

CITY OF DALTON BOARD OF EDUCATION
DALTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY THE FINANCE DEPARTMENT

CITY OF DALTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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December 2, 2016

**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, 2016. 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*, have issued an unmodified opinion on the City of Dalton Board of Education’s financial statements for the year ended June 30, 2016. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditors’ 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 7,966 PreK through 12th grade students enrolled in the School District in the 2015-2016 school year. The ethnic make-up of the students is 69 percent Hispanic, 21 percent white, 5 percent black, 2 percent Asian, and 3 percent multi-racial. Projected PreK-12 enrollment for the 2016-2017 school year is 8,148 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 653 certified staff members and 318 support staff for a total of 971 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 38 percent of the 68,000 jobs in Dalton Metropolitan Statistical Area.

The economic downturn had 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 had been especially hard-hit. Unemployment rates have consistently exceeded both national and Georgia levels, but now show significant improvements and stabilization. The latest unemployment rate for the Dalton Metropolitan Area is 6.3 percent compared to 6.1 percent in the previous year. Dalton's unemployment remains slightly above both the national rate of 4.9 percent and the Georgia rate of 5.2 percent.

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. Since that time, property values remain at this relatively low level. 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 in fiscal year 2011. 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 2016 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 2017 with the possibility of an increase to 40 percent in a future fiscal year.

Georgia's state funding does not have formula adjustments for inflation. 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 2016, the percentage is up to 53 percent while austerity reductions for all public schools systems remain in place.

Most of the state reductions during the recession were 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 2016, Dalton Public Schools has not received over \$40.7 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 \$35.2 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 occurred in fiscal year 2016 that improved the district's state revenue by another \$1.4 million. The School District anticipates more significant relief from austerity reductions for fiscal year 2017. 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.

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 2016, general fund expenditures increased to \$68 million, and the fund balance was over \$14 million.

Dalton Public Schools enrollment continues to grow, and over the last 10 years has averaged 2.3 percent growth per year. The School District has adequate capacity at the elementary level to meet the educational needs of the students with six elementary schools and class sizes flexibility. 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, and the administration and board of education are seeking solutions through a strategic facility planning process.

In recent years, 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. There was a lapse in sales tax revenue from January through December 2012. Whitfield County and Dalton Public Schools agreed to a one year delay of the fourth ESPLOST due to the financial constraints of local tax payers as a result of the Great Recession.

Although the current referendum provides the board of education flexibility to address the School District's capital needs, the fourth ESPLOST has been used for the Dalton Middle School expansion and the HVAC and renovation project at Dalton High School. 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 accordance with the Uniform Guidance, 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 school year, and the percentage of students who are developing, proficient, or distinguished from the 2015 school year, the schedule is not meant to be a comparison.

Dalton Public Schools Fiscal Years 2015 and 2014		
	% of Developing, Proficient, and Distinguished	% of Meets and Exceeds
	FY 2015	FY 2014
English Language Arts		
High School American Literature	66.7%	90.0%
9 th Grade Literature	62.5%	84.7%
Middle School Milestones & Criterion Reference Test	67.6%	92.7%
Elementary School Milestones & Criterion Reference Test	66.4%	91.3%
Mathematics		
Analytical Geometry	52.7%	30.7%
Coordinated Algebra	45.9%	29.4%
Middle School Milestones & Criterion Reference Test	72.4%	84.4%
Elementary School Milestones & Criterion Reference Test	76.1%	83.6%
Science		
Biology	37.0%	67.6%
Physical Science	63.3%	84.8%
Middle School Milestones & Criterion Reference Test	53.8%	75.1%
Elementary School Milestones & Criterion Reference Test	66.3%	79.7%
Social Studies		
Economics	45.9%	69.1%
US History	63.1%	63.5%
Middle School Milestones & Criterion Reference Test	65.6%	80.4%
Elementary School Milestones & Criterion Reference Test	72.1%	86.1%

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 that reads "Jim Hawkins". The signature is written in a cursive style with a large, stylized "J" and "H".

Jim Hawkins, Ph.D.
Superintendent

A handwritten signature in blue ink that reads "Theresa A. Perry". The signature is written in a cursive style with a large, stylized "T" and "P".

Theresa A. Perry
Chief Financial Officer

CITY OF DALTON BOARD OF EDUCATION
ELECTED OFFICIALS AND ADMINISTRATION
JUNE 30, 2016

Elected Officials

Dr. Rick Fromm, Chairman
In office since January 2004
Current term expires December 2019

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

Tulley Johnson, Treasurer
In office since January 2000
Current term expires December 2019

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

Dr. Pablo Perez
In office since January 2016
Current term expires December 2019

School Administration

Dr. Jim Hawkins, PhD, Superintendent

Dr. Alan Martineaux, Principal
Blue Ridge School

Dr. Celeste Martin, Principal
Brookwood Elementary School

Jason Brock, 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

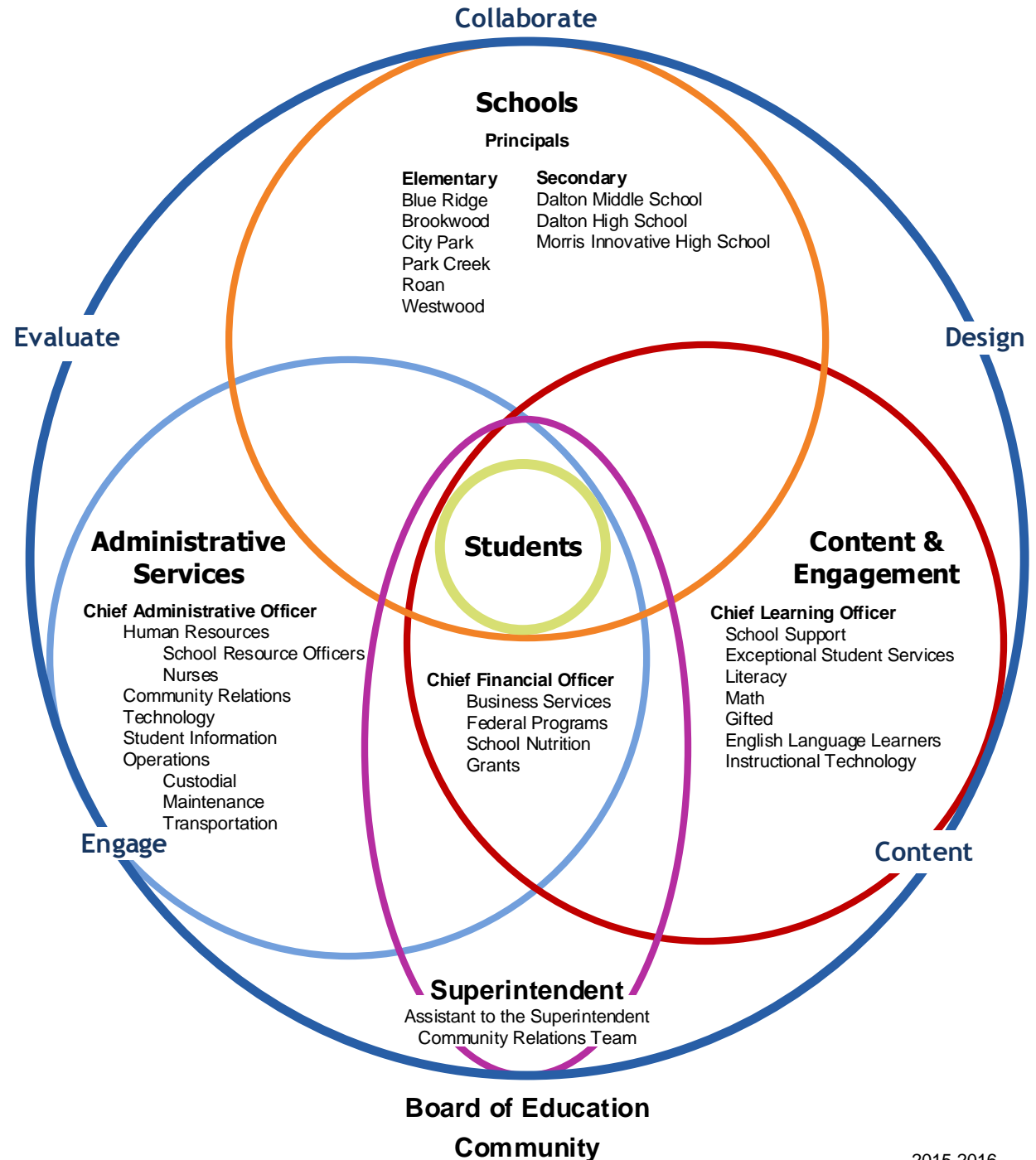
The mission of Dalton Public Schools is to create a great learning organization where networked learning communities are the primary means of:

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

Dalton Public Schools

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Dalton, GA 30722-1408
706.876.4000

www.daltonpublicschools.com





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Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Members of the City of Dalton
Board of Education and the Superintendent
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, 2016, 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, 2016, and the respective changes in financial position, and the respective budgetary comparison information 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.

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 fund financial statements and schedules, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual 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 December 2, 2016, 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
December 2, 2016

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. 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

Key financial highlights for 2016 are as follows:

- Total net position increased 6% from \$56.1 million in 2015 to \$59.4 million in 2016. This increase is based upon a reduction of the negative unrestricted assets, as well as an increase to assets restricted for capital.
- Total revenues increased 1% from \$86.2 million in 2015 to \$87.3 million in 2016. 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 increased collections. Overall, revenues exceeded expenses by \$3.3 million in fiscal year 2016.
- Total expenses increased 7% from \$78.1 million in 2015 to \$84.0 million in 2016. Expenditure increases were due to adding four days to employee work year calendars and adding two instructional days to the school year calendar for students. The structural change impacted nearly all expenditure function areas. Instructional expenditure category increases are also due to the district's growing enrollment by adding teaching and program positions to serve student needs.
- Among the major funds, the general fund reported \$69.9 million in revenues in 2016, compared to \$67.9 million in revenues 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 increased collections. The general fund reported \$68.0 million in expenditures in 2016 compared to \$63.3 million in expenditures in 2015. Expenditure increases are due to adding four days to the employee work year calendar and the School District's growing enrollment

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.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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.

	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 36,026,261	\$ 32,081,673
Capital assets	<u>88,495,444</u>	<u>89,198,771</u>
Total assets	<u>124,521,705</u>	<u>121,280,444</u>
 Deferred outflows of resources	 <u>7,557,676</u>	 <u>7,398,338</u>
 Liabilities		
Current liabilities	9,114,776	7,215,141
Long-term liabilities	<u>56,866,481</u>	<u>48,984,714</u>
Total liabilities	<u>65,981,257</u>	<u>56,199,855</u>
 Deferred inflows of resources	 <u>6,669,498</u>	 <u>16,367,218</u>
 Net position		
Net investment in capital assets	86,495,444	87,198,771
Restricted	8,240,073	6,655,288
Unrestricted	<u>(35,306,891)</u>	<u>(37,742,350)</u>
Total net position	<u>\$ 59,428,626</u>	<u>\$ 56,111,709</u>

Cash and investments increased \$4.4 million primarily in general fund investments of \$3.2 million, and \$1.1 million in the Educational Special Purpose Local Option Sales Tax ("ESPLOST") capital fund. The increase in the general fund is offset by increased liabilities. The general fund liabilities are predominately for employee benefit payables for health insurance and teacher retirement. In fiscal year 2015 those benefits were paid in June, while in fiscal year 2016 those benefits were actually paid in July. The ESPLOST increase is attributable to the School District collecting capital sales tax revenue, but not incurring the same level of capital expenditures in fiscal year 2016. Long-term liabilities increased by \$7.9 million which is attributable to the School District's share of the net pension liability for the teacher retirement plan.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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).

	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues		
Charges for services	\$ 887,012	\$ 754,234
Operating grants and contributions	51,571,491	50,315,979
Capital grants and contributions	166,584	976,572
General revenues		
Property taxes	27,488,278	26,564,495
Other taxes	7,067,110	7,486,273
Investment earnings	132,672	84,217
Total revenues	<u>87,313,147</u>	<u>86,181,770</u>
Expenses		
Instruction	54,895,190	50,861,687
Support services	23,292,165	22,174,756
Food service operation	5,346,794	4,743,677
Community service operation	462,081	322,108
Interest on long-term debt	-	13,444
Total expenses	<u>83,996,230</u>	<u>78,115,672</u>
Increase in net position	3,316,917	8,066,098
Net position, beginning of year	<u>56,111,709</u>	<u>48,045,611</u>
Net position, end of year	<u>\$ 59,428,626</u>	<u>\$ 56,111,709</u>

Revenues

The School District's total revenues increased in 2016 by 1%, or \$1.1 million. Operating grants and contributions are made up of state and federal revenues and increased \$1.3 million. Fiscal year 2016 was the second 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. State funding is predominately tied to enrollment. Since the School District continues to experience enrollment growth, state funding increased accordingly. In fiscal year 2015, the School District received \$976,572 in state capital fund revenue reimbursement for the classroom addition at the middle school while in fiscal year 2016, the remaining balance of \$108,508 was paid to the School District. Property tax revenues increased by \$923,783 due to some increased values and increased collections.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Expenses

The School District's total expenses increased by 8%, or \$5.9 million. Instructional expenditures increased by \$4.0 million due to the addition of four days to employee work year calendar and two days to the student school year calendar. Increasing the employee work year calendar impacted the support service expenditures, as well. Other support service expenditures were reclassified to pupil services, school administration, and instruction. Food service operations had \$603,117 in expenditure increases as a result of increased employer health insurance and food costs in fiscal year 2016. Community service costs increased by \$139,973 for the district-wide elementary after school program with a corresponding increase in revenues.

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 propriety 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.

The School District's Funds

The 2016 combined fund balance of all governmental funds totaled \$26.2 million. This is an 8% or \$1.9 million increase from the \$24.3 million fund balance from fiscal year 2015. 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 year 2017. The ending fund balance represents 31% of total expenditures. Of the governmental fund balance, \$6.5 million is restricted for debt service and capital projects. There is also \$1.6 million restricted for the food service program.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

General Fund Budgetary Highlights

In developing the fiscal year 2016 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 relief from austerity reductions along with growing enrollment. Local sources of revenue were higher due to increased property values, and tax collections.

The most significant budgeted fund is the general fund. The original budget was amended to properly account for state grants and anticipated increases to federal revenue reimbursements. 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 the School District alternative education program and a new technology facility.

Actual revenues were less than 1% more than the final budget. Federal revenues were 52% less than budget as actual e-rate revenue received was lower than budget estimates. Actual state revenue is 1% 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 2% higher than budget. Intangible property taxes, motor vehicles, and payment in lieu of taxes were higher than anticipated. Additionally, the after school program, non-resident tuition, and facility rental was higher than previous years and exceeded budget estimates.

Actual expenditures were 3% 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. Community service expenditures exceeded original budget estimates for staffing necessary for the increased participation in the elementary after school program.

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.

General Fund Balance

The fiscal year 2016 unassigned fund balance of \$14.2 million reflected a 7% increase from fiscal year 2015. 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 for capital projects that address student technology and its infrastructure. The School District 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 \$14.2 million gives the School District a fund balance that is equivalent to 76 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.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Other Major Funds

The School District presents the federal programs special revenue fund as a major fund, although it is not required to be presented as a major fund this year. 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. There were several projects in the fund in fiscal year 2016. One was the security entrance upgrade at three elementary schools that started in fiscal years 2015 and completed in 2016. The School District also addressed technology infrastructure upgrades at Morris Innovative High School. There was a facility purchase for the technology department. The School District initiated a renovation project that includes the HVAC system at Westwood that will continue into fiscal year 2017.

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.

Fiscal year 2016, ESPLOST sales tax revenue totaled \$5.3 million compared to \$5.6 million in fiscal year 2015. The School District also received state revenue reimbursement for the capital project addition at Dalton Middle School in fiscal year 2016. ESPLOST expenditures of \$2.0 million were for student technology. There were \$1.8 million incurred at Dalton High for the HVAC and renovation project that will span into fiscal year 2018.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Capital Assets

Capital assets decreased 1%, from \$89.2 million in 2015 to \$88.5 million in 2016. The decrease is due to building depreciation exceeding the addition of building improvements and construction in progress values. See Note 5 of the basic financial statements for additional information on capital assets.

	2016	2015
Capital assets, not depreciable		
Land	\$ 9,304,651	\$ 9,264,235
Construction in progress	2,026,644	124,925
Total	<u>11,331,295</u>	<u>9,389,160</u>
Capital assets, depreciable		
Land improvements	3,986,907	3,917,706
Buildings and building improvements	112,417,651	111,650,033
Machinery, equipment, and technology	4,460,478	4,622,279
Vehicles	526,062	477,278
Total	<u>121,391,098</u>	<u>120,667,296</u>
Less accumulated depreciation		
Land improvements	(2,159,664)	(1,985,351)
Buildings and building improvements	(38,885,106)	(35,710,918)
Machinery, equipment, and technology	(2,746,550)	(2,717,461)
Vehicles	(435,629)	(443,955)
Total	<u>(44,226,949)</u>	<u>(40,857,685)</u>
Depreciable capital assets, net	<u>77,164,149</u>	<u>79,809,611</u>
Net investment in capital assets	<u>\$ 88,495,444</u>	<u>\$ 89,198,771</u>

Debt Administration

At June 30, 2016, 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	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -
Compensated absences	38,728	69,924	(74,949)	33,703	30,000
Total	<u>\$ 2,038,728</u>	<u>\$ 69,924</u>	<u>\$ (74,949)</u>	<u>\$ 2,033,703</u>	<u>\$ 30,000</u>

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 \$35.2 million loss net of federal stimulus funding in state revenue. Fiscal year 2017 will be the third consecutive year where the state legislature has approved another 28% alleviation from the 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 2017 anticipates a loss of \$816,000 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 dropped again in fiscal year 2016 to \$103,700. In fiscal year 2017, the School District will be excluded from equalization funding.

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 have been reports of significant improvement to unemployment and now stabilization. The national unemployment rate is 5.0% compared with 5.1% reported in the prior year. Georgia is at 5.1% compare with 5.8% unemployment rate previously reported. The Dalton Metropolitan Area shows an unemployment rate of 6.3% compared with 6.1% 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 2016. 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 \$4.5 million in property tax revenue. Increases to the Freeport exemption will be delayed for fiscal year 2017 for the School District. There is some consideration for a 20% increase in a future fiscal year.

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 \$2.0 million during that period. Although property values have fluctuated since fiscal year 2013, there has been an upward trend that has caused an in increased property tax revenue. Fiscal year 2016 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 2017.

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 some educational expenditures will be restored. The School District has budgeted to increase and restore student and staff days in fiscal year 2017. 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.

**CITY OF DALTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 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, 2016

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash	\$ 12,810,657
Investments	18,372,100
Receivables:	
Accounts	310,561
Intergovernmental	1,697,579
Taxes	870,132
Inventory	166,277
Restricted assets - investments	<u>1,798,955</u>
Total current assets	<u>36,026,261</u>
Noncurrent assets	
Nondepreciable capital assets	11,331,295
Depreciable capital assets, net	<u>77,164,149</u>
Total noncurrent assets	<u>88,495,444</u>
Total assets	<u>124,521,705</u>
Deferred outflows of resources	
Related to defined benefit pension plans	<u>7,557,676</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	3,354,918
Salaries payable	5,580,695
Retainage payable	149,163
Compensated absences	<u>30,000</u>
Total current liabilities	<u>9,114,776</u>
Long-term liabilities	
Compensated absences, less current portion	3,703
Capital leases	2,000,000
Net pension liability	<u>54,862,778</u>
Total long-term liabilities	<u>56,866,481</u>
Total liabilities	<u>65,981,257</u>
Deferred inflows of resources	
Related to defined benefit pension plans	<u>6,669,498</u>
Net position	
Net investment in capital assets	86,495,444
Restricted for capital projects	4,661,051
Restricted for debt service	1,798,998
Restricted for food services	1,780,024
Unrestricted	<u>(35,306,891)</u>
Total net position	<u>\$ 59,428,626</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	\$ 54,895,190	\$ 353,807	\$ 31,550,519	\$ 166,584	\$ (22,824,280)
Support services:					
Pupil services	2,748,117	-	1,748,904	-	(999,213)
Improvement of instructional services	3,032,881	-	2,595,722	-	(437,159)
Educational media services	1,290,672	-	789,452	-	(501,220)
General administration	833,106	-	595,611	-	(237,495)
School administration	4,079,082	-	2,482,106	-	(1,596,976)
Business administration	592,845	-	361,555	-	(231,290)
Maintenance and operation of plant	5,388,309	-	3,137,371	-	(2,250,938)
Student transportation services	2,890,595	-	1,763,441	-	(1,127,154)
Central support services	2,181,976	-	1,330,345	-	(851,631)
Other support services	254,582	-	215,412	-	(39,170)
Food services operations	5,346,794	533,205	4,726,731	-	(86,858)
Community services operations	462,081	-	274,322	-	(187,759)
Total governmental activities	<u>\$ 83,996,230</u>	<u>\$ 887,012</u>	<u>\$ 51,571,491</u>	<u>\$ 166,584</u>	<u>(31,371,143)</u>
General revenues					
Property taxes					27,488,278
Vehicle taxes					1,594,338
Intangibles tax					220,863
Sales taxes					5,251,909
Unrestricted investment earnings					<u>132,672</u>
Total general revenues					<u>34,688,060</u>
Change in net position					3,316,917
Net position, beginning of year					<u>56,111,709</u>
Net position, end of year					<u>\$ 59,428,626</u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Federal Programs	Capital Projects	Education Special Purpose Local Option Sales Tax	Total Nonmajor Funds	Total Governmental Funds
Assets						
Cash	\$ 4,525,593	\$ -	\$ 980,000	\$ 5,400,558	\$ 1,904,506	\$ 12,810,657
Investments	16,507,883	-	1,864,217	-	-	18,372,100
Receivables:						
Accounts	287,730	1,717	8,820	-	12,294	310,561
Intergovernmental	277,067	794,681	-	437,589	188,242	1,697,579
Taxes	870,132	-	-	-	-	870,132
Due from other funds	3,439,111	-	490,100	-	135,540	4,064,751
Inventory	-	-	-	-	166,277	166,277
Restricted assets - investments	-	-	-	-	1,798,955	1,798,955
Total assets	\$ 25,907,516	\$ 796,398	\$ 3,343,137	\$ 5,838,147	\$ 4,205,814	\$ 40,091,012
Liabilities						
Accounts payable	\$ 1,821,219	\$ 37,470	\$ 289,359	\$ 1,049,498	\$ 157,372	\$ 3,354,918
Salaries payable	5,052,284	241,790	-	-	286,621	5,580,695
Due to other funds	3,330,311	521,149	27,715	-	185,576	4,064,751
Retainage payable	-	-	21,565	127,598	-	149,163
Total liabilities	10,203,814	800,409	338,639	1,177,096	629,569	13,149,527
Deferred inflows of resources						
Unavailable revenue - property taxes	755,385	-	-	-	-	755,385
Fund balances						
Nonspendable	-	-	-	-	166,277	166,277
Restricted	-	-	-	4,661,051	3,412,745	8,073,796
Unrestricted:						
Committed	-	-	3,004,498	-	-	3,004,498
Assigned	795,298	-	-	-	-	795,298
Unassigned	14,153,019	(4,011)	-	-	(2,777)	14,146,231
Total fund balances	\$ 14,948,317	\$ (4,011)	\$ 3,004,498	\$ 4,661,051	\$ 3,576,245	\$ 26,186,100
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,907,516	\$ 796,398	\$ 3,343,137	\$ 5,838,147	\$ 4,205,814	\$ 40,091,012

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, 2016

Total governmental fund balances		\$ 26,186,100
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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	4,064,751	
Interfund payables	<u>(4,064,751)</u>	-

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.

Cost	132,722,393	
Accumulated depreciation	<u>(44,226,949)</u>	88,495,444

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.

755,385

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>(33,703)</u>	(2,033,703)

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		(54,862,778)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows related to pensions	7,557,676	
Deferred inflows related to pensions	<u>(6,669,498)</u>	<u>888,178</u>

Net position of governmental activities		<u>\$ 59,428,626</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
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Federal Programs	Capital Projects	Education Special Purpose Local Option Sales Tax	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Federal sources	\$ 563,150	\$ 5,301,133	\$ -	\$ -	\$ 4,493,275	\$ 10,357,558
State sources	37,722,629	-	-	108,508	1,428,622	39,259,759
Local sources and other funds	31,468,593	-	77,233	5,252,400	587,381	37,385,607
On behalf payments	121,050	-	-	-	-	121,050
Total revenues	<u>69,875,422</u>	<u>5,301,133</u>	<u>77,233</u>	<u>5,360,908</u>	<u>6,509,278</u>	<u>87,123,974</u>
Expenditures						
Current:						
Instruction	46,520,951	2,583,057	355,616	2,307,440	1,342,828	53,109,892
Support services:						
Pupil services	2,597,049	197,501	-	-	10,014	2,804,564
Improvement of instructional services	1,264,311	1,841,918	-	-	4,732	3,110,961
Educational media services	1,329,792	-	-	-	-	1,329,792
General administration	617,487	229,203	-	-	-	846,690
School administration	4,165,478	-	-	-	2,830	4,168,308
Business administration	602,186	-	-	468	-	602,654
Maintenance and operation of plant	5,211,161	-	-	-	1,265	5,212,426
Student transportation services	2,773,127	106,817	-	-	10,651	2,890,595
Central support services	2,215,421	15,136	-	-	-	2,230,557
Other support services	47,462	187,377	-	-	-	234,839
Food services operations	-	144,135	-	-	5,030,870	5,175,005
Community services operations	462,081	-	-	-	-	462,081
Capital outlay:						
Instruction	69,228	-	1,134,908	1,699,622	-	2,903,758
Support services:						
School administration	10,850	-	-	-	-	10,850
Business administration	6,835	-	-	-	-	6,835
Maintenance and operation of plant	71,501	-	-	-	-	71,501
Food services operation	-	-	-	-	57,809	57,809
Total expenditures	<u>67,964,920</u>	<u>5,305,144</u>	<u>1,490,524</u>	<u>4,007,530</u>	<u>6,460,999</u>	<u>85,229,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,910,502</u>	<u>(4,011)</u>	<u>(1,413,291)</u>	<u>1,353,378</u>	<u>48,279</u>	<u>1,894,857</u>
Other financing sources (uses)						
Transfers in	-	-	746,319	-	183,128	929,447
Transfers out	(929,447)	-	-	-	-	(929,447)
Total other financing sources (uses)	<u>(929,447)</u>	<u>-</u>	<u>746,319</u>	<u>-</u>	<u>183,128</u>	<u>-</u>
Net changes in fund balances	981,055	(4,011)	(666,972)	1,353,378	231,407	1,894,857
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 14,948,317</u>	<u>\$ (4,011)</u>	<u>\$ 3,004,498</u>	<u>\$ 4,661,051</u>	<u>\$ 3,576,245</u>	<u>\$ 26,186,100</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, 2016

Net changes in fund balances - governmental funds	\$	1,894,857
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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	(929,447)	
Transfers out	<u>929,447</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	3,050,753	
Depreciation expense	<u>(3,725,881)</u>	(675,128)

Disposal of capital assets not reported at the fund level.		(28,199)
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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.		150,096
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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		5,025
On behalf payments from the State of Georgia for pension contributions		39,077
Pension contributions in excess of allocable pension expense		<u>1,931,189</u>

Change in net position - governmental activities	\$	<u>3,316,917</u>
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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, 2016

	Budget			
	Original	Final	Actual	Variance
Revenues				
Federal sources	\$ 534,000	\$ 1,183,770	\$ 563,150	\$ (620,620)
State sources	37,235,277	37,357,159	37,722,629	365,470
Local sources and other funds	30,871,203	30,894,953	31,468,593	573,640
On behalf payments	143,570	143,570	121,050	(22,520)
Total revenues	<u>68,784,050</u>	<u>69,579,452</u>	<u>69,875,422</u>	<u>295,970</u>
Expenditures				
Current:				
Instruction	47,438,550	47,548,742	46,520,951	1,027,791
Support services:				
Pupil services	2,633,437	2,591,653	2,597,049	(5,396)
Improvement of instructional services	1,334,980	1,382,931	1,264,311	118,620
Educational media services	1,399,467	1,375,475	1,329,792	45,683
General administration	580,025	582,350	617,487	(35,137)
School administration	4,203,857	4,318,091	4,165,478	152,613
Business administration	581,289	636,734	602,186	34,548
Maintenance and operation of plant	5,615,007	5,583,192	5,211,161	372,031
Student transportation services	2,870,936	2,872,371	2,773,127	99,244
Central support services	2,466,652	2,491,407	2,215,421	275,986
Other support services	47,000	47,000	47,462	(462)
Community services operations	203,066	203,066	462,081	(259,015)
Capital outlay:				
Instruction	69,228	69,228	69,228	-
Support services:				
School administration	10,850	10,850	10,850	-
Business administration	6,835	6,835	6,835	-
Maintenance and operation of plant	71,501	71,501	71,501	-
Total expenditures	<u>69,532,680</u>	<u>69,791,426</u>	<u>67,964,920</u>	<u>1,826,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(748,630)</u>	<u>(211,974)</u>	<u>1,910,502</u>	<u>2,122,476</u>
Other financing sources (uses)				
Transfers out	<u>(242,106)</u>	<u>(842,106)</u>	<u>(929,447)</u>	<u>(87,341)</u>
Total other financing sources (uses)	<u>(242,106)</u>	<u>(842,106)</u>	<u>(929,447)</u>	<u>(87,341)</u>
Net change in fund balances	<u>\$ (990,736)</u>	<u>\$ (1,054,080)</u>	<u>981,055</u>	<u>\$ 2,035,135</u>
Fund balance, beginning of year			<u>13,967,262</u>	
Fund balance, end of year			<u>\$ 14,948,317</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, 2016

	Budget			
	Original	Final	Actual	Variance
Revenues				
Federal sources	<u>\$ 5,994,989</u>	<u>\$ 5,904,312</u>	<u>\$ 5,301,133</u>	<u>\$ (603,179)</u>
Expenditures				
Current:				
Instruction	2,456,559	2,937,451	2,583,057	354,394
Support services:				
Pupil services	202,303	222,931	197,501	25,430
Improvement of instructional services	1,849,976	1,963,501	1,841,918	121,583
General administration	204,932	253,806	229,203	24,603
Student transportation services	110,637	162,063	106,817	55,246
Central support services	15,000	16,100	15,136	964
Other support services	195,375	203,460	187,377	16,083
Food services operations	<u>145,000</u>	<u>145,000</u>	<u>144,135</u>	<u>865</u>
Total expenditures	<u>5,179,782</u>	<u>5,904,312</u>	<u>5,305,144</u>	<u>599,168</u>
Net change in fund balances	<u>\$ 815,207</u>	<u>\$ -</u>	(4,011)	<u>\$ (4,011)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ (4,011)</u>	

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>
Assets	
Intergovernmental receivable	\$ 14,979
Due from others	<u>7,527</u>
Total assets	<u><u>\$ 22,506</u></u>
Liabilities	
Accounts payable	\$ 169
Due to others	<u>22,337</u>
Total liabilities	<u><u>\$ 22,506</u></u>

See accompanying notes to the financial statements.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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 accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

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. The district-wide financial statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

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, 2016, the School District had no activities accounted for as business-type activities.

The statement of net position presents the School District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following three categories:

- 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 in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies - Continued

- Unrestricted net position - Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be modified or removed.

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.

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. Only federal grant revenues are reported in this fund. For fiscal year 2016, it does not meet the requirement to be presented as a major fund, but will be presented as a major fund for consistency between prior and future years, when required presentation as a major fund is likely.
- 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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies - Continued

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 report resources that the School District holds for others in a custodial capacity and do not involve measurements of results of operations.

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The district-wide 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.

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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies - Continued

New Accounting Pronouncements

In fiscal year 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The provisions of this statement address accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The School District did not have any items that required a reassessment of value for reporting purposes as a result of adoption of this statement.

In fiscal year 2016, the School District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2016, the School District adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. If an external investment pool meets the criteria in this statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. The School District participates in an external investment pool, the State of Georgia local government investment pool (Georgia Fund 1), which does not meet the criteria of this statement. Therefore, the investment in this pool is measured at fair value as provided in paragraph 11 of GASB Statement No. 31, as amended.

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 chartered building and loan associations.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies - Continued

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.

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value. For accounting purposes, certificates of deposit are classified as cash as they are not subject to withdrawal limitations.

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.

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

Inventories

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

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the district-wide and governmental fund financial statements.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies - Continued

Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the statement of net position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds.

Capital Assets

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. 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. The School District does not capitalize book collections or works of art. Disposals are deleted at depreciated recorded cost. Depreciation is computed using the straight-line method for all assets except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives. 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.

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges), and the related assets are reported as capital assets in the governmental activities column in the district-wide financial statements.

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

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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.

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.

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, outstanding debt is reported as a liability. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized as a outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School District recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

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, 2016

Note 1 Summary of Significant Accounting Policies - Continued

Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

- 1) **Nonspendable fund balance** – Consists of resources 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** – Consists of resources that can be used only for specific purposes pursuant to constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- 3) **Committed fund balance** – Consists of resources 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** – Consists of resources 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** – Consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

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

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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies - Continued

Fund Balances - Continued

A schedule of fund balances is as follows:

	General	Federal Programs Special Revenue	Capital Projects	ESPLOST Capital Projects	Total Nonmajor Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 166,277	\$ 166,277
Restricted for:						
Capital projects	-	-	-	4,661,051	-	4,661,051
Debt service	-	-	-	-	1,798,998	1,798,998
School nutrition	-	-	-	-	1,613,747	1,613,747
Committed to:						
Capital projects	-	-	3,004,498	-	-	3,004,498
Assigned to:						
School activities	795,298	-	-	-	-	795,298
Unassigned	14,153,019	(4,011)	-	-	(2,777)	14,146,231
Total Fund Balances	<u>\$ 14,948,317</u>	<u>\$ (4,011)</u>	<u>\$ 3,004,498</u>	<u>\$ 4,661,051</u>	<u>\$ 3,576,245</u>	<u>\$ 26,186,100</u>

Deficit Fund Balances

The School District had two funds with deficit fund balances at June 30, 2016, as follows:

Fund Type/Fund Name	Deficit Balance
Special Revenue/Federal Programs	\$ (4,011)
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.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies - Continued

Property Taxes

The Mayor and Council of the City of Dalton, Georgia, fixed the property tax levy for the 2015 tax digest year (calendar year) on January 1, 2015 (levy date). Tax bills were mailed on October 20, 2015 (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, 2015 (due date). Taxes collected within the current fiscal year or within 60 days after year end on the 2015 tax digest are reported as revenue in the governmental funds for the year ended June 30, 2016. 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 \$27,338,182 for the year ended June 30, 2016.

The tax millage rate levied for the 2015 tax year for School District maintenance and operations was 8.200 mils (a mil equals \$1 per thousand dollars of assessed value).

Sales Taxes

Education special purpose local option sales tax, at the fund reporting level, totaled \$5,251,909 for the year ended June 30, 2016, 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.

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 and on 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 changes 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, 2016

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.

At June 30, 2016, the School District held deposits with a carrying amount of \$12,810,657 and a bank balance of \$13,407,014. The bank balances were fully covered by either deposit insurance and/or collateral held in the School District's name.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3 Deposits and Investments - Continued

Investments

At June 30, 2016, the carrying value of the School District's unrestricted investments was \$18,372,100, with the entire balance invested in Georgia Fund 1.

Georgia Fund 1 is not registered with the SEC as an investment and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share. The pool is 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, 2016 was 42 days.

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.

At June 30, 2016, the carrying value of the School District's restricted investments was \$1,798,955, with the entire balance invested in U.S. Agency securities, as permitted by OCGA. The assets are restricted as to use in relation to the QZAB Bond sinking fund.

The School District's investments as of June 30, 2016 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	\$ 1,798,955	\$ 1,798,955
Investment pools - Georgia Fund 1	18,372,100	18,372,100
	<u>\$ 20,171,055</u>	<u>\$ 20,171,055</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, 2016, 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, 2016

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>A-1+</u>	<u>AAAm</u>	<u>Unrated</u>
Debt securities - U.S. Agencies	<u>\$ 1,798,955</u>	<u>\$ 1,798,235</u>	<u>\$ 720</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, 2016

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	\$ 9,264,235	\$ -	\$ 40,416	\$ 9,304,651
Construction in progress	124,925	2,483,392	(581,673)	2,026,644
Total	<u>9,389,160</u>	<u>2,483,392</u>	<u>(541,257)</u>	<u>11,331,295</u>
Depreciable capital assets				
Land improvements	3,917,706	-	69,201	3,986,907
Buildings and building improvements	111,650,033	295,562	472,056	112,417,651
Machinery, equipment, and technology	4,622,279	193,142	(354,943)	4,460,478
Vehicles	477,278	78,657	(29,873)	526,062
Total	<u>120,667,296</u>	<u>567,361</u>	<u>156,441</u>	<u>121,391,098</u>
Less accumulated depreciation				
Land improvements	(1,985,351)	(174,313)	-	(2,159,664)
Buildings and building improvements	(35,710,918)	(3,174,188)	-	(38,885,106)
Machinery, equipment, and technology	(2,717,461)	(360,291)	331,202	(2,746,550)
Vehicles	(443,955)	(17,089)	25,415	(435,629)
Total	<u>(40,857,685)</u>	<u>(3,725,881)</u>	<u>356,617</u>	<u>(44,226,949)</u>
Depreciable capital assets, net	<u>79,809,611</u>	<u>(3,158,520)</u>	<u>513,058</u>	<u>77,164,149</u>
Governmental activities capital assets, net	<u>\$ 89,198,771</u>	<u>\$ (675,128)</u>	<u>\$ (28,199)</u>	<u>\$ 88,495,444</u>

Current year depreciation expense by function is as follows:

Governmental activities:	
Instruction	\$ 3,323,127
Improvement of instructional services	1,965
General administration	2,320
School administration	33,035
Business administration	1,467
Maintenance and operation of plant	180,908
Other support services	24,648
Food services operation	158,411
Total depreciation expense - governmental activities	<u>\$ 3,725,881</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 consisted of the following:

	Due From Other Funds	Due To Other Funds
General fund	\$ 3,439,111	\$ 3,330,311
Federal programs fund	-	521,149
Capital projects fund	490,100	27,715
Nonmajor governmental funds	135,540	185,576
Total governmental funds	<u>\$ 4,064,751</u>	<u>\$ 4,064,751</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, 2016 consisted of the following:

Transfer To	Transfer From General fund
Capital projects fund	\$ 746,319
Nonmajor governmental funds	183,128
Total governmental funds	<u>\$ 929,447</u>

Note 7 Long Term Debt

Capital Leases - The School District entered into an agreement with the City of Dalton Building Authority to obtain funding for the purpose of acquiring, constructing, and equipping buildings and facilities. Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by school districts in connection with the establishment of special academic programs, in partnership with the business community. The School District, in an agreement with the City of Dalton Building Authority, has entered into such an arrangement.

The agreement establishes a method of repayment for the qualified interest-free debt instrument. The agreement requires the School District to deposit funds annually into a sinking fund account on or before June 1 each year. The fair value of the sinking fund at June 30, 2016 was \$1,798,955, and is reported as a restricted investment in the financial statements.

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, 2016:

Buildings and building improvements	\$ 1,992,781
Net of accumulated amortization	<u>(647,927)</u>
	<u>\$ 1,344,854</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 Long Term Debt - Continued

At June 30, 2016, payments due by fiscal year, which include principal and interest, are as follows:

Fiscal Year	Principal	Interest
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, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Capital leases	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -
Compensated absences	38,728	69,924	(74,949)	33,703	30,000
	<u>\$ 2,038,728</u>	<u>\$ 69,924</u>	<u>\$ (74,949)</u>	<u>\$ 2,033,703</u>	<u>\$ 30,000</u>

Note 8 Retirement Plans

The School district participates in various retirement plans administered by the State of Georgia, as further described below.

Teachers Retirement System of Georgia ("TRS")

Plan description - All teachers of the School District as defined in OCGA §47-3-60 and certain other support personnel as defined by §47-3-63 are provided a pension through TRS. 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 separate financial audit report that can be obtained at www.trsga.com/publications.

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

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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 2016. The School District's contractually required contribution rate for the year ended June 30, 2016 was 14.27% excluding payroll attributable to those personnel funded on behalf of the School District by the state. For the current fiscal year, employer contributions to the pension plan totaled \$5,672,652 and \$33,844 from the School District and the state, respectively.

Public School Employees Retirement System ("PSERS")

Plan description - PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of 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.

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. The current fiscal year contribution totaled \$87,206.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Retirement Plans - Continued

Employees' Retirement System of Georgia ("ERS")

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 the ERS 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 School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan totaled \$13,512 for the current fiscal year.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Retirement Plans - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the School District reported a liability of \$54,862,778 for its proportionate share of the net pension liability for TRS (\$54,770,649) and ERS (\$92,129).

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	\$ 54,770,649
State of Georgia's proportionate share of the net pension liability associated with the School District - TRS	<u>330,970</u>
Total	<u>\$ 55,101,619</u>

The net pension liability for TRS and ERS was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 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, 2015.

At June 30, 2015, the School District's proportion of the TRS net pension liability was 0.359765%, which was a decrease of 0.011339% from its proportion measured as of June 30, 2014. At June 30, 2015, the School District's proportion of the ERS net pension liability was 0.002274%, which was a decrease of 0.000176% from its proportion measured as of June 30, 2014.

At June 30, 2016, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the state of Georgia, which is responsible for the net pension liability of the plan. The amount of the state's proportionate share of the net pension liability associated with the School District is \$436,926.

The net pension liability for PSERS was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 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, 2015.

For the year ended June 30, 2016, the School District recognized pension income (School District contributions in excess of allocable pension expense) of \$1,957,608 for TRS and pension expense of \$26,056 for PSERS and \$363 for ERS. The School District recognized revenue of \$13,021 for TRS and \$26,056 for PSERS for support provided by the State of Georgia for certain support personnel.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Retirement Plans - Continued

At June 30, 2016, 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
Differences between expected and actual experience	\$ -	\$ 481,736	\$ -	\$ 736
Net difference between projected and actual earnings on pension plan investments	-	4,619,962	-	6,647
Changes in proportion and differences between District contributions and proportionate share of contributions	1,830,000	1,560,417	7,402	4,927
District contributions subsequent to the measurement date	5,706,496	-	13,512	-
Total	<u>\$ 7,536,496</u>	<u>\$ 6,662,115</u>	<u>\$ 20,914</u>	<u>\$ 12,310</u>

School District contributions subsequent to the measurement date of \$5,706,496 for TRS and \$13,512 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	TRS	ERS
2017	\$ (2,093,319)	\$ 663
2018	(2,093,319)	(4,850)
2019	(2,093,322)	(2,963)
2020	1,545,085	2,242
2021	(97,240)	-
Thereafter	-	-

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Retirement Plans - Continued

Actuarial Assumptions - The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014 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, 2014 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, 2016

Note 8 Retirement Plans - Continued

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return *
Fixed income	30.00%	3.00%
Domestic large 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 TRS, PSERS, and ERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, PSERS, and ERS pension plans' 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	\$ 94,119,219	\$ 54,770,649	\$ 22,338,064

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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	\$ 130,596	\$ 92,129	\$ 59,334

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

Note 9 Defined Contribution Plans

The School District offers an employer paid 403(b) annuity plan for the group of employees covered under the PSERS. Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the School Board's desire to supplement the retirement of this group.

The School District selected the Variable Annuity Life Insurance Company ("VALIC") as the provider of this plan. For each employee covered under PSERS who makes an election to participate, the School District contributes 1% of the employee's base pay. In addition, the School District makes matching contributions equal to 50% of the first 4% of employee compensation deferred. Employee contributions vest immediately and School District contributions become vested at the end of the 3rd year. All contributions are 100% vested upon employee death or disability.

Distributions to an employee may not be made earlier than the earliest date on which the employee has a severance from employment, dies, becomes disabled, or attains age 59½. Hardship withdrawals and loans from the plan are permitted under certain circumstances. Employer contributions for the current and preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	\$ 33,956
2015	100%	32,525
2014	100%	33,616

The School District offers a second 403(b) annuity plan for all employees who are not students regularly attending classes at the School District and who are not non-resident aliens. Recognizing that employees may want to contribute additional funds to their retirement accounts, it was the School Board's desire to offer an additional, non-contributory option for employees.

The School District selected the Variable Annuity Life Insurance Company ("VALIC") as the provider of this plan. Most employees of the School District are eligible to participate. The School District does not make contributions to this plan. Distributions to an employee may not be made earlier than the earliest date on which the employee has a severance from employment, dies, becomes disabled, or attains age 59½. Hardship withdrawals and loans from the plan are permitted under certain circumstances.

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9 Defined Contribution Plans - Continued

The School District offers a 457(b) deferred compensation plan for all employees of the School District. Recognizing that employees may want to contribute additional funds to their retirement accounts, it was the School Board's desire to offer an additional, non-contributory option for employees.

The School District selected the Variable Annuity Life Insurance Company ("VALIC") as the provider of this plan. All employees of the School District are eligible to participate. The School District does not make contributions to this plan. Distributions to an employee may not be made earlier than the earliest date on which the employee has a severance from employment, dies, becomes disabled, or attains age 70½. Unforeseeable emergency withdrawals, distributions to individuals in uniformed services, and loans from the plan are permitted under certain circumstances.

Note 10 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. Additional information about the School OPEB Fund is disclosed in the State of Georgia Comprehensive Annual Financial Report. This report can be obtained from the Georgia Department of Audit and Accounts at www.audits.ga.gov/SGD/CAFR.html.

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, 2016

Note 10 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, 2016: For certificated teachers, librarians, and regional educational service agencies and certain other eligible participants, for the period July 1, 2015 through June 30, 2016, the contribution rate was \$945.00 per member per month. For non-certificated school personnel, for the period July 1, 2015 through June 30, 2016, the contribution rate was \$746.20 per member per month.

No additional contribution was required by the Board of Community Health for fiscal year 2016 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
2016	100%	\$ 8,087,694
2015	100%	7,522,901
2014	100%	7,478,743

Note 11 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, 2016

Note 11 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		End of Year	
	Year Liability	Claims	Claims Paid	Liability
2016	\$ -	\$ 7,304	\$ (7,304)	\$ -
2015	-	17,428	(17,428)	-
2014	-	12,704	(12,704)	-

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		End of Year	
	Year Liability	Premiums and Other Charges	Charges Paid	Liability
2015	\$ -	\$ 126,500	\$ (126,500)	\$ -
2014	-	138,000	(138,000)	-
2013	-	192,000	(192,000)	-

Note 12 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, 2016 totaled \$543,371. 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
2017	\$ 530,105
2018	49,398
2019	15,105
2020	7,717
2021	1,080
	<u>\$ 603,405</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 13 Commitments and Contingencies

The School District is involved in legal matters as of the fiscal year ended June 30, 2016 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.

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

The School District is committed under outstanding construction contracts in the capital projects fund and the ESPLOST capital projects fund in the amount of \$15,223,592. Construction contracts include expansion and renovation of facilities at Dalton High School, City Park Elementary School, and Westwood Elementary School.

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, 2016

Year Ended	School District's proportion of the net pension liability	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	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.359765%	\$ 54,770,649	\$ 330,970	\$ 55,101,619	\$ 37,240,659	147.96%	81.44%
2015	0.371104%	46,884,096	257,474	47,141,570	38,273,408	123.17%	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, 2016

	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>	<u>2016</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	\$ 5,706,496
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>	<u>5,706,496</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	\$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	\$37,240,659
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%	15.32%

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, 2016

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, 2016 reported in that schedule:

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Five-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, 2016

Year Ended	School District's proportion of the net pension liability	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	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.000000%	\$ -	\$ 436,926	\$ 436,926	\$ 2,976,612	14.68%	87.00%
2015	0.000000%	-	344,463	344,463	1,921,743	17.92%	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, 2016

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, 2016 reported in that schedule:

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Five-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, 2016

Year Ended	School District's proportion of the net pension liability	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	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.002274%	\$ 92,129	\$ -	\$ 92,129	\$ 54,643	168.60%	76.20%
2015	0.002450%	91,890	-	91,890	51,992	176.74%	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, 2016

	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>	<u>2016</u>
Contractually required contribution	\$ -	\$ 4,704	\$ 5,437	\$ 5,429	\$ 5,225	\$ 5,746	\$ 7,299	\$ 9,565	\$ 11,417	\$ 13,512
Contributions in relation to the contractually required contribution	<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>	<u>13,512</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	\$ 54,643
Contributions as a percentage of covered-employee payroll	0.00%	9.54%	10.42%	10.43%	10.41%	11.63%	14.63%	18.40%	21.96%	24.73%

CITY OF DALTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016 reported in that schedule:

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	5.45% - 9.25%
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, 2016

	<u>Special Revenue Funds</u>			Total Nonmajor
	School Food	Lottery	Debt Service	Governmental
	Services	Programs	Fund	Funds
Assets				
Cash	\$ 1,904,506	\$ -	\$ -	\$ 1,904,506
Accounts receivable	12,294	-	-	12,294
Intergovernmental receivables	174,296	13,946	-	188,242
Due from other funds	-	135,486	54	135,540
Inventory	166,277	-	-	166,277
Restricted assets - investments	-	-	1,798,955	1,798,955
Total assets	<u>\$ 2,257,373</u>	<u>\$ 149,432</u>	<u>\$ 1,799,009</u>	<u>\$ 4,205,814</u>
Liabilities				
Accounts payable	\$ 144,715	\$ 12,646	\$ 11	\$ 157,372
Salaries payable	147,058	139,563	-	286,621
Due to other funds	185,576	-	-	185,576
Total liabilities	<u>477,349</u>	<u>152,209</u>	<u>11</u>	<u>629,569</u>
Fund balances				
Nonspendable	166,277	-	-	166,277
Restricted	1,613,747	-	1,798,998	3,412,745
Unassigned	-	(2,777)	-	(2,777)
Total fund balances	<u>1,780,024</u>	<u>(2,777)</u>	<u>1,798,998</u>	<u>3,576,245</u>
Total liabilities and fund balances	<u>\$ 2,257,373</u>	<u>\$ 149,432</u>	<u>\$ 1,799,009</u>	<u>\$ 4,205,814</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, 2016

	<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	\$ 4,455,329	\$ 37,946	\$ -	\$ 4,493,275
State sources	127,376	1,301,246	-	1,428,622
Local sources and other funds	533,205	-	54,176	587,381
Total revenues	<u>5,115,910</u>	<u>1,339,192</u>	<u>54,176</u>	<u>6,509,278</u>
Expenditures				
Current:				
Instruction	-	1,342,828	-	1,342,828
Support services:				
Pupil services	-	10,014	-	10,014
Improvement of instructional services	-	4,732	-	4,732
School administration	-	2,830	-	2,830
Maintenance and operation of plant	-	1,265	-	1,265
Student transportation services	-	10,651	-	10,651
Food services operations	5,030,870	-	-	5,030,870
Capital outlay:				
Food services operation	57,809	-	-	57,809
Total expenditures	<u>5,088,679</u>	<u>1,372,320</u>	<u>-</u>	<u>6,460,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,231</u>	<u>(33,128)</u>	<u>54,176</u>	<u>48,279</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>33,128</u>	<u>150,000</u>	<u>183,128</u>
Net change in fund balances	27,231	-	204,176	231,407
Fund balances, beginning of year	<u>1,752,793</u>	<u>(2,777)</u>	<u>1,594,822</u>	<u>3,344,838</u>
Fund balances, end of year	<u>\$ 1,780,024</u>	<u>\$ (2,777)</u>	<u>\$ 1,798,998</u>	<u>\$ 3,576,245</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, 2016

	Budget			
	Original	Final	Actual	Variance
Revenues				
Federal sources	\$ 4,244,200	\$ 4,244,200	\$ 4,455,329	\$ 211,129
State sources	125,700	125,700	127,376	1,676
Local sources and other funds	463,795	463,795	533,205	69,410
Total revenues	<u>4,833,695</u>	<u>4,833,695</u>	<u>5,115,910</u>	<u>282,215</u>
Expenditures				
Current:				
Food services operations	4,742,625	4,742,625	5,030,870	(288,245)
Capital outlay:				
Food services operations	<u>57,809</u>	<u>57,809</u>	<u>57,809</u>	<u>-</u>
Total expenditures	<u>4,800,434</u>	<u>4,800,434</u>	<u>5,088,679</u>	<u>(288,245)</u>
Net change in fund balances	<u>\$ 33,261</u>	<u>\$ 33,261</u>	27,231	<u>\$ (6,030)</u>
Fund balance, beginning of year			<u>1,752,793</u>	
Fund balance, end of year			<u>\$ 1,780,024</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, 2016

	Budget			
	Original	Final	Actual	Variance
Revenues				
Federal sources	\$ -	\$ -	\$ 37,946	\$ 37,946
State sources	<u>1,272,500</u>	<u>1,272,500</u>	<u>1,301,246</u>	<u>28,746</u>
Total revenues	<u>1,272,500</u>	<u>1,272,500</u>	<u>1,339,192</u>	<u>66,692</u>
Expenditures				
Current:				
Instruction	1,360,606	1,360,606	1,342,828	17,778
Support services:				
Pupil services	-	-	10,014	(10,014)
Improvement of instructional services	4,000	4,000	4,732	(732)
School administration	-	-	2,830	(2,830)
Maintenance and operation of plant	-	-	1,265	(1,265)
Student transportation services	<u>-</u>	<u>-</u>	<u>10,651</u>	<u>(10,651)</u>
Total expenditures	<u>1,364,606</u>	<u>1,364,606</u>	<u>1,372,320</u>	<u>(7,714)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(92,106)</u>	<u>(92,106)</u>	<u>(33,128)</u>	<u>58,978</u>
Other financing sources (uses)				
Transfers in	<u>92,106</u>	<u>92,106</u>	<u>33,128</u>	<u>(58,978)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</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, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources and other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,176</u>	<u>\$ 54,176</u>
Total revenues	<u>-</u>	<u>-</u>	<u>54,176</u>	<u>54,176</u>
Other financing sources (uses)				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 150,000</u>	<u>\$ 150,000</u>	204,176	<u>\$ 54,176</u>
Fund balance, beginning of year			<u>1,594,822</u>	
Fund balance, end of year			<u>\$ 1,798,998</u>	

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, 2016

	Budget			
	Original	Final	Actual	Variance
Revenues				
Local sources and other funds	\$ -	\$ -	\$ 77,233	\$ 77,233
Total revenues	-	-	77,233	77,233
Expenditures				
Current:				
Instruction	-	297,540	355,616	(58,076)
Capital outlay:				
Instruction	785,020	1,134,908	1,134,908	-
Total expenditures	785,020	1,432,448	1,490,524	(58,076)
Excess (deficiency) of revenues over (under) expenditures	(785,020)	(1,432,448)	(1,413,291)	19,157
Other financing sources (uses)				
Transfers in	-	600,000	746,319	146,319
Total other financing sources (uses)	-	600,000	746,319	146,319
Net change in fund balances	\$ (785,020)	\$ (832,448)	(666,972)	\$ 165,476
Fund balance, beginning of year			3,671,470	
Fund balance, end of year			\$ 3,004,498	

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, 2016

	Budget			
	Original	Final	Actual	Variance
Revenues				
State sources	\$ -	\$ -	\$ 108,508	\$ 108,508
Local sources and other funds	5,640,000	5,640,000	5,252,400	(387,600)
Total revenues	<u>5,640,000</u>	<u>5,640,000</u>	<u>5,360,908</u>	<u>(279,092)</u>
Expenditures				
Current:				
Instruction	2,000,000	2,306,972	2,307,440	(468)
Support services:				
Business administration	-	468	468	-
Capital outlay:				
Instruction	<u>6,982,014</u>	<u>1,699,622</u>	<u>1,699,622</u>	<u>-</u>
Total expenditures	<u>8,982,014</u>	<u>4,007,062</u>	<u>4,007,530</u>	<u>(468)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,342,014)</u>	<u>1,632,938</u>	<u>1,353,378</u>	<u>(279,560)</u>
Other financing sources (uses)				
Proceeds from debt issuance	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>
Total other financing sources (uses)	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>
Net change in fund balances	<u>\$ 6,657,986</u>	<u>\$ 11,632,938</u>	1,353,378	<u>\$(10,279,560)</u>
Fund balance, beginning of year			<u>3,307,673</u>	
Fund balance, end of year			<u>\$ 4,661,051</u>	

CITY OF DALTON BOARD OF EDUCATION
AGENCY FUNDS

AGENCY FUNDS

Student Activity	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, 2016

	Student Activity	Family Connection	Total
Assets			
Intergovernmental receivable	\$ -	\$ 14,979	\$ 14,979
Due from others	<u>7,527</u>	<u>-</u>	<u>7,527</u>
Total assets	<u>\$ 7,527</u>	<u>\$ 14,979</u>	<u>\$ 22,506</u>
Liabilities			
Accounts payable	\$ -	\$ 169	\$ 169
Due to others	<u>7,527</u>	<u>14,810</u>	<u>22,337</u>
Total liabilities	<u>\$ 7,527</u>	<u>\$ 14,979</u>	<u>\$ 22,506</u>

CITY OF DALTON BOARD OF EDUCATION
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
<u>Student Activity Agency Fund</u>				
Assets				
Due from others	\$ 40,601	\$ 7,527	\$ (40,601)	\$ 7,527
Total assets	<u>\$ 40,601</u>	<u>\$ 7,527</u>	<u>\$ (40,601)</u>	<u>\$ 7,527</u>
Liabilities				
Accounts payable	\$ 29	\$ 420,349	\$ (420,378)	\$ -
Due to others	40,572	809,847	(842,892)	7,527
Total liabilities	<u>\$ 40,601</u>	<u>\$ 1,230,196</u>	<u>\$ (1,263,270)</u>	<u>\$ 7,527</u>
<u>Family Connection Agency Fund</u>				
Assets				
Intergovernmental receivable	\$ 13,974	\$ 14,979	\$ (13,974)	\$ 14,979
Total assets	<u>\$ 13,974</u>	<u>\$ 14,979</u>	<u>\$ (13,974)</u>	<u>\$ 14,979</u>
Liabilities				
Accounts payable	\$ -	\$ 42,214	\$ (42,045)	\$ 169
Due to others	13,974	83,726	(82,890)	14,810
Total liabilities	<u>\$ 13,974</u>	<u>\$ 125,940</u>	<u>\$ (124,935)</u>	<u>\$ 14,979</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, 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>	<u>June 30, 2016</u>
Governmental activities										
Net investment in capital assets	\$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	\$86,495,444
Restricted	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	8,240,073
Unrestricted	<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>	<u>(35,306,891)</u>
Total governmental activities	<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>	<u>\$59,428,626</u>
Total percentage increase (decrease) from prior year	14.3%	8.7%	1.7%	5.5%	9.0%	3.2%	1.0%	1.5%	-46.7%	5.9%
Governmental activities										
Net investment in capital assets	64.3%	69.1%	77.2%	73.7%	72.6%	75.9%	76.6%	81.8%	155.4%	145.5%
Restricted	22.8%	20.1%	16.9%	12.7%	8.3%	2.7%	3.6%	2.8%	11.9%	13.9%
Unrestricted	<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>	<u>-59.4%</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>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>	<u>2016</u>
Expenses										
Instruction	\$ 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	\$ 54,895,190
Support services:										
Pupil services	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	2,748,117
Improvement of instructional services	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	3,032,881
Educational media services	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	1,290,672
General administration	630,752	651,384	784,947	897,271	928,161	814,072	806,152	746,813	753,349	833,106
School administration	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	4,079,082
Business administration	773,196	727,347	662,597	676,402	481,918	535,627	565,161	584,065	587,823	592,845
Maintenance and operation of plant	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	5,388,309
Student transportation services	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	2,890,595
Central support services	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	2,181,976
Other support services	86,316	85,898	86,832	504,600	628,540	764,161	845,862	836,956	954,209	254,582
Food services operations	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	5,346,794
Community services operations	145,929	145,297	115,038	298,337	152,171	190,296	280,921	295,762	322,108	462,081
Interest on long-term debt	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>\$ 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>	<u>\$ 83,996,230</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>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>	<u>2016</u>
Program revenues										
Charges for services										
Instruction	\$ 231,790	\$ 230,966	\$ 226,809	\$ 244,607	\$ 251,965	\$ 239,459	\$ 250,285	\$ 268,423	\$ 299,356	\$ 353,807
Food services										
operations	493,292	451,413	460,373	418,602	420,374	432,010	475,055	457,594	454,878	533,205
Operating grants and contributions										
Instruction	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	31,550,519
Support services:										
Pupil services	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	1,748,904
Improvement of instructional services	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	2,595,722
Educational media services	780,610	625,222	531,146	631,006	724,266	685,612	697,969	697,697	791,286	789,452
General administration	493,792	421,680	451,812	707,136	709,824	702,771	600,848	539,728	553,495	595,611
School administration	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	2,482,106
Business administration	-	360,041	310,950	354,786	300,979	284,591	332,098	326,715	365,512	361,555
Maintenance and operation of plant	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	3,137,371
Student transportation services	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	1,763,441
Central support services	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	1,330,345
Other support services	34,915	55,098	254,631	485,437	635,373	447,884	516,801	538,210	637,394	215,412
Food services operation	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	4,726,731
Community services operations	-	74,080	54,228	224,367	123,745	114,034	165,084	165,573	197,979	274,322

(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>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>	<u>2016</u>
Capital grants and contributions										
Instruction	-	-	-	-	-	-	-	-	976,572	166,584
Total governmental activities program revenues	<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>	<u>\$ 52,625,087</u>
Net revenues (expenses) of governmental activities	<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>	<u>\$(31,371,143)</u>
General revenues and other changes in net position										
Property taxes	\$ 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	\$ 27,488,278
Other taxes	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	7,067,110
Unrestricted investment earnings	2,192,092	1,846,208	1,135,942	536,398	213,156	78,177	72,263	67,113	84,217	132,672
Other	<u>477,977</u>	<u>453,185</u>	<u>144,254</u>	<u>1,018,349</u>	-	-	-	<u>84,000</u>	-	-
Total governmental activities general revenues and other changes in net position	<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>	<u>\$ 34,688,060</u>
Change in net position of governmental activities	<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>	<u>\$ 3,316,917</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, 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	June 30, 2016
General fund										
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683,991	\$ 795,298
Unassigned	<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>	<u>14,153,019</u>
Total general fund	<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>	<u>\$ 14,948,317</u>
Other governmental funds										
Nonspendable	\$ 116,219	\$ 146,350	\$ 149,487	\$ 216,462	\$ 193,984	\$ 206,557	\$ 176,335	\$ 175,820	\$ 135,067	\$ 166,277
Restricted	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	8,073,796
Committed	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	3,004,498
Unassigned	<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>	<u>(6,788)</u>
Total other governmental funds	<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>	<u>\$ 11,237,783</u>
Total governmental funds										
Nonspendable	\$ 116,219	\$ 146,350	\$ 149,487	\$ 216,462	\$ 193,984	\$ 206,557	\$ 176,335	\$ 175,820	\$ 135,067	\$ 166,277
Restricted	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	8,073,796
Committed	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	3,004,498
Assigned	-	-	-	-	-	-	-	-	683,991	795,298
Unassigned	<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>	<u>14,146,231</u>
Total governmental funds	<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>	<u>\$ 26,186,100</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%	7.8%

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>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>	<u>2016</u>
Revenues										
Federal sources	\$ 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	\$ 10,357,558
State sources	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	39,259,759
Local sources and other funds	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	37,385,607
On behalf payments	<u>758,526</u>	<u>962,597</u>	<u>424,335</u>	<u>110,304</u>	<u>128,489</u>	<u>71,770</u>	<u>4,100,644</u>	<u>3,557,571</u>	<u>112,150</u>	<u>121,050</u>
Total revenues	<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>	<u>87,123,974</u>
Expenditures										
Current										
Instruction	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	53,109,892
Support services:										
Pupil services	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	2,804,564
Improvement of instructional services	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	3,110,961
Educational media services	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	1,329,792
General administration	670,200	650,939	782,990	900,976	928,161	814,072	806,152	746,813	764,193	846,690
School administration	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	4,168,308
Business administration	1,031,213	732,183	660,197	680,708	481,918	535,627	565,161	584,065	595,146	602,654
Maintenance and operation of plant	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	5,212,426
Student transportation services	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	2,890,595
Central support services	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	2,230,557
Other support services	86,316	85,898	86,832	504,600	628,540	764,161	795,696	806,730	921,447	234,839
Food services operation	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	5,175,005
Community services operations	148,248	145,297	115,038	298,337	152,171	190,296	280,921	295,762	322,108	462,081

(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>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>	<u>2016</u>
Capital outlay	\$ 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	\$ 3,050,753
Debt service:										
Principal retirement	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	<u>774,325</u>	<u>1,153,269</u>	<u>1,262,642</u>	<u>989,232</u>	<u>712,242</u>	<u>425,600</u>	<u>37,637</u>	<u>40,722</u>	<u>20,137</u>	<u>-</u>
Total expenditures	<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>	<u>85,229,117</u>
Excess of revenues over (under) expenditures	<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>	<u>1,894,857</u>
Other financing sources (uses)										
Capital lease proceeds	14,733,220	12,055,924	-	-	-	-	-	-	-	-
Transfers in	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	929,447
Transfers out	<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>	<u>(929,447)</u>
Total other financing sources (uses)	<u>14,733,220</u>	<u>12,055,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<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>	<u>\$ 1,894,857</u>
Debt service as a % of noncapital expenditures	8.5%	12.2%	10.1%	10.2%	10.7%	10.4%	1.9%	1.0%	0.8%	0.0%

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>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>	<u>2016</u>
Revenues										
Federal sources	\$ 1,008	\$ 1,079	\$ 1,170	\$ 1,743	\$ 1,555	\$ 1,517	\$ 1,399	\$ 1,331	\$ 1,352	\$ 1,300
State sources	4,387	4,598	4,086	3,966	4,476	4,370	3,854	3,932	4,947	4,928
Local sources and other funds	6,069	6,010	5,726	5,366	4,931	4,283	4,166	4,486	4,682	4,693
On behalf payments	117	146	63	16	18	10	542	462	14	15
Total revenues	<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>	<u>10,937</u>
Expenditures										
Current:										
Instruction	6,392	6,656	6,696	6,245	5,907	5,888	5,897	6,177	6,194	6,667
Support services	2,858	3,165	2,965	3,092	2,674	2,688	2,747	2,788	2,824	2,941
Food services operation	528	571	590	676	652	673	660	545	577	650
Community services operation:	23	22	17	44	22	26	37	38	41	58
Capital outlay	416	1,454	1,320	1,218	192	193	451	1,199	535	383
Debt service	911	1,447	1,151	1,141	1,113	1,082	177	99	80	-
Total expenditures	<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>	<u>10,699</u>
Excess of revenues over (under) expenditures	<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>	<u>238</u>
Other financing sources (uses)										
Capital lease proceeds	<u>2,277</u>	<u>1,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<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>	<u>\$ 238</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
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
2015	2,082,112,700	1,652,510,636	26,322,153	325,665,644	3,435,279,845	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	
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
2015	8.200	2.511	0.950	6.061	17.722

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 2015			Calendar Year 2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Shaw Industries, Inc.	\$ 643,943,072	1	18.7%	\$ 512,444,607	1	15.1%
Mohawk Industries, Inc.	112,638,141	2	3.3%	140,093,395	2	4.1%
Beaulieu of America, Inc.	95,864,102	3	2.8%	117,527,584	3	3.5%
J & J Industries, Inc.	76,692,074	4	2.2%	63,513,607	4	1.9%
TANDUS Group (formerly Collins & Aikman)	66,990,042	5	2.0%	-	NA	0.0%
Shiroki Georgia, LLC	35,984,653	6	1.0%	-	NA	0.0%
Lexmark Carpet Mills, Inc.	32,396,110	7	0.9%	-	NA	0.0%
CBL & Associates	26,686,931	8	0.8%	19,423,845	9	0.6%
The Peebles Group	19,510,321	9	0.6%	25,120,045	7	0.7%
Windstream (formerly Alltel)	18,816,901	10	0.5%	46,662,742	5	1.4%
Thomas Industries, LLC	-	NA	0.0%	31,533,765	6	0.9%
SWM Georgia, LLC	-	NA	0.0%	23,500,000	8	0.7%
S.I. Corporation	-	NA	0.0%	17,286,885	10	0.5%

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
EIGHT 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%	\$ 960,434	\$ 27,974,951	99.9%
2009	27,859,000	26,904,524	96.6%	935,840	27,840,364	99.9%
2010	25,154,881	24,130,286	95.9%	1,021,077	25,151,363	100.0%
2011	24,774,935	23,961,602	96.7%	807,618	24,769,220	100.0%
2012	25,135,805	24,582,107	97.8%	544,523	25,126,630	100.0%
2013	24,906,297	24,430,803	98.1%	451,627	24,882,430	99.9%
2014	26,465,168	25,915,034	97.9%	382,988	26,298,022	99.4%
2015	27,223,274	26,604,407	97.7%	-	26,604,407	97.7%

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 eight 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		
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	0.3%	60
2016	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, 2016
(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	\$ 13,401,633	100.0%	\$ 13,401,633
Whitfield County notes payable	379,840	32.3%	122,646
Whitfield County capital leases	207,115	32.3%	66,875
Whitfield County bonded debt	14,504,000	32.3%	4,683,170
Whitfield County intergovernmental liability	18,584,321	32.3%	<u>6,000,657</u>
Total overlapping debt			24,274,980
City of Dalton Board of Education direct debt			<u>2,000,000</u>
Total direct and overlapping debt			<u>\$ 26,274,980</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>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>
Debt limit	\$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	\$376,094,549
Total net debt applicable to limit	<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>	<u>-</u>
Legal debt margin	<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>	<u>\$376,094,549</u>
Total net debt applicable to limit as a % of debt limit	1.0%	0.7%	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation
for Calendar Year 2015

Assessed value	\$3,435,279,845
Add: exempt real property	<u>325,665,644</u>
Total assessed value	3,760,945,489
	<u>10%</u>
Debt limit (10% of assessed value)	<u>\$ 376,094,549</u>
Debt applicable to limit	
Total general obligation debt	<u>\$ -</u>
Legal debt margin	<u>\$ 376,094,549</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	Estimated Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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	33,529	676,615	20,180	7.2%
2015	Not yet available	Not yet available	Not yet available	5.9%

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 2015			Calendar Year 2006		
	Employees (1)	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,660	1	13.9%	10,493	1	32.6%
Mohawk Industries, Inc.	2,155	2	6.4%	6,015	2	18.7%
Hamilton Medical Center	1,243	3	3.7%	1,075	4	3.3%
Beaulieu of America, Inc.	1,151	4	3.4%	2,606	3	8.1%
Dalton Public School System	971	5	2.9%	850	6	2.6%
TANDUS Group (formerly Collins & Aikman)	839	6	2.5%	914	5	2.8%
J & J Industries, Inc.	695	7	2.1%	738	8	2.3%
City of Dalton, Georgia	687	8	2.0%	741	7	2.3%
Columbia Recycling Corp.	472	9	1.4%	-	NA	0.0%
Shiroki, Georgia, LLC	352	10	1.0%	-	NA	0.0%
Wal-Mart	-	NA	0.0%	700	9	2.2%
Brown Industries	-	NA	0.0%	557	10	1.7%

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>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>	<u>2016</u>
PreKindergarten	219	219	220	278	272	308	329	334	372	373
Elementary School Grades K-5	3,363	3,438	3,502	3,558	3,547	3,592	3,664	3,674	3,625	3,592
Middle School Grades 6-8	1,312	1,374	1,411	1,447	1,524	1,623	1,677	1,697	1,727	1,751
High School Grades 9-12	<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>	<u>2,250</u>
Total	<u><u>6,470</u></u>	<u><u>6,612</u></u>	<u><u>6,736</u></u>	<u><u>6,836</u></u>	<u><u>7,004</u></u>	<u><u>7,225</u></u>	<u><u>7,564</u></u>	<u><u>7,703</u></u>	<u><u>7,858</u></u>	<u><u>7,966</u></u>
Percentage Change from Prior Year	2.5%	2.2%	1.9%	1.5%	2.5%	3.2%	4.7%	1.8%	2.0%	1.4%

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>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>	<u>2016</u>
Classroom teachers	483	507	516	494	459	472	509	535	536	555
Support personnel	335	354	350	340	332	331	343	354	362	375
Administrators	<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>	<u>41</u>
Total	<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>	<u>971</u>
Percentage Change from Prior Year	0.6%	5.2%	0.6%	-3.3%	-5.1%	1.5%	6.5%	4.3%	0.6%	3.9%

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
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	53,424	97%
2016	33,856	31,586	107%	76,485	52,777	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)

For the fiscal year ended June 30,										
<u>School</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>	<u>2016</u>
Blue Ridge Elementary School										
Enrollment	567	561	708	708	713	760	781	734	696	656
Teachers	40	41	52	53	49	52	53	50	48	49
Teacher/student ratio	14	14	14	13	15	15	15	15	15	13
Brookwood Elementary School										
Enrollment	439	482	605	625	626	606	625	648	627	620
Teachers	37	38	47	45	39	40	42	44	46	45
Teacher/student ratio	12	13	13	14	16	15	15	15	14	14
City Park Elementary School										
Enrollment	837	847	717	799	785	786	817	800	836	832
Teachers	63	72	63	61	50	51	56	59	57	59
Teacher/student ratio	13	12	11	13	16	15	15	14	15	14
Park Creek Elementary School										
Enrollment	593	606	687	699	718	747	750	732	762	765
Teachers	46	51	54	54	52	53	58	58	58	62
Teacher/student ratio	13	12	13	13	14	14	13	13	13	12
Roan Elementary School										
Enrollment	595	594	444	440	437	424	442	516	506	489
Teachers	47	52	40	37	35	36	36	40	40	41
Teacher/student ratio	13	11	11	12	12	12	12	13	13	12

(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>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>	<u>2016</u>
Westwood Elementary School										
Enrollment	551	567	561	565	540	577	578	578	570	603
Teachers	41	41	43	41	34	35	37	36	35	39
Teacher/student ratio	13	14	13	14	16	16	16	16	16	15
Dalton Middle School										
Enrollment	1,312	1,374	1,411	1,447	1,524	1,623	1,677	1,697	1,727	1,751
Teachers	89	93	99	99	101	108	112	122	121	121
Teacher/student ratio	15	15	14	15	15	15	15	14	14	14
Dalton High School										
Enrollment	1,576	1,581	1,603	1,412	1,473	1,428	1,423	1,640	1,874	1,829
Teachers	104	103	108	98	90	82	83	91	99	103
Teacher/student ratio	15	15	15	14	16	17	17	18	19	18
Morris Innovative High School (2009)										
Enrollment	-	-	-	141	188	274	471	358	260	421
Teachers	-	-	-	7	9	16	33	35	31	36
Teacher/student ratio	-	-	-	20	21	17	14	10	8	12

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>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>	<u>2016</u>
Blue Ridge Elementary School (Year Built 2005)										
Square feet	68,428	84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521	84,521
Total classrooms ⁽¹⁾	32	48	48	48	48	48	48	48	48	48
Building capacity based on total classrooms ⁽²⁾	487	762	762	762	762	762	762	762	762	762
Enrollment K - 5 ⁽³⁾	444	453	629	631	652	686	711	665	628	585
Enrollment as a % of total capacity	91%	59%	83%	83%	86%	90%	93%	87%	82%	77%
Regular Classrooms ⁽⁴⁾	31	47	47	47	46	46	46	46	46	46
Building Capacity based on Regular Classrooms ⁽⁵⁾	463	738	738	738	725	725	725	725	725	725
Enrollment PreK - 5 ⁽³⁾	567	561	708	708	713	760	781	734	696	656
Enrollment as a % of regular classroom capacity	122%	76%	96%	96%	98%	105%	108%	101%	96%	90%
Brookwood Elementary School (Year Built 1963)										
Square feet	61,778	84,938	84,938	84,938	84,938	84,938	84,938	84,938	84,938	84,938
Total classrooms ⁽¹⁾	32	48	48	48	48	48	48	48	48	48
Building capacity based on total classrooms ⁽²⁾	487	762	762	762	762	762	762	762	762	762
Enrollment K - 5 ⁽³⁾	400	422	563	583	582	557	580	600	579	575
Enrollment as a % of total capacity	82%	55%	74%	77%	76%	73%	76%	79%	76%	75%
Regular Classrooms ⁽⁴⁾	31	47	47	47	47	47	47	47	47	47
Building Capacity based on Regular Classrooms ⁽⁵⁾	463	738	738	738	738	738	738	738	738	738
Enrollment PreK - 5 ⁽³⁾	439	482	605	625	626	606	625	648	627	620
Enrollment as a % of regular classroom capacity	95%	65%	82%	85%	85%	82%	85%	88%	85%	84%

(continued)

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

School	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>	<u>2016</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⁾	837	847	717	759	740	737	768	746	762	758
Enrollment as a % of total capacity	96%	97%	82%	87%	85%	84%	88%	85%	87%	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⁾	837	847	717	799	785	786	817	800	836	832
Enrollment as a % of regular classroom capacity	98%	100%	84%	94%	92%	92%	96%	94%	98%	98%
Park Creek Elementary School (Year Built 2000)										
Square feet	83,447	104,682	104,682	104,682	104,682	104,682	104,682	104,682	104,682	104,682
Total classrooms ⁽¹⁾	34	49	49	49	49	49	49	49	49	49
Building capacity based on total classrooms ⁽²⁾	525	787	787	787	787	787	787	787	787	787
Enrollment K - 5 ⁽³⁾	553	566	646	659	646	679	680	664	676	680
Enrollment as a % of total capacity	105%	72%	82%	84%	82%	86%	86%	84%	86%	86%
Regular Classrooms ⁽⁴⁾	31	46	46	46	46	46	46	46	47	47
Building Capacity based on Regular Classrooms ⁽⁵⁾	463	725	725	725	725	725	725	725	738	738
Enrollment PreK - 5 ⁽³⁾	593	606	687	699	718	747	750	732	762	765
Enrollment as a % of regular classroom capacity	128%	84%	95%	96%	99%	103%	103%	101%	103%	104%

(continued)

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

School	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>	<u>2016</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⁾	595	594	386	381	396	377	397	471	457	440
Enrollment as a % of total capacity	125%	125%	81%	80%	83%	79%	84%	99%	96%	93%
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⁾	595	594	444	440	437	424	442	516	506	489
Enrollment as a % of regular classroom capacity	132%	132%	99%	98%	97%	94%	98%	115%	112%	109%
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⁾	512	527	519	524	499	529	528	528	523	554
Enrollment as a % of total capacity	108%	111%	109%	110%	105%	111%	111%	111%	110%	117%
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⁾	551	567	561	565	540	577	578	578	570	603
Enrollment as a % of regular classroom capacity	122%	126%	125%	126%	120%	128%	128%	128%	127%	134%

(continued)

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

School	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>	<u>2016</u>
Dalton Middle School (Year Built 2001)										
Square feet	180,424	196,144	196,144	196,144	196,144	196,144	196,144	196,144	243,880	243,880
Total classrooms ⁽¹⁾	85	97	97	97	97	97	97	97	108	108
Building capacity based on total classrooms ⁽²⁾	1,400	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,787	1,787
Enrollment 6-8 ⁽³⁾	1,312	1,374	1,411	1,447	1,524	1,623	1,677	1,697	1,727	1,751
Enrollment as a % of total capacity	94%	85%	88%	90%	95%	101%	104%	105%	97%	98%
Regular Classrooms ⁽⁴⁾	83	95	95	95	95	95	95	95	106	106
Building Capacity based on Regular Classrooms ⁽⁵⁾	1,350	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,750	1,750
Enrollment as a % of regular classroom capacity	97%	89%	91%	93%	98%	105%	108%	109%	99%	100%
Dalton High School (Year Built 1976)										
Square feet	258,411	258,411	258,411	258,411	332,144	332,144	332,144	334,484	334,484	334,484
Total classrooms ⁽¹⁾	71	71	71	71	99	99	99	99	99	99
Building capacity based on total classrooms ⁽²⁾	1,350	1,350	1,350	1,350	1,925	1,925	1,925	1,925	1,925	1,925
Enrollment 9-12 ⁽³⁾	1,576	1,581	1,603	1,412	1,473	1,428	1,423	1,640	1,874	1,829
Enrollment as a % of total capacity	117%	117%	119%	105%	77%	74%	74%	85%	97%	95%
Regular Classrooms ⁽⁴⁾	69	69	69	69	97	97	97	97	97	97
Building Capacity based on Regular Classrooms ⁽⁵⁾	1,300	1,300	1,300	1,300	1,875	1,875	1,875	1,875	1,875	1,875
Enrollment as a % of regular classroom capacity	121%	122%	123%	109%	79%	76%	76%	87%	100%	98%

(continued)

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

School	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>	<u>2016</u>
Morris Innovative High School ⁽⁶⁾ (Year Built 1911)										
Square feet	-	-	-	30,385	30,385	30,385	54,044	54,044	54,044	54,044
Total classrooms ⁽¹⁾	-	-	-	18	18	18	26	26	25	25
Building capacity based on total classrooms ⁽²⁾	-	-	-	287	287	287	450	450	437	437
Enrollment 9-12 ⁽³⁾	-	-	-	141	188	274	471	358	260	421
Enrollment as a % of total capacity	-	-	-	49%	66%	95%	105%	80%	59%	96%
Regular Classrooms ⁽⁴⁾	-	-	-	17	17	17	26	26	25	25
Building Capacity based on Regular Classrooms ⁽⁵⁾	-	-	-	250	250	250	438	438	425	425
Enrollment as a % of regular classroom capacity	-	-	-	56%	75%	110%	108%	82%	61%	99%

Source: School names, year built, and square feet are obtained from School District records

(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>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>	<u>2016</u>
Blue Ridge School	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	89.8%	95.8%	88.8%	88.1%
Brookwood Elementary School	49.8%	47.7%	60.5%	63.3%	56.8%	61.6%	61.1%	61.7%	59.7%	56.5%
City Park School	79.9%	76.1%	85.0%	84.8%	82.0%	88.9%	87.8%	92.9%	89.2%	86.5%
Park Creek School	89.7%	89.7%	89.7%	89.7%	89.7%	89.7%	89.7%	98.8%	87.7%	93.2%
Roan School	87.7%	87.7%	87.7%	87.7%	87.7%	87.7%	87.6%	95.4%	88.3%	85.9%
Westwood Elementary School	50.0%	48.0%	52.3%	51.5%	51.4%	52.3%	54.8%	55.7%	52.5%	49.9%
Dalton Middle School	69.7%	67.5%	66.5%	78.5%	73.0%	76.8%	79.7%	80.1%	77.8%	80.3%
Morris Innovative High School	0.0%	0.0%	0.0%	87.2%	87.2%	87.2%	86.8%	84.4%	84.6%	84.1%
Dalton High School	58.3%	56.0%	68.0%	67.4%	63.7%	64.9%	66.4%	70.1%	66.5%	63.0%
District wide	64.4%	71.8%	78.4%	77.5%	77.2%	77.2%	77.6%	78.5%	75.9%	75.2%

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, 2016

	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>\$ 9,256,981</u>	<u>\$ 3,898,531</u>	<u>\$ 13,155,512</u>

Note: Current year expenditures on this schedule, totaling \$3,898,531, are less than the total current year expenditures in the ESPLOST capital projects fund, which total \$4,007,530. The remaining expenditures were funded by other sources: a state grant of \$108,508 and interest income of \$491.



INDEPENDENT AUDITORS' 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 Members of the City of Dalton
Board of Education and the Superintendent
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, 2016, 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 December 2, 2016.

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 accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2016-001

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 no disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Dalton Board of Education's 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
December 2, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the City of Dalton
Board of Education and the Superintendent
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 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, 2016. The City of Dalton Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003. 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 the Uniform Guidance, 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Estes & Walcott

Dalton, Georgia
December 2, 2016

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the City of Dalton Board of Education.
2. One significant deficiency (2016-001) was disclosed during the audit of the financial statements that is required to be reported in the Independent Auditors' 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*. It was not 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 (2016-002 and 2016-003) in internal control over major federal award programs were disclosed during the audit that are required to be reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. None of these were determined to be material weaknesses.
5. The Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance for the major federal award programs expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) are reported in this Schedule.
7. The program tested as a major program is:

U.S. Department of Education
Pass-Through Georgia Department of Education
Title I Grants to Local Educational Agencies
CFDA # 84.010
8. The threshold for distinguishing Type A and B programs is \$750,000.
9. The City of Dalton Board of Education was 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, 2016

Findings – Financial Statement Audit

2016-001	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.

Findings – Federal Awards Programs

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

2016-002	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 program requirements.
	Cause:	Noted several errors on travel reimbursements, including incorrect locality charges and submissions and related payments subsequent to state mandated deadlines.
	Effect:	The School District did not comply with their internal control policies (which adhere to the state travel policy) for travel reimbursements.
	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 FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Findings – Federal Awards Programs (continued)

U.S. Department of Education
Pass-Through Georgia Department of Education
Title I Grants to Local Educational Agencies
CFDA 84.010
Procurement
Questioned Costs: None

2016-003	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 program requirements.
	Cause:	The School District failed to obtain bids for items exceeding the bidding threshold.
	Effect:	The School District did not comply with federal procurement requirements.
	Recommendation:	Procedures should be implemented to ensure that bids are obtained and retained as documentation for large purchases.
	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, 2016

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	\$ 60,693
Total U.S. Department of Defense		<u>60,693</u>
U.S. Department of Agriculture		
Pass-Through Georgia Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553	1,055,948
National School Lunch Program		
(includes \$228,154 in non-cash awards)	10.555	<u>3,399,381</u>
Total Child Nutrition Cluster		<u>4,455,329</u>
Other Programs		
Fresh Fruit and Vegetable Program	10.582	<u>140,124</u>
Total Other Programs		<u>140,124</u>
Total U.S. Department of Agriculture		<u>4,595,453</u>
U.S. Department of Education		
Pass-Through Georgia Department of Education:		
Special Education Cluster (IDEA)		
Special Education Grants to States	84.027	1,249,830
Special Education Preschool Grants	84.173	<u>29,863</u>
Total Special Education Cluster (IDEA)		<u>1,279,693</u>
Other Programs		
Title I Grants to Local Educational Agencies	84.010	3,345,824
Migrant Education State Grant Program	84.011	49,333
Career and Technical Education - Basic Grants to States	84.048	78,696
Education for Homeless Children and Youth	84.196	32,092
English Language Acquisition State Grants	84.365	179,353
Improving Teacher Quality State Grants	84.367	<u>196,018</u>
Total Other Programs		<u>3,881,316</u>
Total U.S. Department of Education		<u>5,161,009</u>
U.S. Department of Health and Human Services		
Pass-Through Georgia Department of Early Care and Learning:		
Other Programs		
Child Care and Development Block Grant	93.575	<u>37,946</u>
Total U.S. Department of Health and Human Services		<u>37,946</u>
Total Federal Awards Expended		<u>\$ 9,855,101</u>

CITY OF DALTON BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 \$228,154 for the year ended June 30, 2016.

De Minimis Cost Rate

The City of Dalton Board of Education did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414.

CITY OF DALTON BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prior Year Findings – Financial Statement Audit

2015-001	Condition:	Internal controls were not sufficient to ensure that assets were properly capitalized.
	Status:	Corrective action was taken and no similar findings were noted in the current year audit.
2015-002	Condition:	Internal controls related to school activities accounts, frequently referred to as principal 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.

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

2015-003	Condition:	Charges to the federal program did not comply with existing internal control policies in place to ensure compliance with program requirements.
	Status:	This program was not tested as a major program this year. However, evidence indicates that 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
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	Condition:	Charges to the federal program did not comply with existing internal control policies in place to ensure 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.