

**TWIGGS COUNTY
BOARD OF EDUCATION**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

**TWIGGS COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of the
Twiggs County Board of Education
Jeffersonville, 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 **Twiggs County Board of Education** as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Twiggs County 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 the 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 Twiggs County Board of Education as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 2 and 15, the Twiggs County Board of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the Twiggs County Board of Education’s net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, the schedule of proportionate share of the net pension liability, and the schedule of contributions 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 Twiggs County Board of Education's basic financial statements. The schedule of state revenue, the schedule of approved local option sales tax projects, as required by the Official Code of Georgia 48-8-121, the schedule of Quality Basic Education programs – allotments and expenditures by program – General Fund, and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of state revenue, the schedule of approved local option sales tax projects, the schedule of Quality Basic Education programs – allotments and expenditures by program – General Fund, and the schedule of expenditures of federal awards (collectively “the supplementary information”) 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2017, on our consideration of the Twiggs County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Twiggs County Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
February 8, 2017

BASIC FINANCIAL STATEMENTS

TWIGGS COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION JUNE 30, 2015

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 8,514,614
Investments	412,074
Receivables:	
Taxes	599,871
Intergovernmental:	
State	481,909
Federal	417,562
Other	18,886
Inventory	25,230
Capital assets (nondepreciable)	1,090,596
Capital assets (depreciable, net of accumulated depreciation)	8,631,242
Total assets	<u>20,191,984</u>
 DEFERRED OUTFLOWS	
Pensions	1,205,070
Total deferred outflows	<u>1,205,070</u>
 LIABILITIES	
Accounts payable	398,166
Salaries and benefits payable	962,459
Contracts payable	189,411
Accrued interest payable	12,764
Retainage payable	83,129
Unearned revenue	14,672
Bonds payable due within one year	4,460,000
Bonds payable due in more than one year	2,695,000
Capital leases due within one year	59,081
Net pension liability	6,358,153
Total liabilities	<u>15,232,835</u>
 DEFERRED INFLOWS	
Pensions	2,216,587
Total deferred inflows	<u>2,216,587</u>
 NET POSITION	
Net investment in capital assets	2,507,757
Restricted for:	
Bus replacement	62,443
Continuation of federal programs	402,392
Capital projects	3,415,116
Debt service	4,234,345
Unrestricted	(6,674,421)
Total net position	<u>\$ 3,947,632</u>

The accompanying notes are an integral part of these financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 5,661,257	\$ -	\$ 3,442,047	\$ -	\$ (2,219,210)
Support services:					
Pupil services	629,047	-	169,763	-	(459,284)
Improvement of instructional services	1,056,145	-	1,056,883	-	738
Educational media services	182,840	-	107,643	-	(75,197)
General administration	622,886	-	416,298	-	(206,588)
School administration	656,735	-	437,904	-	(218,831)
Business administration	309,100	-	1,043	-	(308,057)
Maintenance and operation of plant	1,356,737	-	259,334	-	(1,097,403)
Student transportation services	727,269	-	268,233	77,220	(381,816)
Other support services	144,603	-	132,800	-	(11,803)
Food service operations	765,203	21,293	743,094	-	(816)
Community service operation	45,516	-	45,000	-	(516)
Interest on long-term debt	115,907	-	-	-	(115,907)
Total governmental activities	<u>\$ 12,273,245</u>	<u>\$ 21,293</u>	<u>\$ 7,080,042</u>	<u>\$ 77,220</u>	<u>\$ (5,094,690)</u>

General revenues:

Taxes:

Property taxes, levied for maintenance and operations	\$ 4,001,525
Sales taxes, for capital projects	317,359
Intangible taxes	9,418
Transfer taxes	8,844
Railroad equipment tax	32,543
Unrestricted investment earnings	141,377
Miscellaneous	315,986
Gain on sale of assets	23,831
Total general revenues	<u>\$ 4,850,883</u>
Change in net position	(243,807)
Net position, beginning of year, as restated	4,191,439
Net position, end of year	<u><u>\$ 3,947,632</u></u>

The accompanying notes are an integral part of these financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2015

ASSETS	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 1,015,801	\$ 3,663,778	\$ 3,835,035	\$ 8,514,614
Investments	-	-	412,074	412,074
Receivables:				
Taxes	545,164	54,707	-	599,871
Intergovernmental:				
State	481,909	-	-	481,909
Federal	417,562	-	-	417,562
Other	18,886	-	-	18,886
Due from other funds	-	13,939	-	13,939
Inventory	25,230	-	-	25,230
	<u>\$ 2,504,552</u>	<u>\$ 3,732,424</u>	<u>\$ 4,247,109</u>	<u>\$ 10,484,085</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 353,398	\$ 44,768	\$ -	\$ 398,166
Salaries and benefits payable	962,459	-	-	962,459
Contracts payable	-	189,411	-	189,411
Retainage payable	-	83,129	-	83,129
Due to other funds	13,939	-	-	13,939
Unearned revenue	14,672	-	-	14,672
Total liabilities	<u>1,344,468</u>	<u>317,308</u>	<u>-</u>	<u>\$ 1,661,776</u>
DEFERRED INFLOWS				
Unavailable revenue - property taxes	\$ 334,815	\$ -	\$ -	\$ 334,815
Total deferred inflows	<u>334,815</u>	<u>-</u>	<u>-</u>	<u>334,815</u>
FUND BALANCES				
Nonspendable: inventory	\$ 25,230	\$ -	\$ -	\$ 25,230
Restricted for:				
Continuation of federal programs	377,162	-	-	377,162
Bus replacement	62,443	-	-	62,443
Debt service	-	-	4,247,109	4,247,109
Capital projects	-	3,415,116	-	3,415,116
Assigned for student activities	10,800	-	-	10,800
Unassigned	349,634	-	-	349,634
Total fund balances	<u>\$ 825,269</u>	<u>\$ 3,415,116</u>	<u>\$ 4,247,109</u>	<u>\$ 8,487,494</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,504,552</u>	<u>\$ 3,732,424</u>	<u>\$ 4,247,109</u>	<u>\$ 10,484,085</u>

The accompanying notes are an integral part of these financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2015

Total fund balances - governmental funds	\$	8,487,494
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

Cost	\$	22,165,536	
Less accumulated depreciation		<u>(12,443,698)</u>	9,721,838

Other long-term assets are not available to pay for current-period expenditures and are reported as unavailable revenue in the funds.

Property taxes	334,815
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds	\$	(7,155,000)	
Capital leases		(59,081)	
Net pension liability		(6,358,153)	
Deferred outflows - pensions		1,205,070	
Deferred inflows - pensions		(2,216,587)	
Accrued interest		<u>(12,764)</u>	<u>(14,596,515)</u>

Net position of governmental activities	\$	<u><u>3,947,632</u></u>
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The accompanying notes are an integral part of these financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

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

	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,059,600	\$ -	\$ -	\$ 4,059,600
Sales taxes	18,262	317,359	-	335,621
Other taxes	32,543	-	-	32,543
State funds	4,403,791	-	-	4,403,791
Federal funds	2,786,532	-	-	2,786,532
Charges for services	21,293	-	-	21,293
Investment earnings	2,490	4,108	134,779	141,377
Miscellaneous	315,986	-	-	315,986
Total revenues	<u>\$ 11,640,497</u>	<u>\$ 321,467</u>	<u>\$ 134,779</u>	<u>\$ 12,096,743</u>
EXPENDITURES				
Current:				
Instruction	\$ 5,294,802	\$ 30,486	\$ -	\$ 5,325,288
Support Services:				
Pupil services	639,524	-	-	639,524
Improvement of instructional services	1,054,016	17,594	-	1,071,610
Educational media services	185,618	854	-	186,472
General administration	623,591	5,846	-	629,437
School administration	665,753	2,004	-	667,757
Business administration	300,313	15,562	135	316,010
Maintenance and operation of plant	1,054,461	1,280,287	-	2,334,748
Student transportation services	638,620	114,191	-	752,811
Other support services	146,427	-	-	146,427
Food service operation	756,866	-	-	756,866
Community service operation	45,516	-	-	45,516
Debt service:				
Principal retirement	-	57,911	70,000	127,911
Interest and fees	-	30,488	17,574	48,062
Bond issuance cost	-	64,734	-	64,734
Total expenditures	<u>\$ 11,405,507</u>	<u>\$ 1,619,957</u>	<u>\$ 87,709</u>	<u>\$ 13,113,173</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 234,990</u>	<u>\$ (1,298,490)</u>	<u>\$ 47,070</u>	<u>\$ (1,016,430)</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	\$ 24,905	\$ -	\$ -	\$ 24,905
Bonds issued	-	3,000,000	-	3,000,000
Total other financing sources	<u>\$ 24,905</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,024,905</u>
Net change in fund balances	\$ 259,895	\$ 1,701,510	\$ 47,070	\$ 2,008,475
FUND BALANCE, beginning of year	<u>565,374</u>	<u>1,713,606</u>	<u>4,200,039</u>	<u>6,479,019</u>
FUND BALANCE, end of year	<u><u>\$ 825,269</u></u>	<u><u>\$ 3,415,116</u></u>	<u><u>\$ 4,247,109</u></u>	<u><u>\$ 8,487,494</u></u>

The accompanying notes are an integral part of these financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

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

Net change in fund balances - total governmental funds	\$	2,008,475
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Amounts reported for governmental activities in the statement of activities are different because:

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 and reported as depreciation expense. The net effect of the amount by which capital outlay exceeded depreciation expense is to increase net position.

Capital outlay	\$	1,102,618	
Depreciation expense		<u>(572,091)</u>	530,527

Net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations, etc.) is to decrease net position.	(1,074)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	(58,075)	
Grants		<u>(4,361)</u>	(62,436)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	70,000	
Issuance of general obligation debt	(3,000,000)	
Pension expense	155,901	
Capital lease payments	<u>57,911</u>	(2,716,188)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest	<u>(3,111)</u>
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Changes in net position of governmental activities	<u>\$</u>	<u>(243,807)</u>
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The accompanying notes are an integral part of these financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2015**

	ASSETS	Agency Funds
		<hr/>
Cash		\$ 5,485
		<hr/>
	LIABILITIES	
Funds held for others		\$ 5,485
		<hr/>

The accompanying notes are an integral part of these financial statements.

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

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Twiggs County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

The Twiggs County Recreation Authority (the “Recreation Authority”) was created by House Bill 1897 during the 1996 session of the Georgia General Assembly. The purpose of the Authority is to acquire, construct, own and convey real and personal property for the benefit of the citizens of Twiggs County. The members of the Authority consist of the Chairperson of the Twiggs County Board of Education, the Superintendent of the Twiggs County Board of Education, the Chairperson of the Board of Commissioners of Twiggs County, one non-governmental citizen member appointed by the Twiggs County Board of Education and one non-governmental citizen member appointed by the Board of Commissioners of Twiggs County.

The Recreation Authority qualifies as a component unit of the School District under *Government Accounting Standards Board Statement (GASBS) No. 14, the Financial Reporting Entity, GASB Statement No. 39, Determining Whether Certain Organizations are Component Units* and *GASB 61, the Financial Reporting Entity: Omnibus*. However, currently there are no standing members of the Recreation Authority and no financial activity. As of the year ended June 30, 2015, the Recreation Authority has no assets or liabilities. The Recreation Authority Bonds, Series 2001, as described in Note 10, are paid by the School District. As such, the basic financial statements of the School District do not include the financial activity of the Recreation Authority.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

District-wide Statements

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for and reports all financial resources of the School District, except those resources required to be accounted for in another fund.
- The *District-wide Capital Projects Fund* accounts for and reports financial resources including Special Purpose Local Option Sales Tax (SPLOST), that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal, interest and paying agent's fees.

The School District reports the following fiduciary fund type:

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Basis of Accounting

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

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

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 60 days after year-end. The School District considers all intergovernmental revenues to be available if collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

New Accounting Pronouncements

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Investments

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

Funds may be invested in the following:

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

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

Property Taxes

The Twiggs County Board of Commissioners set the property tax levy for the 2014 tax digest year (calendar year) on August 28, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on November 30, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The Twiggs County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to \$3,865,483.

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

School Operations	<u>16.600</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$194,117 during fiscal year ended June 30, 2015.

Sales Taxes

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$317,359 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Capital Assets

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

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 10,000	15 to 20 Years
Buildings and Improvements	10,000	5 to 50 Years
Equipment	10,000	3 to 20 Years

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the District-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different from the effective interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or governmental funds 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 a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. Under the full accrual method of accounting, the School District has reported the contributions to the cost sharing benefit pension plan subsequent to the measurement date and prior to the fiscal year end as deferred outflows of resources. Additionally, the School District has reported the actuarial changes in the School District's proportionate share of the governmental nonemployer cost sharing benefit plan, as discussed in Note 15 – Retirement Plans, as deferred outflows of resources.

In addition to liabilities, the statement of net position and/or governmental funds 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 future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported the actuarial changes in the School District's proportionate share of the governmental nonemployer cost sharing benefit pension plan, as discussed in Note 15 – Retirement Plans. This item is reported only in the District-wide Statement of Net Position. The School District has one other type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS/PSERS fiduciary net position have been determined on the same basis as they are reported by TRS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 15 - Retirement Plans.

Net Position

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

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

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

Nonspendable – Amounts that are not in spendable form (e.g., inventory and prepaid items) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).

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

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

Assigned – Amounts intended to be used by the School District for specific purposes. Intent can be expressed by the Board of Education, the Superintendent, or the Assistant Superintendent for Finance and Business Operations. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates the resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – All amounts not contained in other classifications and the residual classification of the General Fund only. Unassigned amounts are available for any legal purpose.

The responsibility for designating funds to specific classification is as follows:

Committed Fund Balance – The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Funds should be committed prior to the end of the fiscal year, although the exact amount may be determined in the subsequent fiscal year.

Assigned Fund Balance – The Board of Education has authorized the Superintendent and the Assistant Superintendent of Finance and Business Operations as officials authorized to assign fund balance to a specific purpose in accordance with the School District's policy.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

It is the goal of the School District to achieve and maintain an unassigned fund balance in the General Fund at fiscal year end of not less than 4% of budgeted expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, net of any committed fund balance for capital expenditures, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance. When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Use of Estimates

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

Note 3: BUDGETS

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

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

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

Note 3: BUDGETS (CONTINUED)

The Superintendent is authorized by the Board to approve adjustments for expenditures within any budget function for any fund. Expenditures may not exceed the total appropriation at the aggregate level by function without the board's approval of a budget amendment. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

See Schedule 1 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

Note 4: DEPOSITS AND INVESTMENTS

Collateralization of Deposits - The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than 10 days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance.

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

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (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 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.

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

Note 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Categorization of Deposits - Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2015, the bank balances were \$5,393,204. The bank balances were entirely covered by Federal depository insurance or collateralized with securities held by the pledging financial institution's agent in the School District's name.

Categorization of Investments - The School District's investments as of June 30, 2015, are presented below.

<u>Investment</u>	<u>Maturities</u>	<u>Rating*</u>	<u>Fair Value</u>
Georgia Fund 1	56 day weighted average	AAAf	\$ 412,074

**Rating as per Standard & Poor's*

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

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

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 does not have a formal policy for managing interest rate risk.

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. The School District does not have a formal policy for managing custodial credit risk.

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 does not have a formal policy for managing credit quality risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk.

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

Note 5: NON-MONETARY TRANSACTIONS

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

Note 6: CAPITAL ASSETS

Current year depreciation expense by function is as follows:

Instruction		\$	455,183
Support Services			
Business Administration	\$	613	
Maintenance and Operations		23,930	
Student Transportation		74,438	98,981
Food Services			<u>17,927</u>
Total Depreciation Expense		\$	<u><u>572,091</u></u>

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

Note 6: CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in the capital assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 141,716	\$ -	\$ (1,074)	\$ 140,642
Construction in progress		949,954		949,954
Total	<u>141,716</u>	<u>949,954</u>	<u>(1,074)</u>	<u>1,090,596</u>
Capital assets, being depreciated:				
Buildings and improvements	13,410,125	-	-	13,410,125
Equipment	2,934,855	129,220	(393,589)	2,670,486
Intangible assets	23,750	-	-	23,750
Land improvements	4,947,135	23,444	-	4,970,579
Total	<u>21,315,865</u>	<u>152,664</u>	<u>(393,589)</u>	<u>21,074,940</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,186,511)	(200,052)	-	(7,386,563)
Equipment	(1,921,344)	(155,332)	393,589	(1,683,087)
Intangible assets	(4,750)	(4,750)	-	(9,500)
Land improvements	(3,152,591)	(211,957)	-	(3,364,548)
Total	<u>(12,265,196)</u>	<u>(572,091)</u>	<u>393,589</u>	<u>(12,443,698)</u>
Total capital assets, being depreciated, net	<u>9,050,669</u>	<u>(419,427)</u>	<u>-</u>	<u>8,631,242</u>
Governmental activities capital assets, net	<u>\$ 9,192,385</u>	<u>\$ 530,527</u>	<u>\$ (1,074)</u>	<u>\$ 9,721,838</u>

Note 7: INTERFUND PAYABLES AND RECEIVABLES

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances at June 30, 2015, consisted of the following:

Due To	Due From General Fund
District-wide Capital Projects Fund	<u>\$ 13,939</u>

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

Note 8: RISK MANAGEMENT

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

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

The School District has elected to self-insure for all potential losses of property due to acts of God. The School District has not experienced any losses related to this risk in the past three years.

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

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2014	<u>\$ -</u>	<u>\$ 15,699</u>	<u>\$ 15,699</u>	<u>\$ -</u>
2015	<u>\$ -</u>	<u>\$ 2,970</u>	<u>\$ 2,970</u>	<u>\$ -</u>

The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Midwest Employers Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$700,000 loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2 million. The Trust covers the first \$1 million of each Employers Liability claim with Safety National Casualty Company providing additional Employers Liability limits up to a \$2 million per occurrence maximum. Safety National Casualty Company also provides \$2 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

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

Note 9: SHORT-TERM DEBT

Tax Anticipation Note

The School District issued a tax anticipation note in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt is to provide cash for operations until property tax collections were received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75 percent of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred. The maturity date of the loan was December 31, 2014. One draw totaling \$950,000 was required to meet the cash flow needs of the School District. The note was repaid on December 17, 2014.

Short-term debt activity for the fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Tax Anticipation Note	<u>\$ -</u>	<u>\$ 950,000</u>	<u>\$ (950,000)</u>	<u>\$ -</u>

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

Note 10: LONG-TERM LIABILITIES

General Obligation Bonds Outstanding

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government - Twiggs County			
Recreation Authority Bonds, Series 2001	2019	4.95%	\$ 320,000
General Government - QZAB Series 2002	2016	0.00%	3,835,000
General Government - Series 2014	2019	1.50%	3,000,000
			<u>\$ 7,155,000</u>

Changes in Long-Term Liabilities

The changes in long-term debt during the fiscal year ended June 30, 2015, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Twiggs County Recreation					
Authority Bonds, Series 2001	\$ 390,000	\$ -	\$ (70,000)	\$ 320,000	\$ 75,000
QZAB, Series 2001	3,835,000	-	-	3,835,000	3,835,000
General Obligation Series 2014	-	3,000,000	-	3,000,000	550,000
Capital Leases	116,992	-	(57,911)	59,081	59,081
Total	<u>\$ 4,341,992</u>	<u>\$ 3,000,000</u>	<u>\$ (127,911)</u>	<u>\$ 7,214,081</u>	<u>\$ 4,519,081</u>

Scheduled Maturities of Long-Term Liabilities

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

<u>Fiscal Year Ended June 30</u>	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2016	<u>\$ 59,081</u>	<u>\$ 1,193</u>
<u>Fiscal Year Ended June 30</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,460,000	\$ 54,859
2017	665,000	42,510
2018	680,000	29,662
2019	710,000	16,392
2020	640,000	4,800
Total Principal and Interest	<u>\$ 7,155,000</u>	<u>\$ 148,223</u>

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

Note 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$36,583 for retirement contributions paid on the School District's behalf by the following state agencies.

Georgia Department of Education

Paid to the Teachers Retirement System

For Teachers Retirement System (TRS) Employer's Cost

In the amount of \$6,395

Office of the State Treasurer

Paid to the Public School Employees Retirement System

For Public School Employees Retirement (PSERS) Employer's Cost

In the amount of \$30,188

Note 12: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction commitments executed by the School District as of June 30, 2015, along with state funding available:

<u>Project</u>	<u>Project Number</u>	<u>Unearned Executed Contracts</u>	<u>Funding Available From State</u>
Twiggs County Middle/High School HVAC	15LW-743-001	\$ 759,037	\$ 1,073,075

Note 13: SIGNIFICANT CONTINGENT LIABILITIES

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

Note 14: OTHER POST EMPLOYMENT BENEFITS

Georgia School Personnel Employees Post-employment Health Benefit Fund

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit postemployment 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 Insurance Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (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 (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

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

Note 14: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Employees Post-employment Health Benefit Fund (Continued)

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

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected “pay-as-you-go” financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

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

<u>Period</u>	<u>Contribution</u>
July 2014 - June 2015	\$945.00 per member per month

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

Note 14: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Employees Post-employment Health Benefit Fund (Continued)

For non-certificated school personnel:

<u>Period</u>	<u>Contribution</u>
July 2014 - June 2015	\$596.20 per member per month

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

Currently, the state is requiring that local Boards of Education pay only on active employees. The District's contributions to the health insurance plans for the fiscal years ended June 30, 2015, 2014, 2013 were \$1,031,168, \$1,033,525, and \$880,800, respectively, which equaled the required contribution.

Note 15: RETIREMENT PLANS

Twiggs County Board of Education participates in various retirement plans administered by the State of Georgia. There are two major retirement systems in which the School District participates. These systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

Teachers Retirement System of Georgia (TRS)

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

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

Note 15: RETIREMENT PLANS (CONTINUED)

Teachers Retirement System of Georgia (TRS) (Continued)

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

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

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, administer PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

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

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

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

Note 15: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2015, the School District reported a liability of \$6,358,153 for its proportionate share of the net pension liability for TRS.

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The 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	\$ 6,358,153
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	27,541
	<u>\$ 6,385,694</u>

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

At June 30, 2014, the School District's TRS proportion was 0.050327%, which was an increase of 0.003520% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is \$86,865.

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

For the year ended June 30, 2015, the School District recognized pension expense of \$549,398 for TRS and \$7,544 for PSERS and revenue of \$339 for TRS and \$7,544 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

Note 15: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

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

	TRS	
	<u>Outflows of</u>	<u>Inflows of</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,216,587
Changes in proportion and differences between School District contributions and proportionate share of contributions	499,771	-
School District contributions subsequent to the measurement date	705,299	-
Total	<u>\$ 1,205,070</u>	<u>\$ 2,216,587</u>

School District contributions subsequent to the measurement date of June 30, 2014 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>TRS</u>
2016	\$ (440,562)
2017	(440,562)
2018	(440,562)
2019	(440,563)
2020	45,433

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

Note 15: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

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

Teachers Retirement System:

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

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

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

Public School Employees' Retirement System

Inflation	3.0%
Salary increase	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

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

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

Note 15: RETIREMENT PLANS (CONTINUED)

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

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

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

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

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 11,717,222	\$ 6,358,153	\$ 1,945,070

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

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

Note 16: CHANGE IN ACCOUNTING PRINCIPLE – PRIOR PERIOD ADJUSTMENT

In fiscal year 2015, the School District adopted Governmental Account Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these statements establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of these statements required the School District to record a liability for its proportionate share of the Net Pension Liability of the Teachers Retirement System (TRS). The following adjustment was required to net position of governmental activities to record the net pension liability as of July 1, 2014:

Net Position, Governmental Activities, previously reported	\$ 11,717,010
Deferred outflows, contributions subsequent to measurement date	630,493
Proportionate share of Net TRS pension liability	(8,156,064)
Net Position, Governmental Activities, as restated	<u><u>\$ 4,191,439</u></u>

This change is in accordance with generally accepted accounting principles.

Note 17: SUBSEQUENT EVENT

Tax Anticipation Notes

On September 17, 2015, the Twiggs County Board of Education issued a temporary loan in advance of property tax collections with a financial institution in the amount of \$950,000. Proceeds from this short-term loan were issued to provide cash for operations until property tax collections were received by the School District. The maturity date of the loan was December 31, 2015. One draw totaling \$950,000 was required to meet the cash flow needs of the School District. The note was repaid on December 13, 2015.

On August 26, 2016, the Twiggs County Board of Education issued a temporary loan in advance of property tax collections with a financial institution in the amount of \$1,000,000. Proceeds from this short-term loan were issued to provide cash for operations until property tax collections were received by the School District. The maturity date of the loan was December 30, 2016. One draw totaling \$1,000,000 was required to meet the cash flow needs of the School District. The note was repaid on December 7, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

TWIGGS COUNTY BOARD OF EDUCATION

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Nonappropriated Budget		Actual	Variance With Final Budget
	Original ⁽¹⁾	Final ⁽¹⁾		
REVENUES				
Property taxes	\$ 3,822,980	\$ 3,822,980	\$ 4,059,600	\$ 236,620
Sales taxes	-	-	18,262	18,262
Other taxes	-	-	32,543	32,543
State funds	4,065,978	4,065,978	4,403,791	337,813
Federal funds	-	1,851,473	2,786,532	935,059
Charges for services	-	-	21,293	21,293
Investment earnings	-	-	2,490	2,490
Miscellaneous	-	-	315,986	315,986
Total revenues	<u>\$ 7,888,958</u>	<u>\$ 9,740,431</u>	<u>\$ 11,640,497</u>	<u>\$ 1,900,066</u>
EXPENDITURES				
Current:				
Instruction	\$ 4,412,362	\$ 4,788,689	\$ 5,294,802	\$ (506,113)
Support services:				
Pupil services	486,268	608,255	639,524	(31,269)
Improvement of instructional services	25,187	1,053,133	1,054,016	(883)
Educational media services	184,295	184,295	185,618	(1,323)
General administration	411,438	553,012	623,591	(70,579)
School administration	544,472	542,390	665,753	(123,363)
Business administration	278,175	254,938	300,313	(45,375)
Maintenance and operation of plant	865,544	885,386	1,054,461	(169,075)
Student transportation services	563,790	606,431	638,620	(32,189)
Central support services	-	1,000	-	1,000
Other support services	-	146,162	146,427	(265)
Food service operations	9,008	9,008	756,866	(747,858)
Total expenditures	<u>\$ 7,780,539</u>	<u>\$ 9,632,699</u>	<u>\$ 11,405,507</u>	<u>\$ (1,772,808)</u>
Excess of revenues under expenditures	\$ 108,419	\$ 107,732	\$ 234,990	\$ 127,258
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 24,905	\$ 24,905
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,905</u>	<u>\$ 24,905</u>
Net change in fund balances	\$ 108,419	\$ 107,732	\$ 259,895	\$ 152,163
FUND BALANCE, beginning of year, as restated	<u>565,374</u>	<u>565,374</u>	<u>565,374</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 673,793</u>	<u>\$ 673,106</u>	<u>\$ 825,269</u>	<u>\$ 152,163</u>

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

(1) Original and Final Budget amounts do not include budgeted revenues (\$156,078) or expenditures (\$160,673) of the various school activity accounts.

The accompanying schedule of revenues, expenditures, and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2015</u>
School District's proportion of the net pension liability	0.050327%
School District's proportionate share of the net pension liability	\$ 6,358,153
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>27,541</u> 6,385,694
School District's covered-employee payroll	\$ 5,134,308
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	123.84%
Plan fiduciary net position as a percentage of the total pension liability	84.03%

Note: The measurement date for the year ended June 30, 2015 is June 30, 2014. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF CONTRIBUTIONS TEACHERS RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2015</u>
Contractually required contribution	\$ 705,299
Contributions in relation to the contractually required contribution	<u>705,299</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
School District's covered-employee payroll	\$ 5,363,490
Contributions as a percentage of covered-employee payroll	13.15%

Note: The schedule above is intended to shown information for the last ten fiscal years. Additional years will be displayed as they become available.

TWIGGS COUNTY BOARD OF EDUCATION

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

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

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

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

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30

	2015
School District's proportion of the net pension liability	0.000000%
School District's proportionate share of the net pension liability	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>86,865</u> 86,865
School District's covered-employee payroll	\$ 285,608
School District's proportionate share of the net liability as a percentage of its covered employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	88.29%

Note: The measurement date for the year ended June 30, 2015 is June 30, 2014. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

TWIGGS COUNTY BOARD OF EDUCATION

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

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

SUPPLEMENTARY INFORMATION

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Agency/Funding</u>	<u>Governmental Fund Type General Fund</u>
Grants	
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	\$ 238,097
Kindergarten Program - Early Intervention Program	54,665
Primary Grades (1-3) Program	556,591
Primary Grades - Early Intervention (1-3) Program	95,592
Upper Elementary Grades (4-5) Program	246,843
Primary Grades - Early Intervention (4-5) Program	35,634
Middle School (6-8) Program	535,262
High School General Education (9-12) Program	424,150
Vocational Laboratory (9-12) Program	197,962
Students with Disabilities	602,722
Gifted Students - Category VI	(627)
Remedial Education Program	(3,019)
Alternative Education Program	39,535
Media Center Program	82,083
20 Days Additional Instruction	26,548
Staff and Professional Development	14,141
Principal Staff and Professional Development	1,012
Indirect Cost	
Central Administration	267,649
School Administration	332,260
Facility Maintenance and Operations	194,604
Categorical Grants	
Pupil Transportation	
Regular	239,791
State Bonds	77,220
Sparsity	177,862
Nursing Services	45,000
Vocational Supervisors	6,534
Mid-term Adjustment Hold-Harmless	45,978
Food Services	16,776
Vocational Education	22,413
Amended Formula Adjustment	(364,237)
Other State Programs	
Preschool Handicapped State Grant	2,360
Lottery Programs	
Pre-Kindergarten	104,566

(Continued)

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Governmental
	Fund Type
<u>Agency/Funding</u>	<u>General</u>
	<u>Fund</u>
Human Resources, Georgia Department of Family Connection	\$ 45,000
Other Grants From Georgia Department of Education	
Teacher of the Year	1,014
Math and Science Supplement	5,227
On-Behalf Payments	
Georgia Department of Education	
Paid to the Teachers Retirement System	6,395
Office of State Treasurer	
Paid to the Public School Employees Retirement System	30,188
Grand Total	<u>\$ 4,403,791</u>

See notes to the basic financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST III FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Project</u>	<u>Original Estimated Cost (1)</u>	<u>Current Estimated Costs (2)</u>	<u>Expended In Current Year (3)</u>	<u>Expended In Prior Years (3)</u>	<u>Total Completion Cost</u>	<u>Estimated Completion Date</u>
Funding the payment of principal and interest on the School District's Twiggs County Recreation Authority Bonds, Series 2001 beginning with an interest payment due January 1, 2003.	\$ 463,245	\$ 1,110,944	\$ 87,709	\$ 1,023,235	\$ 1,110,944	Ongoing
Adding to, renovating, repairing, improving, modifying, and equipping existing school buildings and other facilities including, but not limited to, roofing and HVAC; acquiring system-wide vocational, musical, technology, physical education and safety equipment, including computer hardware, and security cameras and equipment; purchasing textbooks and desks; acquiring school buses and other school vehicles; acquiring and repairing maintenance and transportation equipment and facilities; payment of a portion of the principal of Twiggs County School District General Obligation QZAB Bonds, Series 2001, the maximum amount of such principal to be paid shall be \$950,000, and the acquiring of any property desirable therefore, both real and personal.	5,000,000	3,933,258	1,357,888	1,768,479	3,126,367	Ongoing
	<u>\$ 5,463,245</u>	<u>\$ 5,044,202</u>	<u>\$ 1,445,597</u>	<u>\$ 2,791,714</u>	<u>\$ 4,237,311</u>	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Twiggs County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project.
- (4) As of June 30, 2015, there were no excess proceeds which were not yet expended.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST IV FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Project</u>	<u>Original Estimated Cost (1)</u>	<u>Current Estimated Costs (2)</u>	<u>Expended In Current Year (3)</u>	<u>Expended In Prior Years (3)</u>	<u>Total Completion Cost</u>	<u>Estimated Completion Date</u>
Acquiring, constructing, and equipping a new elementary school gym	\$ 2,000,000	\$ 2,764,000	\$ 166,847	\$ -	\$ 166,847	9/30/2016
Improving and renovating the existing high school gym	200,000	-	-	-	-	
Acquiring safety and security equipment and vocational, musical, athletic, and physical education equipment	50,000	20,000	-	-	-	12/31/2019
Acquiring, repairing, and updating system-wide technology, including computer hardware	100,000	5,000	-	-	-	12/31/2019
Adding to, renovating, repairing, improving, and equipping existing school buildings, other buildings, and facilities including athletic facilities and roof and HVAC repairs	500,000	20,000	-	-	-	12/31/2019
Acquiring, textbooks, e-books, and classroom furniture	20,000	4,000	-	-	-	12/31/2019
Acquiring school buses and other system-wide vehicles.	90,000	187,000	-	-	-	12/31/2019
Acquiring and repairing transportation and maintenance equipment and facilities	40,000	-	-	-	-	12/31/2019
	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 166,847</u>	<u>\$ -</u>	<u>\$ 166,847</u>	

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

for the above project(s) as follows:

Prior Years	\$ -
Current Year	30,488
Total	<u>\$ 30,488</u>

- (5) Amounts above do not include \$64,734 of bond issuance costs incurred in the current year.
- (6) As of June 30, 2015, there were no excess proceeds which were not yet expended.

See notes to the basic financial statements.

TWIGGS COUNTY BOARD OF EDUCATION
SCHEDULE OF QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES BY PROGRAM
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Description	Allotments From Georgia Department of Education				Eligible QBE Program Costs		
	(1) & (2)				Salaries	Operations	Total
Direct Instructional Funds:							
Kindergarten Program	\$ 316,229	\$ 303,350	\$ -	\$ 303,350			
Kindergarten Program - Early Intervention Program	69,473	-	-	-			
Primary Grades (1-3) Program	736,386	651,308	2,287	653,595			
Primary Grades - Early Intervention (1-3) Program	122,220	67,618	-	67,618			
Upper Elementary Grades (4-5) Program	321,207	360,516	2,287	362,803			
Upper Elementary Grades-Early Intervention (4-5) Program	51,337	55,802	-	55,802			
Middle School (6-8) Program	695,353	816,117	10	816,127			
High School General Education (9-12) Program	563,333	770,716	3,927	774,643			
Vocational Laboratory (9-12) Program	243,612	177,542	7,840	185,382			
Students with Disabilities	799,371	-	-	-			
Category I	-	33,629	772	34,401			
Category II	-	6	-	6			
Category III	-	602,599	26,238	628,837			
Category IV	-	63,277	-	63,277			
Category V	-	3	-	3			
Gifted Student - Category VI	-	-	-	-			
Remedial Education Program	-	-	-	-			
Alternative Education Program	51,040	47,951	-	47,951			
English Speakers of Other Languages (ESOL)	-	6,028	-	6,028			
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	\$ 3,969,561	\$ 3,956,462	\$ 43,361	\$ 3,999,823			
Media Center Program	107,809	169,293	16,325	185,618			
Staff and Professional Development	18,666	7,959	16,200	24,159			
TOTAL QBE FORMULA FUNDS	\$ 4,096,036	\$ 4,133,714	\$ 75,886	\$ 4,209,600			

(1) Comprised of state funds plus Local Five Mill Share.

(2) Allotments do not include the impact of the state amended budget adjustment.

See notes to the basic financial statements.

COMPLIANCE SECTION



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

**To the Superintendent and Members of the
Twiggs County Board of Education
Jeffersonville, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Twiggs County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Twiggs County Board of Education's basic financial statements and have issued our report thereon dated February 8, 2017. Our report includes a reference to the changes in accounting principles resulting from implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 as items 2015-001 through 2015-003, that we consider to be significant deficiencies.

Compliance and Other Matters

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

Twiggs County Board of Education's Responses to Findings

Twiggs County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Twiggs County Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Mauldin & Jenkins, LLC

Macon, Georgia
February 8, 2017



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

**To the Superintendent and Members of the
Twiggs County Board of Education
Jeffersonville, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the Twiggs County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Twiggs County Board of Education's major federal programs for the year ended June 30, 2015. The Twiggs County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
February 8, 2017

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Funding Agency Program/Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	N/A	\$ 230,148
National School Lunch Program	10.555	N/A	497,730
Total Child Nutrition Cluster			727,878
Other Programs			
Pass-Through From Georgia Department of Education			
State Administrative Expenses for Child Nutrition	10.560	N/A	869
Total U. S. Department of Agriculture			728,747
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	N/A	252,356
Preschool Grants	84.173	N/A	1,920
Total Special Education Cluster			254,276
School Improvement Grant Cluster			
Pass-Through From Georgia Department of Education			
School Improvement Grants	84.377	N/A	665,611
ARRA - School Improvement Grants	84.388	N/A	179,350
			844,961
Other Programs			
Pass-Through From Georgia Department of Education			
Improving Teacher Quality State Grants	84.367	N/A	136,595
ARRA - Race to the Top	84.395	N/A	7,907
Rural Education	84.358	N/A	30,633
Title I Grants to Local Educational Agencies	84.010	N/A	705,868
Career and Technical Education - Basic Grants to States	84.048	N/A	14,728
Pass-Through From Oconee Regional Educational Service Agency			
Mathematics and Science Partnerships	84.366	N/A	3,613
Pass-Through From Middle Georgia Regional Educational Service Agency			
Mathematics and Science Partnerships	84.366	N/A	11,255
Total U. S. Department of Education			2,009,836

(Continued)

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Funding Agency Program/Grant</u>	<u>CFDA Number</u>	<u>Pass-Through Entity ID Number</u>	<u>Expenditures In Period</u>
Defense, U. S. Department of Direct Department of the Air Force R.O.T.C. Program	N/A	N/A	<u>\$ 47,950</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,786,533</u></u>

N/A = Not Available

See notes to the basic financial statements.

TWIGGS COUNTY BOARD OF EDUCATION

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

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Twiggs County Board of Education and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2. DONATED COMMODITIES

The Child Nutrition Cluster includes \$37,660 of non-cash expenditures in the form of donated food commodities.

NOTE 3. SUBRECIPIENTS

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

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

X Yes ___ None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

___ Yes X None Reported

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

Unmodified

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

___ Yes X No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

10.553

10.555

U.S. Department of Agriculture:

Child Nutrition Cluster:

School Breakfast Program

National School Lunch Program

84.377

84.388

U.S. Department of Education:

School Improvement Cluster:

School Improvement Grant

ARRA – School Improvement Grant

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

\$300,000

Auditee qualified as low-risk auditee?

___ Yes X No

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

B. FINDINGS: FINANCIAL STATEMENT AUDIT (CONTINUED)

2015-001. Inadequate Internal Control Procedures – Cash and Cash Equivalents (Repeat Finding)

Criteria: The School District's management is responsible for designing and maintaining an adequate system of internal controls that ensures all cash accounts are supported by and reconciled to either cash on hand or bank accounts held at authorized financial institutions.

Condition: Weaknesses noted related to Cash and Cash Equivalents were as follows:

- Several reconciliations reviewed by the auditor did not contain evidence of dates in which the reconciliations were prepared and reviewed; and
- The outstanding check listings included amounts which had been outstanding for an extended period of time. Some of these met the requirements set by state law for escheatment to the Georgia Department of Revenue (GDOR), but no amounts were turned over and reported through the GDOR Unclaimed Property report.

Context: Management did not have internal controls in place to ensure adequate approvals of reconciliations and escheatment of old outstanding amounts.

Effect: Lack of adequate controls over cash increases the risk for theft, fraud, or misuse of School District resources that may result in errors and/or irregularities which would not be detected in a timely manner.

Recommendation: We recommend the School District strengthen internal controls to ensure bank reconciliations are completed in a timely manner and administrative reviews are performed timely to determine bank reconciliations are correct and required adjustments are made. Additionally, we recommend the outstanding check listings be reviewed and checks voided and reissued as necessary. Amounts meeting the requirements for escheatment to the GDOR should be remitted annually through the GDOR Unclaimed Property report.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. Management has implemented a plan to strengthen internal controls over cash and cash equivalents.

2015-002. Inadequate Internal Control Procedures Over School Activity Accounts (Repeat Finding)

Criteria: The School District's management is responsible for designing and maintaining internal controls that provide proper separation of duties and reasonable assurance transactions are processed according to established procedures.

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

B. FINDINGS: FINANCIAL STATEMENT AUDIT (CONTINUED)

2015-002. Inadequate Internal Control Procedures Over School Activity Accounts (Repeat Finding)

Condition: Weaknesses noted related to school activity accounts included the following:

- Several receipts did not include documentation of the signature of the individual submitting the money.
- Documentation for two deposits was not available for testing.
- Several receipts did not include documentation of approval for posting.
- A lack of proper segregation of duties was noted among employees with responsibilities for cash receipt, disbursement, and reconciliations functions

Context: Management did not have internal controls in place over school activity accounts.

Effect: Lack of adequate controls over school activity funds increases the risk for theft, fraud, or misuse of School District resources that may result in errors and/or irregularities which would not be detected in a timely manner.

Recommendation: We recommend the School District strengthen internal controls over school activity funds to ensure appropriate approvals are maintained and documented and that all transactions are properly supported.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. Management has implemented a plan to strengthen internal controls over school activity funds.

2015-003. Inadequate Internal Control Procedures – Employee Compensation (Repeat Finding)

Criteria: The School District's management is responsible for designing and maintaining internal controls that ensure employee compensation payments are properly calculated, disbursed and documented.

Condition: During our testing of employee compensation, we noted that while employee salary calculation sheets were prepared based on the respective certified and classified pay scales, there were several instances in which the salary calculation sheet did not include evidence of review and approval.

Effect: Lack of adequate controls over employee compensation could result in improper payments to employees as well as increasing the risk of material misstatement of the financial statements due to errors and/or fraud.

Recommendation: We recommend the School District strengthen internal controls over employee compensation to ensure employees are paid based on pre-approved amounts and such documentation is maintained in the employee personnel file for audit trail purposes.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. Management has implemented a plan to strengthen internal controls over employee compensation.

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

C. FINDINGS: FEDERAL PROGRAMS AUDIT

None reported.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2014-001. Failure to Adequately Maintain Capital Assets (Repeat Finding)

Criteria: Chapter 37 Implementing Capital Assets Management System of the Financial Management for Georgia Local Units of Administration indicates that School Districts must establish capital assets policies, define system requirements, implement a capital assets system, maintain capital assets inventory records, and perform annual physical inventory counts of the capital assets. Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financing Reporting for Impairment of Capital Assets and for Insurance Recoveries*, requires School Districts to develop and implement an asset impairment policy, while GASB Statement No. 51, *Accounting and Financing Reporting for Intangible Assets*, requires School Districts to develop and implement an intangible asset policy. Additionally, GASB Statement No. 42 requires capital assets no longer in service or whose capacity is determined to be impaired to be reported at the lower of carrying value or fair value.

Condition: A review of the School District's capital assets records revealed the following deficiencies:

- In a prior year, capital assets were taken out of service with no plans for future use. These assets were determined to have no fair value. A prior period adjustment was required to reduce beginning net position and capital assets, net of accumulated depreciation in the amount of \$1,117,996.
- Physical inventory performed by the board revealed 16 assets included on the capital asset listing that could not be located or were not being used in operations by the Board. These assets were not removed from the listing, however they were fully depreciated;
- Several classes of assets were not being depreciated over useful lives as described by Board policy; and
- No adequate asset impairment or intangible assets policies have been developed by the School District.

Auditee Reponse/Status: Resolved

2014-002. Accounts Payable

Criteria: In accordance with generally accepted accounting principles, expenditures should be recognized as soon as a liability is incurred, regardless of the timing of related cash flows.

Condition: A material misstatement was detected during our audit procedures related to liabilities and expenditures.

Auditee Reponse/Status: Resolved.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2014-003. Inadequate Internal Control Procedures – Cash and Cash Equivalents (Repeat Finding)

Criteria: The School District's management is responsible for designing and maintaining an adequate system of internal controls that ensures all cash accounts are supported by and reconciled to either cash on hand or bank accounts held at authorized financial institutions.

Condition: Weaknesses noted related to Cash and Cash Equivalents were as follows:

- Several reconciliations reviewed by the auditor did not contain evidence of dates in which the reconciliations were prepared and reviewed; and
- The outstanding check listings included amounts which had been outstanding for an extended period of time. Some of these met the requirements set by state law for escheatment to the Georgia Department of Revenue (GDOR), but no amounts were turned over and reported through the GDOR Unclaimed Property report.

Auditee Response/Status: Unresolved. See current year finding 2015-001.

2014-004. Inadequate Internal Control Procedures Over School Activity Accounts (Repeat Finding)

Criteria: The School District's management is responsible for designing and maintaining internal controls that provide proper separation of duties and reasonable assurance transactions are processed according to established procedures.

Condition: Weaknesses noted related to school activity accounts included the following:

- Several receipts did not include documentation of the signature of the individual submitting the money.
- Documentation for one deposit was not available for testing.
- Several receipts did not include documentation of approval for posting.
- One disbursement was not properly approved or no invoice was available for testing.
- Documentation for one disbursement was not available for testing.
- Lack of proper segregation of duties among employees with responsibilities for cash receipt, disbursement, and reconciliations functions

Auditee Response/Status: Unresolved. See current year finding 2015-002.

2014-005. Inadequate Internal Control Procedures – Employee Compensation (Repeat Finding)

Criteria: The School District's management is responsible for designing and maintaining internal controls that ensure employee compensation payments are properly calculated, disbursed and documented.

Condition: During our testing of employee compensation, we noted that while employee salary calculation sheets were prepared based on the respective certified and classified pay scales, there were several instances in which the salary calculation sheet did not include evidence of review and approval.

Auditee Response/Status: Unresolved. See current year finding 2015-003.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FS-7431-13-06. Failure to Adequately Maintain Capital Assets

2014-006. Procurement – School Improvement Grant, CFDA 84.388

Criteria: As a recipient of federal awards, the School District is charged with the responsibility of verifying that covered transactions (procurement contracts for goods and services that are expected to equal or exceed \$25,000, or meet certain other specified criteria) are not awarded to suspended or debarred parties. Internal controls should be in place to ensure verification checks are performed and documented. Additionally, contracts should be awarded in compliance with federal regulations, state law, and Board policy.

Condition: Based on the above criteria, the School District did not have effective procedures in place to ensure that procurement and suspension and debarment procedures were followed for the fiscal year ended June 30, 2014.

Auditee Response/Status: Resolved