

CITY OF DALTON BOARD OF EDUCATION
DALTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY THE FINANCE DEPARTMENT

CITY OF DALTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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November 19, 2015

**To the Honorable Board Members of the City of Dalton Board of Education
and the Citizens of Dalton, Georgia:**

We are pleased to submit to you the Comprehensive Annual Financial Report (“CAFR”) of the City of Dalton Board of Education (the “School District”) for the fiscal year ended June 30, 2015. The finance department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District’s administration.

We believe the data, as presented, are accurate in all material respects and are reported in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds. All necessary disclosures have been included to enable the reader to gain a reasonable understanding of the School District’s financial affairs.

Estes and Walcott, Certified Public Accountants, has issued an unmodified opinion on the City of Dalton Board of Education’s financial statements for the year ended June 30, 2015. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction.

Profile of the School District

The School District was established through the Charter of the City of Dalton in 1886, and serves only the City of Dalton. The School District is an independent public prekindergarten (“PreK”) - 12th grade school district and is not considered to be a component unit of any other government. The School District provides all basic services required of a public school district by Georgia law and in accordance with the policies and regulations of the Georgia State Board of Education. These services include: regular and special education instructional programs at the elementary, middle and secondary levels and additional service in pre-kindergarten and preschool special education. Other notable program services include remedial education, gifted education, career technology education, and English language learners education.

The Dalton Board of Education is made up of five members, each elected to serve four-year terms. Its primary functions are to develop and adopt policies by which the schools are administered, to continually evaluate the effectiveness of these policies and to make certain that they are being administered as the board intended. The administration of the educational programs and school operations is the responsibility of the superintendent of schools and his staff.

There are 7,858 PreK through 12th grade students enrolled in the School District in the 2014-2015 school year. The ethnic make-up of the students is 70 percent Hispanic, 21 percent white, 4 percent black, 2 percent Asian, and 3 percent multi-racial. Projected PreK-12 enrollment for the 2015-2016 school year is 7,966 students.

Dalton Public Schools consists of six elementary schools, one middle school, and two high schools. All schools and the district are members of AdvancEd, formerly known as the Southern Association of Colleges and Schools (“SACS”), and are accredited through District Accreditation. The School District has well-maintained facilities that provide space to support its educational programs. A schedule of building information is provided in the statistical section of the CAFR.

Dalton Public Schools has one of the highest levels of staff training and experience of any public PreK-12 school system in Georgia. About 77 percent of all teaching staff have a master’s degree or higher. The high percentage of employees with advanced degrees and the high retention rate for teachers translates into a highly trained and qualified staff at every school. The School District employs 629 certified staff members and 322 support staff for a total of 951 employees.

Local Economy

Dalton’s main industry continues to be non-unionized textile and textile-related industries. Dalton is known as the “Carpet Capital of the World.” It houses two of the largest carpet manufacturers in the world (Shaw Industries and Mohawk Industries). Dalton produces and supplies 70 percent of the goods that make up the United States carpet market. According to the 2015 statistic report from Georgia Department of Labor, the manufacturing industry makes up approximately 24 percent of the 68,000 jobs in Dalton Metropolitan Statistical Area.

The economic downturn has adversely affected the national housing market and construction in general. Because the economy of Dalton is so heavily dominated by construction-related industry, the area has been especially hard-hit. Unemployment rates have consistently exceeded both national and Georgia levels, but now show significant improvements. The latest unemployment rate for the Dalton Metropolitan Area is 7.2 percent compared to 9.2 percent in the previous year. Dalton’s unemployment remains slightly above both the national rate of 5.0 percent and the Georgia rate of 5.7 percent.

The national economic downturn presents challenges in funding PreK-12 public education in Georgia. The state has been funding a smaller percentage of the total cost of education over the last several years. In addition, the funding formula has not been adjusted for inflation in recent years. In 2008, the state’s support for public education in Georgia was 52 percent of total school district revenues. In the 2009-2010 school year, Georgia was at its lowest level of state funding at 43 percent for the average school district. In 2014, that percentage is up to 51 percent.

Most of the state reductions are due to austerity or budget cuts imposed against the amounts earned by school systems based on a funding formula written in state law. These austerity reductions have been allocated to all systems in Georgia to help the state provide for a balanced budget. From fiscal year 2003 through fiscal year 2014, Dalton Public Schools has not received nearly \$35 million of the district’s earnings due to these austerity cuts. The state offset \$5.4 million with federal stimulus funding, which brought the net reduction to \$29.3 million.

In fiscal year 2015, the State of Georgia approved significant reductions to the austerity component of the funding formula that provided districts with increased state revenue. Dalton Public Schools' austerity reduction went from \$5.1 million in fiscal year 2014 to \$3.7 million in fiscal year 2015 which increased state sources of revenue by \$1.4 million. Another change to the austerity reduction is planned for fiscal year 2016 that would improve the district's state revenue by another \$1.4 million. Dalton Public Schools experienced the decline in state funds in the 2009 and 2010 school years, however since 2011 the School District has greater dependency on state sources due to declining local sources of revenue.

The City of Dalton property tax digest had a 6 percent decline from fiscal year 2010 to fiscal year 2011. This loss of revenue was the largest drop in recent history, which is the equivalent of \$1.9 million in school revenue. The natural decline in the property tax digest was compounded by the first year implementation of the Freeport tax exemption for commercial and industrial property. The Freeport tax exemption removes 20 percent of the property tax on work-in-progress inventory. The Freeport tax exemption will be expanded over several years until it reaches 100 percent exemption. The fiscal year 2011 implementation provided a 20 percent Freeport tax exemption that resulted in a loss of \$685,500 in property tax revenue. Fiscal year 2015 had \$1.1 million reduction in property tax revenue from the same 20 percent Freeport tax exemption. It is anticipated that the Freeport exemption will stay at the 20 percent level for fiscal year 2016 with the possibility of an increase to 40 percent in a future fiscal year.

Planning for the Future

Several years ago the board of education set a target for unreserved general fund balance of 15 percent of the current year's budget, that would provide two months operating revenues and eliminate the need for short-term borrowing. At the end of fiscal year 2008, the unreserved fund balance was \$6.0 million or 9.6 percent of general fund expenditures. In both fiscal years 2009 and 2010, the fund balance dropped to just above \$2.0 million which was 3.3 to 4.3 percent respectively, of the general fund expenditures. To address this downturn, the administration sought district-wide input from employees, and the board of education implemented a three-year budget reduction plan in January 2009. Fiscal year 2011 general fund expenditures were at the lowest level of \$52.8 million, and the fund balance reached nearly \$9.6 million. Fiscal year 2015, general fund expenditures increased to \$63 million, and the fund balance was over \$13 million.

Dalton Public Schools enrollment continues to grow, and over the last 10 years has averaged 2.3 percent growth per year. With six elementary schools and flexibility with maximum class sizes, the School District has adequate capacity at the elementary level to meet the educational needs of the students. However, building capacity is a concern at the middle and high school levels. School District administrators are committed to providing appropriate instructional space for the educational programming needs of Dalton's students.

The board of education has approved and completed building additions to the middle school to address the capacity issues at that facility. Staff and community members are reviewing options available to reduce enrollment at Dalton High School and Dalton Middle School. Additionally, the School District is exploring facility options to best meet the secondary enrollment needs for Morris Innovative High School.

In 1997, the citizens of Dalton City and Whitfield County passed the first of now four 5-year Educational Special Purpose Local Option Sales Taxes ("ESPLOST") of 1 cent. Whitfield County and Dalton Public Schools agreed to a one year delay of the fourth ESPLOST due to the financial constraints of the local tax payer. There was a lapse in sales tax revenue from January through December 2012.

Although the current referendum provides the board of education flexibility to address the School District's capital needs, the fourth ESPLOST will be used for the Dalton Middle School expansion. As funds are available, staff have also identified priorities for secondary facility needs, instructional technology, school safety improvements, and other facility needs throughout the School District.

Relevant Financial Policies

The vision of the School District is to educate students to become contributing citizens of the world. The financial policies are designed to ensure that there are adequate funds to support this vision. This is accomplished by maximizing the use of financial resources, by improving financial reporting, and by enhancing internal control systems.

In developing and evaluating the School District's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the School District's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal and state financial assistance, the School District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation for weaknesses by management and staff.

As part of the School District's annual single audit required to be performed in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, Audits of State and Local Governments and Nonprofit Organizations, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the School District has complied with applicable laws and regulations.

The School District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget as approved by the board of education. Activities of the general fund, debt service fund, capital fund, school nutrition fund, and most of the special revenue funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the aggregate level by fund type.

The board of education established a fund balance policy to protect the financial condition of the school district and to meet the requirements of Governmental Accounting Standards Board statement 54. The policy defines the five categories of the fund balance that is reported as nonspendable, restricted, committed, assigned, and unassigned. The board decides the committed fund balance through board action, and delegates the assigned fund balance to the superintendent or designee.

Major Initiatives

To realize the vision of educating students to become contributing citizens of the world, the School District must deliver effective instruction and set high expectations that will result in continued improvement in student achievement. In 2004, the School District began a phased-in implementation of a literacy framework targeting English, Language Arts, Reading, and Word Study instruction. The program is fully implemented through eighth grade and has been effective.

In 2005, a similar process has been in effect for math instruction. This process includes an expanded use of technology, tutoring support for students, and use of collaborative teacher teams for planning, designing, and evaluating the student progress.

In 2013, district staff prepared for changes in K-12 literacy and math with the rollout of the new Common Core Georgia Performance Standards. Locally, the superintendent with instructional leaders throughout the School District have worked closely with the Chamber of Commerce, City of Dalton, Whitfield County and Whitfield County School System to garner support for literacy throughout the community. The School District believes that literacy has the greatest impact on education and learning that can lead to economic development for the region.

The public has a desire to review and compare student test scores as an indicator of student, teacher and school performance. Dalton Public Schools believes that a number of indicators must be identified to effectively evaluate student progress. Georgia's College and Career Ready Performance Index begins to include more indicators than what has been considered in the past. In addition, true year to year comparisons are difficult to conduct with fidelity because often times the comparisons are different groups of students, different academic standards, and in some cases using a different testing assessment. Although the following table shows the percentage of Dalton students who meets or exceeds the minimum test score criteria from the 2014, 2013 and 2012 school years, the schedule is not meant to be a comparison.

Dalton Public Schools Percentage of Students Meets and Exceeds Criteria Fiscal Years 2014, 2013 and 2012			
	FY 2014	FY 2013	FY 2012
English Language Arts			
High School American Literature	90.0%	92.5%	90.7%
9 th Grade Literature	84.7%	83.1%	79.0%
Middle School Criterion Reference Test	92.7%	93.4%	94.4%
Elementary School Criterion Reference Test	91.3%	91.2%	91.2%
Mathematics			
Mathematics II	39.1%	56.1%	49.8%
Coordinated Algebra (Mathematics I for FY 2012)	29.4%	24.3%	64.1%
Middle School Criterion Reference Test	84.4%	86.3%	86.0%
Elementary School Criterion Reference Test	83.6%	86.2%	84.6%
Science			
Biology	67.6%	72.6%	76.4%
Physical Science	84.8%	80.4%	77.8%
Middle School Criterion Reference Test	75.1%	73.9%	73.9%
Elementary School Criterion Reference Test	79.7%	76.9%	73.3%
Social Studies			
Economics	69.1%	66.8%	76.7%
US History	63.5%	72.3%	74.3%
Middle School Criterion Reference Test	80.4%	82.0%	76.6%
Elementary School Criterion Reference Test	86.1%	82.5%	77.7%
Reading			
Middle School Criterion Reference Test	96.1%	96.4%	96.2%
Elementary School Criterion Reference Test	96.8%	94.2%	92.3%

Dalton Public Schools test score information can be found on the Governor's Office of Student Achievement webpage pertaining to K-12 Public Schools Report Card.

Acknowledgment

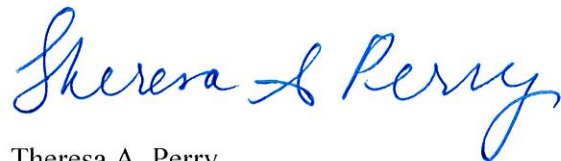
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We would like to express appreciation to all of the employees of the departments who assisted in the timely closing of the district's financial records and the preparation of this report.

We would also like to thank the members of the board of education for their unfailing support in maintaining the highest standards of professionalism in the management of the School District's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jim Hawkins".

Jim Hawkins, Ph.D.
Superintendent

A handwritten signature in blue ink, appearing to read "Theresa A. Perry".

Theresa A. Perry
Chief Financial Officer

CITY OF DALTON BOARD OF EDUCATION
ELECTED OFFICIALS AND ADMINISTRATION
JUNE 30, 2015

Elected Officials

Danny Crutchfield, Chairman
In office since January 2008
Current term expires December 2015

Dr. Rick Fromm, Vice Chairman
In office since January 2004
Current term expires December 2015

Tulley Johnson, Treasurer
In office since January 2000
Current term expires December 2015

Sherwood Jones, III
In office since January 2014
Current term expires December 2017

Steve Laird
In office since January 2014
Current term expires December 2017

School Administration

Dr. Jim Hawkins, PhD, Superintendent

Dr. Lisa Goode, Principal
Blue Ridge School

Dr. Celeste Martin, Principal
Brookwood Elementary School

Dr. Rick Little, Principal
City Park School

Dr. Phil Jones, Principal
Park Creek School

Cindy Parrott, Principal
Roan School

Scott Ehlers, Principal
Westwood Elementary School

Brian Suits, Principal
Dalton Middle School

Steve Bartoo, Principal
Dalton High School

Pat Hunt, Principal
Morris Innovative High School

Centralized Administration

Don Amonett
Assistant to the Superintendent

Craig Harper
Chief Administrative Officer

Theresa Perry
Chief Financial Officer

Laura Orr
Chief Learning Officer

Rusty Lount
Director of Operations

Directional System Organizational Structure



VISION

We continually aspire to a future where:

Each student of Dalton Public Schools engages in interesting, challenging, and satisfying experiences that result in profound learning in academic disciplines, synthesis, creativity, respect, and ethics – so that each student is a contributing citizen of the world.

MISSION

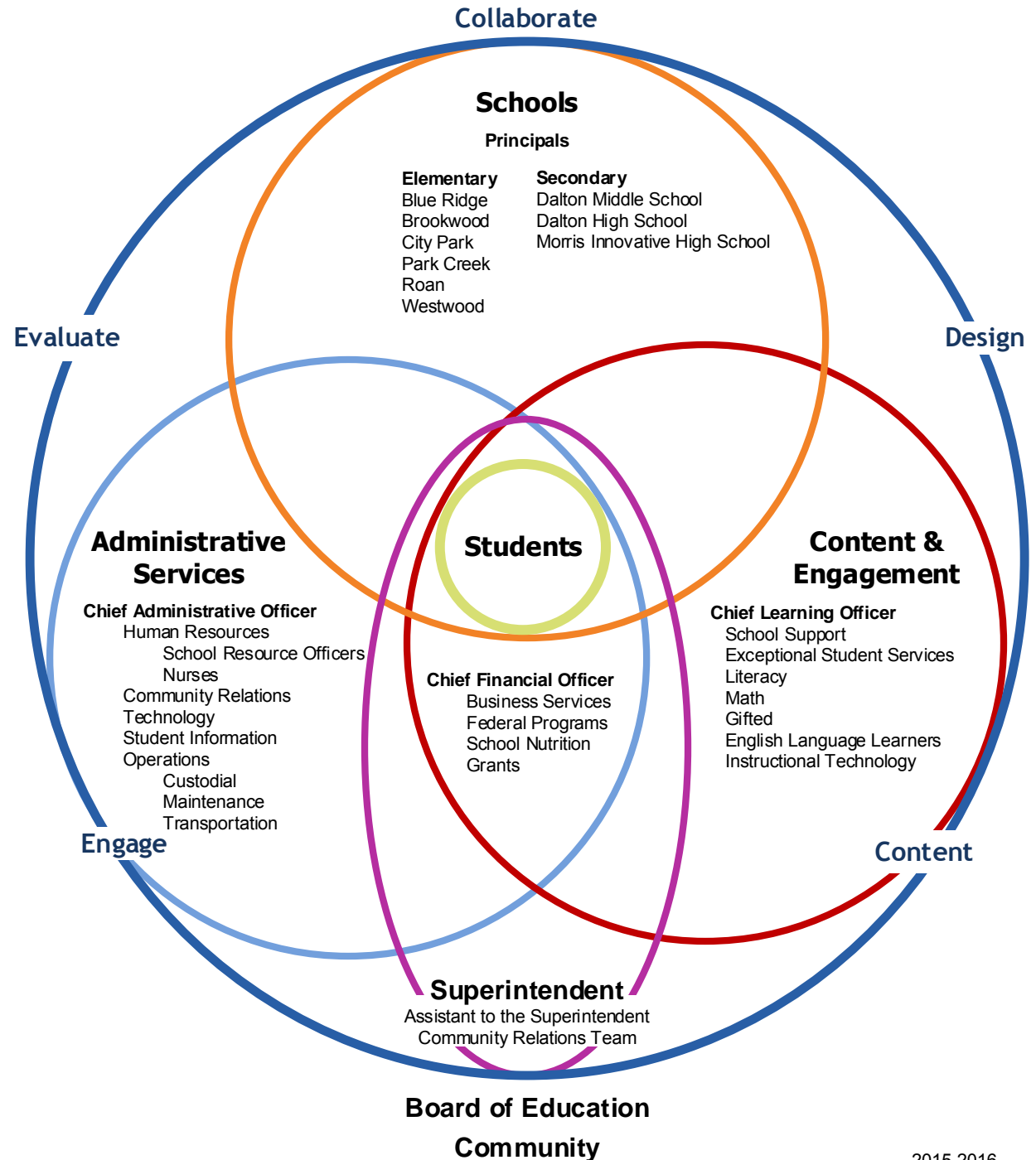
The mission of Dalton Public Schools is to create a great learning organization where networked learning communities are the primary means of:

- establishing and maintaining direction;
- creating, developing, importing and exporting knowledge;
- recruiting and inducting members.

Dalton Public Schools

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300 W. Waugh St.
Dalton, GA 30722-1408
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Government Finance Officers Association

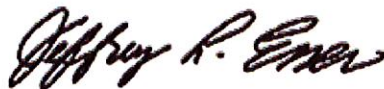
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Dalton Board of Education
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Superintendent and Members of
The City of Dalton Board of Education
Dalton, Georgia

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 City of Dalton Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Dalton Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dalton Board of Education, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund and the federal programs special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1 to the financial statements, in fiscal year 2015, the City of Dalton 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. 69, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 71*. 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 on pages 4-12 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 about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dalton Board of Education’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of expenditures of education local option sales tax proceeds, and statistical section, are presented for purposes of additional analysis and are 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 also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of education local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements, the schedule of expenditures of education local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, on our consideration of the City of Dalton 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 the City of Dalton Board of Education's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
November 19, 2015

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The discussion and analysis of the City of Dalton Board of Education's ("School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the complete financial statements, with notes, to enhance their understanding of the School District's financial performance.

Financial Highlights

For fiscal year 2015, new accounting and financial reporting requirements have been implemented related to pensions, in accordance with the Governmental Accounting Standards Board ("GASB") Statement No. 68 and GASB Statement No. 71. The implementation of these standards resulted in significant changes to the amounts presented on the district-wide statements of net position and activities, and to the supplemental schedules and disclosures required in the financial statements. More detailed information regarding the new accounting pronouncements can be found in Note 1 to the basic financial statements. Note 1 also includes information related to the restatement of beginning net position as of July 1, 2014 as a result of the implementation of these new standards. Beginning net position was restated from \$105.2 million to \$48.0 million to account for the School District's proportionate share of pension liabilities related to three pension plans in which the School District employees participate. Note 8 to the basic financial statements provides detailed information about the pension plans and related information.

The Management's Discussion and Analysis does not attempt to restate any 2014 figures for pension liabilities and the related deferred inflows, deferred outflows, revenues, and expenses. The discussion and analysis presents current year financial information in accordance with the new standards, presents prior year information as originally presented, and presents prior year net position as restated, where applicable.

Key financial highlights for 2015 are as follows:

- Total net position increased 17% from \$48.0 million in 2014 to \$56.1 million in 2015. This increase is based upon the prior year restated net position which takes into account the net pension liability, as described above.
- Total revenues increased 10% from \$78.4 million in 2014 to \$86.2 million in 2015. Most of the change is attributable to increased state operating revenue due to growing enrollment and some relief from state austerity reductions. Additionally, property tax revenue increased as a result of a millage rate increase. Overall, revenues exceeded expenses by \$8.1 million in fiscal year 2015.
- Total expenses increased 2% from \$76.9 million in 2014 to \$78.1 million in 2015. Food service, maintenance, and instruction expenditure increases were the major contributors to the overall increase in expenditures. Expenditure category increases are due to the School District's growing enrollment.
- Among the major funds, the general fund reported \$67.9 million in revenues in 2015, compared to \$61.8 million in revenues in 2014. Most of the change is attributable to increased state operating revenue due to growing enrollment and some relief from state austerity reductions. Additionally, property tax revenue increased as a result of a millage rate increase. The general fund reported \$63.3 million in expenditures in 2015 compared to \$61.7 million in expenditures in 2014. Expenditure increases are due to the School District's growing enrollment

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating. For this year, the comparison between the two years reflected below is skewed due to the implementation of the new GASB Statements described above.

	<u>2015</u>	<u>2014</u>
Assets		
Current and other assets	\$ 32,081,673	\$ 28,403,613
Capital assets	<u>89,198,771</u>	<u>88,682,735</u>
Total assets	<u>121,280,444</u>	<u>117,086,348</u>
 Deferred outflows of resources	 <u>7,398,338</u>	 <u>-</u>
 Liabilities		
Current liabilities	7,215,141	9,841,171
Long-term liabilities	<u>48,984,714</u>	<u>2,014,188</u>
Total liabilities	<u>56,199,855</u>	<u>11,855,359</u>
 Deferred inflows of resources	 <u>16,367,218</u>	 <u>-</u>
 Net position		
Net investment in capital assets	87,198,771	86,072,735
Restricted	6,655,288	2,899,660
Unrestricted	<u>(37,742,350)</u>	<u>16,258,594</u>
Total net position	<u>\$ 56,111,709</u>	<u>\$ 105,230,989</u>

With implementation of the new GASB requirements, fiscal year 2015 statement of net position now includes the following: deferred outflows of resources of \$7.4 million, net pension liability of \$47.0 million (included in long-term liabilities above), and deferred inflows of resources of \$16.4 million. Similar information would have been presented for the prior year if the Statements had been in effect at that time. Prior year net pension liability, not included in the 2014 information above, totaled \$61.8 million. Prior year net position was restated for current year presentation from \$105.2 million shown above to \$48.0 million to account for the implementation.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Cash and investments increased \$3.2 million primarily in the capital projects fund. The increase is attributable to the School District collecting capital sales tax revenue, but not incurring capital expenditures in fiscal year 2015. The School District is in the planning phase of its next capital project. This capital fund balance will be used in fiscal years 2016 and 2017. Retainage payable and debt service liabilities decreased \$895,000 and \$610,000 respectively from fiscal year 2014 to fiscal year 2015. The School District's capital project expenditure obligations were higher in fiscal year 2014 due to the additions at the middle school. In fiscal year 2015, the School District made its final debt payment from the 2005 revenue bond series.

The statement of activities presents information showing the change in the School District's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Please note that the comparison between the two years reflected below is skewed due to the implementation of the new GASB Statements described above.

	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for services	\$ 754,234	\$ 726,017
Operating grants and contributions	50,315,979	45,631,423
Capital grants and contributions	976,572	-
General revenues		
Property taxes	26,564,495	25,061,074
Other taxes	7,486,273	6,858,792
Donations	-	84,000
Investment earnings	84,217	67,113
Total revenues	<u>86,181,770</u>	<u>78,428,419</u>
Expenses		
Instruction	50,861,687	50,572,344
Support services	22,174,756	21,581,155
Food service operation	4,743,677	4,371,273
Community service operation	322,108	295,762
Interest on long-term debt	13,444	33,838
Total expenses	<u>78,115,672</u>	<u>76,854,372</u>
Increase (decrease) in net position	8,066,098	1,574,047
Net position, beginning of year	105,230,989	103,656,942
Restatement of beginning of year net position	(57,185,378)	-
Net position, end of year	<u>\$ 56,111,709</u>	<u>\$ 105,230,989</u>

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Revenues

The School District's total revenues increased in 2015 by 10%, or \$7.8 million. The majority of the School District's increase in revenues come from state sources. State sources of revenue increased \$5.1 million. State funding is predominately tied to enrollment. Since the School District continues to experience enrollment growth, state funding increased accordingly. Additionally, fiscal year 2015 was the first year of significant relief from some of the State of Georgia's austerity reductions that have been in place in the state funding formula since fiscal year 2003. The School District also received \$976,600 in state capital fund revenue reimbursement for the additions at the middle school. For fiscal year 2015, the Board of Education approved a millage rate increase from 7.845 mills to 8.2 mills which increased property tax revenue by \$1.7 million.

Expenses

The School District's total expenses increased by 2%, or \$1.3 million. Instructional expenditures increased by \$289,000 due to benefit cost increases to employee state health insurance and teacher retirement contributions. Maintenance expenditures increased by \$241,200 due to increased energy costs and usage as well as previously deferred facility improvements. Student transportation costs increased by \$151,500 due to contractual service cost increases. Food service operations had \$372,400 in expenditure increases as a result of increased staffing levels and food costs in fiscal year 2015 to maintain service levels compatible with the School District's growing enrollment.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund balance, when compared with net position, reports only those assets and liabilities that primarily have an impact on short-term financing decisions. Fund balance (specifically, unassigned fund balance) is a measure of available financial resources. Net position reports all assets and all liabilities regardless of their relevance to near-term financing decisions. Net position should be understood as a measure of net worth rather than a measure of available financial resources.

All funds of the School District can be divided into three types of funds - governmental funds, propriety funds, and fiduciary funds. The School District does not have any proprietary funds.

Governmental Funds

Most of the School District's activities (instruction, administration, maintenance, student transportation, etc.) are reported in governmental funds, which focus on how money flows in and out of those funds. Balances left at year-end are available for spending in future periods. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The governmental fund activities may be financed with property taxes, Quality Basic Education ("QBE") state formula aid, and federal funds.

Proprietary Funds

Proprietary funds are those used to account for ongoing organizations and activities which are similar to those found in the private sector. Currently, the School District does not utilize proprietary funds.

Fiduciary Funds

The School District is the trustee, or fiduciary, for assets that belong to others, such as club and class funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The School System's Funds

The 2015 combined fund balance of all governmental funds totaled \$24.3 million. This is a 32% or \$5.9 million increase from the \$18.4 million fund balance from fiscal year 2014. The fund balance increased due to savings in general fund expenditures and sales tax revenues received for capital projects. The School District is accumulating the sales tax capital fund balance for future capital project expenditures in fiscal years 2016 and 2017. The ending fund balance represents 30% of total expenditures. Of the governmental fund balance, \$4.9 million is restricted for debt service and capital projects and an additional \$3.7 million is committed for capital projects.

General Fund Budgetary Highlights

In developing the fiscal year 2015 budget, the administration addressed the need to maintain a quality education for all students. The School Board set priorities, or filters, through which all decisions were to be assessed. These filters were to: maximize classroom impact with an efficient use of positions, examine student needs to determine positions and resources, have a reasonable and balanced approach with revenues and expenditures, and maintain adequate reserves to meet cash flow requirements. The School District's state funding increased due to its growing enrollment along with some relief from austerity reductions. Additionally, the School Board approved a millage rate increase from 7.845 to 8.2 mills to fund its operations.

The most significant budgeted fund is the general fund. The original budget was amended to properly account for the categories of state revenues. Expenditure budgets were amended to account for the expenditure of state grants. The original budget was amended as the School Board approved a transfer from the general fund to the capital projects fund for school security improvements at the elementary level and technology infrastructure at the secondary level.

Actual revenues were 1% more than the final budget. Federal revenues were 42% more than budget as actual Medicaid revenue received was higher than budget estimates. Actual state revenue, when combined with on behalf payments, was 2% more than the final budget. Since much of Georgia's state revenue is linked to student enrollment, and the School District had increased enrollment, actual state revenues were higher than budget. Local revenues were 1% higher than budget. Property tax collections were higher than in prior years, resulting in higher revenue than anticipated.

Actual expenditures were 4% under the final adjusted budget. Most of the expenditure savings are in instruction for teacher salaries and health insurance. The general fund budget maintains contingency teaching positions should the grade or program enrollment increase beyond staff projections. Also, the budget included a conservative estimate for health insurance costs based on previous mid-year cost increases.

Overall, the general fund current revenues adequately cover current expenditures as well as some capital outlay activity. There were no significant changes in regards to funding sources, programs, or operations within the general fund from the prior year.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

General Fund Balance

The fiscal year 2015 fund balance of \$14.0 million reflected a 27% increase from fiscal year 2014. The increase in fund balance was primarily achieved through expenditure savings in employer health insurance costs. The increase in fund balance will continue to be used for transfers to the debt service fund and the capital projects fund to support the payment of existing obligations and to increase capital projects that reduce deferred maintenance of facilities. The School Board allows for a higher fund balance to prepare for uncertainty related to all sources of revenue and when possible, future capital needs.

The unrestricted, unassigned fund balance of \$13.3 million gives the School District a fund balance that is equivalent to 77 days of general fund expenditures. This fund balance remains adequate to minimize the likelihood of the School District entering the short-term debt market to pay for current operating expenditures.

Other Major Funds

The School District has one special revenue fund which meets the requirements to be presented as a major fund. The federal programs special revenue fund accounts for revenues that are restricted as to use for specific programs and goals. The main federal program included in this fund is Title I Academic Achievement. The revenue allocation is based on economically disadvantaged students and expenditures are intended to bolster the academic performance of all students.

The School District uses capital projects funds to account for school construction and improvement projects. The School District has two major capital projects funds – the capital projects fund which reports general construction activity of the School District, and the ESPLOST fund which reports construction activity funded by education special purpose local option sales tax.

The capital projects fund is funded by investment earnings and transfers from the general fund to support capital undertakings. One major project dominated the fund in fiscal year 2015 which was the purchase of property with a building adjacent to the City Park Elementary School. Another significant capital improvement was the security entrance upgrade at three elementary schools that will span fiscal years 2015 and 2016. Other general capital outlays that did not meet capitalization requirements were also reported in this fund. Significant purchases not capitalized include technology upgrades at several schools.

Since 1997, the School District has utilized ESPLOST proceeds as a primary funding source for capital projects. In March 1997, the Whitfield County voters approved the first five-year education special purpose local option sales tax for capital projects. Since then, ESPLOST has been renewed by the voters three subsequent times. The School Board allowed ESPLOST to lapse for a one year period during calendar year 2012 in an effort to respond to the recession and provide some local tax relief. The current ESPLOST was voted back into effect as of January 2013 and will continue for five years from that date.

The sales tax is proportionately distributed to Whitfield County Schools and the School District based on the full-time equivalent of students ("FTE"). The county-wide maximum of the current ESPLOST could generate a total of \$105 million. The School District would receive up to \$36.4 million over the life of this five year tax. School District plans assume a \$27.0 million budget in sales tax revenue that will be allocated to the School District and available to fund capital projects and debt service.

In fiscal year 2015, ESPLOST sales tax revenue totaled \$5.6 million compared to \$5.2 million in fiscal year 2014. The School District also received state revenue reimbursement for the capital project additions at Dalton Middle School in fiscal year 2015. Capital project expenditures of \$2.9 million were for the completion of the Dalton Middle School additions and significantly less than fiscal year 2014. The remaining portion of ESPLOST capital expenditures were for student technology.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Capital Assets

Capital assets increased 1%, from \$88.7 million in 2014 to \$89.2 million in 2015. The increase is due to the purchase of and improvements to a facility adjacent to the City Park Elementary School and the completion of the additions at Dalton Middle School. The capital assets increase includes building improvements at three elementary schools to enhance front entrance security. The School District also had upgrades to instructional technology infrastructure. See Note 5 of the basic financial statements for additional information on capital assets.

	<u>2015</u>	<u>2014</u>
Capital assets, not depreciable		
Land	\$ 9,264,235	\$ 9,264,235
Construction in progress	<u>124,925</u>	<u>7,501,781</u>
Total	<u>9,389,160</u>	<u>16,766,016</u>
Capital assets, depreciable		
Land improvements	3,917,706	3,893,191
Buildings and building improvements	111,650,033	101,021,725
Machinery, equipment, and technology	4,622,279	3,770,986
Vehicles	<u>477,278</u>	<u>450,128</u>
Total	<u>120,667,296</u>	<u>109,136,030</u>
Less accumulated depreciation		
Land improvements	(1,985,351)	(1,770,397)
Buildings and building improvements	(35,710,918)	(32,583,811)
Machinery, equipment, and technology	(2,717,461)	(2,431,276)
Vehicles	<u>(443,955)</u>	<u>(433,827)</u>
Total	<u>(40,857,685)</u>	<u>(37,219,311)</u>
Depreciable capital assets, net	<u>79,809,611</u>	<u>71,916,719</u>
Governmental activities net investment in capital assets	<u>\$ 89,198,771</u>	<u>\$ 88,682,735</u>

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Debt Administration

At June 30, 2015, the School District had long-term liabilities in the form of capital leases and compensated absences. Although the School District has a policy that enables employees to accumulate sick leave, the School District does not compensate employees for unused sick leave. See Note 7 of the basic financial statements for additional information on long-term debt.

	Beginning balance	Additions	Disposals	Ending balance	Due within one year
Capital leases	\$ 2,610,000	\$ -	\$ (610,000)	\$ 2,000,000	\$ -
Compensated absences	21,188	72,702	(55,162)	38,728	30,000
Total	<u>\$ 2,631,188</u>	<u>\$ 72,702</u>	<u>\$ (665,162)</u>	<u>\$ 2,038,728</u>	<u>\$ 30,000</u>

Factors Bearing on the School District's Future

Education funding from the State of Georgia is expected to remain at a conservatively low level not only due to the weak economy, but also due to the current political agenda as it relates to public education, income tax, property tax, and sales tax revenues. Since 2003, school districts have been dealing with austerity revenue reductions from the State of Georgia. The School District has accumulated a total of \$33.0 million loss net of federal stimulus funding in state revenue. Fiscal year 2016 will be the second consecutive year where the state legislature has approved about 28% alleviation from the previous year's austerity reductions within the state's funding formula. In fiscal year 2014, the School District had \$5.1 million in austerity reductions from state sources while fiscal year 2016 anticipates a loss of \$2.3 million due to austerity reductions.

Since 2011, the School District has qualified for state equalization grant revenue. Georgia's equalization formula attempts to round out wealth per student as defined by property value per student. The School District received \$600,400 in 2011 and \$1.1 million in 2012. In 2013, state officials revised the funding formula since the state budget cannot afford to provide for the grant. The School District received \$536,900 in 2013 under a revised funding formula, and after another reduction in equalization revenue, it was down to \$134,500 in 2014. Due to growing enrollment and a relatively flat property tax digest, the School District received \$625,500 in equalization revenue for fiscal year 2015, but is anticipated to drop again in fiscal year 2016 to \$103,700.

Dalton is the home of two of the largest carpet manufacturers. The economic downturn has hurt the housing market and construction in general. Because Dalton's economy is closely tied to the housing and construction markets, it has been adversely affected by this recession. Overall, there are reports of significant improvement to unemployment. The national unemployment rate is 5.1% compared with 7.4% reported in the prior year. Georgia is at 5.8% compared with 8.2% unemployment rate previously reported. The Dalton Metropolitan Area shows an unemployment rate of 7.2% rather than 9.2% which was reported in the previous year.

Community leaders are striving to seek out ways to improve the quality of life and diversify the economy of Dalton City and Whitfield County. The implementation of a 20% Freeport exemption on business inventory began in fiscal year 2011. The reductions initially resulted in a revenue loss of \$685,500 in fiscal year 2011. Although the exemption remains at the 20% level, the actual Freeport inventory continues to grow since that time and is a loss of \$1.1 million in property tax revenue for fiscal year 2015. The plan is to phase in the Freeport exemption until it reaches 100% exemption on business inventory. The School District forecasts a 100% Freeport exemption will result in the loss of an additional \$4.2 million in property tax revenue. Increases to the Freeport exemption will be delayed for fiscal year 2016 for the School District. There is some consideration for a 20% increase in a future fiscal year.

**CITY OF DALTON BOARD OF EDUCATION
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JUNE 30, 2015**

Real and personal property values had unprecedented decline in 2010, 2011 and 2012. As a result, the School District's property tax revenue decreased a total of \$2.7 million during that period. Although property values have fluctuated since fiscal year 2013, there has been an upward trend that has caused increased property tax revenue. Fiscal year 2015 property tax revenue is up \$1.3 million since 2013. There remains some uncertainty regarding property values, however, the School District is anticipating no change to the tax digest for fiscal year 2016.

While the economic picture is expected to be challenging in the short-term, the School Board and administrative staff are committed to ensuring the long-term viability of the system. As Georgia school districts receive relief from some of the state funding austerity reductions, it is expected that educational expenditures will be restored. The School District has budgeted to increase student and staff days in fiscal year 2016, yet these calendars are still below the prerecession levels. Class sizes also remain high due to reduced staffing relative to district enrollment. These expenditure reductions are particularly difficult when considering that enrollment has averaged 2% growth each year over the last 10 years.

The vision of the School District is to educate students to become contributing citizens of the world. While academics are important, we feel that integrity and creativity are also vital to the development of children. We are committed to providing our students with an education that encompasses these values. We feel that through program assessment and focused funding we will be able to achieve our vision without adversely affecting our taxpayers.

Requests for Information

This financial report is designed to provide a general overview of the City of Dalton Board of Education's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Dalton Board of Education, Chief Financial Officer, P.O. Box 1408, Dalton, Georgia 30722-1408.

BASIC FINANCIAL STATEMENTS

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash	\$ 11,773,265
Investments	14,984,754
Receivables:	
Accounts	40,205
Intergovernmental	2,661,368
Taxes	892,235
Inventory	135,067
Restricted assets - investments	<u>1,594,779</u>
Total current assets	<u>32,081,673</u>
Noncurrent assets	
Nondepreciable capital assets	9,389,160
Depreciable capital assets, net	<u>79,809,611</u>
Total noncurrent assets	<u>89,198,771</u>
Total assets	<u>121,280,444</u>
Deferred outflows of resources	
Related to defined benefit pension plans	<u>7,398,338</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	2,248,599
Salaries payable	4,912,692
Unearned revenue	14,009
Retainage payable	9,841
Compensated absences	<u>30,000</u>
Total current liabilities	<u>7,215,141</u>
Long-term liabilities	
Compensated absences, less current portion	8,728
Capital leases	2,000,000
Net pension liability	<u>46,975,986</u>
Total long-term liabilities	<u>48,984,714</u>
Total liabilities	<u>56,199,855</u>
Deferred inflows of resources	
Related to defined benefit pension plans	<u>16,367,218</u>
Net position	
Net investment in capital assets	87,198,771
Restricted for capital projects	3,307,673
Restricted for debt service	1,594,822
Restricted for food services	1,752,793
Unrestricted	<u>(37,742,350)</u>
Total net position	<u>\$ 56,111,709</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Instruction	\$ 50,861,687	\$ 299,356	\$ 30,933,840	\$ 976,572	\$ (18,651,919)
Support services:					
Pupil services	2,128,873	-	1,454,752	-	(674,121)
Improvement of instructional services	2,780,454	-	2,471,783	-	(308,671)
Educational media services	1,259,964	-	791,286	-	(468,678)
General administration	753,349	-	553,495	-	(199,854)
School administration	3,620,947	-	2,283,137	-	(1,337,810)
Business administration	587,823	-	365,512	-	(222,311)
Maintenance and operation of plant	5,096,051	-	3,028,526	-	(2,067,525)
Student transportation services	2,757,701	-	1,772,435	-	(985,266)
Central support services	2,235,385	-	1,398,222	-	(837,163)
Other support services	954,209	-	637,394	-	(316,815)
Food services operations	4,743,677	454,878	4,427,618	-	138,819
Community services operations	322,108	-	197,979	-	(124,129)
Interest on long-term debt	13,444	-	-	-	(13,444)
Total governmental activities	<u>\$ 78,115,672</u>	<u>\$ 754,234</u>	<u>\$ 50,315,979</u>	<u>\$ 976,572</u>	<u>(26,068,887)</u>
General revenues					
Property taxes					26,564,495
Vehicle taxes					1,612,188
Intangibles tax					239,754
Sales taxes					5,634,331
Unrestricted investment earnings					<u>84,217</u>
Total general revenues					<u>34,134,985</u>
Change in net position					8,066,098
Net position, beginning of year, as restated					<u>48,045,611</u>
Net position, end of year					<u>\$ 56,111,709</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Federal Programs	Capital Projects	Education Special Purpose Local Option Sales Tax	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 4,224,528	\$ -	\$ 1,470,000	\$ 4,327,084	\$ 1,751,653	\$ 11,773,265
Investments	13,352,477	-	1,632,277	-	-	14,984,754
Receivables:						
Accounts	39,693	512	-	-	-	40,205
Intergovernmental	687,351	1,300,321	-	460,653	213,043	2,661,368
Taxes	892,235	-	-	-	-	892,235
Due from other funds	2,634,244	4,086	960,246	-	134,900	3,733,476
Inventory	-	-	-	-	135,067	135,067
Restricted assets - investments	-	-	-	-	1,594,779	1,594,779
Total assets	\$ 21,830,528	\$ 1,304,919	\$ 4,062,523	\$ 4,787,737	\$ 3,829,442	\$ 35,815,149
Liabilities						
Accounts payable	\$ 1,242,458	\$ 146,834	\$ 293,314	\$ 540,444	\$ 25,549	\$ 2,248,599
Salaries payable	4,305,091	333,306	-	-	274,295	4,912,692
Due to other funds	1,710,428	824,779	87,898	939,620	170,751	3,733,476
Retainage payable	-	-	9,841	-	-	9,841
Unearned revenue	-	-	-	-	14,009	14,009
Total liabilities	7,257,977	1,304,919	391,053	1,480,064	484,604	10,918,617
Deferred inflows of resources						
Unavailable revenue - property taxes	605,289	-	-	-	-	605,289
Fund balances						
Nonspendable	-	-	-	-	135,067	135,067
Restricted	-	-	-	3,307,673	3,212,548	6,520,221
Unrestricted:						
Committed	-	-	3,671,470	-	-	3,671,470
Assigned	683,991	-	-	-	-	683,991
Unassigned	13,283,271	-	-	-	(2,777)	13,280,494
Total fund balances	\$ 13,967,262	\$ -	\$ 3,671,470	\$ 3,307,673	\$ 3,344,838	\$ 24,291,243
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,830,528	\$ 1,304,919	\$ 4,062,523	\$ 4,787,737	\$ 3,829,442	\$ 35,815,149

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total governmental fund balances		\$ 24,291,243
Amounts reported for governmental activities in the statement of net position are different because:		
Interfund receivables and payables between governmental funds are reported on the fund statements but eliminated on the district-wide statement of net position.		
Interfund receivables	3,733,476	
Interfund payables	<u>(3,733,476)</u>	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.		
Cost	130,056,456	
Accumulated depreciation	<u>(40,857,685)</u>	89,198,771
Amounts due from property taxpayers not collected within 60 days subsequent to year end and therefore not available to pay for current period expenditures are reported as unavailable revenue in governmental funds.		605,289
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements but are reported for governmental activities.		
Capital leases payable	(2,000,000)	
Compensated absences	<u>(38,728)</u>	(2,038,728)
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		(46,975,986)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	7,398,338	
Deferred inflows related to pensions	<u>(16,367,218)</u>	<u>(8,968,880)</u>
Net position of governmental activities		<u>\$ 56,111,709</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Federal Programs	Capital Projects	Education Special Purpose Local Option Sales Tax	Other Governmental Funds	Total Governmental Funds
Revenues						
Federal sources	\$ 628,806	\$ 5,831,194	\$ -	\$ -	\$ 4,162,540	\$ 10,622,540
State sources	36,465,969	-	-	976,572	1,433,189	38,875,730
Local sources and other funds	30,644,833	-	6,487	5,634,533	505,777	36,791,630
On behalf payments	112,150	-	-	-	-	112,150
Total revenues	<u>67,851,758</u>	<u>5,831,194</u>	<u>6,487</u>	<u>6,611,105</u>	<u>6,101,506</u>	<u>86,402,050</u>
Expenditures						
Current:						
Instruction	43,113,694	2,910,882	567,304	730,763	1,346,830	48,669,473
Support services:						
Pupil services	1,838,348	320,442	-	-	4,597	2,163,387
Improvement of instructional services	954,750	1,870,127	-	-	3,655	2,828,532
Educational media services	1,287,406	-	-	-	-	1,287,406
General administration	546,748	217,445	-	-	-	764,193
School administration	3,675,448	-	-	-	2,880	3,678,328
Business administration	594,680	-	-	466	-	595,146
Maintenance and operation of plant	4,927,346	-	-	-	-	4,927,346
Student transportation services	2,587,381	161,931	-	-	8,389	2,757,701
Central support services	2,251,861	14,147	-	-	-	2,266,008
Other support services	737,103	184,344	-	-	-	921,447
Food services operations	-	138,400	-	-	4,395,456	4,533,856
Community services operations	322,108	-	-	-	-	322,108
Capital outlay:						
Instruction	370,477	8,175	1,075,081	2,664,608	-	4,118,341
Support services:						
Improvement of instructional services	9,799	5,320	-	-	-	15,119
School administration	34,686	-	-	-	-	34,686
Student transportation services	19,824	-	-	-	-	19,824
Food services operation	-	-	-	-	15,926	15,926
Debt service:						
Principal retirement	-	-	-	-	610,000	610,000
Interest and fiscal charges	-	-	-	-	20,137	20,137
Total expenditures	<u>63,271,659</u>	<u>5,831,213</u>	<u>1,642,385</u>	<u>3,395,837</u>	<u>6,407,870</u>	<u>80,548,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,580,099</u>	<u>(19)</u>	<u>(1,635,898)</u>	<u>3,215,268</u>	<u>(306,364)</u>	<u>5,853,086</u>
Other financing sources (uses)						
Transfers in	-	19	750,000	-	840,031	1,590,050
Transfers out	(1,590,050)	-	-	-	-	(1,590,050)
Total other financing sources (uses)	<u>(1,590,050)</u>	<u>19</u>	<u>750,000</u>	<u>-</u>	<u>840,031</u>	<u>-</u>
Net changes in fund balances	2,990,049	-	(885,898)	3,215,268	533,667	5,853,086
Fund balance, beginning of year	<u>10,977,213</u>	<u>-</u>	<u>4,557,368</u>	<u>92,405</u>	<u>2,811,171</u>	<u>18,438,157</u>
Fund balance, end of year	<u>\$ 13,967,262</u>	<u>\$ -</u>	<u>\$ 3,671,470</u>	<u>\$ 3,307,673</u>	<u>\$ 3,344,838</u>	<u>\$ 24,291,243</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net changes in fund balances - governmental funds	\$	5,853,086
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Amounts reported for governmental activities in the statement of activities are different because:

Elimination of transfers between governmental funds:

Transfers in	(1,590,050)	
Transfers out	<u>1,590,050</u>	-

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	4,203,896	
Depreciation expense	<u>(3,652,912)</u>	550,984

Disposal of capital assets not reported at the fund level.	(34,948)
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Tax revenues that are reported in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(142,689)
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Principal payments of debt	610,000
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Net change in accrued interest on long-term debt	6,693
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These items include:

Net change in accrued compensated absence liability	(17,540)	
Pension expense	<u>1,240,512</u>	

Change in net position - governmental activities	\$	<u>8,066,098</u>
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See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	Original	Final	Actual	Variance
Revenues				
Federal sources	\$ 441,595	\$ 441,595	\$ 628,806	\$ 187,211
State sources	35,339,628	35,913,188	36,465,969	552,781
Local sources and other funds	30,451,692	30,451,692	30,644,833	193,141
On behalf payments	143,570	143,570	112,150	(31,420)
Total revenues	<u>66,376,485</u>	<u>66,950,045</u>	<u>67,851,758</u>	<u>901,713</u>
Expenditures				
Current:				
Instruction	44,937,267	44,713,000	43,113,694	1,599,306
Support services:				
Pupil services	2,018,630	2,027,783	1,838,348	189,435
Improvement of instructional services	1,055,766	1,071,172	954,750	116,422
Educational media services	1,359,111	1,338,732	1,287,406	51,326
General administration	554,285	554,285	546,748	7,537
School administration	3,693,891	3,706,833	3,675,448	31,385
Business administration	570,709	619,049	594,680	24,369
Maintenance and operation of plant	5,305,147	5,225,589	4,927,346	298,243
Student transportation services	2,500,466	2,580,366	2,587,381	(7,015)
Central support services	2,381,081	2,381,081	2,251,861	129,220
Other support services	839,925	839,925	737,103	102,822
Community services operations	153,000	153,000	322,108	(169,108)
Capital outlay:				
Instruction	370,477	370,477	370,477	-
Support services:				
Improvement of instructional services	9,799	9,799	9,799	-
School administration	34,686	34,686	34,686	-
Student transportation services	19,824	19,824	19,824	-
Total expenditures	<u>65,804,064</u>	<u>65,645,601</u>	<u>63,271,659</u>	<u>2,373,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>572,421</u>	<u>1,304,444</u>	<u>4,580,099</u>	<u>3,275,655</u>
Other financing sources (uses)				
Transfers in	200,000	200,000	-	200,000
Transfers out	(917,606)	(1,667,606)	(1,590,050)	(77,556)
Total other financing sources (uses)	<u>(717,606)</u>	<u>(1,467,606)</u>	<u>(1,590,050)</u>	<u>122,444</u>
Net change in fund balances	<u>\$ (145,185)</u>	<u>\$ (163,162)</u>	2,990,049	<u>\$ 3,153,211</u>
Fund balance, beginning of year			10,977,213	
Fund balance, end of year			<u>\$ 13,967,262</u>	

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FEDERAL PROGRAMS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	Original	Final	Actual	Variance
Revenues				
Federal sources	\$ 5,699,144	\$ 6,337,214	\$ 5,831,194	\$ (506,020)
Expenditures				
Current:				
Instruction	2,619,169	3,260,995	2,910,882	350,113
Support services:				
Pupil services	410,360	313,502	320,442	(6,940)
Improvement of instructional services	1,816,895	1,967,888	1,870,127	97,761
General administration	353,445	258,640	217,445	41,195
Student transportation services	132,480	203,933	161,931	42,002
Central support services	21,490	26,000	14,147	11,853
Other support services	231,840	192,791	184,344	8,447
Community services operations	99,970	99,970	138,400	(38,430)
Capital outlay:				
Instruction	8,175	8,175	8,175	-
Support services:				
Improvement of instructional services	5,320	5,320	5,320	-
Total expenditures	5,699,144	6,337,214	5,831,213	506,001
Excess (deficiency) of revenues over (under) expenditures	-	-	(19)	(19)
Other financing sources (uses)				
Transfers in	-	-	19	(19)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

	Agency Funds
Assets	
Intergovernmental receivable	\$ 13,974
Due from others	<u>40,601</u>
Total assets	<u><u>\$ 54,575</u></u>
Liabilities	
Accounts payable	\$ 29
Due to others	<u>54,546</u>
Total liabilities	<u><u>\$ 54,575</u></u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies

Reporting Entity

The City of Dalton Board of Education ("School District") provides for a system of education for the children in the City of Dalton, Georgia ("Dalton") as authorized by its charter. The 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 ("School Board") and a Superintendent appointed by the School Board. The School Board is comprised of five members who have decision making authority, the power to designate management, the ability to significantly influence operations, the authority to levy taxes or incur bonded indebtedness, and the authority to set its budget without approval by the City government or any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity. The School District has no component units.

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 City of Dalton Board of Education.

District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall School District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. For the year ended June 30, 2015, the School District had no activities accounted for as business-type activities.

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, with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources of the School District not accounted for and reported in another fund.
- The federal programs fund is a special revenue fund which accounts for and reports financial resources that are restricted as to use for specified federal programs, such as Title I. It is the only special revenue fund of the School District that meets the requirement to be presented as a major fund.
- The capital projects fund accounts for and reports the general acquisition and construction of capital assets or improvement of major capital projects. The projects accounted for in this fund are not funded by ESPLOST revenue.
- The education special purpose local option sales tax fund is a capital projects fund which accounts for and reports financial resources including education special purpose local option sales tax ("ESPLOST") that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities or other capital assets.

Additionally, the School District provides additional information on the following nonmajor governmental funds: the school food services special revenue fund, the lottery programs special revenue fund, and the debt service fund.

The School District has two funds which are accounted for as agency funds: the student activity agency fund and the family connection agency fund. Agency funds are used to account for funds that the School District holds for others in an agency capacity.

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The district-wide governmental 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, vehicle taxes, sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from vehicle taxes and sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

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 120 days after year-end (60 days for property taxes). Property taxes, vehicle taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there is both restricted and unrestricted net position 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.

Agency funds are not involved in the measurement of results of operations and, therefore, measurement focus is not applicable to them.

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. Implementation of this statement requires a restatement to beginning net position. The adoption of this statement has a significant impact on the School District's financial statements.

In fiscal year 2015, the School District adopted 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 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 this 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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

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 above, 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 \$57,185,378. This change is in accordance with generally accepted accounting principles. The details of the restatement are as follows:

Net position at July 1, 2014, as previously reported	\$ 105,230,989
Prior period adjustment - Implementation of GASB 68:	
Net pension liability (measurement date) TRS:	(61,757,957)
Net pension liability (measurement date) ERS:	(86,814)
Deferred outflows - School District contributions made during fiscal year 2014:	
TRS	4,649,208
ERS	<u>10,185</u>
Net position at July 1, 2014, as restated	<u><u>\$ 48,045,611</u></u>

Cash, Cash Equivalents, and Investments

The School District's cash and cash equivalents consist of cash on hand, demand deposits, non-negotiable certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. The Official Code of Georgia Annotated ("OCGA") authorizes the School District to deposit its funds in one or more solvent banks, insured by Federal savings and loan associations or insured by chartered building and loan associations.

Investments made by the School District are reported at fair value. The OCGA 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 Georgia Fund 1 (local government investment pool) 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 has a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, and interest rate risks. Foreign currency risk does not apply to the School District.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Receivables

Receivables consist of amounts due from property and sales taxes, grant reimbursements due from 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.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as due to other funds and due from other funds.

Property Taxes

The Mayor and Council of the City of Dalton, Georgia, fixed the property tax levy for the 2014 tax digest year (calendar year) on January 1, 2014 (levy date). Tax bills were mailed on October 20, 2014 (lien date) and are considered due upon receipt by the taxpayer. The actual due date is based on a period ending 60 days after the tax billing, on December 20, 2014 (due 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 the year ended June 30, 2015. The Whitfield County, Georgia Tax Commissioner bills and collects the property taxes for the School District, withholds a percentage of taxes collected as a fee, and remits the remaining amount to the School District. Property tax revenues, net of the collection fee, combined with penalties and interest received on delinquent taxes, at the fund reporting level, totaled \$26,707,184 for the year ended June 30, 2015.

Sales Taxes

Education special purpose local option sales tax, at the fund reporting level, totaled \$5,634,331 for the year ended June 30, 2015, and is to be used for capital outlay for educational purposes. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

Inventories

On the basic financial statements, inventories held in the school food services fund 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. 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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

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). Capital assets are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 (land is capitalized regardless of cost) and an estimated useful life in excess of one year. Purchased and constructed 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 at the date of donation. 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 financial statements are as follows:

Category	Capitalization Threshold	Estimated Useful Life
Buildings - permanent	\$ 50,000	40 years
Buildings - temporary	10,000	15 years
Land improvements	25,000	15 years
Building improvements	50,000	15 years
Kitchen equipment	5,000	15 years
Recreational and athletic equipment	5,000	10 years
Buses and heavy trucks	5,000	10 years
Custodial and grounds equipment	5,000	5 years
Instructional and other equipment	5,000	5 years
Cars and light trucks	5,000	5 years
Furniture	5,000	5 years
Technology and hardware	5,000	5 years
Intangible assets	250,000	15 years

Compensated Absences

Compensated absences represent obligations of the School District relating to an employee's right 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. Accumulated unpaid sick leave costs are not vested and are not accrued in any fund, but are recognized as expenditures or expenses when paid. Accumulated unpaid vacation costs are accrued when incurred in the district-wide financial statements.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to future periods 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 the contributions to the cost sharing benefit pension plan subsequent to the measurement date and prior to the fiscal year end as deferred outflows of resources. The School District has also reported the actuarial changes in the School District's proportionate share of the governmental nonemployer cost sharing benefit pension plan, as discussed in Note 8.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported the actuarial changes in the School District's proportionate share of the governmental nonemployer cost sharing benefit pension plan, as discussed in Note 8. This item is reported only in the district-wide statement of net position. Additionally, the School District has an 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.

Long-Term Obligations

The School District issues and incurs long-term obligations to provide funds for the acquisition, construction, renovation, and maintenance of major capital facilities. In the district-wide financial statements, long-term debt and other related long-term assets and liabilities are reported as liabilities on the statement of net position. In the fund financial statements, governmental fund types recognize premiums, discounts, bond issuance costs, and proceeds from bonds in the year the debt is issued or incurred.

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 Public School Employees Retirement System ("PSERS"), and the Employees' Retirement System ("ERS") and additions to/deductions from TRS's, PSERS's, and ERS's fiduciary net position have been determined on the same basis as they are reported by TRS, PSERS, and ERS, respectively. 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 8 for additional information.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

On-Behalf Payments

The School District has recognized revenues and costs in the amount of \$112,150 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 ("TRS")
For teachers retirement system employer's cost
In the amount of \$28,948

Office of Treasury and Fiscal Services
Paid to the Public School Employees Retirement System ("PSERS")
For public school employees retirement system employer's cost
In the amount of \$83,202

Fund Equity

Net Position

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

Net investment in capital assets - Net investment in capital assets 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 - Restricted net position represents resources for which the School District is legally or contractually obligated to spend 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 represents resources derived from property taxes, vehicle taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School District, and may be used at the discretion of the School Board to meet current expenses for those purposes.

Fund Balances

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

1) **Nonspendable fund balance** - 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.

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

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Fund Equity - Continued

3) **Committed fund balance** - Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School Board. The School Board 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 School 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.

4) **Assigned fund balance** - 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 the School Board or the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

5) **Unassigned fund balance** - 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.

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.

Nonspendable fund balances and restricted fund balances are considered restricted net position on the statement of net position. Committed, assigned, and unassigned fund balances are considered unrestricted net position on the statement of net position.

A schedule of fund balances is as follows:

	General	Federal Programs Special Revenue	Capital Projects	ESPLOST Capital Projects	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 135,067	\$ 135,067
Restricted for:						
Capital projects	-	-	-	3,307,673	-	3,307,673
Debt service	-	-	-	-	1,594,822	1,594,822
School nutrition	-	-	-	-	1,617,726	1,617,726
Committed to:						
Capital projects	-	-	3,671,470	-	-	3,671,470
Assigned to:						
School activities	683,991	-	-	-	-	683,991
Unassigned	13,283,271	-	-	-	(2,777)	13,280,494
Total Fund Balance	<u>\$ 13,967,262</u>	<u>\$ -</u>	<u>\$ 3,671,470</u>	<u>\$ 3,307,673</u>	<u>\$ 3,344,838</u>	<u>\$ 24,291,243</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Fund Equity - Continued

Deficit Fund Balances

The School District had one fund with a deficit fund balance at June 30, 2015, as follows:

<u>Fund Type/Fund Name</u>	<u>Deficit Balance</u>
Special Revenue/Lottery Programs	\$ (2,777)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 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, special revenue, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except for the various school activity accounts (commonly referred to as principal accounts) reported in the general fund, is prepared and adopted by fund, function, and object. The legal level of budgetary control was established by the School Board at the aggregate fund level. The budgets are 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 School Board's review. The administration makes revisions as necessary based on the School Board's guidelines and a tentative budget is approved. After approval of this tentative budget by the School 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 School Board after advertisement, the School 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 OCGA section 20-2-167(c), to the Georgia Department of Education. The School Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

See the statement of revenues, expenditures, and change in fund balances - budget and actual, for all legally adopted funds for a detail of any over/under expenditures by fund during the fiscal year.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 3 Deposits and Investments

Deposits

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

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's deposit policy for custodial credit risk is as follows: Excluding bond proceeds, the maximum amount which may be invested with any one financial institution shall not be greater than 50% of the total portfolio. Before the Superintendent or finance officer invests any surplus funds other than with Georgia Fund 1, a competitive bid process shall be conducted. If a specific maturity date is required, either for cash flow purposes or for compliance with maturity guidelines, bids will be requested for instruments which meet the maturity requirement. If no specified maturity is required, the Superintendent or finance officer shall endeavor to obtain the best available return on the investment. The Superintendent will utilize the Georgia Fund 1 anytime the rate of return is higher than the rate determined through requests from banks.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 3 Deposits and Investments - Continued

Investments

At June 30, 2015, the carrying value of the School District's unrestricted investments was \$14,984,754, with the entire balance invested in Georgia Fund 1.

Georgia Fund 1 (a local government investment pool) is administered by the State of Georgia, Office of the State Treasurer, and is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1 does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the State of Georgia Comprehensive Annual Financial Report. This audit can be obtained online from the Georgia Department of Audits and Accounts.

Georgia Fund 1 is not registered with the SEC as an investment company but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share. The pool is rated AA+ by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 90 days. The weighted average maturity for Georgia Fund 1 on June 30, 2015 was 56 days.

At June 30, 2015, the carrying value of the School District's restricted investments was \$1,594,779, with the entire balance invested in U.S. Agency securities, as permitted by OCGA.

The School District's investments as of June 30, 2015 are presented below. Investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value	Investment Maturity
		Less Than 1 Year
Debt securities - U.S. Agencies	\$ 1,594,779	\$ 1,594,779
Investment pools - Georgia Fund 1	14,984,754	14,984,754
	<u>\$ 16,579,533</u>	<u>\$ 16,579,533</u>

Interest rate risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The School District's investment policy states that the investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk restraints and liquidity needs. A market rate of return shall be defined as a rate of return that is not less than the annual return of the Georgia Fund 1.

Custodial credit risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of June 30, 2015, all of the School District's investments were properly collateralized as required by state statutes. The School District's investment policy states that safety of principal is the foremost objective of the investment program. Investment of funds shall be undertaken in a manner that seeks to ensure the preservation of capital and protection of the investment principal.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 3 Deposits and Investments - Continued

Credit quality risk - Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investment policy states that safety of principal is the foremost objective of the investment program. Investment of funds shall be undertaken in a manner that seeks to ensure the preservation of capital and protection of the investment principal.

The investments subject to credit quality risk are as follows:

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Aaa-mf</u>	<u>P-1</u>	<u>Unrated</u>
Debt securities - U.S. Agencies	<u>\$ 1,594,779</u>	<u>\$ 656</u>	<u>\$ 1,594,123</u>	<u>\$ -</u>

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's policy for managing concentration of credit risk is to set the following maximum limits for each investment instrument: fully insured obligations of the U.S. government – 100%, fully insured obligations of U.S. agencies – 100%, Georgia Fund 1 (local government investment pool) – 100%, obligations of U.S. government sponsored corporations – 75%, certificates of deposit – 75%, and collateralized interest bearing demand deposits – 75%. The School District is in compliance with their policy.

Note 4 Nonmonetary 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 1 for more information on inventories.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, is as follows:

	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	\$ 9,264,235	\$ -	\$ -	\$ 9,264,235
Construction in progress	7,501,781	3,179,135	(10,555,991)	124,925
Total	<u>16,766,016</u>	<u>3,179,135</u>	<u>(10,555,991)</u>	<u>9,389,160</u>
Depreciable capital assets				
Land improvements	3,893,191	24,515	-	3,917,706
Buildings and building improvements	101,021,725	10,628,308	-	111,650,033
Machinery, equipment, and technology	3,770,986	900,779	(49,486)	4,622,279
Vehicles	450,128	27,150	-	477,278
Total	<u>109,136,030</u>	<u>11,580,752</u>	<u>(49,486)</u>	<u>120,667,296</u>
Less accumulated depreciation				
Land improvements	(1,770,397)	(214,954)	-	(1,985,351)
Buildings and building improvements	(32,583,811)	(3,127,107)		(35,710,918)
Machinery, equipment, and technology	(2,431,276)	(300,723)	14,538	(2,717,461)
Vehicles	(433,827)	(10,128)	-	(443,955)
Total	<u>(37,219,311)</u>	<u>(3,652,912)</u>	<u>14,538</u>	<u>(40,857,685)</u>
Depreciable capital assets, net	<u>71,916,719</u>	<u>7,927,840</u>	<u>(34,948)</u>	<u>79,809,611</u>
Governmental activities capital assets, net	<u>\$ 88,682,735</u>	<u>\$ 11,106,975</u>	<u>\$ (10,590,939)</u>	<u>\$ 89,198,771</u>

Current year depreciation expense by function is as follows:

Governmental activities:	
Instruction	\$ 3,248,881
Improvement of instructional services	1,911
School administration	25,561
Business administration	427
Maintenance and operation of plant	151,165
Other support services	36,258
Food services operation	188,709
Total depreciation expense - governmental activities	<u>\$ 3,652,912</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 6 Interfund Balances and Transfers

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions and from interfund loans of cash. Interfund balances at June 30, 2015 consisted of the following:

	Due From Other Funds	Due To Other Funds
General fund	\$ 2,634,244	\$ 1,710,428
Federal programs fund	4,086	824,779
Capital projects fund	960,246	87,898
ESPLOST fund	-	939,620
Nonmajor governmental funds	134,900	170,751
Total governmental funds	<u>\$ 3,733,476</u>	<u>\$ 3,733,476</u>

Transfers are used to move revenues such as sales tax and property tax revenues as required matching funds or to provide supplemental funding for projects. Interfund transfers for the year ended June 30, 2015 consisted of the following:

Transfer To	Transfer From General fund
Federal programs fund	\$ 19
Capital projects fund	750,000
Nonmajor governmental funds	840,031
Total governmental funds	<u>\$ 1,590,050</u>

Note 7 Long Term Debt

Capital Leases - The School District entered into two agreements with the City of Dalton Building Authority for the purpose of acquiring, constructing, and equipping buildings and facilities. Under the terms of the agreements, the School District will ensure that payments of principal and interest on the City of Dalton Building Authority Revenue Bonds (Dalton Public School System Project) Series 2005 and the City of Dalton Building Authority Qualified Zone Academy Bonds (Dalton Public School System Project) are made in a timely manner through March 1, 2015 and May 1, 2018, respectively. Debt service payments are made out of the debt service fund. The interest rates on those leases are 3.31% and 0%, respectively. The debt on the Series 2005 bonds was satisfied during fiscal year 2015.

All cost and related amortization expense reported on the leased assets are included in depreciation expense, as disclosed in Note 5. The following is an analysis of leased assets under the capital leases as of June 30, 2015:

Buildings and building improvements	\$ 1,992,781
Net of accumulated amortization	<u>(597,971)</u>
	<u>\$ 1,394,810</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 7 Long Term Debt - Continued

At June 30, 2015, payments due by fiscal year, which include principal and interest, are as follows:

Year ending June 30,	Principal	Interest
2016	\$ -	\$ -
2017	-	-
2018	2,000,000	-
Total principal and interest	<u>\$ 2,000,000</u>	<u>\$ -</u>

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 debt. The School District uses the vesting method to compute compensated absences.

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Capital leases	\$ 2,610,000	\$ -	\$ (610,000)	\$ 2,000,000	\$ -
Compensated absences	21,188	72,702	(55,162)	38,728	30,000
	<u>\$ 2,631,188</u>	<u>\$ 72,702</u>	<u>\$ (665,162)</u>	<u>\$ 2,038,728</u>	<u>\$ 30,000</u>

Note 8 Retirement Plans

Teachers Retirement System of Georgia

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

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

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 Retirement Plans - Continued

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 4,998,947
2014	100%	4,649,208
2013	100%	4,066,616

Public School Employees Retirement System

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 OCGA assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

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

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

Contributions - The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with OCGA §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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 Retirement Plans - Continued

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.

Employees' Retirement System of Georgia

Plan description - This plan is not available to existing or new employees of the School District unless an employee already is a member of the plan. 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 OCGA assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

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

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

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

Contributions - Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Agency'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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 Retirement Plans - Continued

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 11,417
2014	100%	9,565
2013	100%	7,299

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the School District reported a liability of \$46,975,986 for its proportionate share of the net pension liability for TRS (\$46,884,096) and ERS (\$91,890).

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 amounts 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 - TRS	\$ 46,884,096
State of Georgia's proportionate share of the net pension liability associated with the School District - TRS	<u>257,474</u>
Total	<u>\$ 47,141,570</u>

The net pension liability for TRS and ERS 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 proportion of the TRS net pension liability was 0.371104%, which was an increase of 0.016680% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's proportion of the ERS net pension liability was 0.002450%, which was an increase of 0.000661% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a liability for a proportionate share of the net pension liability for PSERS because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School District is \$344,463.

The net pension liability for PSERS 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 to PSERS paid by the State during the fiscal year ended June 30, 2014.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 Retirement Plans - Continued

For the year ended June 30, 2015, the School District recognized pension expense of \$3,751,902 for TRS, \$29,914 for PSERS, and \$91,890 for ERS. The School District recognized revenue of \$4,645 for TRS and \$29,914 for PSERS for support provided by the State of Georgia for certain support personnel. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ -	\$ 16,344,790	\$ -	\$ 22,428
Changes in proportion and differences between District contributions and proportionate share of contributions	2,368,235	-	19,739	-
District contributions subsequent to the measurement date	4,998,947	-	11,417	-
Total	<u>\$ 7,367,182</u>	<u>\$ 16,344,790</u>	<u>\$ 31,156</u>	<u>\$ 22,428</u>

School District contributions subsequent to the measurement date of June 30, 2014 of \$4,998,947 for TRS and \$11,417 for 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	\$ (3,547,961)	\$ 6,730
2017	(3,647,961)	1,795
2018	(3,647,961)	(5,607)
2019	(3,647,961)	(5,607)
2020	215,293	-
Thereafter	-	-

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 Retirement Plans - Continued

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:

TRS:

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.

PSERS:

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.

ERS:

Inflation	3.00%
Salary increases	5.45% - 9.25%, 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 valuations for TRS, PSERS, and ERS were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 Retirement Plans - Continued

The long-term expected rate of return on the pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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 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 equities	39.70%	6.50%
Domestic mid equities	3.70%	10.00%
Domestic small equities	1.60%	13.00%
International developed market equities	18.90%	6.50%
International emerging market equities	<u>6.10%</u>	11.00%
Total	<u>100.00%</u>	

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

Discount Rate - The discount rate used to measure the total 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 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 School District'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:

TRS:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability \$	86,401,098	\$ 46,884,096	\$ 14,342,665

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 Retirement Plans - Continued

ERS:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 133,994	\$ 91,890	\$ 56,050

Pension Plan Fiduciary Net Position - Detailed information about the TRS pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at www.trsga.com/publications. Detailed information about the ERS pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at www.ers.ga.gov/formspubs/formspubs.

Note 9 Post-Employment Benefits

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 OCGA 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. 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 of Community Health in accordance with the current Appropriations Act and may be amended by the Board of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. 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 of Community Health 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 of Community Health may be changed at any time by Board of Community Health resolution and does not constitute a contract or promise of any amount of subsidy.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 Post-Employment Benefits - Continued

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board of Community Health. 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 of Community Health 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, for the period July 1, 2014 through June 30, 2015, the contribution rate was \$945 per member per month. For non-certificated school personnel, for the period July 1, 2014 through June 30, 2015, the contribution rate was \$596.20 per member per month.

No additional contribution was required by the Board of Community Health 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 of Community Health in accordance with the School plan for other post-employment benefits and are subject to appropriation.

The School District's combined active and retiree contributions to the health insurance plans for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 7,522,901
2014	100%	7,478,743
2013	100%	6,563,711

Note 10 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; natural disasters; and unemployment compensation. The School District has obtained commercial insurance from risk of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees, and natural disasters. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10 Risk Management - Continued

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Unemployment claims paid to the State of Georgia to satisfy unemployment claims liability during the last three years are as follows:

Fiscal Year	Beginning of Year Liability	Claims	Claims Paid	End of Year Liability
2015	\$ -	\$ 17,428	\$ (17,428)	\$ -
2014	-	12,704	(12,704)	-
2013	-	4,298	(4,298)	-

The School District is a participant in the City of Dalton, Georgia's self-insured workers' compensation program. The City of Dalton, Georgia maintains all administrative control over the program and requires that the School District contribute its allocable share of costs to the program annually or more frequently, as deemed necessary. The School District accounts for its contributions within the general fund with expenditures being reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Premiums paid to the City of Dalton, Georgia to cover workers' compensation claims liability attributable to the School District during the last three years are as follows:

Calendar Year	Beginning of Year Liability	Premiums and Other Charges	Charges Paid	End of Year Liability
2014	\$ -	\$ 138,000	\$ (138,000)	\$ -
2013	-	192,000	(192,000)	-
2012	-	245,600	(245,600)	-

Note 11 Operating Leases

The School District has entered into various leases as lessee for office and computer equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2015 totaled \$574,738. Substantially all leases have options to extend the terms of the lease or to purchase the asset at the lease termination date, but none include bargain purchase options. Future minimum lease payments for these leases are as follows:

Year ending June 30,	Payment
2016	\$ 543,273
2017	528,927
2018	48,220
2019	13,927
2020	6,539
	<u>\$ 1,140,886</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 12 Commitments and Contingencies

The School District is involved in legal matters as of the fiscal year ended June 30, 2015 in relation to workers' compensation claims. The School District feels that insurance coverage and other sources will cover any settlements and that the effect of the settlements will not have a material impact on the financials.

The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the School District, the significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants have been recorded in the accompanying financial statements.

The School District is committed under outstanding construction contracts in the capital projects fund and the ESPLOST capital projects fund in the amount of \$381,430. Construction contracts include expansion and renovation of facilities.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>
School District's proportion of the net pension liability	0.371104%
School District's proportionate share of the net pension liability	\$ 46,884,096
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>257,474</u>
Total	<u>\$ 47,141,570</u>
School District's covered-employee payroll	\$ 38,048,070
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	123.22%
Plan fiduciary net position as a percentage of the total pension liability	84.03%

Note: Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

CITY OF DALTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	For the fiscal year ended June 30,								
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 3,187,341	\$ 3,643,580	\$ 3,652,949	\$ 3,621,060	\$ 3,235,692	\$ 3,497,210	\$ 4,066,616	\$ 4,649,208	\$ 4,998,947
Contributions in relation to the contractually required contribution	<u>3,187,341</u>	<u>3,643,580</u>	<u>3,652,949</u>	<u>3,621,060</u>	<u>3,235,692</u>	<u>3,497,210</u>	<u>4,066,616</u>	<u>4,649,208</u>	<u>4,998,947</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 34,456,109	\$ 39,496,991	\$ 39,032,755	\$ 37,152,023	\$ 34,391,833	\$ 34,225,641	\$ 35,909,214	\$ 38,048,070	\$ 38,273,408
Contributions as a percentage of covered-employee payroll	9.25%	9.22%	9.36%	9.75%	9.41%	10.22%	11.32%	12.22%	13.06%

Note: Schedule is intended to show information for the last ten fiscal years. Only nine years of information were readily available. The full ten years will be reported next year.

CITY OF DALTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 the 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

CITY OF DALTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>2015</u>
School District's proportion of the net pension liability	0.000000%
School District's proportionate share of the net pension liability	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>344,463</u>
Total	<u>\$ 344,463</u>
School District's covered-employee payroll	\$ 1,826,801
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.86%
Plan fiduciary net position as a percentage of the total pension liability	88.29%

Note: Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

CITY OF DALTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Changes of assumptions: The last experience investigation was prepared for the five-year period ending June 30, 2009, and based on the results of the investigation various assumptions and methods were revised and adopted by the board on December 16, 2010. The next experience investigation will be prepared for the period July 1, 2009 through June 30, 2014.

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 the 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	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Cost of living adjustments	1.50% semi-annually

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

	<u>2015</u>
School District's proportion of the net pension liability	0.002450%
School District's proportionate share of the net pension liability	\$ 91,890
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>-</u>
Total	<u>\$ 91,890</u>
School District's covered-employee payroll	\$ 51,992
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.74%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

Note: Schedule is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

CITY OF DALTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ 4,704	\$ 5,437	\$ 5,429	\$ 5,225	\$ 5,746	\$ 7,299	\$ 9,565	\$ 11,417
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>4,704</u>	<u>5,437</u>	<u>5,429</u>	<u>5,225</u>	<u>5,746</u>	<u>7,299</u>	<u>9,565</u>	<u>11,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ -	\$ -	\$ 49,295	\$ 52,200	\$ 52,043	\$ 50,188	\$ 49,407	\$ 49,887	\$ 51,992	\$ 51,992
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	9.54%	10.42%	10.43%	10.41%	11.63%	14.63%	18.40%	21.96%

CITY OF DALTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 the 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 FY2012-2013 and 5.45% - 9.25% for FY2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

CITY OF DALTON BOARD OF EDUCATION
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

School Food Services	To account for the monies and commodities received from the federal and state governments and cafeteria sales for the purpose of maintaining the District's breakfast, lunch, and snack programs.
Lottery Programs	To account for the Pre-K program administered by the District.

DEBT SERVICE FUND

Debt Service	To account for the monies received from various sources for the purpose of servicing District debts outstanding.
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CITY OF DALTON BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Special Revenue Funds</u>			Total Nonmajor
	<u>School Food</u>	<u>Lottery</u>	<u>Debt Service</u>	<u>Governmental</u>
	<u>Services</u>	<u>Programs</u>	<u>Fund</u>	<u>Funds</u>
Assets				
Cash	\$ 1,751,653	\$ -	\$ -	\$ 1,751,653
Intergovernmental receivables	213,043	-	-	213,043
Due from other funds	-	134,846	54	134,900
Inventory	135,067	-	-	135,067
Restricted assets - investments	-	-	1,594,779	1,594,779
Total assets	<u>\$ 2,099,763</u>	<u>\$ 134,846</u>	<u>\$ 1,594,833</u>	<u>\$ 3,829,442</u>
Liabilities				
Accounts payable	\$ 19,300	\$ 6,238	\$ 11	\$ 25,549
Salaries payable	156,919	117,376	-	274,295
Unearned revenue	-	14,009	-	14,009
Due to other funds	<u>170,751</u>	<u>-</u>	<u>-</u>	<u>170,751</u>
Total liabilities	<u>346,970</u>	<u>137,623</u>	<u>11</u>	<u>484,604</u>
Fund balances				
Nonspendable	135,067	-	-	135,067
Restricted	1,617,726	-	1,594,822	3,212,548
Unassigned	<u>-</u>	<u>(2,777)</u>	<u>-</u>	<u>(2,777)</u>
Total fund balances	<u>1,752,793</u>	<u>(2,777)</u>	<u>1,594,822</u>	<u>3,344,838</u>
Total liabilities and fund balances	<u>\$ 2,099,763</u>	<u>\$ 134,846</u>	<u>\$ 1,594,833</u>	<u>\$ 3,829,442</u>

CITY OF DALTON BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>School Food Services</u>	<u>Lottery Programs</u>	<u>Debt Service</u>	
Revenues				
Federal sources	\$ 4,162,540	\$ -	\$ -	\$ 4,162,540
State sources	126,678	1,306,511	-	1,433,189
Local sources and other funds	454,878	-	50,899	505,777
Total revenues	<u>4,744,096</u>	<u>1,306,511</u>	<u>50,899</u>	<u>6,101,506</u>
Expenditures				
Current:				
Instruction	-	1,346,830	-	1,346,830
Support services:				
Pupil services	-	4,597	-	4,597
Improvement of instructional services	-	3,655	-	3,655
School administration	-	2,880	-	2,880
Student transportation services	-	8,389	-	8,389
Food services operations	4,395,456	-	-	4,395,456
Capital outlay:				
Support services:				
Food services operation	15,926	-	-	15,926
Debt service:				
Principal retirement	-	-	610,000	610,000
Interest and fiscal charges	-	-	20,137	20,137
Total expenditures	<u>4,411,382</u>	<u>1,366,351</u>	<u>630,137</u>	<u>6,407,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>332,714</u>	<u>(59,840)</u>	<u>(579,238)</u>	<u>(306,364)</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>59,840</u>	<u>780,191</u>	<u>840,031</u>
Net change in fund balances	332,714	-	200,953	533,667
Fund balance, beginning of year	<u>1,420,079</u>	<u>(2,777)</u>	<u>1,393,869</u>	<u>2,811,171</u>
Fund balance, end of year	<u>\$ 1,752,793</u>	<u>\$ (2,777)</u>	<u>\$ 1,594,822</u>	<u>\$ 3,344,838</u>

BUDGETARY COMPARISON SCHEDULES

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SCHOOL FOOD SERVICES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	Original	Final	Actual	Variance
Revenues				
Federal sources	\$ 4,159,530	\$ 4,159,530	\$ 4,162,540	\$ 3,010
State sources	113,400	113,400	126,678	13,278
Local sources and other funds	444,000	444,000	454,878	10,878
Total revenues	<u>4,716,930</u>	<u>4,716,930</u>	<u>4,744,096</u>	<u>27,166</u>
Expenditures				
Current:				
Food services operations	4,635,760	4,635,760	4,395,456	240,304
Capital outlay:				
Food services operations	<u>15,926</u>	<u>15,926</u>	<u>15,926</u>	<u>-</u>
Total expenditures	<u>4,651,686</u>	<u>4,651,686</u>	<u>4,411,382</u>	<u>240,304</u>
Net change in fund balances	<u>\$ 65,244</u>	<u>\$ 65,244</u>	332,714	<u>\$ 267,470</u>
Fund balance, beginning of year			<u>1,420,079</u>	
Fund balance, end of year			<u>\$ 1,752,793</u>	

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LOTTERY PROGRAMS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	Original	Final	Actual	Variance
Revenues				
State sources	\$ 1,190,000	\$ 1,198,000	\$ 1,306,511	\$ 108,511
Total revenues	<u>1,190,000</u>	<u>1,198,000</u>	<u>1,306,511</u>	<u>108,511</u>
Expenditures				
Current:				
Instruction	1,323,415	1,331,715	1,346,830	(15,115)
Support services:				
Pupil services	-	37	4,597	(4,560)
Improvement of instructional services	4,000	3,963	3,655	308
School administration	-	-	2,880	(2,880)
Student transportation services	-	-	8,389	(8,389)
Total expenditures	<u>1,327,415</u>	<u>1,335,715</u>	<u>1,366,351</u>	<u>(30,636)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(137,415)</u>	<u>(137,715)</u>	<u>(59,840)</u>	<u>77,875</u>
Other financing sources (uses)				
Transfers in	<u>137,415</u>	<u>137,415</u>	<u>59,840</u>	<u>77,575</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (300)</u>	<u>-</u>	<u>\$ 300</u>
Fund balance, beginning of year			<u>(2,777)</u>	
Fund balance, end of year			<u>\$ (2,777)</u>	

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	Original	Final	Actual	Variance
Revenues				
Local sources and other funds	\$ -	\$ -	\$ 50,899	\$ 50,899
Total revenues	-	-	50,899	50,899
Expenditures				
Debt service:				
Principal retirement	610,000	610,000	610,000	-
Interest and fiscal charges	20,191	20,191	20,137	54
Total expenditures	630,191	630,191	630,137	54
Excess (deficiency) of revenues over (under) expenditures	(630,191)	(630,191)	(579,238)	50,953
Other financing sources (uses)				
Transfers in	780,191	780,191	780,191	-
Net change in fund balances	\$ 150,000	\$ 150,000	200,953	\$ 50,953
Fund balance, beginning of year			1,393,869	
Fund balance, end of year			\$ 1,594,822	

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	Original	Final	Actual	Variance
Revenues				
Local sources and other funds	\$ -	\$ -	\$ 6,487	\$ 6,487
Total revenues	-	-	6,487	6,487
Expenditures				
Current:				
Instruction	-	635,706	567,304	68,402
Capital outlay				
Instruction	445,500	1,006,679	1,075,081	(68,402)
Total expenditures	445,500	1,642,385	1,642,385	-
Excess (deficiency) of revenues over (under) expenditures	(445,500)	(1,642,385)	(1,635,898)	6,487
Other financing sources (uses)				
Transfers in	-	750,000	750,000	-
Transfers out	(200,000)	(200,000)	-	(200,000)
Total other financing sources (uses)	(200,000)	550,000	750,000	(200,000)
Net change in fund balances	\$ (645,500)	\$ (1,092,385)	(885,898)	\$ 206,487
Fund balance, beginning of year			4,557,368	
Fund balance, end of year			\$ 3,671,470	

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EDUCATION SPECIAL PURPOSE LOCAL OPTION SALES TAX CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	Original	Final	Actual	Variance
Revenues				
State sources	\$ 1,000,000	\$ 1,000,000	\$ 976,572	\$ (23,428)
Local sources and other funds	<u>5,520,000</u>	<u>5,520,000</u>	<u>5,634,533</u>	<u>114,533</u>
Total revenues	<u>6,520,000</u>	<u>6,520,000</u>	<u>6,611,105</u>	<u>91,105</u>
Expenditures				
Current:				
Instruction	1,334,926	730,763	730,763	-
Support services:				
Business administration	466	466	466	-
Capital outlay				
Instruction	<u>2,664,608</u>	<u>2,664,608</u>	<u>2,664,608</u>	<u>-</u>
Total expenditures	<u>4,000,000</u>	<u>3,395,837</u>	<u>3,395,837</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,520,000</u>	<u>\$ 3,124,163</u>	3,215,268	<u>\$ 91,105</u>
Fund balance, beginning of year			<u>92,405</u>	
Fund balance, end of year			<u>\$ 3,307,673</u>	

CITY OF DALTON BOARD OF EDUCATION
AGENCY FUNDS

AGENCY FUNDS

Student Activities	To account for school activity funds that the District holds for others in an agency capacity.
Family Connection	To account for activities of the Family Connection Center.

CITY OF DALTON BOARD OF EDUCATION
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2015

	Student Activity	Family Connection	Total
Assets			
Intergovernmental receivable	\$ -	\$ 13,974	\$ 13,974
Due from others	<u>40,601</u>	<u>-</u>	<u>40,601</u>
Total assets	<u>\$ 40,601</u>	<u>\$ 13,974</u>	<u>\$ 54,575</u>
Liabilities			
Accounts payable	\$ 29	\$ -	\$ 29
Due to others	<u>40,572</u>	<u>13,974</u>	<u>54,546</u>
Total liabilities	<u>\$ 40,601</u>	<u>\$ 13,974</u>	<u>\$ 54,575</u>

CITY OF DALTON BOARD OF EDUCATION
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
<u>Student Activities Agency Fund</u>				
Assets				
Intergovernmental receivable	\$ 3,275	\$ -	\$ (3,275)	\$ -
Due from others	<u>44,048</u>	<u>805,463</u>	<u>(808,910)</u>	<u>40,601</u>
Total assets	<u>\$ 47,323</u>	<u>\$ 805,463</u>	<u>\$ (812,185)</u>	<u>\$ 40,601</u>
Liabilities				
Accounts payable	\$ 12,040	\$ 283,324	\$ (295,335)	\$ 29
Due to others	<u>35,283</u>	<u>40,533</u>	<u>(35,244)</u>	<u>40,572</u>
Total liabilities	<u>\$ 47,323</u>	<u>\$ 323,857</u>	<u>\$ (330,579)</u>	<u>\$ 40,601</u>
<u>Family Connection Agency Fund</u>				
Assets				
Intergovernmental receivable	<u>\$ 11,563</u>	<u>\$ 57,955</u>	<u>\$ (55,544)</u>	<u>\$ 13,974</u>
Total assets	<u>\$ 11,563</u>	<u>\$ 57,955</u>	<u>\$ (55,544)</u>	<u>\$ 13,974</u>
Liabilities				
Accounts payable	\$ 140	\$ 46,690	\$ (46,830)	\$ -
Due to others	<u>11,423</u>	<u>45,347</u>	<u>(42,796)</u>	<u>13,974</u>
Total liabilities	<u>\$ 11,563</u>	<u>\$ 92,037</u>	<u>\$ (89,626)</u>	<u>\$ 13,974</u>

CITY OF DALTON BOARD OF EDUCATION
STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Dalton Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help readers understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help readers assess the District's most significant local revenue source - its property tax.

Debt Capacity

These schedules present information to help readers assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help readers understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help readers understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

CITY OF DALTON BOARD OF EDUCATION
NET POSITION BY COMPONENT
TEN YEAR SUMMARY
PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Governmental activities										
Net investment in capital assets	\$ 44,227,935	\$ 50,351,597	\$ 58,769,014	\$ 66,799,011	\$ 67,290,901	\$ 72,193,602	\$ 77,879,278	\$ 79,384,982	\$ 86,072,735	\$ 87,198,771
Restricted	16,661,177	17,855,771	17,119,101	14,646,535	11,622,778	8,250,591	2,787,633	3,699,964	2,899,660	6,655,288
Unrestricted	<u>7,615,182</u>	<u>10,116,289</u>	<u>9,212,694</u>	<u>5,070,327</u>	<u>12,343,906</u>	<u>19,048,138</u>	<u>21,982,557</u>	<u>20,571,966</u>	<u>16,258,594</u>	<u>(37,742,350)</u>
Total governmental activities	<u>\$ 68,504,294</u>	<u>\$ 78,323,657</u>	<u>\$ 85,100,809</u>	<u>\$ 86,515,873</u>	<u>\$ 91,257,585</u>	<u>\$ 99,492,331</u>	<u>\$ 102,649,468</u>	<u>\$ 103,656,912</u>	<u>\$ 105,230,989</u>	<u>\$ 56,111,709</u>
 Total percentage increase from prior year		14.3%	8.7%	1.7%	5.5%	9.0%	3.2%	1.0%	1.5%	-46.7%
 Governmental activities										
Net investment in capital assets	64.6%	64.3%	69.1%	77.2%	73.7%	72.6%	75.9%	76.6%	81.8%	155.4%
Restricted	24.3%	22.8%	20.1%	16.9%	12.7%	8.3%	2.7%	3.6%	2.8%	11.9%
Unrestricted	<u>11.1%</u>	<u>12.9%</u>	<u>10.8%</u>	<u>5.9%</u>	<u>13.5%</u>	<u>19.1%</u>	<u>21.4%</u>	<u>19.8%</u>	<u>15.5%</u>	<u>-67.3%</u>
Total governmental activities	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

CITY OF DALTON BOARD OF EDUCATION
CHANGES IN NET POSITION
TEN YEAR SUMMARY
PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Instruction	\$ 38,396,632	\$ 42,030,924	\$ 45,510,301	\$ 46,897,774	\$ 44,949,020	\$ 44,647,133	\$ 45,393,555	\$ 47,580,376	\$ 50,572,344	\$ 50,861,687
Support services:										
Pupil services	1,583,369	2,014,952	3,010,776	2,663,130	2,139,030	2,064,431	2,032,560	2,085,994	1,975,150	2,128,873
Improvement of instructional services	1,770,203	1,791,499	1,953,519	2,521,532	2,593,505	2,046,951	2,475,309	2,726,507	2,883,481	2,780,454
Educational media services	1,137,661	1,087,919	1,216,252	1,121,176	1,164,142	1,125,302	1,144,128	1,187,723	1,246,295	1,259,964
General administration	607,728	630,752	651,384	784,947	897,271	928,161	814,072	806,152	746,813	753,349
School administration	2,506,189	2,673,157	2,805,057	2,942,937	3,051,347	2,994,948	2,841,510	3,640,280	3,694,235	3,620,947
Business administration	486,235	773,196	727,347	662,597	676,402	481,918	535,627	565,161	584,065	587,823
Maintenance and operation of plant	5,357,186	3,761,561	4,388,784	4,367,999	4,748,609	4,126,720	4,133,004	4,423,979	4,854,873	5,096,051
Student transportation services	2,432,923	3,005,214	2,832,119	2,768,436	2,870,261	2,261,218	2,414,863	2,567,920	2,606,202	2,757,701
Central support services	2,061,402	2,275,453	3,593,682	2,442,992	2,586,306	2,155,085	2,352,961	1,996,949	2,153,085	2,235,385
Other support services	551,098	86,316	85,898	86,832	504,600	628,540	764,161	845,862	836,956	954,209
Food services operations	2,681,748	3,249,025	3,759,191	4,097,768	4,824,835	4,735,358	5,026,568	5,156,674	4,371,273	4,743,677
Community services operations	105,404	145,929	145,297	115,038	298,337	152,171	190,296	280,921	295,762	322,108
Interest on long-term debt	861,735	907,694	1,035,443	1,350,650	906,574	632,891	318,232	27,982	33,838	13,444
Total governmental activities expenses	<u>\$ 60,539,513</u>	<u>\$ 64,433,591</u>	<u>\$ 71,715,050</u>	<u>\$ 72,823,808</u>	<u>\$ 72,210,239</u>	<u>\$ 68,980,827</u>	<u>\$ 70,436,846</u>	<u>\$ 73,892,480</u>	<u>\$ 76,854,372</u>	<u>\$ 78,115,672</u>

(continued)

CITY OF DALTON BOARD OF EDUCATION
CHANGES IN NET POSITION
TEN YEAR SUMMARY
PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program revenues										
Charges for services										
Instruction	\$ 229,178	\$ 231,790	\$ 230,966	\$ 226,809	\$ 244,607	\$ 251,965	\$ 239,459	\$ 250,285	\$ 268,423	\$ 299,356
Food services										
operations	506,891	493,292	451,413	460,373	418,602	420,374	432,010	475,055	457,594	454,878
Operating grants and contributions										
Instruction	22,790,243	25,557,802	23,751,474	22,819,300	23,395,247	27,086,531	27,070,281	27,296,972	27,785,038	30,933,840
Support services:										
Pupil services	475,188	615,249	2,184,571	1,304,391	1,371,667	1,504,415	1,407,349	1,508,823	1,278,059	1,454,752
Improvement of instructional services	1,033,432	892,009	1,363,071	1,900,318	2,121,052	1,785,857	2,051,518	2,306,149	2,352,230	2,471,783
Educational media services	585,674	780,610	625,222	531,146	631,006	724,266	685,612	697,969	697,697	791,286
General administration	1,210,904	493,792	421,680	451,812	707,136	709,824	702,771	600,848	539,728	553,495
School administration	1,092,358	1,452,522	1,427,594	1,392,830	1,620,076	1,895,026	1,702,757	2,145,252	2,066,407	2,283,137
Business administration	-	-	360,041	310,950	354,786	300,979	284,591	332,098	326,715	365,512
Maintenance and operation of plant	1,652,572	1,928,061	2,714,929	1,892,957	3,129,566	2,534,933	2,553,368	2,606,783	2,688,910	3,028,526
Student transportation services	178,707	341,242	1,448,881	1,327,258	1,524,726	1,427,219	1,402,828	1,566,092	1,534,176	1,772,435
Central support services	9,439	983,021	1,844,231	1,177,297	1,320,032	1,314,349	1,367,957	1,180,330	1,226,600	1,398,222
Other support services	31,364	34,915	55,098	254,631	485,437	635,373	447,884	516,801	538,210	637,394
Food services operation	2,703,768	3,080,428	3,395,611	3,797,153	4,114,791	4,046,845	4,387,677	4,415,718	4,432,080	4,427,618
Community services operations	-	-	74,080	54,228	224,367	123,745	114,034	165,084	165,573	197,979

(continued)

CITY OF DALTON BOARD OF EDUCATION
CHANGES IN NET POSITION
TEN YEAR SUMMARY
PREPARED USING THE ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital grants and contributions										
Instruction	-	-	-	-	-	-	-	-	-	976,572
Support services:										
Student transportation services	146,080	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>\$ 32,645,798</u>	<u>\$ 36,884,733</u>	<u>\$ 40,348,862</u>	<u>\$ 37,901,453</u>	<u>\$ 41,663,098</u>	<u>\$ 44,761,701</u>	<u>\$ 44,850,096</u>	<u>\$ 46,064,259</u>	<u>\$ 46,357,440</u>	<u>\$ 52,046,785</u>
Net revenues (expenses) of governmental activities	<u>\$(27,893,715)</u>	<u>\$(27,548,858)</u>	<u>\$(31,366,188)</u>	<u>\$(34,922,355)</u>	<u>\$(30,547,141)</u>	<u>\$(24,219,126)</u>	<u>\$(25,586,750)</u>	<u>\$(27,828,221)</u>	<u>\$(30,496,932)</u>	<u>\$(26,068,887)</u>
General revenues and other changes in net position										
Property taxes	\$ 26,839,836	\$ 28,591,529	\$ 29,644,818	\$ 29,352,719	\$ 28,173,650	\$ 26,728,746	\$ 26,154,663	\$ 24,597,936	\$ 25,061,074	\$ 26,564,495
Other taxes	6,293,834	6,106,623	6,199,129	5,704,504	5,560,456	5,511,970	2,511,047	4,165,496	6,858,792	7,486,273
Unrestricted investment earnings	1,147,673	2,192,092	1,846,208	1,135,942	536,398	213,156	78,177	72,263	67,113	84,217
Other	<u>713,653</u>	<u>477,977</u>	<u>453,185</u>	<u>144,254</u>	<u>1,018,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,000</u>	<u>-</u>
Total governmental activities general revenues and other changes in net position	<u>\$ 34,994,996</u>	<u>\$ 37,368,221</u>	<u>\$ 38,143,340</u>	<u>\$ 36,337,419</u>	<u>\$ 35,288,853</u>	<u>\$ 32,453,872</u>	<u>\$ 28,743,887</u>	<u>\$ 28,835,695</u>	<u>\$ 32,070,979</u>	<u>\$ 34,134,985</u>
Change in net position of governmental activities	<u>\$ 7,101,281</u>	<u>\$ 9,819,363</u>	<u>\$ 6,777,152</u>	<u>\$ 1,415,064</u>	<u>\$ 4,741,712</u>	<u>\$ 8,234,746</u>	<u>\$ 3,157,137</u>	<u>\$ 1,007,474</u>	<u>\$ 1,574,047</u>	<u>\$ 8,066,098</u>

CITY OF DALTON BOARD OF EDUCATION
FUND BALANCES OF GOVERNMENTAL FUNDS
TEN YEAR SUMMARY
PREPARED USING THE MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
General fund										
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683,991
Unassigned	<u>5,053,053</u>	<u>7,316,879</u>	<u>5,978,179</u>	<u>2,035,726</u>	<u>2,486,735</u>	<u>9,577,790</u>	<u>12,363,098</u>	<u>12,577,435</u>	<u>10,977,213</u>	<u>13,283,271</u>
Total general fund	<u>\$ 5,053,053</u>	<u>\$ 7,316,879</u>	<u>\$ 5,978,179</u>	<u>\$ 2,035,726</u>	<u>\$ 2,486,735</u>	<u>\$ 9,577,790</u>	<u>\$ 12,363,098</u>	<u>\$ 12,577,435</u>	<u>\$ 10,977,213</u>	<u>\$ 13,967,262</u>
Other governmental funds										
Nonspendable	\$ 98,365	\$ 116,219	\$ 146,350	\$ 149,487	\$ 216,462	\$ 193,984	\$ 206,557	\$ 176,335	\$ 175,820	\$ 135,067
Restricted	12,067,524	25,523,376	28,373,340	22,224,643	12,685,883	9,082,829	3,510,645	4,102,366	2,730,533	6,520,221
Committed	6,460,000	8,388,530	9,096,420	7,774,668	7,739,821	7,222,213	7,319,827	6,531,842	4,557,368	3,671,470
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,777)</u>	<u>(2,777)</u>	<u>(55,601)</u>	<u>(2,777)</u>	<u>(2,777)</u>
Total other governmental funds	<u>\$ 18,625,889</u>	<u>\$ 34,028,125</u>	<u>\$ 37,616,110</u>	<u>\$ 30,148,798</u>	<u>\$ 20,642,166</u>	<u>\$ 16,496,249</u>	<u>\$ 11,034,252</u>	<u>\$ 10,754,942</u>	<u>\$ 7,460,944</u>	<u>\$ 10,323,981</u>
Total governmental funds										
Nonspendable	\$ 98,365	\$ 116,219	\$ 146,350	\$ 149,487	\$ 216,462	\$ 193,984	\$ 206,557	\$ 176,335	\$ 175,820	\$ 135,067
Restricted	12,067,524	25,523,376	28,373,340	22,224,643	12,685,883	9,082,829	3,510,645	4,102,366	2,730,533	6,520,221
Committed	6,460,000	8,388,530	9,096,420	7,774,668	7,739,821	7,222,213	7,319,827	6,531,842	4,557,368	3,671,470
Assigned	-	-	-	-	-	-	-	-	-	683,991
Unassigned	<u>5,053,053</u>	<u>7,316,879</u>	<u>5,978,179</u>	<u>2,035,726</u>	<u>2,486,735</u>	<u>9,575,013</u>	<u>12,360,321</u>	<u>12,521,834</u>	<u>10,974,436</u>	<u>13,280,494</u>
Total governmental funds	<u>\$ 23,678,942</u>	<u>\$ 41,345,004</u>	<u>\$ 43,594,289</u>	<u>\$ 32,184,524</u>	<u>\$ 23,128,901</u>	<u>\$ 26,074,039</u>	<u>\$ 23,397,350</u>	<u>\$ 23,332,377</u>	<u>\$ 18,438,157</u>	<u>\$ 24,291,243</u>
Total percentage change from prior year		74.6%	5.4%	-26.2%	-28.1%	12.7%	-10.3%	-0.3%	-21.0%	31.7%

CITY OF DALTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TEN YEAR SUMMARY
PREPARED USING THE MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

For the fiscal year ended June 30,										
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Federal sources	\$ 5,777,434	\$ 6,522,700	\$ 7,135,135	\$ 7,883,717	\$ 11,912,377	\$ 10,890,836	\$ 10,957,048	\$ 10,585,410	\$ 10,255,959	\$ 10,622,540
State sources	25,315,449	28,385,050	30,399,890	27,523,761	27,112,298	31,350,005	31,573,612	29,149,988	30,284,471	38,875,730
Local sources and other funds	37,060,277	39,263,682	39,734,896	38,567,366	36,680,321	34,540,213	30,943,436	31,509,444	34,557,040	36,791,630
On behalf payments	733,974	758,526	962,597	424,335	110,304	128,489	71,770	4,100,644	3,557,571	112,150
Total revenues	<u>68,887,134</u>	<u>74,929,958</u>	<u>78,232,518</u>	<u>74,399,179</u>	<u>75,815,300</u>	<u>76,909,543</u>	<u>73,545,866</u>	<u>75,345,486</u>	<u>78,655,041</u>	<u>86,402,050</u>
Expenditures										
Current										
Instruction	37,604,109	41,353,763	44,006,369	45,104,125	42,687,509	41,374,888	42,543,394	44,607,472	47,577,952	48,669,473
Support services:										
Pupil services	1,583,369	2,033,402	3,013,405	2,663,190	2,141,604	2,064,431	2,032,560	2,085,994	1,975,150	2,163,387
Improvement of instructional services	1,770,203	1,804,003	1,940,245	2,516,004	2,590,228	2,039,938	2,473,849	2,725,783	2,883,481	2,828,532
Educational media services	1,137,661	1,106,150	1,216,252	1,121,176	1,164,142	1,125,302	1,144,128	1,187,723	1,246,295	1,287,406
General administration	607,728	670,200	650,939	782,990	900,976	928,161	814,072	806,152	746,813	764,193
School administration	2,483,576	2,651,324	2,799,981	2,948,640	3,053,434	2,994,948	2,841,510	3,638,401	3,691,219	3,678,328
Business administration	486,235	1,031,213	732,183	660,197	680,708	481,918	535,627	565,161	584,065	595,146
Maintenance and operation of plant	4,150,615	3,816,514	4,045,718	4,036,606	4,705,445	4,118,159	4,113,696	4,404,849	4,785,545	4,927,346
Student transportation services	2,432,923	3,005,678	2,832,119	2,768,436	2,870,261	2,261,218	2,414,863	2,567,920	2,606,202	2,757,701
Central support services	2,061,402	2,289,671	3,613,207	2,388,110	2,523,088	2,088,242	2,286,163	1,996,949	2,153,085	2,266,008
Other support services	551,098	86,316	85,898	86,832	504,600	628,540	764,161	795,696	806,730	921,447
Food services operation	2,775,010	3,415,121	3,772,330	3,972,096	4,624,064	4,567,929	4,859,687	4,989,745	4,196,912	4,533,856
Community services operations	105,404	148,248	145,297	115,038	298,337	152,171	190,296	280,921	295,762	322,108

(continued)

CITY OF DALTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TEN YEAR SUMMARY
PREPARED USING THE MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital outlay	\$ 2,636,781	\$ 2,692,835	\$ 9,616,024	\$ 8,892,363	\$ 8,326,056	\$ 1,341,309	\$ 1,392,315	\$ 3,411,162	\$ 9,237,120	\$ 4,203,896
Debt service:										
Principal retirement	4,952,668	5,118,353	8,415,921	6,490,499	6,811,239	7,085,009	7,390,634	1,298,595	722,208	610,000
Interest and fiscal charges	943,963	774,325	1,153,269	1,262,642	989,232	712,242	425,600	37,637	40,722	20,137
Total expenditures	<u>66,282,745</u>	<u>71,997,116</u>	<u>88,039,157</u>	<u>85,808,944</u>	<u>84,870,923</u>	<u>73,964,405</u>	<u>76,222,555</u>	<u>75,400,160</u>	<u>83,549,261</u>	<u>80,548,964</u>
Excess of revenues over (under) expenditures	<u>2,604,389</u>	<u>2,932,842</u>	<u>(9,806,639)</u>	<u>(11,409,765)</u>	<u>(9,055,623)</u>	<u>2,945,138</u>	<u>(2,676,689)</u>	<u>(54,674)</u>	<u>(4,894,220)</u>	<u>5,853,086</u>
Other financing sources (uses)										
Capital lease proceeds	-	14,733,220	12,055,924	-	-	-	-	-	-	-
Transfers in	6,231,887	8,908,386	3,488,874	20,332,508	19,856,334	8,379,297	2,837,389	5,468,660	5,059,702	1,590,050
Transfers out	<u>(6,231,887)</u>	<u>(8,908,386)</u>	<u>(3,488,874)</u>	<u>(20,332,508)</u>	<u>(19,856,334)</u>	<u>(8,379,297)</u>	<u>(2,837,389)</u>	<u>(5,468,660)</u>	<u>(5,059,702)</u>	<u>(1,590,050)</u>
Total other financing sources (uses)	<u>-</u>	<u>14,733,220</u>	<u>12,055,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,604,389</u>	<u>\$ 17,666,062</u>	<u>\$ 2,249,285</u>	<u>\$ (11,409,765)</u>	<u>\$ (9,055,623)</u>	<u>\$ 2,945,138</u>	<u>\$ (2,676,689)</u>	<u>\$ (54,674)</u>	<u>\$ (4,894,220)</u>	<u>\$ 5,853,086</u>
Debt service as a % of noncapital expenditures	9.3%	8.5%	12.2%	10.1%	10.2%	10.7%	10.4%	1.9%	1.0%	0.8%

CITY OF DALTON BOARD OF EDUCATION
PER PUPIL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TEN YEAR SUMMARY
PREPARED USING THE MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Federal sources	\$ 915	\$ 1,008	\$ 1,079	\$ 1,170	\$ 1,743	\$ 1,555	\$ 1,517	\$ 1,399	\$ 1,331	\$ 1,352
State sources	4,010	4,387	4,598	4,086	3,966	4,476	4,370	3,854	3,932	4,947
Local sources and other funds	5,870	6,069	6,010	5,726	5,366	4,931	4,283	4,166	4,486	4,682
On behalf payments	116	117	146	63	16	18	10	542	462	14
Total revenues	<u>10,912</u>	<u>11,581</u>	<u>11,832</u>	<u>11,045</u>	<u>11,091</u>	<u>10,981</u>	<u>10,179</u>	<u>9,961</u>	<u>10,211</u>	<u>10,995</u>
Expenditures										
Current:										
Instruction	5,957	6,392	6,656	6,696	6,245	5,907	5,888	5,897	6,177	6,194
Support services	2,735	2,858	3,165	2,965	3,092	2,674	2,688	2,747	2,788	2,824
Food services operation	440	528	571	590	676	652	673	660	545	577
Community services operation:	17	23	22	17	44	22	26	37	38	41
Capital outlay	418	416	1,454	1,320	1,218	192	193	451	1,199	535
Debt service	934	911	1,447	1,151	1,141	1,113	1,082	177	99	80
Total expenditures	<u>10,499</u>	<u>11,128</u>	<u>13,315</u>	<u>12,739</u>	<u>12,415</u>	<u>10,560</u>	<u>10,550</u>	<u>9,968</u>	<u>10,846</u>	<u>10,251</u>
Excess of revenues over (under) expenditures	<u>413</u>	<u>453</u>	<u>(1,483)</u>	<u>(1,694)</u>	<u>(1,325)</u>	<u>420</u>	<u>(370)</u>	<u>(7)</u>	<u>(635)</u>	<u>745</u>
Other financing sources (uses)										
Capital lease proceeds	\$ -	\$ 2,277	\$ 1,823	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Net change in fund balance	<u>\$ 413</u>	<u>\$ 2,730</u>	<u>\$ 340</u>	<u>\$ (1,694)</u>	<u>\$ (1,325)</u>	<u>\$ 420</u>	<u>\$ (370)</u>	<u>\$ (7)</u>	<u>\$ (635)</u>	<u>\$ 745</u>

Source: Based on October Student Full-Time Equivalent information submitted annually to the Georgia Department of Education.

CITY OF DALTON BOARD OF EDUCATION
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 TEN YEAR SUMMARY
 (UNAUDITED)

Calendar Year	Real Property	Personal Property	Public Utilities	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 1,842,791,190	\$ 1,403,339,300	\$ 44,522,298	\$ 130,265,366	\$ 3,160,387,422	8.565
2006	1,954,445,189	1,537,856,776	41,566,765	145,206,625	3,388,662,105	8.393
2007	2,139,401,407	1,590,117,669	42,578,173	161,443,322	3,610,653,927	8.134
2008	2,288,433,413	1,608,962,174	39,531,613	166,913,529	3,770,013,671	7.845
2009	2,261,143,928	1,562,971,156	38,765,258	173,595,248	3,689,285,094	7.845
2010	2,179,604,008	1,404,109,825	35,274,050	263,376,173	3,355,611,710	7.845
2011	2,123,448,963	1,433,785,109	32,304,213	276,731,830	3,312,806,455	7.845
2012	2,084,647,818	1,551,656,253	28,039,843	298,161,930	3,366,181,984	7.845
2013	2,056,904,020	1,543,923,211	20,583,698	297,794,168	3,323,616,761	7.845
2014	2,052,246,308	1,674,478,338	26,323,418	318,453,929	3,434,594,135	8.200

Source: Whitfield County Board of Tax Assessors.

Note: Real property includes commercial and residential property. All property is assessed at 100% of estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per \$1,000 of assessed value.

Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

CITY OF DALTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
TEN YEAR SUMMARY
(UNAUDITED)

Calendar Year	Direct Rate	Overlapping Rates			Total Direct and Overlapping Rates
	Education M&O Millage	City of Dalton Millage	Special Districts Millage	Whitfield County Millage	
2005	8.565	3.797	3.000	5.713	21.075
2006	8.393	3.721	3.000	5.466	20.580
2007	8.134	3.606	3.000	5.242	19.982
2008	7.845	3.002	2.250	5.061	18.158
2009	7.845	2.974	1.000	5.061	16.880
2010	7.845	2.875	0.950	5.061	16.731
2011	7.845	2.780	0.950	5.061	16.636
2012	7.845	2.697	0.950	6.061	17.553
2013	7.845	2.616	0.950	6.061	17.472
2014	8.200	2.537	0.950	6.061	17.748

Source: Whitfield County Board of Tax Assessors.

Note: Overlapping rates are those of the city and county governments that apply to property owners within the City of Dalton. Not all overlapping rates apply to all City of Dalton property owners. For example, the rates for special districts apply only to those property owners located within the geographic boundaries of the special district.

Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

CITY OF DALTON BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	Calendar Year 2014			Calendar Year 2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Shaw Industries, Inc.	\$ 598,875,069	1	17.4%	\$ 435,956,843	1	13.8%
Beaulieu of America, Inc.	105,905,898	2	3.1%	115,288,140	3	3.6%
Mohawk Industries, Inc.	99,379,237	3	2.9%	164,804,777	2	5.2%
J & J Industries, Inc.	72,539,515	4	2.1%	58,814,137	4	1.9%
TANDUS Group (formerly Collins & Aikman)	61,665,714	5	1.8%	32,544,042	6	1.0%
Shiroki Georgia, LLC	34,719,894	6	1.0%	-	NA	0.0%
The Peeples Group	34,341,279	7	1.0%	-	NA	0.0%
Lexmark Carpet Mills, Inc.	33,666,166	8	1.0%	-	NA	0.0%
CBL & Associates	26,689,044	9	0.8%	24,416,435	8	0.8%
Windstream (formerly Alltel)	19,945,637	10	0.6%	45,538,752	5	1.4%
S.I. Corporation	-	NA	0.0%	25,945,487	7	0.8%
Mattel	-	NA	0.0%	22,792,691	9	0.7%
SWM Georgia, LLC	-	NA	0.0%	20,978,882	10	0.7%

Source: Whitfield County Tax Commissioner

Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

CITY OF DALTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
SEVEN YEAR SUMMARY
(UNAUDITED)

Calendar Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 27,998,159	\$ 27,014,517	96.5%	\$ 937,803	\$ 27,952,320	99.8%
2009	27,859,000	26,904,524	96.6%	914,124	27,818,648	99.9%
2010	25,154,881	24,130,286	95.9%	1,002,771	25,133,057	99.9%
2011	24,774,935	23,961,602	96.7%	787,304	24,748,906	99.9%
2012	25,135,805	24,582,107	97.8%	505,671	25,087,778	99.8%
2013	24,906,297	24,430,803	98.1%	315,464	24,746,267	99.4%
2014	26,465,168	25,915,034	97.9%	-	25,915,034	97.9%

Source: Whitfield County Board of Tax Assessors.

Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

Note: The City of Dalton Board of Education implemented the statistical section for the year ended June 30, 2009 in order to present a comprehensive annual financial report. Only seven years of information are presented, but additional years will be presented annually.

CITY OF DALTON BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
TEN YEAR SUMMARY
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities		Percentage of Personal Income	Per Capita
	Capital Leases	Total Primary Government		
2006	\$ 11,245,156	\$ 11,245,156	1.3%	\$ 357
2007	24,766,803	24,766,803	2.7%	771
2008	32,408,184	32,408,184	3.4%	981
2009	25,917,685	25,917,685	2.7%	776
2010	19,106,446	19,106,446	2.3%	569
2011	12,021,437	12,021,437	1.3%	361
2012	4,630,803	4,630,803	0.6%	139
2013	3,332,208	3,332,208	0.3%	100
2014	2,610,000	2,610,000	0.3%	78
2015	2,000,000	2,000,000	Not yet available	Not yet available

CITY OF DALTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with revenues other than property taxes:			
City of Dalton capital leases	\$ 5,413,381	100.0%	\$ 5,413,381
Whitfield County notes payable	474,800	32.3%	153,307
Whitfield County capital leases	323,052	32.3%	104,310
Whitfield County bonded debt	17,420,000	32.3%	5,624,711
Whitfield County intergovernmental liability	370,492	32.3%	119,627
Total overlapping debt			11,415,337
City of Dalton Board of Education direct debt			2,000,000
Total direct and overlapping debt			<u>\$ 13,415,337</u>

Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

Note: Estimated applicable percentage for City of Dalton debt is 100% because the geographic boundaries of the City of Dalton Board of Education and the City of Dalton, Georgia are the same. The estimated applicable percentage for Whitfield County debt is 32.3% based on the percentage of estimated population within the City of Dalton, Georgia to the estimated population within Whitfield County, Georgia, as obtained from the Georgia Department of Labor website.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Dalton (and therefore with the City of Dalton Board of Education). This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Dalton, Georgia. This process recognizes that when considering the City of Dalton Board of Education's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

CITY OF DALTON BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
TEN YEAR SUMMARY
(UNAUDITED)

	Calendar Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 329,065,279	\$ 353,386,873	\$ 377,209,725	\$ 360,474,151	\$ 386,288,034	\$ 361,898,788	\$ 358,953,829	\$ 366,434,391	\$ 362,141,093	\$ 375,304,806
Total net debt applicable to limit	<u>5,920,382</u>	<u>3,415,787</u>	<u>2,592,954</u>	<u>1,853,236</u>	<u>1,052,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 323,144,897</u>	<u>\$ 349,971,086</u>	<u>\$ 374,616,771</u>	<u>\$ 358,620,915</u>	<u>\$ 385,235,202</u>	<u>\$ 361,898,788</u>	<u>\$ 358,953,829</u>	<u>\$ 366,434,391</u>	<u>\$ 362,141,093</u>	<u>\$ 375,304,806</u>
Total net debt applicable to limit as a % of debt limit	1.8%	1.0%	0.7%	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation
for Calendar Year 2014

Assessed value	\$3,434,594,135
Add: exempt real property	<u>318,453,929</u>
Total assessed value	3,753,048,064
	10%
Debt limit (10% of assessed value)	<u>\$ 375,304,806</u>
Debt applicable to limit	
Total general obligation debt	<u>\$ -</u>
Total debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 375,304,806</u>

Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

CITY OF DALTON BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
TEN YEAR SUMMARY
(UNAUDITED)

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2005	31,478	\$ 860,231	\$ 27,328	4.2%
2006	32,140	900,981	28,033	4.1%
2007	33,045	963,229	29,149	4.5%
2008	33,401	965,590	28,909	5.7%
2009	33,604	841,819	25,051	12.5%
2010	33,343	910,059	27,294	12.4%
2011	33,413	716,041	21,430	12.1%
2012	33,413	953,874	28,548	11.4%
2013	33,414	983,407	29,431	9.2%
2014	Not yet available	Not yet available	Not yet available	7.2%

Source: Per Capita Personal Income and Unemployment Rate information was provided by the Georgia Department of Labor. Population information was provided by the US Census Bureau.
Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

CITY OF DALTON BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	Calendar Year 2014			Calendar Year 2005		
	Employees (1)	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,611	1	13.8%	NA	NA	NA
Mohawk Industries, Inc.	2,138	2	6.4%	NA	NA	NA
Beaulieu of America, Inc.	1,529	3	4.6%	NA	NA	NA
Hamilton Medical Center	1,250	4	3.7%	NA	NA	NA
Dalton Public School System	929	5	2.8%	NA	NA	NA
TANDUS Group (formerly Collins & Aikman)	839	6	2.5%	NA	NA	NA
J & J Industries, Inc.	730	7	2.2%	NA	NA	NA
City of Dalton, Georgia	680	8	2.0%	NA	NA	NA
Shiroki, Georgia, LLC	461	9	1.4%	NA	NA	NA
Columbia Recycling Corp.	352	10	1.1%	NA	NA	NA

Source: Dalton-Whitfield Chamber of Commerce and City of Dalton occupation tax data.

Note: NA indicates that the information is not available.

Note: The above figures for the City of Dalton include Dalton Utilities and employees leased to joint ventures.

Note: (1) Includes City of Dalton only.

Note: The information above is presented on a calendar year basis rather than on the School District's fiscal year basis. The taxing authorities that assess, collect, and report tax information for the School District operate on a calendar year. The information is more reliable in this format, as some is only measured once per year.

CITY OF DALTON BOARD OF EDUCATION
STUDENT ENROLLMENT BY MAJOR GRADE LEVEL
TEN YEAR SUMMARY
(UNAUDITED)

For the fiscal year ended June 30,										
Grade Level	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
PreKindergarten	217	219	219	220	278	272	308	329	334	372
Elementary School Grades K-5	3,236	3,363	3,438	3,502	3,558	3,547	3,592	3,664	3,674	3,625
Middle School Grades 6-8	1,314	1,312	1,374	1,411	1,447	1,524	1,623	1,677	1,697	1,727
High School Grades 9-12	<u>1,546</u>	<u>1,576</u>	<u>1,581</u>	<u>1,603</u>	<u>1,553</u>	<u>1,661</u>	<u>1,702</u>	<u>1,894</u>	<u>1,998</u>	<u>2,134</u>
Total	<u>6,313</u>	<u>6,470</u>	<u>6,612</u>	<u>6,736</u>	<u>6,836</u>	<u>7,004</u>	<u>7,225</u>	<u>7,564</u>	<u>7,703</u>	<u>7,858</u>
Percentage Change from Prior Year		2.5%	2.2%	1.9%	1.5%	2.5%	3.2%	4.7%	1.8%	2.0%

Source: Based on October Student Full-Time Equivalent information submitted annually to the Georgia Department of Education.

CITY OF DALTON BOARD OF EDUCATION
EMPLOYEES BY FUNCTION
TEN YEAR SUMMARY
(UNAUDITED)

For the fiscal year ended June 30,										
Category	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Classroom teachers	448	483	507	516	494	459	472	509	535	536
Support personnel	367	335	354	350	340	332	331	343	354	362
Administrators	<u>30</u>	<u>32</u>	<u>33</u>	<u>33</u>	<u>35</u>	<u>34</u>	<u>34</u>	<u>39</u>	<u>40</u>	<u>37</u>
Total	<u>845</u>	<u>850</u>	<u>894</u>	<u>899</u>	<u>869</u>	<u>825</u>	<u>837</u>	<u>891</u>	<u>929</u>	<u>935</u>
Percentage Change from Prior Year		0.6%	5.2%	0.6%	-3.3%	-5.1%	1.5%	6.5%	4.3%	0.6%

Source: Based on October Certified/Classified Personnel information submitted annually to the Georgia Department of Education.

CITY OF DALTON BOARD OF EDUCATION
TEACHERS' SALARIES
TEN YEAR SUMMARY
(UNAUDITED)

Fiscal Year Ended June 30,	Minimum Salary School District (1)	Minimum State Salary (2)	School District's % of State Minimum	Maximum Salary School District (3)	Average Salary School District (4)	Statewide Average Salary (5)	School District's % of State Average
2006	\$ 32,764	\$ 28,767	114%	\$ 73,572	\$ 51,496	\$ 48,247	107%
2007	33,915	29,918	113%	76,216	52,415	49,836	105%
2008	34,813	30,816	113%	78,277	54,251	51,466	105%
2009	35,583	31,586	113%	80,046	56,074	52,823	106%
2010	34,784	31,586	110%	78,543	56,497	53,155	106%
2011	32,954	31,586	104%	74,409	54,048	52,871	102%
2012	32,460	31,586	103%	73,296	52,958	53,077	100%
2013	32,817	31,586	104%	74,107	51,714	53,031	98%
2014	33,128	31,586	105%	74,841	52,020	52,973	98%
2015	33,128	31,586	105%	74,841	52,070	NA	NA

(1) Minimum salary is from School District salary scales; salary assumes teacher has a provisional certification with a bachelor's degree.

(2) Minimum state salary is reported from state teacher's salary scale published by Georgia's Department of Education.

(3) Maximum salary is from School District salary scales and is reported on the Dalton Public Schools' website; salary assumes teacher has a doctorate degree.

(4) Average School District salary is from October certified/classified personnel information submitted annually to the Georgia Department of Education.

(5) Average statewide salary is reported on the Office of Student Achievement. State data for fiscal year 2015 was not available at the time of publication.

NA- Not yet available

CITY OF DALTON BOARD OF EDUCATION
TEACHER STUDENT RATIO BY SCHOOL
TEN YEAR SUMMARY
(UNAUDITED)

School	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Blue Ridge Elementary School										
Enrollment	557	567	561	708	708	713	760	781	734	696
Teachers	41	40	41	52	53	49	52	53	50	48
Teacher/student ratio	14	14	14	14	13	15	15	15	15	15
Brookwood Elementary School										
Enrollment	595	439	482	605	625	626	606	625	648	627
Teachers	42	37	38	47	45	39	40	42	44	46
Teacher/student ratio	14	12	13	13	14	16	15	15	15	14
City Park Elementary School										
Enrollment	734	837	847	717	799	785	786	817	800	836
Teachers	55	63	72	63	61	50	51	56	59	57
Teacher/student ratio	13	13	12	11	13	16	15	15	14	15
Park Creek Elementary School										
Enrollment	539	593	606	687	699	718	747	750	732	762
Teachers	43	46	51	54	54	52	53	58	58	58
Teacher/student ratio	13	13	12	13	13	14	14	13	13	13
Roan Elementary School										
Enrollment	527	595	594	444	440	437	424	442	516	506
Teachers	38	47	52	40	37	35	36	36	40	40
Teacher/student ratio	14	13	11	11	12	12	12	12	13	13

(continued)

CITY OF DALTON BOARD OF EDUCATION
TEACHER STUDENT RATIO BY SCHOOL
TEN YEAR SUMMARY
(UNAUDITED)

<u>School</u>	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Westwood Elementary School										
Enrollment	501	551	567	561	565	540	577	578	578	570
Teachers	37	41	41	43	41	34	35	37	36	35
Teacher/student ratio	14	13	14	13	14	16	16	16	16	16
Dalton Middle School										
Enrollment	1,314	1,312	1,374	1,411	1,447	1,524	1,623	1,677	1,697	1,727
Teachers	85	89	93	99	99	101	108	112	122	121
Teacher/student ratio	15	15	15	14	15	15	15	15	14	14
Dalton High School										
Enrollment	1,546	1,576	1,581	1,603	1,412	1,473	1,428	1,423	1,640	1,874
Teachers	104	104	103	108	98	90	82	83	91	99
Teacher/student ratio	15	15	15	15	14	16	17	17	18	19
Morris Innovative High School (2009)										
Enrollment	-	-	-	-	141	188	274	471	358	260
Teachers	-	-	-	-	7	9	16	33	35	31
Teacher/student ratio	-	-	-	-	20	21	17	14	10	8

Source: Based on October Student Full-Time Equivalent information submitted annually to the Georgia Department of Education.

CITY OF DALTON BOARD OF EDUCATION
SCHOOL INFORMATION
TEN YEAR SUMMARY
(UNAUDITED)

School	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Blue Ridge Elementary School (Year Built 2005)										
Square feet	68,428	68,428	84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521
Total classrooms ⁽¹⁾	32	32	48	48	48	48	48	48	48	48
Building capacity based on total classrooms ⁽²⁾	487	487	762	762	762	762	762	762	762	762
Enrollment K - 5 ⁽³⁾	475	444	453	629	631	652	686	711	665	628
Enrollment as a % of total capacity	98%	91%	59%	83%	83%	86%	90%	93%	87%	82%
Regular Classrooms ⁽⁴⁾	30	31	47	47	47	46	46	46	46	46
Building Capacity based on Regular Classrooms ⁽⁵⁾	450	463	738	738	738	725	725	725	725	725
Enrollment PreK - 5 ⁽³⁾	557	567	561	708	708	713	760	781	734	696
Enrollment as a % of regular classroom capacity	124%	122%	76%	96%	96%	98%	105%	108%	101%	96%
Brookwood Elementary School (Year Built 1964)										
Square feet	61,778	61,778	84,938	84,938	84,938	84,938	84,938	84,938	84,938	84,938
Total classrooms ⁽¹⁾	32	32	48	48	48	48	48	48	48	48
Building capacity based on total classrooms ⁽²⁾	487	487	762	762	762	762	762	762	762	762
Enrollment K - 5 ⁽³⁾	555	400	422	563	583	582	557	580	600	579
Enrollment as a % of total capacity	114%	82%	55%	74%	77%	76%	73%	76%	79%	76%
Regular Classrooms ⁽⁴⁾	31	31	47	47	47	47	47	47	47	47
Building Capacity based on Regular Classrooms ⁽⁵⁾	463	463	738	738	738	738	738	738	738	738
Enrollment PreK - 5 ⁽³⁾	595	439	482	605	625	626	606	625	648	627
Enrollment as a % of regular classroom capacity	129%	95%	65%	82%	85%	85%	82%	85%	88%	85%

(continued)

CITY OF DALTON BOARD OF EDUCATION
SCHOOL INFORMATION
TEN YEAR SUMMARY
(UNAUDITED)

School	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Park School (Year Built 1956)										
Square feet	143,614	143,614	143,614	143,614	143,614	143,614	143,614	143,614	143,614	143,614
Total classrooms ⁽¹⁾	54	54	54	54	54	54	54	54	54	54
Building capacity based on total classrooms ⁽²⁾	875	875	875	875	875	875	875	875	875	875
Enrollment K - 5 ⁽³⁾	734	837	847	717	759	740	737	768	746	762
Enrollment as a % of total capacity	84%	96%	97%	82%	87%	85%	84%	88%	85%	87%
Regular Classrooms ⁽⁴⁾	53	53	53	53	53	53	53	53	53	53
Building Capacity based on Regular Classrooms ⁽⁵⁾	850	850	850	850	850	850	850	850	850	850
Enrollment PreK - 5 ⁽³⁾	734	837	847	717	799	785	786	817	800	836
Enrollment as a % of regular classroom capacity	86%	98%	100%	84%	94%	92%	92%	96%	94%	98%
Park Creek Elementary School (Year Built 2000)										
Square feet	83,447	83,447	104,682	104,682	104,682	104,682	104,682	104,682	104,682	104,682
Total classrooms ⁽¹⁾	34	34	49	49	49	49	49	49	49	49
Building capacity based on total classrooms ⁽²⁾	525	525	787	787	787	787	787	787	787	787
Enrollment K - 5 ⁽³⁾	497	553	566	646	659	646	679	680	664	676
Enrollment as a % of total capacity	95%	105%	72%	82%	84%	82%	86%	86%	84%	86%
Regular Classrooms ⁽⁴⁾	31	31	46	46	46	46	46	46	46	47
Building Capacity based on Regular Classrooms ⁽⁵⁾	463	463	725	725	725	725	725	725	725	738
Enrollment PreK - 5 ⁽³⁾	539	593	606	687	699	718	747	750	732	762
Enrollment as a % of regular classroom capacity	116%	128%	84%	95%	96%	99%	103%	103%	101%	103%

(continued)

CITY OF DALTON BOARD OF EDUCATION
SCHOOL INFORMATION
TEN YEAR SUMMARY
(UNAUDITED)

School	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Roan Elementary School (Year Built 1969)										
Square feet	66,147	66,147	66,147	66,147	66,147	66,147	66,147	66,147	66,147	66,147
Total classrooms ⁽¹⁾	31	31	31	31	31	31	31	31	31	31
Building capacity based on total classrooms ⁽²⁾	475	475	475	475	475	475	475	475	475	475
Enrollment K - 5 ⁽³⁾	467	595	594	386	381	396	377	397	471	457
Enrollment as a % of total capacity	98%	125%	125%	81%	80%	83%	79%	84%	99%	96%
Regular Classrooms ⁽⁴⁾	30	30	30	30	30	30	30	30	30	30
Building Capacity based on Regular Classrooms ⁽⁵⁾	450	450	450	450	450	450	450	450	450	450
Enrollment PreK - 5 ⁽³⁾	527	595	594	444	440	437	424	442	516	506
Enrollment as a % of regular classroom capacity	117%	132%	132%	99%	98%	97%	94%	98%	115%	112%
Westwood Elementary School (Year Built 1959)										
Square feet	55,597	55,597	55,597	55,597	55,597	55,597	55,597	55,597	55,597	55,597
Total classrooms ⁽¹⁾	31	31	31	31	31	31	31	31	31	31
Building capacity based on total classrooms ⁽²⁾	475	475	475	475	475	475	475	475	475	475
Enrollment K - 5 ⁽³⁾	501	512	527	519	524	499	529	528	528	523
Enrollment as a % of total capacity	105%	108%	111%	109%	110%	105%	111%	111%	111%	110%
Regular Classrooms ⁽⁴⁾	30	30	30	30	30	30	30	30	30	30
Building Capacity based on Regular Classrooms ⁽⁵⁾	450	450	450	450	450	450	450	450	450	450
Enrollment PreK - 5 ⁽³⁾	501	551	567	561	565	540	577	578	578	570
Enrollment as a % of regular classroom capacity	111%	122%	126%	125%	126%	120%	128%	128%	128%	127%

(continued)

CITY OF DALTON BOARD OF EDUCATION
SCHOOL INFORMATION
TEN YEAR SUMMARY
(UNAUDITED)

School	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Dalton Middle School (Year Built 2001)										
Square feet	180,424	180,424	196,144	196,144	196,144	196,144	196,144	196,144	196,144	243,880
Total classrooms ⁽¹⁾	85	85	97	97	97	97	97	97	97	108
Building capacity based on total classrooms ⁽²⁾	1,400	1,400	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,787
Enrollment 6-8 ⁽³⁾	1,314	1,312	1,374	1,411	1,447	1,524	1,623	1,677	1,697	1,727
Enrollment as a % of total capacity	94%	94%	85%	88%	90%	95%	101%	104%	105%	97%
Regular Classrooms ⁽⁴⁾	83	83	95	95	95	95	95	95	95	106
Building Capacity based on Regular Classrooms ⁽⁵⁾	1,350	1,350	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,750
Enrollment as a % of regular classroom capacity	97%	97%	89%	91%	93%	98%	105%	108%	109%	99%
Dalton High School (Year Built 1976)										
Square feet	258,411	258,411	258,411	258,411	258,411	332,144	332,144	332,144	334,484	334,484
Total classrooms ⁽¹⁾	71	71	71	71	71	99	99	99	99	99
Building capacity based on total classrooms ⁽²⁾	1,350	1,350	1,350	1,350	1,350	1,925	1,925	1,925	1,925	1,925
Enrollment 9-12 ⁽³⁾	1,546	1,576	1,581	1,603	1,412	1,473	1,428	1,423	1,640	1,874
Enrollment as a % of total capacity	115%	117%	117%	119%	105%	77%	74%	74%	85%	97%
Regular Classrooms ⁽⁴⁾	69	69	69	69	69	97	97	97	97	97
Building Capacity based on Regular Classrooms ⁽⁵⁾	1,300	1,300	1,300	1,300	1,300	1,875	1,875	1,875	1,875	1,875
Enrollment as a % of regular classroom capacity	119%	121%	122%	123%	109%	79%	76%	76%	87%	100%

(continued)

CITY OF DALTON BOARD OF EDUCATION
SCHOOL INFORMATION
TEN YEAR SUMMARY
(UNAUDITED)

School	For the fiscal year ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Morris Innovative High School ⁽⁶⁾ (Year Built 1911)										
Square feet	-	-	-	-	30,385	30,385	30,385	54,044	54,044	54,044
Total classrooms ⁽¹⁾	-	-	-	-	18	18	18	26	26	25
Building capacity based on total classrooms ⁽²⁾	-	-	-	-	287	287	287	450	450	437
Enrollment 9-12 ⁽³⁾	-	-	-	-	141	188	274	471	358	260
Enrollment as a % of total capacity	-	-	-	-	49%	66%	95%	105%	80%	59%
Regular Classrooms ⁽⁴⁾	-	-	-	-	17	17	17	26	26	25
Building Capacity based on Regular Classrooms ⁽⁵⁾	-	-	-	-	250	250	250	438	438	425
Enrollment as a % of regular classroom capacity	-	-	-	-	56%	75%	110%	108%	82%	61%

(1) Total classrooms is a count of classrooms as defined by the Georgia Department of Education Facility Services Unit standards. Minimum square footage requirements for classrooms and instructional units have been established by grade level and determine whether a space is included in the total classroom count.

(2) Building capacity is the student enrollment allowed for based on the count of total classrooms as defined by the Georgia Department of Education Facility Services Unit tables. The Facility Services Unit establishes the number of classrooms needed for a given student enrollment that may determine if a school system earns capital funding reimbursement. For the purposes of this schedule, the upper range of student enrollment as defined by the Georgia Department of Education is used to determine building capacity.

(3) Enrollment is based on the October student full-time equivalent count.

(4) Regular classrooms meet the Georgia Department of Education's minimum square footage requirements. The School District has set aside classroom spaces from total classrooms for pre-kindergarten, bookrooms, exceptional student services, instructional partnerships, and in-school suspension.

(5) Building capacity is the student enrollment allowed based on the count of regular classrooms, as defined by the School District, utilizing the Georgia Department of Education Facility Services Unit tables. For the purposes of this schedule, the midpoint of student enrollment as defined by the Georgia Department of Education is used to determine building capacity.

(6) Morris Innovative High School was located at the Morris Street building for years 2010, 2011, and 2012 and was located at the Fort Hill building for years 2013 and forward. The Morris Street building was built in 1952.

CITY OF DALTON BOARD OF EDUCATION
FREE AND REDUCED LUNCH PROGRAM
TEN YEAR SUMMARY
(UNAUDITED)

For the fiscal year ended June 30,										
<u>School</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Blue Ridge School	87.0%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	89.8%	95.8%	88.8%
Brookwood Elementary School	55.0%	49.8%	47.7%	60.5%	63.3%	56.8%	61.6%	61.1%	61.7%	59.7%
City Park School	80.6%	79.9%	76.1%	85.0%	84.8%	82.0%	88.9%	87.8%	92.9%	89.2%
Park Creek School	89.2%	89.7%	89.7%	89.7%	89.7%	89.7%	89.7%	89.7%	98.8%	87.7%
Roan School	88.6%	87.7%	87.7%	87.7%	87.7%	87.7%	87.7%	87.6%	95.4%	88.3%
Westwood Elementary School	47.1%	50.0%	48.0%	52.3%	51.5%	51.4%	52.3%	54.8%	55.7%	52.5%
Dalton Middle School	72.0%	69.7%	67.5%	66.5%	78.5%	73.0%	76.8%	79.7%	80.1%	77.8%
Morris Innovative High School	0.0%	0.0%	0.0%	0.0%	87.2%	87.2%	64.9%	66.4%	70.1%	66.5%
Dalton High School	57.3%	58.3%	56.0%	68.0%	67.4%	63.7%	87.2%	86.8%	84.4%	84.6%
District wide	70.0%	64.4%	71.8%	78.4%	77.5%	77.2%	77.2%	77.6%	78.5%	75.9%

Source: October data collection

SPECIAL REPORTS SECTION

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF EDUCATION SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
2012 ESPLOST					
Acquisition, construction, renovation, and equipping of schools	<u>\$ 36,351,000</u>	<u>\$ 28,700,000</u>	<u>\$ 6,837,918</u>	<u>\$ 2,419,063</u>	<u>\$ 9,256,981</u>

Note: Current year expenditures on this schedule, totaling \$2,419,063, are less than the total current year expenditures in the ESPLOST capital projects fund, which total \$3,395,837. The remaining expenditures were funded by other sources: a state grant of \$976,572 and interest income of \$202.



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*

To the Superintendent and Members of
The City of Dalton Board of Education
Dalton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dalton Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Dalton Board of Education's basic financial statements and have issued our report thereon dated November 19, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs, that we consider to be significant deficiencies. 2015-001, 2015-002

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dalton 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*.

The City of Dalton Board of Education Response to Findings

The City of Dalton Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Dalton 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 it.

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.

Estes & Walcott

Dalton, Georgia
November 19, 2015



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

To the Superintendent and Members of
The City of Dalton Board of Education
Dalton, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Dalton 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 the City of Dalton Board of Education's major federal programs for the year ended June 30, 2015. The City of Dalton 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 the City of Dalton 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 City of Dalton Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The City of Dalton Board of Education's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Dalton 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 the City of Dalton 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 the City of Dalton 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 City of Dalton 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004 to be significant deficiencies.

The City of Dalton Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Dalton 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.

Estes & Walcott

Dalton, Georgia
November 19, 2015

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Dalton Board of Education.
2. Two significant deficiencies (2015-001 and 2015-002) were disclosed during the audit of the financial statements that are required to be reported in the 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*. None of these were determined to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the City of Dalton Board of Education were disclosed during the audit.
4. Two significant deficiencies (2015-003 and 2015-004) in internal control over major federal award programs were disclosed during the audit which are required to be reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133. None of these were determined to be material weaknesses.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs are:
 - U.S. Department of Agriculture
 - Pass-Through Georgia Department of Education
 - Child Nutrition Cluster
 - School Breakfast Program
 - National School Lunch Program
 - CFDA # 10.553 and 10.555
 - U.S. Department of Education
 - Pass-Through Georgia Department of Education
 - Special Education Cluster (IDEA)
 - Special Education Grants to States
 - Special Education - Preschool Grants
 - CFDA # 84.027 and 84.173
 - Title I, Part A Cluster
 - Title I Grants to Local Educational Agencies
 - CFDA # 84.010
8. The threshold for distinguishing Type A and B programs is \$301,560.
9. The City of Dalton Board of Education was not determined to be a low risk auditee.

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Findings – Financial Statement Audit

2015-001	Criteria:	Internal controls should be in place to ensure that assets are properly capitalized and depreciated in accordance with the School Districts capitalization policy and in accordance with the guidelines of federal programs.
	Condition:	Internal controls were not sufficient to ensure that assets were properly capitalized.
	Cause:	Assets recorded as construction in progress and reclassified to depreciable assets in the current year were not recorded at the correct amount. Further, certain assets meeting the capitalization criteria were not added to the depreciation schedule and depreciated.
	Effect:	Capital assets and related depreciation expense and accumulated depreciation were misstated in the School District records and the School District was not in compliance with their capitalization policy.
	Recommendation:	Additional review and approval procedures should be implemented to help ensure all appropriate assets are capitalized.
	Management Response:	We concur. Additional review procedures will be implemented to prevent future occurrences.
2015-002	Criteria:	Internal controls should be in place to ensure that all revenues and expenditures are properly received and recorded, that substantiating documentation is sufficient and is maintained, and that journal entries are supported by underlying information.
	Condition:	Internal controls related to school activities accounts, frequently referred to as principal accounts, are insufficient.
	Cause:	Noted errors in bookkeeper journal entries and general lack of controls over revenues and expenditures.
	Effect:	Revenues and expenditures may be overstated or understated, and the lack of oversight affords a greater risk of asset misappropriation.
	Recommendation:	Additional procedures, checklists, and training should be provided to all bookkeepers and principals.
	Management Response:	We concur. We will continue the process undertaken to improve the internal controls over the principal's accounts.

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Findings – Federal Awards Programs

U.S. Department of Agriculture
Pass-Through Georgia Department of Education
Child Nutrition Cluster - School Breakfast Program and National School Lunch Program
CFDA 10.553 and 10.555
Activities Allowed, Allowable Costs/Cost Principles, and Procurement
Questioned Costs: None

2015-003	Criteria:	Charges to federal programs should comply with federal requirements of the program, be supported by appropriate documentation, and comply with School District internal control policies and procedures.
	Condition:	Charges to the federal program did not comply with existing internal control policies in place to ensure compliance with program requirements.
	Cause:	Noted several instances of inadequate substantiation of charges to the program. Specific deficiencies noted include inadequate documentation of approval on mileage reimbursements, lack of purchase orders, and inadequate adherence to purchase order policies without explanation of changes.
	Effect:	Charges were not properly authorized prior to the transaction taking place and support for charges was not sufficient.
	Recommendation:	Procedures should be implemented to ensure all charges to federal programs are supported by appropriate documentation and authorized by appropriate levels of personnel.
	Management Response:	We concur. Additional procedures will be implemented to prevent future occurrences.

U.S. Department of Education
Pass-Through Georgia Department of Education
Title I, Part A Cluster – Title I Grants to Local Educational Agencies
CFDA 84.010
Activities Allowed, Allowable Costs/Cost Principles, and Procurement
Questioned Costs: None

2015-004	Criteria:	Charges to federal programs should comply with federal requirements of the program, be supported by appropriate documentation, and comply with School District internal control policies and procedures.
	Condition:	Charges to the federal program did not comply with existing internal control policies in place to ensure compliance with program requirements.
	Cause:	Noted several instances of inadequate substantiation of charges to the program. Specific deficiencies noted include inadequate documentation supporting credit card charges and noncompliance with established per diem rates and meal allowances.
	Effect:	Support for the charges was not sufficient.
	Recommendation:	Procedures should be implemented to ensure all charges to federal programs are supported by appropriate documentation and authorized by appropriate levels of personnel.
	Management Response:	We concur. Additional procedures will be implemented to prevent future occurrences.

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA #	Current Year Expenditures
U.S. Department of Defense		
Direct Funding:		
ROTC Language and Culture Training Grants	12.357	\$ 58,256
Total U.S. Department of Defense		<u>58,256</u>
U.S. Department of Agriculture		
Pass-Through Georgia Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553	988,758
National School Lunch Program	10.555	<u>3,149,254</u>
Total Child Nutrition Cluster		<u>4,138,012</u>
Other Programs		
State Administrative Expenses for Child Nutrition	10.560	7,452
Child Nutrition Discretionary Grants Limited Availability	10.579	15,926
Fresh Fruit and Vegetable Program	10.582	138,400
Child Nutrition Direct Certification Performance Awards	10.589	<u>1,150</u>
Total Other Programs		<u>162,928</u>
Total U.S. Department of Agriculture		<u>4,300,940</u>
U.S. Department of Education		
Pass-Through Georgia Department of Education:		
Special Education Cluster (IDEA)		
Special Education Grants to States	84.027	1,141,243
Special Education Preschool Grants	84.173	<u>28,112</u>
Total Special Education Cluster		<u>1,169,355</u>
Title I, Part A Cluster		
Title I Grants to Local Educational Agencies	84.010	<u>3,970,530</u>
Total Title I, Part A Cluster		<u>3,970,530</u>
Other Programs		
Migrant Education State Grant Program	84.011	42,725
Career and Technical Education - Basic Grants to States	84.048	66,876
Education for Homeless Children and Youth	84.196	36,180
English Language Acquisition Grants	84.365	180,863
Improving Teacher Quality State Grants	84.367	<u>226,266</u>
Total Other Programs		<u>552,910</u>
Total U.S. Department of Education		<u>5,692,795</u>
Total Federal Awards Expended		<u>\$ 10,051,991</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards received by the City of Dalton Board of Education. All federal awards received directly from federal agencies and all federal awards passed through other government agencies are included in this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented using the full accrual basis of accounting, which is described in Note 1 of the School District's notes to the financial statements.

Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Noncash Awards

Expenditures incurred for the food distribution program represent the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year. They are included in the total for the National School Lunch Program. The value of donated commodities distributed totaled \$71,240 for the year ended June 30, 2015.

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prior Year Findings – Financial Statement Audit

2014-001	Condition:	Internal controls were not sufficient to detect material misstatements in the accounting records.
	Status:	Corrective action was taken and no similar findings were noted in the current year audit.
2014-002	Condition:	Internal controls were not sufficient to ensure that assets were properly capitalized.
	Status:	A similar finding occurred this year. Management intends to develop and implement additional internal controls to ensure that assets are properly capitalized.
2014-003	Condition:	Internal controls related to school activities accounts, frequently referred to as principal's accounts, are insufficient.
	Status:	A similar finding occurred this year. Management will continue to train and monitor bookkeepers at each school location, and will continue to create and implement new controls to foster a better control environment.
2014-004	Condition:	Cash held in a depository account was not adequately collateralized in accordance with Georgia law.
	Status:	Corrective action was taken and no similar findings were noted in the current year audit.

Prior Year Findings – Federal Awards Programs

U.S. Department of Agriculture
Pass-Through Georgia Department of Education
Child Nutrition Cluster – School Breakfast Program and National School Lunch Program
CFDA 10.553 and 10.555
Activities Allowed, Allowable Costs/Cost Principles, and Procurement
Questioned Costs: None

2014-005	Condition:	Charges to the federal program did not comply with existing internal control policies in place to assure compliance with program requirements.
	Status:	A similar finding occurred this year. Management intends to increase training in regards to federal program compliance and will increase monitoring activities to remedy this finding.

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prior Year Findings – Federal Awards Programs (continued)

U.S. Department of Agriculture
Pass-Through Georgia Department of Education
Child Nutrition Cluster - School Breakfast Program and National School Lunch Program
CFDA 10.553 and 10.555
Allowable Costs/Cost Principles
Questioned Costs: None

2014-006	Condition:	Charges to the federal program did not meet the criteria for allowable costs under program guidelines.
	Status:	Corrective action was taken and no similar findings were noted in the current year audit.

U.S. Department of Education
Pass-Through Georgia Department of Education
Special Education Cluster – Special Education Grants to States and Special Education Preschool Grants
CFDA 84.027 and 84.173
Activities Allowed, Allowable Costs/Cost Principles, and Procurement
Questioned Costs: None

2014-007	Condition:	Charges to the federal program did not comply with existing internal control policies in place to assure compliance with program requirements.
	Status:	Corrective action was taken and no similar findings were noted in the current year audit.

U.S. Department of Education
Pass-Through Georgia Department of Education
Special Education Cluster – Special Education Grants to States and Special Education Preschool Grants
CFDA 84.027 and 84.173
Allowable Costs/Cost Principles
Questioned Costs: None

2014-008	Condition:	Charges to the federal program did not meet the criteria for allowable costs under program guidelines.
	Status:	Corrective action was taken and no similar findings were noted in the current year audit.

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prior Year Findings – Federal Awards Programs (continued)

U.S. Department of Education
Pass-Through Georgia Department of Education
Title I, Part A Cluster – Title I Grants to Local Educational Agencies
CFDA 84.010
Activities Allowed, Allowable Costs/Cost Principles, and Procurement
Questioned Costs: None

2014-009	Condition:	Charges to the federal program did not comply with existing internal control policies in place to assure compliance with program requirements.
	Status:	A similar finding occurred this year. Management intends to increase training in regards to federal program compliance and will increase monitoring activities to remedy this finding.

U.S. Department of Education
Pass-Through Georgia Department of Education
Title I, Part A Cluster – Title I Grants to Local Educational Agencies
CFDA 84.010
Allowable Costs/Cost Principles
Questioned Costs: None

2014-010	Condition:	Charges to the federal program did not comply with existing internal control policies in place to assure compliance with program requirements.
	Status:	Corrective action was taken and no similar findings were noted in the current year audit.