



# **CARROLL COUNTY BOARD OF EDUCATION CARROLLTON, GEORGIA**

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



CARROLL COUNTY BOARD OF EDUCATION

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SECTION I  
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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

November 21, 2016

Honorable Nathan Deal, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Carroll 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 Carroll County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through I), which collectively comprise the Board's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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



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preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the *effectiveness* of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the Carroll 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 Carroll 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 35 through 43 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 7 through 10, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the Carroll 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 Carroll County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

GSG:cb  
2015ARL-11

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

## INTRODUCTION

Our discussion and analysis of the Carroll County School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Comparative data is provided for fiscal year 2015 and fiscal year 2014. However, the comparative data for fiscal year 2014 does not reflect the effects of the restatement of July 1, 2014 net position. This restatement is related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* which were adopted by the School District for fiscal year 2015. The provisions of this statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement resulted in a restatement to beginning net position of \$109.6 million. This restatement is based on actuarial estimates and information is not available for the fiscal year 2014 comparative balances. See the Notes to the Financial Statements for more information about the restatement of July 1, 2014 net position.

## FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 are as follows:

- In total, net position decreased \$98.1, million which represents a 50.1 percent decrease from 2014. This total decrease was due to governmental activities since the District has no business type activities and is related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* which were adopted by the School District for fiscal year 2015.
- The School District had \$134.81 million in expenses relating to governmental activities compared to \$135.22 million last year. The slight reduction in overall expenses from last year was impacted by all functions of expense. The significant areas of change were an increase to instruction expense and a decrease to food service expense with the remaining functions comprising the balance. For this year \$88.1 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$58.18 million were adequate to provide for these programs. Overall, our total expenses were reduced about \$401 thousand year over year, allowing us to reduce the net expense to the local taxpayers by \$4.85 million. Our net position increased \$11.5 million from this time last year, mainly caused by an increase in QBE funding.
- As stated above, general revenues accounted for \$58.18 million or 39.7% of all revenues totaling \$146.3 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.

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

## USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Carroll County School District as a financial whole, or as an entire operating entity. Each statement type is explained below:

### *District-wide Financials*

The District-wide financial statements include the *Statement of Net Position* and *Statement of Activities*. These statements provide information about the activities of the School District presenting both *short-term* and *long-term* information about the School District's overall financial status. The District-wide financial statements are basically a consolidation of all of the District's operating funds into one total called *governmental activities*. In reviewing the District-wide financial statements, a reader might ask the question, "How did we do financially in 2015?" The Statement of Net Position and the Statement of Activities provides the basis for answering this question. These financial statements include all the District's *assets*, *deferred outflows*, *deferred inflows* and *liabilities* and uses the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

### *Fund Financial Statements*

The fund financial reports focus on individual parts of the School District, reporting the School District's operation in more detail. The Governmental Fund financial statements reflect the School District's most significant funds. In the case of the Carroll County School District, the General Fund, District-wide Capital Projects Funds, and Debt Service Funds are the most significant funds.

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

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

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

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

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

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

By far the largest portion of the District's net position, reflect its investment in capital assets (e.g., land and improvements, building and building improvements, vehicles, furniture, equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



CARROLL 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)
<b>Assets</b>		
Current and Other Assets	\$ 46,382,742	\$ 46,641,804
Capital Assets, Net	238,870,227	240,879,222
<b>Total Assets</b>	<b>285,252,969</b>	<b>287,521,026</b>
<b>Deferred Outflow of Resources</b>	<b>9,171,932</b>	<b>0</b>
<b>Liabilities</b>		
Current and Other Liabilities	15,914,948	26,007,128
Long-Term Liabilities	65,866,021	65,516,185
Net Pension Liability	83,452,216	0
<b>Total Liabilities</b>	<b>165,233,185</b>	<b>91,523,313</b>
<b>Deferred Inflow of Resources</b>	<b>31,313,538</b>	<b>0</b>
<b>Net Position</b>		
Net Investment in Capital Assets	183,243,981	175,302,580
Restricted	6,708,563	8,548,151
Unrestricted	-92,074,366	12,146,982
<b>Total Net Position</b>	<b>\$ 97,878,178</b>	<b>\$ 195,997,713</b>

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

Total net position decreased \$98.1 million in fiscal year 2015. This decrease is primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* which were adopted by the School District for fiscal year 2015.

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

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

**Table 2**  
**Change in Net Position**

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$ 2,640,512	\$ 2,451,378
Operating Grants and Contributions	84,019,905	77,682,035
Capital Grants and Contributions	1,458,647	3,530,343
Total Program Revenues	88,119,064	83,663,756
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	33,199,183	34,038,772
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services	12,040,924	11,640,141
Intangible Recording Tax	870,756	816,271
Grants and Contributions not		
Restricted to Specific Programs	8,620,215	7,583,617
Investment Earnings	19,635	92,041
Miscellaneous	3,427,016	3,079,975
Total General Revenues and Special Items	58,177,729	57,250,817
Total Revenues	146,296,793	140,914,573
<b>Program Expenses</b>		
Instruction	85,782,200	84,863,482
Support Services		
Pupil Services	3,682,740	3,854,642
Improvement of Instructional Services	3,203,455	3,050,829
Educational Media Services	2,163,362	2,264,601
General Administration	1,531,232	1,764,242
School Administration	8,575,205	8,761,627
Business Administration	778,483	827,756
Maintenance and Operation of Plant	8,989,655	8,776,856
Student Transportation Services	7,983,097	7,627,047
Central Support Services	635,731	617,890
Other Support Services	317,000	353,010
Operations of Non-Instructional Services		
Community Services	436,009	384,816
Food Services	8,507,554	9,395,718
Interest on Short-Term and Long-Term Debt	2,229,604	2,673,807
Total Expenses	134,815,327	135,216,323
Change in Net Position	\$ 11,481,466	\$ 5,698,250

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

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

### Governmental Activities

Governmental program expenses are comprised of the following: Instruction 63.6 percent, Support Services 28.1 percent and Operations of Non Instructional Services and Interest 8.3 percent. Table 3 shows a year to year comparison, for governmental activities, the total cost of services and the net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs) of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2015	Fiscal Year 2014 (1)	Fiscal Year 2015	Fiscal Year 2014 (1)
Instruction	\$ 85,782,200	84,863,482	\$ 24,179,582	26,711,099
Support Services				
Pupil Services	3,682,740	3,854,642	2,732,950	3,023,274
Improvement of Instructional Service	3,203,455	3,050,829	1,007,154	848,117
Educational Media Services	2,163,362	2,264,601	387,725	332,369
General Administration	1,531,232	1,764,242	-460,636	-194,199
School Administration	8,575,205	8,761,627	4,732,105	4,930,428
Business Administration	778,483	827,756	768,332	738,865
Maintenance and Operation of Plant	8,989,655	8,776,856	4,703,815	4,393,500
Student Transportation Services	7,983,097	7,627,047	5,182,821	5,902,976
Central Support Services	635,731	617,890	632,641	612,238
Other Support Services	317,000	353,010	203,868	236,369
Operations of Non-Instructional Services				
Community Services	436,009	384,816	-1,797	4,134
Food Services	8,507,554	9,395,718	398,099	1,339,590
Interest on Short-Term and Long-Term	2,229,604	2,673,807	2,229,604	2,673,807
Total Expenses	\$ <u>134,815,327</u>	\$ <u>135,216,323</u>	\$ <u>46,696,263</u>	\$ <u>51,552,567</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.

Although program revenues make up a majority of the revenues, the District is still dependent upon tax revenues for governmental activities. Taxes and other general revenues support 28.2 percent of instructional activities; for all governmental activities general revenue support is 34.6 percent.

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

## **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

### **Governmental Funds**

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year. The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of \$148.0 million and total expenditures and other financing uses of \$146.5 million. General Fund balance increased by \$1.6 million during the year. The increase to general fund was primarily from a midterm QBE funding increase due to enrollment growth. The Capital Projects Fund balance decreased by \$0.8 million, resulting in fund balance at June 30, 2015 of \$9.8 million, which will be used in the continuing construction/renovation of school facilities.

### **General Fund Budgeting Highlights**

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

During the course of fiscal year 2015, the School District amended its general fund budget as needed in particular due to student growth and facility safety needs.

For the General Fund, the actual revenues of \$134.2 million were over the final budgeted amounts of \$130.7 million by \$3.5 million. This difference (actual vs. final budget) was due to an increase in state funding of \$2.0 million from a state midterm QBE adjustment due to enrollment growth and on behalf payments not budgeted; delay in federal funding of \$2.27 million caused from a difference in federal fiscal year start dates differing from our fiscal year; and not budgeting other revenue of \$3.7 million from principals' accounts.

The actual expenditures of \$132.6 million were over the final budgeted amount of \$130.1 million by \$2.5 million. Most of this variance is due to increased expenses associated with enrollment growth, staffing requirements and facility needs.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At fiscal year ended June 30, 2015, the School District had \$238.9 million invested in capital assets, all in governmental activities. Table 4 reflects a summary of these balances net of accumulated depreciation from fiscal year 2014 to fiscal year 2015.

**Table 4**  
**Capital Assets**  
**(Net of Depreciation)**

	Governmental Activities	
	Fiscal	Fiscal
	Year 2015	Year 2014
Land	\$ 9,438,347	\$ 8,688,574
Construction In Progress	158,614	12,911,552
Land Improvements	9,949,857	7,335,962
Building and Improvements	214,314,221	207,214,501
Equipment	4,853,163	4,468,590
Software	156,025	260,043
Total	<u>\$ 238,870,227</u>	<u>\$ 240,879,222</u>

Due to the ongoing needs in the county, the School District has numerous construction projects including new buildings, additions and renovations, resulting in an increase of our capital assets. We added \$9.7 million (net of depreciation) in building and land improvements during fiscal year 2015, which was funded from our SPLOST bond. This change is reflected above.

Construction in progress decreased primarily due to the completion of renovation/construction projects at Bowdon Elementary, Glanton-Hindsman Elementary, Temple Elementary and Villa Rica Elementary. Equipment increased primarily due to the purchase of buses in fiscal year 2015. Land Improvements increased due to the completion of paving projects and athletic facilities at Temple High and Mt. Zion High.

### Debt

At fiscal year ended June 30, 2015, the School District had \$63.7 million in bonds payable and premium, and \$2.1 million in other long-term debt. Table 5 summarizes the School District's debt which includes general obligation bonds and compensated absences outstanding. The reduction in bonds payable was due to a principal payment of our annual debt service requirements.

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

**Table 5**  
**Debt at June 30**

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
Bonds Payable	\$ 54,865,000	\$ 63,215,000
Unamortized Bond Premium	8,868,811	9,653,183
License Agreement	93,644	185,498
Capital Leases	1,509,738	1,667,082
Compensated Absences	528,828	546,306
Total	<u>\$ 65,866,021</u>	<u>\$ 75,267,069</u>

At June 30, 2015, the School Districts assigned bond rating was "Aa1" Enhanced as determined by Moody's Rating services.

## CURRENT ISSUES

Carroll County's economic outlook is showing signs of improvement through the summer of 2015. The overall rate of net population growth has remained relatively flat over the past few years, however, some new investment, economic growth and employment, and an improving tax base are significant factors for the county and the Carroll County School System's overall outlook. School System enrollment increased again slightly in 2015, but remained relatively steady as it has for the previous five-year period.

Community economic indicators continued to show significant uptrends in 2014 and into 2015. Residential digest values increased \$20.0 million from 2014 to 2015.

U.S. Census estimates placed Carroll County's population at 114,307 residents in 2015, up from 110,527 in 2010. Carroll's growth has remained consistent in recent years, and showed some signs of acceleration in recent years after a significant slowing following the national recession. Carroll County School System student enrollment increased once again during this period, with 14,635 students enrolled during the spring of 2015, compared with 14,523 enrolled during spring, 2014 and 14,332 students during the same time the year before. This remains consistent with School System projections – made in collaboration with local officials and consultants – of flat student enrollment as a result of lower local birth rates, lower rates of net county in-migration, and new home growth at higher price-points (less likely to be purchased by young families).

Economic Slowdown – State funding for education has been stagnant and as a result more pressure is being placed on the school districts to prioritize its educational programs and provide additional local funding. The current millage rate is 19.5 mills with a maximum of 20 mills. Currently, a mill of tax in Carroll County generates \$1.41 million. Despite these challenges, the Carroll County School District is strong financially and we remain optimistic about the ability of the School District to maximize all of the financial resources to provide a quality education to our students.

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

Capital Improvements – The School District plans capital improvements as future capital needs arise due to increased student population and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs.

**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. Susan Brandenburg, Accounting Manager for the Carroll County School System, 164 Independence Drive, Carrollton Georgia 30117. You may also email your questions to Mrs. Strickland at [delene.strickland@carrollcountyschools.com](mailto:delene.strickland@carrollcountyschools.com).

CARROLL COUNTY BOARD OF EDUCATION



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

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 31,608,520.67
Accounts Receivable, Net	
Interest	1,245.89
Taxes	2,764,626.12
State Government	9,295,151.46
Federal Government	2,299,347.12
Other	41,630.87
Inventories	202,793.12
Prepaid Items	169,427.18
Capital Assets, Non-Depreciable	9,596,961.41
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>229,273,265.88</u>
Total Assets	<u>285,252,969.72</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>9,171,931.93</u>
<u>LIABILITIES</u>	
Accounts Payable	695,834.24
Salaries and Benefits Payable	14,325,491.70
Interest Payable	679,737.50
Contracts Payable	213,884.65
Long-Term Liabilities	
Due Within One Year	10,723,977.00
Due in More Than One Year	55,142,043.96
Net Pension Liability	<u>83,452,216.00</u>
Total Liabilities	<u>165,233,185.05</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>31,313,538.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	183,243,981.32
Restricted for	
Continuation of Federal Programs	512,657.21
Debt Service	6,024,327.09
Capital Projects	171,579.21
Unrestricted (Deficit)	<u>-92,074,366.23</u>
Total Net Position	<u>\$ 97,878,178.60</u>

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

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

	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 85,782,199.57	\$ 748,351.02
Support Services		
Pupil Services	3,682,739.65	
Improvement of Instructional Services	3,203,455.18	
Educational Media Services	2,163,362.54	
General Administration	1,531,232.13	
School Administration	8,575,205.34	
Business Administration	778,483.31	
Maintenance and Operation of Plant	8,989,655.19	500.00
Student Transportation Services	7,983,097.10	
Central Support Services	635,730.56	
Other Support Services	317,000.09	
Operations of Non-Instructional Services		
Community Services	436,008.99	437,805.73
Food Services	8,507,553.92	1,453,855.87
Interest on Short-Term and Long-Term Debt	<u>2,229,603.68</u>	
Total Governmental Activities	<u>\$ 134,815,327.25</u>	<u>\$ 2,640,512.62</u>
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues and Special Item		
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	
\$ 60,612,640.58	\$ 241,625.62	\$	-24,179,582.35
949,789.84			-2,732,949.81
2,196,301.44			-1,007,153.74
1,761,123.49	14,513.74		-387,725.31
1,990,474.67	1,393.22		460,635.76
3,843,100.32			-4,732,105.02
4,124.47	6,026.36		-768,332.48
4,283,890.82	1,449.33		-4,703,815.04
1,641,976.31	1,158,300.00		-5,182,820.79
3,090.10			-632,640.46
113,131.83			-203,868.26
			1,796.74
6,620,261.27	35,338.33		-398,098.45
			-2,229,603.68
<u>\$ 84,019,905.14</u>	<u>\$ 1,458,646.60</u>		<u>-46,696,262.89</u>
			33,199,182.77
			12,040,924.22
			870,756.03
			8,620,215.00
			19,634.57
			<u>3,427,016.23</u>
			<u>58,177,728.82</u>
			11,481,465.93
			<u>86,396,712.67</u>
		\$	<u>97,878,178.60</u>

CARROLL 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	\$ 15,916,456.20	\$ 9,996,676.20	\$ 5,695,388.27	\$ 31,608,520.67
Accounts Receivable, Net				
Interest		1,206.93	38.96	1,245.89
Taxes	1,755,988.76		1,008,637.36	2,764,626.12
State Government	9,196,623.36	98,528.10		9,295,151.46
Federal Government	2,299,347.12			2,299,347.12
Other	41,630.87			41,630.87
Inventories	202,793.12			202,793.12
Prepaid Items	169,427.18			169,427.18
Total Assets	<u>\$ 29,582,266.61</u>	<u>\$ 10,096,411.23</u>	<u>\$ 6,704,064.59</u>	<u>\$ 46,382,742.43</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 695,834.24			\$ 695,834.24
Salaries and Benefits Payable	14,325,491.70			14,325,491.70
Contracts Payable		<u>\$ 213,884.65</u>		<u>213,884.65</u>
Total Liabilities	<u>15,021,325.94</u>	<u>213,884.65</u>		<u>15,235,210.59</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	1,057,834.98			1,057,834.98
Unavailable Revenue - GSFIC		<u>98,528.10</u>		<u>98,528.10</u>
Total Deferred Inflows of Resources	<u>1,057,834.98</u>	<u>98,528.10</u>		<u>1,156,363.08</u>
<u>FUND BALANCES</u>				
Nonspendable	372,220.30			372,220.30
Restricted	309,864.09	9,783,998.48	\$ 6,704,064.59	16,797,927.16
Unassigned	<u>12,821,021.30</u>			<u>12,821,021.30</u>
Total Fund Balances	<u>13,503,105.69</u>	<u>9,783,998.48</u>	<u>6,704,064.59</u>	<u>29,991,168.76</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,582,266.61</u>	<u>\$ 10,096,411.23</u>	<u>\$ 6,704,064.59</u>	<u>\$ 46,382,742.43</u>

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

CARROLL 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")	\$	29,991,168.76
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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	\$	9,438,346.91	
Construction in Progress		158,614.50	
Land Improvements		16,200,100.04	
Buildings		255,191,975.24	
Equipment		17,614,090.25	
Intangible Assets		416,070.00	
Accumulated Depreciation		<u>-60,148,969.65</u>	
Total Capital Assets			238,870,227.29

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		-83,452,216.00
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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.

-22,141,606.07

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

Property Taxes		1,057,834.98
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Georgia State Financing and Investment Commission grants that are not available to pay current period expenditures are deferred in the funds.

98,528.10

Some liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year-end consist of:

Bonds Payable		-54,865,000.00	
Accrued Interest Payable		-679,737.50	
Capital Leases Payable		-1,509,737.96	
Compensated Absences Payable		-528,827.62	
Bond Premiums, Net of Amortization		-8,868,811.00	
License Agreement		<u>-93,644.38</u>	
			<u>-66,545,758.46</u>

Net Position of Governmental Activities (Exhibit "A")	\$	<u><u>97,878,178.60</u></u>
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The notes to the basic financial statements are an integral part of this statement.

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 33,260,064.01			\$ 33,260,064.01
Sales Taxes	870,756.03		\$ 12,040,924.22	12,911,680.25
State Funds	79,145,271.12	\$ 1,676,298.50		80,821,569.62
Federal Funds	14,902,302.54			14,902,302.54
Charges for Services	2,640,512.62			2,640,512.62
Investment Earnings	366.56	18,557.15	710.86	19,634.57
Miscellaneous	3,377,016.23			3,377,016.23
Total Revenues	<u>134,196,289.11</u>	<u>1,694,855.65</u>	<u>12,041,635.08</u>	<u>147,932,779.84</u>
<u>EXPENDITURES</u>				
Current				
Instruction	84,410,099.54	416,272.56		84,826,372.10
Support Services				
Pupil Services	3,809,809.58			3,809,809.58
Improvement of Instructional Services	3,231,263.57			3,231,263.57
Educational Media Services	1,977,907.19			1,977,907.19
General Administration	1,588,158.51			1,588,158.51
School Administration	8,946,799.94			8,946,799.94
Business Administration	706,257.68			706,257.68
Maintenance and Operation of Plant	9,036,481.79	213,884.65		9,250,366.44
Student Transportation Services	8,730,867.04			8,730,867.04
Central Support Services	665,092.76			665,092.76
Other Support Services	317,361.22	6,750.00	84.67	324,195.89
Community Services	436,151.26			436,151.26
Food Services Operation	8,070,265.20			8,070,265.20
Capital Outlay	416,590.61	1,870,441.75		2,287,032.36
Debt Services				
Principal	249,197.98		8,350,000.00	8,599,197.98
Interest	47,713.18		3,048,700.00	3,096,413.18
Total Expenditures	<u>132,640,017.05</u>	<u>2,507,348.96</u>	<u>11,398,784.67</u>	<u>146,546,150.68</u>
Excess of Revenues (over/under) Expenditures	1,556,272.06	-812,493.31	642,850.41	1,386,629.16
<u>SPECIAL ITEM</u>				
Insurance Proceeds		50,000.00		50,000.00
Net Change in Fund Balances	1,556,272.06	-762,493.31	642,850.41	1,436,629.16
Fund Balances - Beginning	<u>11,946,833.63</u>	<u>10,546,491.79</u>	<u>6,061,214.18</u>	<u>28,554,539.60</u>
Fund Balances - Ending	<u>\$ 13,503,105.69</u>	<u>\$ 9,783,998.48</u>	<u>\$ 6,704,064.59</u>	<u>\$ 29,991,168.76</u>

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

CARROLL 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") \$ 1,436,629.16

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

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

Capital Outlay	\$ 4,444,972.67	
Depreciation Expense	-5,956,759.19	
Excess of Capital Outlay over Depreciation Expense		-1,511,786.52

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		-497,208.19
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Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	-60,881.24	
Georgia State Financing and Investment Commission	-1,375,951.75	-1,436,832.99

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	8,350,000.00	
Capital Lease Payments	157,344.04	
License Agreement	91,853.62	
Total Long-Term Debt Repayments		8,599,197.66

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 of these adjustments are:

Bond Premium Amortization	784,372.00	
Decrease in Compensated Absences	17,478.38	
Pension expense	4,007,178.93	
Change in accrued interest	82,437.50	
Total Additional Expenditures		4,891,466.81

Change in Net Position of Governmental Activities (Exhibit "B") \$ 11,481,465.93



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

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,285.14	\$ 464,120.30
Investments	<u>38,617.01</u>	<u>11,000.00</u>
Total Assets	<u>\$ 40,902.15</u>	<u>\$ 475,120.30</u>
<u>LIABILITIES</u>		
Funds Held for Others		<u>\$ 475,120.30</u>
<u>NET POSITION</u>		
Held in Trust for Private Purposes	<u>\$ 40,902.15</u>	

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

CARROLL COUNTY BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2015

EXHIBIT "H"

	<u>PRIVATE PURPOSE TRUST</u>
<u>ADDITIONS</u>	
Investment Earnings	
Interest	\$ <u>38.60</u>
<u>DEDUCTIONS</u>	
None Noted	<u>0</u>
Change in Net Position	38.60
Net Position - Beginning	<u>40,863.55</u>
Net Position - Ending	\$ <u><u>40,902.15</u></u>

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

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**NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**REPORTING ENTITY**

The Carroll 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 Carroll 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 non-exchange transactions.

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

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

**Fund Financial Statements:**

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

The School District reports the following major governmental funds:

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

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

EXHIBIT "I"

The School District reports the following fiduciary fund types:

- Private Purpose Trust fund reports trust arrangements under which principal is to be invested and preserved intact with resultant income to be used to assist University of West Georgia juniors and seniors who have committed to a career in education or to veteran teachers who are returning to school to upgrade their teaching credentials.
- Agency funds account for assets held by the School District as an agent for various funds, governments or individuals.

#### **BASIS OF ACCOUNTING**

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, 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 are 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 and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted resources 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 \$109,601,001.00. This change is in accordance with generally accepted accounting principles.

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

EXHIBIT "I"

Net Position, July 1, 2014, as previously reported		\$ 195,997,713.67
Prior Period adjustment - Implementation of GASB 68:		
Net pension liability (measurement date)		
TRS	\$ -117,537,786.00	
ERS	-339,976.00	-117,877,762.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS	\$ 8,264,197.00	
ERS	12,564.00	8,276,761.00
Net Position, July 1, 2014, as restated		\$ <u>86,396,712.67</u>

### NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

### CASH AND CASH EQUIVALENTS

#### Composition of Deposits

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

### INVESTMENTS

#### Composition of Investments

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning

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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 investments that addresses 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 Carroll County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on September 8, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 1, 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 Carroll County Tax Commissioner bills and collects the property taxes for the School District, withholds 1% 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 \$30,520,995.01.

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

School Operations	<u>19.50</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$2,739,069 during fiscal year ended June 30, 2015.

#### SALES TAXES

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$12,040,924.22 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

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## INVENTORIES

### Food Inventories

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

## PREPAID ITEMS

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

## CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 10,000	15 to 80 years
Buildings and Improvements	\$ 10,000	20 to 80 years
Equipment	\$ 10,000	3 to 50 years
Intangible Assets	\$ 100,000	15 to 20 years

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

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 15 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 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 15 – Retirement Plans.



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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 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 15 – Retirement Plans. This item is reported only in the District-wide Statement of Net Position. The School District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

### **COMPENSATED ABSENCES**

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

Vacation leave is awarded to all full time personnel employed on a twelve month basis, according to the following guidelines:

Classified Employees	10 days per year
Certified Employees with 0-5 years' experience in Carroll County	12 days per year
Certified Employees with 6-10 years' experience in Carroll County	15 days per year
Certified Employees with 11 plus years' experience in Carroll County	18 days per year

No other employees are eligible to earn vacation leave.

Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days for Classified Employees and 25 days for Certified Employees.

### **GENERAL OBLIGATION BONDS**

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

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

### **PENSIONS**

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), the Employees' Retirement System of Georgia (ERS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS, ERS and PSERS fiduciary net position have been determined on the same

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basis as they are reported by TRS, ERS and 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 15 - Retirement Plans.

### NET POSITION

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

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

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

**Unrestricted Net Position** - Unrestricted Net Position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reporting is the School District's Net Pension Liability of \$83,452,216.00 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.

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

Nonspendable			
Inventories	\$	202,793.12	
Prepaid Assets		<u>169,427.18</u>	\$ 372,220.30
Restricted			
Continuation of Federal Programs	\$	309,864.09	
Capital Projects		9,783,998.48	
Debt Service		<u>6,704,064.59</u>	16,797,927.16
Unassigned			<u>12,821,021.30</u>
Fund Balance, June 30, 2015			<u>\$ 29,991,168.76</u>

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the General Fund at fiscal year-end of not less than 12 - 14% of annual operating expenditures for the subsequent fiscal year budget, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

#### **USE OF ESTIMATES**

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

#### **NOTE 3: BUDGETARY DATA**

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

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

The Superintendent is authorized by the Board to approve adjustments of no more than 5 percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board no later than the next regular meeting of the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 5 percent of

the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

See Schedule 6 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

#### **NOTE 4: DEPOSITS**

##### **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 \$32,124,543.12, which includes \$49,617.01 in Certificates of Deposit that are reported as Investments, and a bank balance of \$37,236,492.38. The bank balances insured by Federal depository insurance were \$819,234.49, 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 \$954,039.35.

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

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

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

Custodial Credit Risk Category	Bank Balance
1	\$ 0.00
2	0.00
3	35,463,218.54
Total	<u>\$ 35,463,218.54</u>

**NOTE 5: NON-MONETARY TRANSACTIONS**

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

**NOTE 6: CAPITAL ASSETS**

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

	Balances July 1, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,688,574.00	\$ 1,147,348.49	\$ 397,575.58	\$ 9,438,346.91
Construction in Progress	12,911,552.00	1,752,011.13	14,504,948.63	158,614.50
Total Capital Assets, Not Being Depreciated	<u>21,600,126.00</u>	<u>2,899,359.62</u>	<u>14,902,524.21</u>	<u>9,596,961.41</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	244,011,969.00	11,393,006.24	213,000.00	255,191,975.24
Equipment	16,521,925.00	1,491,505.40	399,340.15	17,614,090.25
Land Improvements	13,034,050.00	3,166,050.04		16,200,100.04
Intangible Assets	416,070.00			416,070.00
Less Accumulated Depreciation:				
Buildings and Improvements	36,797,468.00	4,203,521.32	123,234.85	40,877,754.47
Equipment	12,053,335.00	1,097,065.14	389,472.69	12,760,927.45
Land Improvements	5,698,088.00	552,155.23		6,250,243.23
Intangible Assets	156,027.00	104,017.50		260,044.50
Total Capital Assets, Being Depreciated, Net	<u>219,279,096.00</u>	<u>10,093,802.49</u>	<u>99,632.61</u>	<u>229,273,265.88</u>
Governmental Activity Capital Assets - Net	<u>\$ 240,879,222.00</u>	<u>\$ 12,993,162.11</u>	<u>\$ 15,002,156.82</u>	<u>\$ 238,870,227.29</u>

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

	Governmental Funds
	<hr/>
Building Improvements	\$ 1,684,589.15
Software	416,070.00
Less: Accumulated Depreciation	<hr/> 414,752.94
	<hr/> \$ 1,685,906.21

Current year depreciation expense by function is as follows:

Instruction		\$ 4,171,780.19
Support Services		
Educational Media Services	\$ 250,054.85	
General Administration	24,047.49	
Business Administration	104,017.50	
Maintenance and Operation of Plant	25,015.95	
Student Transportation Services	<hr/> 772,652.90	1,175,788.69
Food Services		<hr/> 609,190.31
		<hr/> \$ 5,956,759.19

**NOTE 7: RISK MANAGEMENT**

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

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

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

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2014	\$ 0.00	\$ 189,455.00	\$ 189,455.00	\$ 0.00
2015	\$ 0.00	\$ 7,802.00	\$ 7,802.00	\$ 0.00

The School District participates in the Georgia School Boards Association Workers' Compensation Fund, a public entity risk pool organized on July 1, 1992, 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 Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to \$2 million. In addition to the \$550,000 per occurrence retention, the Fund also retains an additional \$200,000 per year corridor retention.

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

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

## **NOTE 8: LONG-TERM LIABILITIES**

### **CAPITAL LEASES**

The Carroll County Board of Education also entered into various lease agreements for software and energy improvements to buildings. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

### **COMPENSATED ABSENCES**

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

### **GENERAL OBLIGATION DEBT OUTSTANDING**

General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Series 2011	3% - 5%	\$ 54,865,000.00

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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	\$ 63,215,000.00		\$ 8,350,000.00	\$ 54,865,000.00	\$ 8,700,000.00
Capital Leases	1,667,082.00		157,344.04	1,509,737.96	161,710.15
Compensated Absences	546,306.00	\$ 357,087.99	374,566.37	528,827.62	444,398.47
License Agreement	185,498.00		91,853.62	93,644.38	93,644.38
Bond Premiums Amortized	9,653,183.00		784,372.00	8,868,811.00	1,324,224.00
	<u>\$ 75,267,069.00</u>	<u>\$ 357,087.99</u>	<u>\$ 9,758,136.03</u>	<u>\$ 65,866,020.96</u>	<u>\$ 10,723,977.00</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:	Capital Leases		License Agreement	
	Principal	Interest	Principal	Interest
2016	\$ 161,710.15	\$ 39,346.01	\$ 93,644.38	\$ 2,210.24
2017	166,197.07	34,859.09		
2018	170,808.50	30,247.66		
2019	175,547.88	25,508.28		
2020	180,418.75	20,637.41		
2021 - 2024	655,055.61	31,887.27		
	<u>1,509,737.96</u>	<u>182,485.72</u>	<u>93,644.38</u>	<u>2,210.24</u>
Total Principal and Interest	\$ 1,509,737.96	\$ 182,485.72	\$ 93,644.38	\$ 2,210.24

  

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond
	Principal	Interest	Premium
2016	\$ 8,700,000.00	\$ 2,718,950.00	\$ 1,324,224.00
2017	9,100,000.00	2,289,950.00	1,501,955.00
2018	9,565,000.00	1,834,950.00	1,505,037.00
2019	5,220,000.00	1,375,000.00	884,529.00
2020	5,345,000.00	1,114,000.00	898,922.10
2021 - 2023	16,935,000.00	1,709,750.00	2,754,143.90
	<u>54,865,000.00</u>	<u>11,042,600.00</u>	<u>8,868,811.00</u>
Total Principal and Interest	\$ 54,865,000.00	\$ 11,042,600.00	\$ 8,868,811.00



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**NOTE 9: ON-BEHALF PAYMENTS**

The School District has recognized revenues and costs in the amount of \$331,338.52 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 \$28,718.52

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 \$302,620.00

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

**NOTE 10: SPECIAL ITEM**

During fiscal year 2015, the School District received \$50,000 in insurance proceeds for water damage at the Bay Springs Middle School site that is reported as a Special Item for the District-wide Capital Projects Fund on the Statement of Revenues, Expenditures and Changes in Fund Balance.

**NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES**

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

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

**NOTE 12: RELATED PARTY TRANSACTIONS**

In 2011, the Carroll County Board of Education entered into a related party transaction with Mr. Aaron McWhorter, owner of Sports Turf Company regarding a construction contract to build multiple sports facilities throughout the School District. Mr. Scott Cowart is the Superintendent of the School District and the owner of Sports Turf is his cousin. The Board was aware of his relationship prior to the vote to approve the work. The Board voted to award Sports Turf the contract to build these facilities. During fiscal year 2015, the School District incurred expenses of \$655,097.57 to Sports Turf Company for construction services.

**NOTE 13: SUBSEQUENT EVENTS**

On November 3, 2015, voters approved a 1% SPLOST tax that will begin in 2018, once the current SPLOST in effect expires. The new SPLOST proceeds will be used to pay debt service on the 2011 Bonds and fund various capital projects.

On March 16, 2016, the School District issued \$17,945,000.00 of Series 2016 General Obligation Bonds. The net proceeds of \$19,200,000.00 (after payment of underwriting fees, insurance and other issuance cost) will be used for the purpose of acquiring, constructing and equipping school buildings and facilities, renovating existing facilities, and acquiring, installing, equipping system-wide technology and equipment and to cover interest expense associated with the carrying cost of issuance until the SPLOST tax collection begins in 2018. The School District has pledged its full faith and credit and taxing power to service the debt.

**NOTE 14: POST-EMPLOYMENT BENEFITS**

**GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND**

**Plan Description.** The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees 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% of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

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

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

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

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

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

EXHIBIT "I"

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2015	100%	\$ 12,942,126.00
2014	100%	\$ 11,674,386.00
2013	100%	\$ 12,805,544.00

**NOTE 15: RETIREMENT PLANS**

Carroll 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 a 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](http://www.trsga.com/publications).

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

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

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

EXHIBIT "I"

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 9,161,110.43
2014	100%	\$ 8,445,920.00
2013	100%	\$ 7,862,272.00

#### EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

EXHIBIT "I"

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 9,759.45
2014	100%	\$ 11,968.96
2013	100%	\$ 24,769.12

**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](http://www.ers.ga.gov/formspubs/formspubs).

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

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

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

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

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

At June 30, 2015, the School District reported a liability of \$83,452,216.00 for its proportionate share of the Net Pension Liability for TRS (\$83,338,835.00) and ERS (\$113,381.00).

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

EXHIBIT "I"

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	\$ 83,338,835.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	<u>341,109.00</u>
Total	<u>\$ 83,679,944.00</u>

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

At June 30, 2014, the School District's TRS proportion was 0.659656%, which was a decrease of 0.014884% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.003023%, which was a decrease of 0.003983% 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 \$850,673.00.

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

For the year ended June 30, 2015, the School District recognized pension expense of \$5,223,830.00 for TRS, \$(67,416.00) for ERS and \$73,876.00 for PSERS and revenue of \$(8,339.00) for TRS and \$73,876.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

EXHIBIT "I"

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$ 29,053,684.00		\$ 27,673.00
Changes in proportion and differences between School District contributions and proportionate share of contributions		2,113,239.00		118,942.00
School District contributions subsequent to the measurement date	\$ 9,161,110.43		\$ 10,821.50	
Total	\$ 9,161,110.43	\$ 31,166,923.00	\$ 10,821.50	\$ 146,615.00

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

Year Ended June 30:	TRS	ERS
2016	\$ -7,743,701.00	\$ -81,257.00
2017	\$ -7,743,701.00	\$ -51,521.00
2018	\$ -7,743,701.00	\$ -6,918.00
2019	\$ -7,743,708.00	\$ -6,919.00
2020	\$ -192,112.00	

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

**Teachers' Retirement System:**

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

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

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

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

EXHIBIT "I"

***Employees' Retirement System:***

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

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

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

***Public School Employees Retirement System***

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

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

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



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

EXHIBIT "I"

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

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

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

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

**Sensitivity of the Carroll 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	\$ 153,582,291.00	\$ 83,338,835.00	\$ 25,494,807.00

**Employees' Retirement System:**

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	\$ 165,332.00	\$ 113,381.00	\$ 69,159.00

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

EXHIBIT "I"

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

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

SCHEDULE "1"

	<u>2015</u>
School District's proportion of the net pension liability	0.659656%
School District's proportionate share of the net pension liability	\$ 83,338,835.00
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>341,109.00</u>
Total	\$ 83,679,944.00
School District's covered-employee payroll	\$ 68,777,850.16
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	121.17%
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 Carroll County Board of Education

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

SCHEDULE "2"

	<u>2015</u>
School District's proportion of the net pension liability	0.003023%
School District's proportionate share of the net pension liability	\$ 113,381.00
School District's covered-employee payroll	\$ 64,837.27
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	174.87%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

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

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CARROLL 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>	<u>2012</u>
Contractually required contribution	\$ 9,161,110.43	\$ 8,445,920.00	\$ 7,862,272.00	\$ 7,209,297.00
Contributions in relation to the contractually required contribution	\$ <u>9,161,110.43</u>	\$ <u>8,445,920.00</u>	\$ <u>7,862,272.00</u>	\$ <u>7,209,297.00</u>
Contribution deficiency (excess)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
School District's covered-employee payroll	\$ 69,666,239.01	\$ 68,777,850.16	\$ 68,906,853.64	\$ 70,129,348.25
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%	10.28%

Schedule includes all significant plans and funds administered by Carroll County Board of Education.

## SCHEDULE "3"

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 7,431,613.00	\$ 7,232,354.00	\$ 7,232,746.00	\$ 7,094,149.00	\$ 6,621,494.00	\$ 5,517,336.00
<u>\$ 7,431,613.00</u>	<u>\$ 7,232,354.00</u>	<u>\$ 7,232,746.00</u>	<u>\$ 7,094,149.00</u>	<u>\$ 6,621,494.00</u>	<u>\$ 5,517,336.00</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
\$ 72,291,955.25	\$ 74,254,147.84	\$ 77,939,073.28	\$ 76,445,571.12	\$ 71,352,306.03	\$ 59,711,428.57
10.28%	9.74%	9.28%	9.28%	9.28%	9.24%



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

	<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>
Contractually required contribution	\$ 9,759.45	\$	11,968.96	\$	24,769.12	\$	23,574.71
Contributions in relation to the contractually required contribution	\$ 9,759.45	\$	11,968.96	\$	24,769.12	\$	23,574.71
Contribution deficiency (excess)	\$ 0.00	\$	0.00	\$	0.00	\$	0.00
School District's covered-employee payroll	\$ 44,441.94	\$	64,837.27	\$	166,235.70	\$	202,706.02
Contributions as a percentage of covered-employee payroll	21.96%		18.46%		14.90%		11.63%

Schedule includes all significant plans and funds administered by Carroll County Board of Education.

## SCHEDULE "4"

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 21,314.77	\$ 22,458.50	\$ 23,669.41	\$ 22,760.44	\$ 20,406.20	\$ 22,813.80
<u>\$ 21,314.77</u>	<u>\$ 22,458.50</u>	<u>\$ 23,669.41</u>	<u>\$ 22,760.44</u>	<u>\$ 20,406.20</u>	<u>\$ 22,813.80</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
\$ 204,752.83	\$ 215,739.67	\$ 227,371.85	\$ 218,640.15	\$ 196,024.98	\$ 219,152.74
10.41%	10.41%	10.41%	10.41%	10.41%	10.41%

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

SCHEDULE "5"

**Teachers' Retirement System**

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

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

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

**Employees' Retirement System**

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

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

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

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

SCHEDULE "6"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	\$ 33,489,000.00	\$ 33,489,000.00	\$ 33,260,064.01	\$ -228,935.99
Sales Taxes	725,000.00	725,000.00	870,756.03	145,756.03
State Funds	72,499,658.97	77,136,445.42	79,145,271.12	2,008,825.70
Federal Funds	6,428,004.00	17,176,645.72	14,902,302.54	-2,274,343.18
Charges for Services	1,497,950.00	1,497,950.00	2,640,512.62	1,142,562.62
Investment Earnings			366.56	366.56
Miscellaneous	380,000.00	625,554.42	3,377,016.23	2,751,461.81
Total Revenues	115,019,612.97	130,650,595.56	134,196,289.11	3,545,693.55
EXPENDITURES				
Current				
Instruction	72,711,125.43	82,924,143.22	84,410,099.54	-1,485,956.32
Support Services				
Pupil Services	3,253,369.15	4,222,638.15	3,809,809.58	412,828.57
Improvement of Instructional Services	1,252,467.07	3,866,229.86	3,231,263.57	634,966.29
Educational Media Services	2,017,946.07	2,017,946.07	1,977,907.19	40,038.88
General Administration	754,707.03	821,599.03	1,588,158.51	-766,559.48
School Administration	8,875,713.13	8,875,713.13	8,946,799.94	-71,086.81
Business Administration	776,897.70	766,897.70	706,257.68	60,640.02
Maintenance and Operation of Plant	8,711,340.15	8,758,060.77	9,036,481.79	-278,421.02
Student Transportation Services	6,959,603.08	8,204,311.46	8,730,867.04	-526,555.58
Central Support Services	709,865.65	692,488.65	665,092.76	27,395.89
Other Support Services	264,000.00	390,612.01	317,361.22	73,250.79
Community Services			436,151.26	-436,151.26
Food Services Operation	8,167,918.67	8,167,918.67	8,070,265.20	97,653.47
Capital Outlay	55,000.00	432,377.00	416,590.61	15,786.39
Debt Service				
Principal			249,197.98	-249,197.98
Interest			47,713.18	-47,713.18
Total Expenditures	114,509,953.13	130,140,935.72	132,640,017.05	-2,499,081.33
Excess of Revenues over (under) Expenditures	509,659.84	509,659.84	1,556,272.06	1,046,612.22
OTHER FINANCING SOURCES (USES)				
Other Sources	180,000.00	180,000.00		-180,000.00
Other Uses	-897,363.00	-897,363.00		897,363.00
Total Other Financing Sources (Uses)	-717,363.00	-717,363.00		717,363.00
Net Change in Fund Balances	-207,703.16	-207,703.16	1,556,272.06	1,763,975.22
Fund Balances - Beginning	10,262,631.52	10,135,402.36	11,946,833.63	1,811,431.27
Adjustments		-2,891.84		-2,981.84
Fund Balances - Ending	\$ 10,054,928.36	\$ 9,924,807.36	\$ 13,503,105.69	\$ 3,572,424.65

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

- (1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts or the retirement contributions paid on the School District's behalf. The actual revenues and expenditures of the various principal accounts are \$3,118,084.28 respectively. The actual retirement contributions paid on the School District's behalf are \$331,338.52

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.

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

SCHEDULE "7"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	* 10.553	N/A	(2)
National School Lunch Program	* 10.555	N/A	\$ 7,700,293.56 (1)
Total Child Nutrition Cluster			\$ 7,700,293.56
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	N/A	48,400.00
Total U. S. Department of Agriculture			7,748,693.56
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	* 84.027	N/A	2,924,778.73
Preschool Grants	* 84.173	N/A	91,012.85
Total Special Education Cluster			3,015,791.58
Other Programs			
Direct			
Investing in Innovation	* 84.411		591,249.35
Pass-Through From Georgia Department of Education			
ARRA - Race-to-the-Top Incentive Grants	84.395	N/A	140,993.79
Career and Technical Education - Basic Grants to States	84.048	N/A	141,330.00
Education for Homeless Children and Youth	84.196	N/A	35,804.00
English Language Acquisition Grants	84.365	N/A	43,444.16
Improving Teacher Quality State Grants	* 84.367	N/A	614,870.71
Title I Grants to Local Educational Agencies	84.010	N/A	3,827,991.44
Total Other Programs			5,395,683.45
Total U. S. Department of Education			8,411,475.03
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program			56,069.33
Total Expenditures of Federal Awards			\$ 16,216,237.92

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 \$351,372.40
- (2) Expenditures for the funds earned on the School Breakfast Program (\$1,524,210.23) 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 Carroll 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.

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

SCHEDULE "8"

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	\$ 2,012,713.02		\$ 2,012,713.02
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	4,464,122.00		4,464,122.00
Kindergarten Program - Early Intervention Program	499,482.00		499,482.00
Primary Grades (1-3) Program	10,873,191.00		10,873,191.00
Primary Grades - Early Intervention (1-3) Program	1,328,632.00		1,328,632.00
Upper Elementary Grades (4-5) Program	4,450,964.00		4,450,964.00
Upper Elementary Grades - Early Intervention (4-5) Program	772,958.00		772,958.00
Middle Grades (6-8) Program	7,978,981.00		7,978,981.00
High School General Education (9-12) Program	7,445,752.00		7,445,752.00
Students with Disabilities	12,929,746.00		12,929,746.00
Gifted Student - Category VI	3,786,531.00		3,786,531.00
Remedial Education Program	613,883.00		613,883.00
Alternative Education Program	598,753.00		598,753.00
English Speakers of Other Languages (ESOL)	428,261.00		428,261.00
Media Center Program	1,543,204.00		1,543,204.00
20 Days Additional Instruction	453,958.00		453,958.00
Staff and Professional Development	289,962.00		289,962.00
Indirect Cost			
Central Administration	1,693,778.00		1,693,778.00
School Administration	3,347,479.00		3,347,479.00
Facility Maintenance and Operations	3,720,906.00		3,720,906.00
Amended Formula Adjustment	-6,235,358.00		-6,235,358.00
Categorical Grants			
Pupil Transportation			
Regular	1,519,671.00		1,519,671.00
Vocational Supervisors	26,136.00		26,136.00
Nursing Services	266,999.00		266,999.00
Education Equalization Grant Funding	8,620,215.00		8,620,215.00
Other State Programs			
Agriculture - Extended Day	27,273.00		27,273.00
Agriculture - Extended Year	24,911.00		24,911.00
Apprenticeship	37,890.00		37,890.00
Food Services	204,985.00		204,985.00
Math and Science Supplements	130,215.97		130,215.97
Preschool Handicapped Program	187,180.00		187,180.00
Pupil Transportation - State Bonds	1,158,300.00		1,158,300.00
Residential Treatment Centers Grant	562,674.00		562,674.00
Student Achievement Grant	4,932.88		4,932.88
Teacher of the Year	1,014.25		1,014.25
Teachers' Retirement	28,718.52		28,718.52
Technology/Career - Extended Day	80,623.00		80,623.00
Technology to Support Digital Learning Bonds	419,913.48		419,913.48
Vocational Education	2,430,601.00		2,430,601.00
Vocational Education - Extended Year	2,167.00		2,167.00
Vocational Industry Certification	5,000.00		5,000.00
Young Farmers	60,333.00		60,333.00
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		\$ 1,676,298.50	1,676,298.50
Office of State Treasurer			
Public School Employees Retirement	302,620.00		302,620.00
CONTRACT			
Human Resources, Georgia Department of			
Family Connection	45,000.00		45,000.00
	<u>\$ 79,145,271.12</u>	<u>\$ 1,676,298.50</u>	<u>\$ 80,821,569.62</u>

See notes to the basic financial statements.

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

SCHEDULE "9"

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
<b>SPLOST 11</b>							
BOWDON - Electrical and other renovations and improvements; renovations and improvements to Ava Sewell Gymnasium; baseball field and softball field improvements, including restrooms, concession area; new tennis courts with lights; new track with access improvements; new gymnasium Rebuild six classroom wings Technology equipment and upgrades; band, fine arts, and other equipment and improvements	\$ 3,955,870.00	\$ 5,287,369.00	\$ 127,401.00	\$ 5,159,968.00	\$ 5,287,369.00		Completed
CENTRAL - Gymnasium improvements, including HVAC system replacement and upgrades; stadium seating improvements; kitchens added and renovated; 12 classroom additions New band and chorus room addition; renovation and conversion of existing facilities for classrooms; electrical and other renovations and improvements; renovations and improvements to the gymnasium, including concession area and locker rooms Exterior improvements Enlarge dining rooms; front entrance redesign Technology equipment and upgrades; band, fine arts, and other equipment and improvements	7,531,931.00	7,474,810.00	0.00	7,474,810.00	7,474,810.00		Completed
MOUNT ZION - New football stadium, track, concession area, restrooms and visiting locker room; baseball field lights, concession area and restrooms; construction of a softball field and tennis courts with lights Football field enhancements; school kitchen renovations and improvements Technology equipment and upgrades; band, fine arts, and other equipment and improvements	1,996,200.00	3,034,207.00	0.00	3,034,207.00	3,034,207.00		Completed
TEMPLE - New gymnasiums with a multi-purpose facility; electrical and other renovations and improvements; renovate areas for band and chorus room; stadium enhancements, including lights, seating, fencing and other improvements; new baseball field and tennis courts with lights; band practice area and adjacent parking; parking lot on west side of school; new softball field with lights; new play area 4 classroom additions; HVAC system for gymnasium Improvements to front drive and parking Exterior improvements Technology equipment and upgrades; band, fine arts, and other equipment and improvements	9,925,794.00	9,698,461.00	\$ 34,002.00	9,664,459.00	9,698,461.00		Completed
VILLA RICA - New gymnasium with band room and 4 classrooms; Converted existing band room into chorus room and existing chorus room area into 3 classrooms; electrical and other renovations and improvements; expand cafeteria; football stadium improvements including lights, resurface track, restroom improvements and other modifications; new tennis courts with lights; parking lot on east side of school, west side entrance improvements with parking, new baseball and softball field with lights, concession area and restrooms HVAC system for gymnasiums; HVAC system replacement for school; gymnasium floor replacement Athletic field access improvements New gymnasiums, 2 classrooms and music room additions; front entrance, lobby, and administrative area additions and renovations with new front canopy and parking improvements; electrical and other renovations and improvements 4 classroom additions; 30 classroom and administrative area additions; 30 classroom additions New media center, art room, music room, and computer lab additions, convert old administrative area to 2 classrooms Technology equipment and upgrades; band, fine arts, and other equipment and improvements	25,118,801.00	25,408,183.00	478,019.00	23,482,389.00	23,960,408.00	\$ 1,447,775.00	Completed
ALTERNATIVE - Classroom addition, renovations and modifications to Southwest OCA Facility and new Northeast OCA Facility New performing arts center Technology equipment and upgrades; band, fine arts, and other equipment and improvements	17,072,140.00	18,235,585.00	235,801.00	783,630.00			7/1/2016
SYSTEM-WIDE - Replacing, purchasing, upgrading, or supplementing capital equipment to include but not limited to: school buses, tractors, trucks, furnishings, laboratory, physical education, athletic, band, fine arts, safety, security or other equipment; books and other instructional equipment; renovation and improvement to facilities and the acquisition of land and construction of new schools or facilities as needed	11,626,744.00	12,714,649.00	1,375,077.00	11,339,572.00			12/31/2017
<b>Total SPLOST 11</b>	<b>\$ 77,227,480.00</b>	<b>\$ 81,853,264.00</b>	<b>\$ 2,250,300.00</b>	<b>\$ 60,939,035.00</b>	<b>\$ 49,455,255.00</b>	<b>\$ 1,447,775.00</b>	

(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 Carroll 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) The prior year SPLOST schedule included \$838,346.00 in expenditures not related to the ongoing projects funded through the 1% local sales tax. The prior year expenditures have been revised to reflect actual expenditures of local sales tax receipts.

See notes to the basic financial statements.

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

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 5,185,660.00	\$ 5,130,800.26	\$ 28,069.57	\$ 5,158,869.83
Kindergarten Program-Early Intervention Program	522,852.00	106,661.52	1,760.30	108,421.82
Primary Grades (1-3) Program	12,387,401.00	12,119,017.74	128,839.93	12,247,857.67
Primary Grades-Early Intervention (1-3) Program	1,429,758.00	923,740.50	4,380.37	928,120.87
Upper Elementary Grades (4-5) Program	5,156,380.00	6,720,352.05	573,409.54	7,293,761.59
Upper Elementary Grades-Early Intervention (4-5) Program	825,711.00	809,794.85	3,248.51	813,043.36
Middle School (6-8) Program	9,141,553.00	9,223,705.17	316,460.99	9,540,166.16
High School General Education (9-12) Program	8,495,462.00	9,491,474.15	459,146.91	9,950,621.06
Vocational Laboratory (9-12) Program	2,773,462.00	2,130,231.17	149,272.48	2,279,503.65
Students with Disabilities	14,646,078.00			
Category I			5,606.47	5,606.47
Category II		542,927.20	1,851.59	544,778.79
Category III		9,237,257.75	145,632.54	9,382,890.29
Category IV		820,518.23	29,535.67	850,053.90
Category V		1,151,543.93	37,217.82	1,188,761.75
Gifted Student - Category VI	4,233,138.00	3,441,554.05	37,078.28	3,478,632.33
Remedial Education Program	720,930.00	567,923.77	2,520.23	570,444.00
Alternative Education Program	683,048.00	556,047.02	2,908.57	558,955.59
English Speakers of Other Languages (ESOL)	480,015.00	456,422.32	12,968.97	469,391.29
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	66,681,448.00	63,429,971.68	1,939,908.74	65,369,880.42
Media Center Program	1,760,897.00	1,855,363.08	108,509.11	1,963,872.19
Staff and Professional Development	323,438.00	299.66	44,101.00	44,400.66
TOTAL QBE FORMULA FUNDS	\$ 68,765,783.00	\$ 65,285,634.42	\$ 2,092,518.85	\$ 67,378,153.27

(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

November 21, 2016

Honorable Nathan Deal, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Carroll 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 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 Carroll 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 Carroll County Board of Education's basic financial statements and have issued our report thereon dated November 21, 2016.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

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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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items FS 2015-001 and FS 2015-002 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carroll 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 Carroll County Board of Education in a separate letter dated November 21, 2016.

### **Carroll County Board of Education's Response to Findings**

Carroll County Board of Education's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Carroll County Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

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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

November 21, 2016

Honorable Nathan Deal, Governor  
Members of the General Assembly  
Members of the State Board of Education  
and  
Superintendent and Members of the  
Carroll 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 Carroll 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. Carroll 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 Carroll 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 Carroll County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



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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 Carroll County Board of Education's compliance.

#### ***Basis for Qualified Opinion on Special Education Cluster***

As described in the accompanying Schedule of Findings and Questioned Costs, Carroll County Board of Education did not comply with requirements regarding Special Education Cluster as described in item FA 2015-001 for Allowable Cost/Cost Principles. Compliance with such requirements is necessary, in our opinion, for Carroll County Board of Education to comply with requirements applicable to that program.

#### ***Qualified Opinion on Special Education Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Carroll 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 Special Education Cluster for the year ended June 30, 2015.

#### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Carroll 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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

#### ***Other Matters***

Carroll County Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Carroll County Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### ***Report on Internal Control over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item FA 2015-001 to be a material weakness.

Carroll County Board of Education's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Carroll County Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin  
State Auditor

GSG:cb  
2015SA-65

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### SECTION III

#### AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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CARROLL 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**

FS2014-001                      Unresolved - See Corrective Action/Responses

**CORRECTIVE ACTION/RESPONSES**

**FINANCIAL REPORTING**

Inadequate Controls over Financial Reporting

Finding Control Number: FS- 2014-001

The Chief Financial Officer (CFO) will work more closely with the accounting manager and independent accountant. The School District will implement better review procedures that will include a comprehensive overview with our accountant and accounting department before submitting our compiled financials to the Department of Audits and Accounts. The School District will also continue improving the use of our new accounting software program, and transitioning to less manual data management. The CFO and accounting manager will review the posting procedures annually to monitor for future changes, helping reduce the reclassification issues.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>FINDING CONTROL NUMBER</u>	<u>AUDITEE'S RESPONSE/STATUS</u>	<u>SEE AUDITOR'S COMMENTS</u>
FA2014-002	Unresolved - See Corrective Action/Responses	
FA2014-003	Previously Reported Corrective Action Implemented	(1)

**AUDITOR'S COMMENTS**

- (1) Findings/internal control deficiencies of this nature, that are not deemed significant deficiencies or material weaknesses and do not require reporting in the audit report in accordance with Office of Management and Budget (OMB) Circular A-133, will be communicated in a management letter.

**CORRECTIVE ACTION/RESPONSES**

**ALLOWABLE COST/COST PRINCIPLES**

Insufficient Time and Effort Support

Finding Control Number: FS2014-002

The School District is moving away from split funding employees where possible. The CFO and payroll department will work more closely with the directors of all federal funds and programs to ensure proper procedures and documentation are in place to meet all federal guidelines related to the time and effort support.



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## SECTION IV

### FINDINGS AND QUESTIONED COSTS

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CARROLL 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 weaknesses identified?
- Significant deficiency identified?

Yes

None Reported

Noncompliance material to financial statements noted:

No

**Federal Awards**

Internal Control over major programs:

- Material weaknesses identified?
- Significant deficiency identified?

Yes

None Reported

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

Unmodified for all major programs except for Special Education Cluster, which was qualified.

Any audit findings disclosed that are required to be reported in  
accordance with OMB Circular A-133, Section 510(a)?

Yes

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10.553, 10.555  
84.027, 84.173  
84.367  
84.411

Child Nutrition Cluster  
Special Education Cluster  
Improving Teacher Quality State Grants  
Investing in Innovation

Dollar threshold used to distinguish between Type A and Type B programs:

\$486,487.14

Auditee qualified as low-risk auditee?

No

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

## II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS2015-001	<u>Inadequate Internal Controls over Financial Reporting</u>
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2014-001

### Description:

The School District did not have adequate internal controls in place over the financial statement reporting process.

### Criteria:

Management is responsible for having adequate controls over the preparation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The School District's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Chapter 22A, *Annual Financial Reporting of the Financial Management for Georgia Local Units of Administration* provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

### Condition:

The following errors and omissions were noted in the School District's financial statements presented for audit:

- A material audit adjustment was proposed and accepted by the School District in the Capital Projects Fund to record Capital Outlay expenditures and State Revenues of \$884,002.56.
- A material audit adjustment was proposed and accepted by the School District in the Capital Projects Fund to remove Deferred Revenue and State Receivable of \$283,728.00 for invalid receivables.
- Misclassifications of expenditures by function were noted for the Capital Projects Fund totaling \$416,272.56. An audit adjustment was proposed and accepted by the School District to correct these misclassifications.
- A material audit adjustment was proposed and accepted by the School District in the Capital Projects Fund to properly classify insurance proceeds of \$50,000.00.
- A material audit adjustment was proposed and accepted by the School District in the Capital Projects Fund to record Contracts Payable and expenditures of \$213,884.65.
- Net Position Restricted for Capital Projects was overstated by \$9,924,832.02, Net Position Restricted for Debt Service was overstated by \$679,737.50, Net Position Restricted for Federal Programs was understated by \$204,985.00, Net Invested in Capital Assets was understated by \$9,780,301.32 and Net Position Unrestricted was understated by \$619,283.20. Audit adjustments were proposed and accepted by the School District to properly classify Net Position.

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

## II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

- Numerous other audit adjustments and reclassifications were proposed and accepted by the client to properly present the School District's financial statements.

### Cause:

In discussing the deficiency with the School District, they stated that the errors occurred due to a combination of human error from manual processes, lack of review procedures for posting year end entries and a communication breakdown with the independent accountant who compiled the financial statements.

### Effect or Potential Effect:

Material misstatements and misclassifications were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operations.

### Recommendation:

As part of internal control over the preparation of financial statements, including note disclosures, the School District should implement comprehensive preparation and review procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the School District's activities and operations.

### Views of Responsible Officials and Corrective Action Plans:

We concur with this finding. A new independent accountant has been engaged to prepare the financial statements. The Assistant Superintendent of Finance and Accounting Manager will perform a comprehensive review of the financial statements and note disclosures. Additionally, the Assistant Superintendent of Finance will complete annual continuing education addressing GAAP and GASB pronouncements.

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

## II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS2015-002	<u>Inadequate Internal Controls over Employee Compensation</u>
Control Category:	Employee Compensation
Internal Control Impact:	Material Weakness
Compliance Impact:	None

### Description:

The School District did not have adequate internal controls in place over employee compensation.

### Criteria:

The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance employees are paid according to approved contracts and/or salary schedules.

### Condition:

Weaknesses in internal controls related to employee compensation were noted as follows:

- Salary schedules were not reviewed and approved by the Board.
- The School District does not have policies and procedures in place to convey which employees have the authority to approve supplemental pay.
- One employee received compensation for unused sick leave which was not approved or in line with Board policy.

### Cause:

In discussing these deficiencies with the School District, they indicated that the items noted occurred due to a combination of formal policies not having been implemented and human error from manual processes.

### Effect or Potential Effect:

The failure to maintain adequate internal controls over employee compensation resulted in payroll disbursements not approved by the Board of Education and could lead to errors occurring and not being detected in a timely manner.

### Recommendation:

The School District should implement appropriate procedures to strengthen internal controls over approval and processing of employee compensation.

### Views of Responsible Officials and Corrective Action Plans:

We concur with this finding. Salary schedules for the current and prior fiscal year have been approved by the Board. The salary schedules will be presented to the Board for approval annually with the budget. Procedures will be enhanced to define authority for approving supplemental pay requests. The sick leave compensation policy has been communicated to payroll personnel.

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

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

FA 2015-001	<u>Insufficient Time and Effort Support</u>
Compliance Requirement:	Allowable Cost/Cost Principles
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U. S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Special Education Cluster (CFDA 84.027, 84.173)
Questioned Costs:	\$140,046.61
Repeat of Prior Year Finding:	FA 2014-002

**Description:**

We identified deficiencies in internal controls related to employee compensation for the Special Education Cluster.

**Criteria:**

Provisions of the OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, require that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation that reflects an after-the-fact distribution of the actual activity of each employee. A-87 also states that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

Where employees work on a single activity or cost objective, OMB Circular A-87 requires that charges for their salaries to be supported by periodic certifications or personnel activity reports.

**Condition:**

A review of documentation supporting salaries charged to the Special Education Cluster revealed that the after-the-fact distribution of actual activity worked was not documented for four employees that worked on multiple activities or cost objectives. Salaries for two single cost objective employees were not adequately supported by semi-annual certifications or personnel activity reports.

**Questioned Cost:**

\$140,046.61

**Cause:**

In discussing the deficiency with the School District, they stated that they did not correctly interpret the rules governing timekeeping documentation requirements for certain employees paid with both local and federal funds.

**Effect or Potential Effect:**

Failure to adequately document employee compensation for the Special Education Cluster resulted in material noncompliance with the requirements of the Federal Grant.

**Recommendation:**

Management should implement procedures to ensure that salary and wages of employees working on multiple activities or cost objectives paid from Federal award programs are properly documented to reflect an after-the-fact distribution of the actual activity of each employee's salary and wages and salary and wages of employees working on single cost objectives are supported by semi-annual certifications. The Georgia Department of Education should review this matter to determine if a reclaim of funds is appropriate.



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

**III      FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Views of Responsible Officials and Corrective Action Plans:**

We concur with this finding. The District has limited split funding to two employees. Actual activity for each of the two employees will be documented and provided to payroll monthly. Payroll personnel will ensure the salary allocation to Special Education does not exceed the actual Special Education activity. All single cost objective employees will complete semi-annual certifications or personnel activity reports.

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