
Due Within One Year	395,000.00
Due in More Than One Year	1,215,000.00
Net Pension Liability	<u>10,294,302.00</u>
 Total Liabilities	 <u>14,153,027.32</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	<u>3,588,812.00</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	16,555,415.59
Restricted for	
Continuation of Federal Programs	173,787.26
Debt Service	406,343.75
Capital Projects	287,168.07
Unrestricted (Deficit)	<u>-6,103,118.99</u>
 Total Net Position	 \$ <u><u>11,319,595.68</u></u>

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

ATKINSON COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 11,184,807.93	\$ 78,988.50
Support Services		
Pupil Services	378,088.00	
Improvement of Instructional Services	499,499.44	
Educational Media Services	329,646.10	
General Administration	377,091.14	
School Administration	1,001,336.46	
Business Administration	183,599.06	
Maintenance and Operation of Plant	1,255,687.42	
Student Transportation Services	903,367.87	
Central Support Services	42.31	
Other Support Services	124,840.04	
Operations of Non-Instructional Services		
Food Services	1,275,592.45	65,338.00
Interest on Short-Term and Long-Term Debt	29,662.23	
	\$ 17,543,260.45	\$ 144,326.50
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Other Taxes		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Local Option Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year, Restated		
Net Position - End of Year		

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

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
\$ 8,853,081.39	\$ 200,896.00	\$ -2,051,842.04
45,314.25	1,639.24	-331,134.51
288,494.98		-211,004.46
208,583.00		-121,063.10
508,445.70	2,304.46	133,659.02
544,679.00		-456,657.46
		-183,599.06
487,704.46	5,517.90	-762,465.06
315,848.25	77,220.00	-510,299.62
		-42.31
54,880.58		-69,959.46
1,023,268.76	29,898.40	-157,087.29
		-29,662.23
<u>\$ 12,330,300.37</u>	<u>\$ 317,476.00</u>	<u>-4,751,157.58</u>
		2,211,822.00
		5,234.86
		687,822.52
		7,142.81
		2,130,304.00
		35,260.24
		318,039.97
		<u>5,395,626.40</u>
		644,468.82
		<u>10,675,126.86</u>
		<u>\$ 11,319,595.68</u>

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,662,929.43	\$ 454,074.07	\$ 1,078.67	\$ 5,118,082.17
Investments		4,026,720.58		4,026,720.58
Accounts Receivable, Net				
Interest		4,412.12		4,412.12
Taxes	328,781.82	57,531.45		386,313.27
State Government	1,243,918.00			1,243,918.00
Federal Government	342,310.92			342,310.92
Local	5,611.67			5,611.67
Other	256.49			256.49
Inventories	21,785.98			21,785.98
 Total Assets	 \$ 6,605,594.31	 \$ 4,542,738.22	 \$ 1,078.67	 \$ 11,149,411.20
 <u>LIABILITIES</u>				
Accounts Payable	\$ 220,169.93	\$ 25,895.96		\$ 246,065.89
Salaries and Benefits Payable	1,761,239.82			1,761,239.82
Payroll Withholdings Payable	239,150.86			239,150.86
 Total Liabilities	 2,220,560.61	 25,895.96		 2,246,456.57
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	190,109.04			190,109.04
 <u>FUND BALANCES</u>				
Nonspendable	21,785.98			21,785.98
Restricted	152,001.28	1,545,743.72	\$ 1,078.67	1,698,823.67
Assigned	62,937.82	2,971,098.54		3,034,036.36
Unassigned	3,958,199.58			3,958,199.58
 Total Fund Balances	 4,194,924.66	 4,516,842.26	 1,078.67	 8,712,845.59
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 6,605,594.31	 \$ 4,542,738.22	 \$ 1,078.67	 \$ 11,149,411.20

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

ATKINSON COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 8,712,845.59

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

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

Land	\$	611,420.00	
Construction in Progress		145,977.67	
Land Improvements		1,095,495.00	
Buildings and Improvements		18,406,838.00	
Equipment		2,881,786.00	
Accumulated Depreciation		-6,551,639.00	
Total Capital Assets		16,589,877.67	16,589,877.67

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

Net Pension Liability			-10,294,302.00
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Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

-2,266,665.87

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

Property Taxes			190,109.04
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Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These consist of:

Bonds Payable	\$	-1,610,000.00	
Accrued Interest Payable		-2,268.75	
Total Long-Term Liabilities		-1,612,268.75	-1,612,268.75

Net Position of Governmental Activities (Exhibit "A") \$ 11,319,595.68

ATKINSON COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT "E"

	<u>GENERAL FUND</u>	<u>DISTRICT-WIDE CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Property Taxes	\$ 2,210,467.44			\$ 2,210,467.44
Sales Taxes	7,142.81	\$ 687,822.52		694,965.33
State Funds	12,062,076.41	240,256.00		12,302,332.41
Federal Funds	2,493,602.32			2,493,602.32
Charges for Services	144,326.50			144,326.50
Investment Earnings		35,257.16	\$ 3.08	35,260.24
Miscellaneous	318,038.05	1.92		318,039.97
Total Revenues	<u>17,235,653.53</u>	<u>963,337.60</u>	<u>3.08</u>	<u>18,198,994.21</u>
<u>EXPENDITURES</u>				
Current				
Instruction	10,428,233.77	444,854.86		10,873,088.63
Support Services				
Pupil Services	380,170.17	1,620.38		381,790.55
Improvement of Instructional Services	504,049.07			504,049.07
Educational Media Services	338,894.52			338,894.52
General Administration	356,722.67	104,488.82		461,211.49
School Administration	1,031,617.58			1,031,617.58
Business Administration	186,084.92		721.25	186,806.17
Maintenance and Operation of Plant	1,175,836.74	152,872.34		1,328,709.08
Student Transportation Services	862,467.57	27,242.32		889,709.89
Central Support Services	42.31			42.31
Other Support Services	128,030.70			128,030.70
Food Services Operation	1,187,050.70	1,719.00		1,188,769.70
Capital Outlay		355,373.17		355,373.17
Debt Services				
Principal			390,000.00	390,000.00
Interest			30,150.00	30,150.00
Total Expenditures	<u>16,579,200.72</u>	<u>1,088,170.89</u>	<u>420,871.25</u>	<u>18,088,242.86</u>
Excess of Revenues over (under) Expenditures	<u>656,452.81</u>	<u>-124,833.29</u>	<u>-420,868.17</u>	<u>110,751.35</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In		2,363,995.00	420,873.14	2,784,868.14
Transfers Out	-2,363,995.00	-420,873.14		-2,784,868.14
Total Other Financing Sources (Uses)	<u>-2,363,995.00</u>	<u>1,943,121.86</u>	<u>420,873.14</u>	<u>0.00</u>
Net Change in Fund Balances	-1,707,542.19	1,818,288.57	4.97	110,751.35
Fund Balances - Beginning	<u>5,902,466.85</u>	<u>2,698,553.69</u>	<u>1,073.70</u>	<u>8,602,094.24</u>
Fund Balances - Ending	<u>\$ 4,194,924.66</u>	<u>\$ 4,516,842.26</u>	<u>\$ 1,078.67</u>	<u>\$ 8,712,845.59</u>

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

ATKINSON COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2015

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ 110,751.35

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	\$	465,089.15	
Depreciation Expense		<u>-701,369.00</u>	
Excess of Capital Outlay over Depreciation Expense			-236,279.85

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 6,589.42

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

Bond Principal Retirements	390,000.00
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. The net adjustments consist of:

Accrued Interest	\$	487.77	
Pension Expense		<u>372,920.13</u>	
Total Additional Expenditures			<u>373,407.90</u>

Change in Net Position of Governmental Activities (Exhibit "B") \$ 644,468.82

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

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

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>62,937.82</u>
 <u>LIABILITIES</u>	
Funds Held for Others	\$ <u>62,937.82</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 Atkinson County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

District-wide Statements:

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

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

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

Fund Financial Statements:

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt 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 are reported as other financing sources.

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

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2015, the School District made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, net position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of \$12,933,888.00. This change is in accordance with generally accepted accounting principles.

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

EXHIBIT "H"

Net Position, July 1, 2014, as previously reported	\$	23,609,014.86
Prior Period adjustment - Implementation of GASB 68:		
Net Pension Liability (measurement date)		
TRS		-13,954,715.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS		1,020,827.00
Net Position, July 1, 2014, as restated	\$	10,675,126.86

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

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

The School District does not have a formal policy regarding investment policies that address credit 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 Atkinson County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on August 19, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 20, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The Atkinson County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to \$2,049,604.87.

The tax millage rate levied for the 2014 tax year (calendar year) for the Atkinson County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations

14.811 mills

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

EXHIBIT "H"

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$155,627.71 during fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$687,822.52 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:

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 25,000.00	20 to 80 years
Buildings and Improvements	\$ 25,000.00	up to 80 years
Equipment	\$ 10,000.00	5 to 50 years
Intangible Assets	\$ 100,000.00	10 to 20 years

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School District has reported deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 13 – Retirement Plans.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 13 – Retirement Plans. This item is reported only in the District-wide Statement of Net Position. Additionally, the School District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reporting only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and this amount is deferred and will be recognized as an inflow of resources in the period in which the amount becomes available.

GENERAL OBLIGATION BONDS

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

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

PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS/PSERS's fiduciary net position have been determined on the same basis as they are reported by TRS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 13 - Retirement Plans.

NET POSITION

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

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

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

EXHIBIT "H"

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

Unrestricted Net Position - Unrestricted Net Position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension Liability of \$10,294,302.00 which is required for financial reporting.

FUND BALANCES

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

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

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

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

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

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

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

Nonspendable						
Inventories				\$		21,785.98
Restricted						
Continuation of Federal Programs	\$	152,001.28				
Capital Projects		1,138,209.89				
Debt Service		408,612.50			1,698,823.67	
Assigned						
Local Capital Outlay Projects	\$	2,971,098.54				
School Activity Accounts		62,937.82			3,034,036.36	
Unassigned						3,958,199.58
Fund Balance, June 30, 2015				\$		8,712,845.59

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

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

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

See Schedule 4 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. Section 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance.

Acceptable security for deposits consists of any one of or any combination of the following:

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2015, the School District had deposits with a carrying amount of \$8,521,017.90 which includes \$3,339,997.91 in Certificates of Deposit that are reported as Investments, and a bank balance of \$8,790,060.80. The bank balances insured by Federal depository insurance were \$553,921.23, and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were \$8,236,139.57.

CATEGORIZATION OF INVESTMENTS

At June 30, 2015, the carrying value of the School District's total investments was \$4,026,720.58. This includes \$3,339,997.91 invested in Certificates of Deposit, which are collateralized in the same manner as other cash deposits. The \$686,722.67 remainder of investments consisted entirely of funds invested in the Georgia Fund 1 (local government investment pool) administered by the State of Georgia, Office of the State Treasurer is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at <http://www.audits.ga.gov/SGD/cafr.html>.

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

NOTE 5: NON-MONETARY TRANSACTIONS

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

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NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 611,420.00			\$ 611,420.00
Construction in Progress	400,102.52	\$ 96,643.87	\$ 350,768.72	145,977.67
Total Capital Assets, Not Being Depreciated	1,011,522.52	96,643.87	350,768.72	757,397.67
Capital Assets, Being Depreciated:				
Buildings and Improvements	17,861,144.00	545,694.00		18,406,838.00
Equipment	2,754,286.00	137,499.00	9,999.00	2,881,786.00
Land Improvements	1,059,474.00	36,021.00		1,095,495.00
Less Accumulated Depreciation for:				
Buildings and Improvements	3,853,374.00	489,454.00		4,342,828.00
Equipment	1,545,845.00	162,210.00	9,999.00	1,698,056.00
Land Improvements	461,050.00	49,705.00		510,755.00
Total Capital Assets, Being Depreciated, Net	15,814,635.00	17,845.00	0.00	15,832,480.00
Governmental Activity Capital Assets - Net	\$ 16,826,157.52	\$ 114,488.87	\$ 350,768.72	\$ 16,589,877.67

Current year depreciation expense by function is as follows:

Instruction		\$ 494,807.00
Support Services		
Pupil Services	\$ 4,040.00	
General Administration	5,675.00	
Maintenance and Operation of Plant	13,587.00	
Student Transportation Services	109,615.00	132,917.00
Food Services		73,645.00
		\$ 701,369.00

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NOTE 7: INTERFUND TRANSFERS

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

<u>Transfers to</u>	Transfers From	
	General Fund	District-wide Capital Projects
District-wide Capital Projects	\$ 2,363,995.00	
Debt Service Fund		\$ 420,873.14
Total	\$ 2,363,995.00	\$ 420,873.14

Transfers are used to move property tax revenues collected by the General Fund to the District-Wwide Capital Projects Fund as supplemental funding source for capital construction projects, and move sales tax revenues collected by the District-wide Capital Projects Fund to the Debt Service Fund for debt repayments.

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 participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage. Additional coverage is provided through agreements by the system with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the system varies by line of coverage.

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2014	\$ 0.00	\$ 330.00	\$ 330.00	\$ 0.00
2015	\$ 0.00	\$ 5,521.00	\$ 5,521.00	\$ 0.00

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The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general worker's compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers liability claim with Safety National providing additional Employers Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

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

Position Covered	Amount
Superintendent	\$ 50,000.00

NOTE 9: LONG-TERM LIABILITIES

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2013	1.50% - 2.25%	\$ <u>1,610,000.00</u>

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

	Governmental Activities				
	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
	G.O. Bonds	\$ <u>2,000,000.00</u>	\$ <u>0.00</u>	\$ <u>390,000.00</u>	\$ <u>1,610,000.00</u>

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

Fiscal Year Ended June 30:	General Obligation Debt	
	Principal	Interest
2016	\$ 395,000.00	\$ 24,262.50
2017	400,000.00	18,300.00
2018	405,000.00	12,262.50
2019	410,000.00	4,612.50
Total Principal and Interest	\$ <u>1,610,000.00</u>	\$ <u>59,437.50</u>

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$31,877.36 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education

Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of \$6,106.36

Office of the State Treasurer

Paid to the Public School Employees' Retirement System
For Public School Employees' Retirement (PSERS) Employer's Cost
In the amount of \$25,771.00

Funds paid on behalf of the School District are reported in governmental funds. See Note 13 - Retirement Plans for the State support related to the Net Pension Liability.

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

NOTE 12: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

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

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

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

July 1, 2014 - June 30, 2015 \$945.00 per member per month

For non-certificated school personnel:

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

No additional contribution was required by the Board for fiscal year 2015 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 1,754,621.13
2014	100%	\$ 1,711,959.99
2013	100%	\$ 1,611,607.99

NOTE 13: RETIREMENT PLANS

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

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 1,129,931.44
2014	100%	\$ 1,026,401.11
2013	100%	\$ 928,523.41

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

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

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

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

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

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

At June 30, 2015, the School District reported a liability of \$10,294,302.00 for its proportionate share of the Net Pension Liability for TRS.

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

School District's proportionate share of the net pension liability	\$	10,294,302.00
State of Georgia's proportionate share of the net pension liability associated with the School District		56,599.00
Total	\$	10,350,901.00

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

At June 30, 2014, the School District's TRS proportion was 0.081483%, which was an increase of 0.001398% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is \$113,822.00.

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

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For the year ended June 30, 2015, the School District recognized pension expense of \$750,737.00 for TRS and \$9,885.00 for PSERS. Revenue of \$4,138.00 for TRS and \$9,885.00 for PSERS. The revenue is support provided by the State of Georgia.

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$ 3,588,812.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	\$ 198,489.00	
School District contributions subsequent to the measurement date	1,123,657.13	
Total	\$ 1,322,146.13	\$ 3,588,812.00

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

Year Ended June 30:	TRS
2016	\$ -852,092.00
2017	\$ -852,092.00
2018	\$ -852,092.00
2019	\$ -852,092.00
2020	\$ 18,045.00

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

Teachers' Retirement System:

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

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

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

Public School Employees' Retirement System

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	3.00%
Domestic large stocks	39.70%	6.50%
Domestic mid stocks	3.70%	10.00%
Domestic small stocks	1.60%	13.00%
International developed market stocks	18.90%	6.50%
International emerging market stocks	6.10%	11.00%
Total	100.00%	

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

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

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

Teachers' Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 18,971,018.00	\$ 10,294,302.00	\$ 3,149,207.00

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

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

SCHEDULE "1"

	2015
School District's proportion of the Net Pension Liability	0.081483%
School District's proportionate share of the Net Pension Liability	\$ 10,294,302.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	56,599.00
Total	10,350,901.00
School District's covered-employee payroll	\$ 8,358,315.23
School District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	123.16%
Plan fiduciary net position as a percentage of the total pension liability	84.03%

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,129,931.44	\$ 1,026,401.11	\$ 928,523.41
Contributions in relation to the contractually required contribution	\$ <u>1,129,931.44</u>	\$ <u>1,026,401.11</u>	\$ <u>928,523.41</u>
Contribution deficiency (excess)	\$ 0.00	\$ 0.00	\$ 0.00
School District's covered-employee payroll	\$ 8,592,634.52	\$ 8,358,315.23	\$ 8,137,803.77
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 846,252.27	\$ 858,360.82	\$ 830,780.51	\$ 798,086.83	\$ 764,400.65	\$ 724,610.00	\$ 661,370.00
<u>\$ 846,252.27</u>	<u>\$ 858,360.82</u>	<u>\$ 830,780.51</u>	<u>\$ 798,086.83</u>	<u>\$ 764,400.65</u>	<u>\$ 724,610.00</u>	<u>\$ 661,370.00</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
\$ 8,232,025.97	\$ 8,349,813.42	\$ 8,529,574.02	\$ 8,600,073.60	\$ 8,237,075.97	\$ 7,808,297.41	\$ 7,157,683.98
10.28%	10.28%	9.74%	9.28%	9.28%	9.28%	9.24%

Teachers' Retirement System

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

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

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

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

SCHEDULE "4"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 1,982,134.00	\$ 1,982,134.00	\$ 2,210,467.44	\$ 228,333.44
Sales Taxes			7,142.81	7,142.81
State Funds	11,915,721.00	11,948,843.72	12,062,076.41	113,232.69
Federal Funds	2,268,261.00	2,512,545.00	2,493,602.32	-18,942.68
Charges for Services	43,161.00	43,161.00	144,326.50	101,165.50
Investment Earnings	20,175.00	20,175.00		-20,175.00
Miscellaneous	52,000.00	52,000.00	318,038.05	266,038.05
Total Revenues	16,281,452.00	16,558,858.72	17,235,653.53	676,794.81
EXPENDITURES				
Current				
Instruction	11,278,986.00	11,561,605.51	10,428,233.77	1,133,371.74
Support Services				
Pupil Services	347,039.00	347,326.00	380,170.17	-32,844.17
Improvement of Instructional Services	624,961.00	580,981.11	504,049.07	76,932.04
Educational Media Services	305,628.00	305,628.00	338,894.52	-33,266.52
General Administration	396,721.00	417,002.00	356,722.67	60,279.33
School Administration	1,067,743.00	1,060,696.00	1,031,617.58	29,078.42
Business Administration	253,534.00	253,534.00	186,084.92	67,449.08
Maintenance and Operation of Plant	1,236,183.00	1,236,183.00	1,175,836.74	60,346.26
Student Transportation Services	961,355.00	981,581.00	862,467.57	119,113.43
Central Support Services			42.31	-42.31
Other Support Services	132,112.00	170,943.00	128,030.70	42,912.30
Food Services Operation	1,060,092.00	1,160,092.00	1,187,050.70	-26,958.70
Total Expenditures	17,664,354.00	18,075,571.62	16,579,200.72	1,496,370.90
Excess of Revenues over (under) Expenditures	-1,382,902.00	-1,516,712.90	656,452.81	2,173,165.71
OTHER FINANCING USES				
Other Uses			-2,363,995.00	-2,363,995.00
Net Change in Fund Balances	-1,382,902.00	-1,516,712.90	-1,707,542.19	-190,829.29
Fund Balances - Beginning	5,902,466.85	5,902,466.85	5,902,466.85	0.00
Adjustments	20,463.81	-3,479.23		3,479.23
Fund Balances - Ending	\$ 4,540,028.66	\$ 4,382,274.72	\$ 4,194,924.66	\$ -187,350.06

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts. The principal accounts had actual revenues of \$187,866.91 and actual expenditures of \$167,074.33.

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.

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

SCHEDULE "5"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	* 10.553	N/A	(2)
National School Lunch Program	* 10.555	N/A	\$ 1,141,739.99 (1)
Total Child Nutrition Cluster			1,141,739.99
Other Programs			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
Child and Adult Care Food Program	10.558	N/A	5,603.75
Total U. S. Department of Agriculture			1,147,343.74
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	N/A	350,044.71
Preschool Grants	84.173	N/A	18,235.00
Total Special Education Cluster			368,279.71
Other Programs			
Direct			
Pass-Through From Georgia Department of Education			
ARRA - Race-to-the-Top Incentive Grants	84.395	N/A	9,600.00
Career and Technical Education - Basic Grants to States	84.048	N/A	20,237.00
English Language Acquisition Grants	84.365	N/A	21,174.22
Improving Teacher Quality State Grants	84.367	N/A	95,181.65
Migrant Education - State Grant Program	84.011	N/A	84,509.05
Rural Education	84.358	N/A	33,310.00
Title I Grants to Local Educational Agencies	* 84.010	N/A	871,542.00
Total Other Programs			1,135,553.92
Total U. S. Department of Education			1,503,833.63
Total Expenditures of Federal Awards			\$ 2,651,177.37

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

- (1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of \$60,537.08.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$234,632.70) were not maintained separately and are included in the 2015 National School Lunch Program.

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

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

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Atkinson County Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

ATKINSON COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2015

SCHEDULE "6"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 465,716.77		\$ 465,716.77
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	442,202.00		442,202.00
Kindergarten Program - Early Intervention Program	364,073.00		364,073.00
Primary Grades (1-3) Program	921,713.00		921,713.00
Primary Grades - Early Intervention (1-3) Program	716,650.00		716,650.00
Upper Elementary Grades (4-5) Program	397,570.00		397,570.00
Upper Elementary Grades - Early Intervention (4-5) Program	419,099.00		419,099.00
Middle Grades (6-8) Program	1,171,121.00		1,171,121.00
High School General Education (9-12) Program	738,438.00		738,438.00
Vocational Laboratory (9-12) Program	343,793.00		343,793.00
Students with Disabilities	1,659,227.00		1,659,227.00
Gifted Student - Category VI	145,205.00		145,205.00
Special Education Supplemental Speech	7,390.00		7,390.00
Remedial Education Program	275,887.00		275,887.00
Alternative Education Program	74,513.00		74,513.00
English Speakers of Other Languages (ESOL)	253,394.00		253,394.00
Media Center Program	195,208.00		195,208.00
20 Days Additional Instruction	58,980.00		58,980.00
Staff and Professional Development	37,228.00		37,228.00
Principal Staff and Professional Development	1,251.00		1,251.00
Indirect Cost			
Central Administration	385,908.00		385,908.00
School Administration	509,807.00		509,807.00
Facility Maintenance and Operations	453,828.00		453,828.00
Categorical Grants			
Pupil Transportation			
Regular	248,077.00		248,077.00
Sparsity	83,089.00		83,089.00
Nursing Services	45,000.00		45,000.00
Mid-term Adjustment Hold-Harmless	248,479.00		248,479.00
Education Equalization Funding Grant	2,130,304.00		2,130,304.00
Food Services	28,625.00		28,625.00
Vocational Education	5,625.00		5,625.00
Amended Formula Adjustment	-889,943.00		-889,943.00
Other State Programs			
Math and Science Supplements	1,925.28		1,925.28
Pupil Transportation - State Bonds	77,220.00		77,220.00
Teacher of the Year	507.00		507.00
Teachers' Retirement	6,106.36		6,106.36
Technology Infrastructure	6,555.00		6,555.00
Vocational Supervisors	6,534.00		6,534.00
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		\$ 240,256.00	240,256.00
Office of the State Treasurer			
Public School Employees' Retirement	25,771.00		25,771.00
	<u>\$ 12,062,076.41</u>	<u>\$ 240,256.00</u>	<u>\$ 12,302,332.41</u>

See notes to the basic financial statements.

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

SCHEDULE "7"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
<u>2014 - 2019 SPLOST</u>							
(i) improvements to Willacoochee Elementary School, including renovations to HVAC system and lighting,	\$ 545,694.00	\$ 536,495.65	\$ 253,440.38	\$ 283,055.27	\$ 536,495.65	\$ 0.00	Completed
(ii) renovations to Atkinson County Middle/High and Pearson Elementary School, including new flooring in the media centers,	12,000.00	12,000.00		844.19			6/30/2017
(iii) construction and improvements to athletic facilities, including construction of an indoor facility at the baseball/softball field, additional concrete added around concessions, ventilation and air in concessions, and apply proper drainage and surface to soccer/football field,	700,000.00	700,000.00	27,146.23	8,047.46			6/30/2017
(iv) technology upgrades and supplies, and	650,000.00	650,000.00	382,757.61				6/30/2017
(v) adding to, remodeling, renovating, improving, and equipping existing educational buildings, properties, and facilities of the School District and acquiring any necessary real or personal property, therefor, including the acquisition of school buses, cafeteria equipment, maintenance vehicles and equipment, and textbooks and other instructional materials	2,592,306.00	2,592,306.00	424,826.67	6,632.56			6/30/2017
Total	\$ 4,500,000.00	\$ 4,490,801.65	\$ 1,088,170.89	\$ 298,579.48	\$ 536,495.65	\$ 0.00	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Atkinson 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	\$ 67,313.53
Current Year	<u>30,150.00</u>
Total	\$ <u>97,463.53</u>

See notes to the basic financial statements.

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

SCHEDULE "8"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 462,957.00	\$ 533,878.55	\$ 5,507.02	\$ 539,385.57
Kindergarten Program-Early Intervention Program	390,809.00	129,681.55	26.00	129,707.55
Primary Grades (1-3) Program	975,167.00	1,845,472.09	47,645.60	1,893,117.69
Primary Grades-Early Intervention (1-3) Program	775,818.00	343,543.60	45.00	343,588.60
Upper Elementary Grades (4-5) Program	419,328.00	819,604.54	1,131.26	820,735.80
Upper Elementary Grades-Early Intervention (4-5) Program	464,376.00	58,163.29		58,163.29
Middle Grades (6-8) Program			424.87	424.87
Middle School (6-8) Program	1,243,646.00	1,179,387.23	32,171.95	1,211,559.18
High School General Education (9-12) Program	795,103.00	1,273,148.67	36,897.17	1,310,045.84
Vocational Laboratory (9-12) Program	370,952.00	267,171.57	21,950.29	289,121.86
Students with Disabilities	1,805,608.00			
Category II		201,110.69		201,110.69
Category III		854,614.51		854,614.51
Category IV		9,720.45		9,720.45
Category V		90,826.37		90,826.37
Gifted Student - Category VI	158,062.00		548.19	548.19
Remedial Education Program	292,807.00	230,074.47		230,074.47
Alternative Education Program	79,277.00	80,442.95		80,442.95
English Speakers of Other Languages (ESOL)	266,538.00	220,766.57	1,480.00	222,246.57
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	8,500,448.00	8,137,607.10	147,827.35	8,285,434.45
Media Center Program	208,474.00	304,573.73	19,070.79	323,644.52
Staff and Professional Development	39,772.00	7,321.91	35,596.84	42,918.75
TOTAL QBE FORMULA FUNDS	\$ 8,748,694.00	\$ 8,449,502.74	\$ 202,494.98	\$ 8,651,997.72

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

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

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 26, 2015

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

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

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Atkinson County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Atkinson County Board of Education's basic financial statements and have issued our report thereon dated March 26, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Atkinson County Board of Education in a separate letter dated March 26, 2015.

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:er
2015YB-10

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 26, 2015

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

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

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited Atkinson County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Atkinson County Board of Education's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Atkinson County Board of Education's compliance.

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Atkinson County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Atkinson County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Atkinson County Board of Education's internal control over compliance.

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-6021-13-01	Previously Reported Corrective Action Implemented
FS 2014-001	Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV
FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue: Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information	Unmodified
Internal control over financial reporting:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major programs: All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No
Identification of major programs:	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.