



# **BARROW COUNTY BOARD OF EDUCATION WINDER, GEORGIA**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**(Including Independent Auditor's Reports)**



BARROW COUNTY BOARD OF EDUCATION

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SECTION I  
FINANCIAL



# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156  
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**Greg S. Griffin**  
STATE AUDITOR  
(404) 656-2174

October 5, 2017

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

## INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barrow County Board of Education (School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

### ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2016, 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 described in Note 2 to the financial statements, in 2016, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and 68*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Schedule of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through x and pages 39 through 45 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, consisting of Schedules 7 through 9, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin  
State Auditor

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BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**INTRODUCTION**

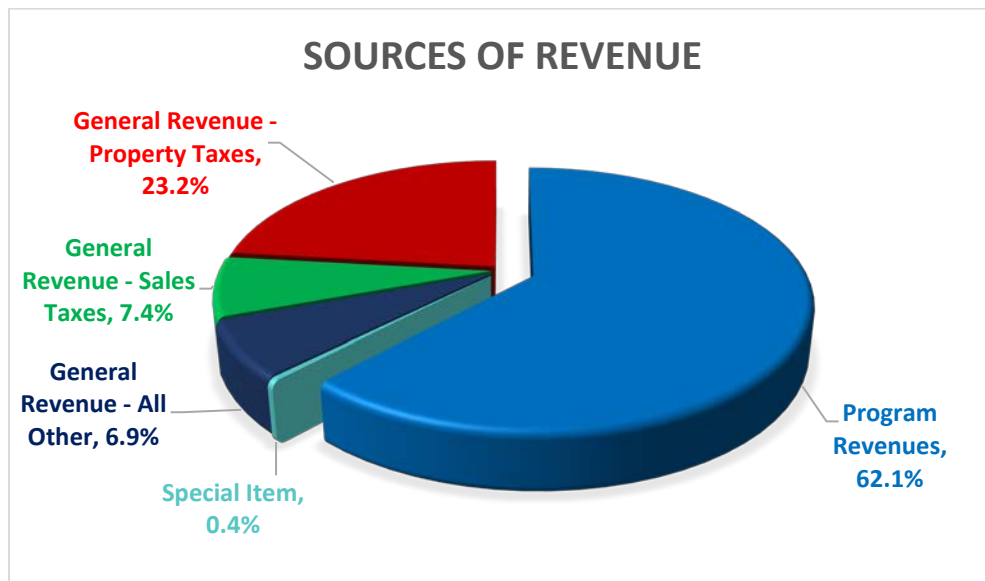
The School District's financial statements for the fiscal year ended June 30, 2016 includes a series of basic financial statements that report financial information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both a short-term and long-term view of the School District's finances on a global basis. The fund financial statements provide information about all of the School District's funds. Information about these funds, such as the School District's general fund, is important in its own right, but will also give insight into the School District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2016 are as follows:

On the government-wide financial statements:

- The School District's net position at June 30, 2016 was \$45.7 million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred inflows of resources. The net position at June 30, 2016 of \$45.7 million represented an increase of \$12.8 million when compared to the prior year. This increase is due to additional grants received and additional property taxes collected.
- The School District had \$130.4 million in expenses relating to governmental activities; nearly \$88.9 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of \$53.6 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$53.6 million or 37.5% of all revenues totaling almost \$143.2 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues. (Percentages in table below have been rounded to one decimal place).



BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

On the fund financial statements:

- Among major funds, the general fund had nearly \$125.7 million in revenues and over \$123.8 million in expenditures. The general fund balance of roughly \$14.6 million at June 30, 2016 increased just over \$1.9 million from the prior year. This increase in general fund balance resulted primarily because of increases in property tax collections and increased revenues from the State of Georgia.

## OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consists of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

The government-wide financial statements include the 'Statement of Net Position' and 'Statement of Activities'. These statements provide information about the activities of the School District presenting both short-term and long-term information about the School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the Barrow County School District, the general fund, capital projects fund, and debt service fund are all considered to be major funds. The School District has no funds reported as nonmajor funds as defined by generally accepted accounting principles.

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

### Government-Wide Statements

Since Barrow County School District has no operations that have been classified as "Business Activities", the government-wide financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The 'Statement of Net Position' and the 'Statement of Activities' provides the basis for answering this question. These financial statements include all School District's assets and liabilities and uses the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

When analyzing government-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets.
- Depreciate capital assets.
- Report long-term debt, including pension obligations, as a liability.
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.
- Allocate net position as follows:
  - *Net Investment in capital assets*
  - *Restricted net position* is amounts with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
  - *Unrestricted for no specific use.*

### **Fund Financial Statements**

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District's significant or major funds. As discussed previously, the School District has no nonmajor funds as defined by generally accepted accounting principles.

The School District has two kinds of funds as discussed below:

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

Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to clubs, organizations and others within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Net position, which is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one indicator of the financial condition of the School District. When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. The relationship between revenues and expenses can be thought of as the School District's operating results. The School District's net position, as measured in the Statement of Net Position is one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the School District's goal and mission is to provide success for each child's education, not to generate profits as private corporations do. For this reason, many other nonfinancial factors should be considered in assessing the overall health of the School District.

In the case of the Barrow County School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45.7 million at June 30, 2016. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the \$45.7 million of net position, \$18.0 million was restricted for continuation of various State and Federal programs, debt service and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had \$105.6 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is *not* available for future spending.

Because of the restrictions on net position as discussed above and because of implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*, implemented in fiscal year 2015, the School District had a deficit of \$77.8 million in unrestricted net position at June 30, 2016. However, the School District's overall net position can also be viewed in the following manner:

Pension related net position	\$ (90,760,442)
Non-pension related net position	<u>136,499,214</u>
Net Position, June 30, 2016	<u><u>\$ 45,738,772</u></u>

The above analysis reflects, despite pension obligations, the School District's net position is a positive \$45.7 million and management believes the School District's financial position is sound.

BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Table 1 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year.

		Governmental Activities	
		Fiscal Year 2016	Fiscal Year 2015
<b>Assets</b>			
Current and Other Assets	\$	62,116,071	\$ 54,648,397
Capital Assets, Net		<u>182,236,983</u>	<u>164,603,768</u>
<b>Total Assets</b>		244,353,054	219,252,165
<b>Deferred Outflows of Resources</b>		<u>10,942,819</u>	<u>10,002,123</u>
<b>Total Assets and Deferred Outflows of Resources</b>		<u>255,295,873</u>	<u>229,254,288</u>
<b>Liabilities</b>			
Current and Other Liabilities		22,956,552	19,344,929
Long-Term Liabilities		<u>177,580,889</u>	<u>150,388,783</u>
<b>Total Liabilities</b>		200,537,441	169,733,712
<b>Deferred Inflows of Resources</b>		<u>9,019,660</u>	<u>26,598,766</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>		<u>209,557,101</u>	<u>196,332,478</u>
<b>Net Position</b>			
Net Investment in Capital Assets		105,592,232	94,094,705
Restricted		17,975,667	19,936,812
Unrestricted (Deficit)		<u>(77,829,127)</u>	<u>(81,109,707)</u>
<b>Total Net Position</b>	\$	<u><u>45,738,772</u></u>	\$ <u><u>32,921,810</u></u>

Total net position increased \$12.8 million in fiscal year 2016 from the prior year. In connection with GASB No. 68, accounting standards for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (77,829,127)
Less unrestricted deficit in net position resulting from recognition of net pension obligations	<u>90,760,442</u>
Unrestricted net position, exclusive of the net pension liability effect	\$ <u><u>12,931,315</u></u>

BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Table 2 provides a summary of the School District's change in net position for this fiscal year as compared to the prior fiscal year.

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

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 2,592,578	\$ 2,038,419
Operating Grants and Contributions	79,226,013	75,432,451
Capital Grants and Contributions	7,121,948	5,517,395
Total Program Revenues	<u>88,940,539</u>	<u>82,988,265</u>
General Revenues:		
Property Taxes	33,190,389	28,698,777
Sales Taxes	10,509,227	10,197,763
Grants and Contributions not Restricted to Specific Programs	7,880,944	8,465,916
Investment Earnings	90,499	32,639
Miscellaneous	1,947,038	2,775,253
Total General Revenues	<u>53,618,097</u>	<u>50,170,348</u>
Special Item:		
Gain on Sale of Capital Asset	609,825	-
Total Revenues and Special Item	<u>143,168,461</u>	<u>133,158,613</u>
<b>Program Expenses</b>		
Instruction	80,006,591	76,453,169
Support Services		
Pupil Services	3,952,391	3,583,064
Improvement of Instructional Services	4,549,478	4,194,204
Educational Media Services	1,737,178	1,312,043
General Administration	1,616,513	1,128,931
School Administration	6,564,306	6,390,356
Business Administration	2,021,059	1,843,811
Maintenance and Operation of Plant	9,094,072	7,164,033
Student Transportation Services	6,984,204	7,361,895
Central Support Services	601,472	357,970
Other Support Services	151,739	96,664
Operations of Non-Instructional Services		
Enterprise Operations	2,506,894	2,566,311
Food Services	7,379,429	6,870,287
Interest on Short-Term and Long-Term Debt	3,186,173	3,052,925
Total Expenses	<u>130,351,499</u>	<u>122,375,663</u>
Increase in Net Position	<u>\$ 12,816,962</u>	<u>\$ 10,782,950</u>

BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Cost of Providing Services**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity as compared to the prior fiscal year.

Expenses increased about \$8.0 million from the prior year, while the net costs of providing services increased about \$2.0 million. Approximately \$6.0 million of the additional expenses were for personnel expenses. In fiscal year 2016 the School District implemented a new salary scale and the School District hired additional staff.

**Table 3  
Governmental Activities**

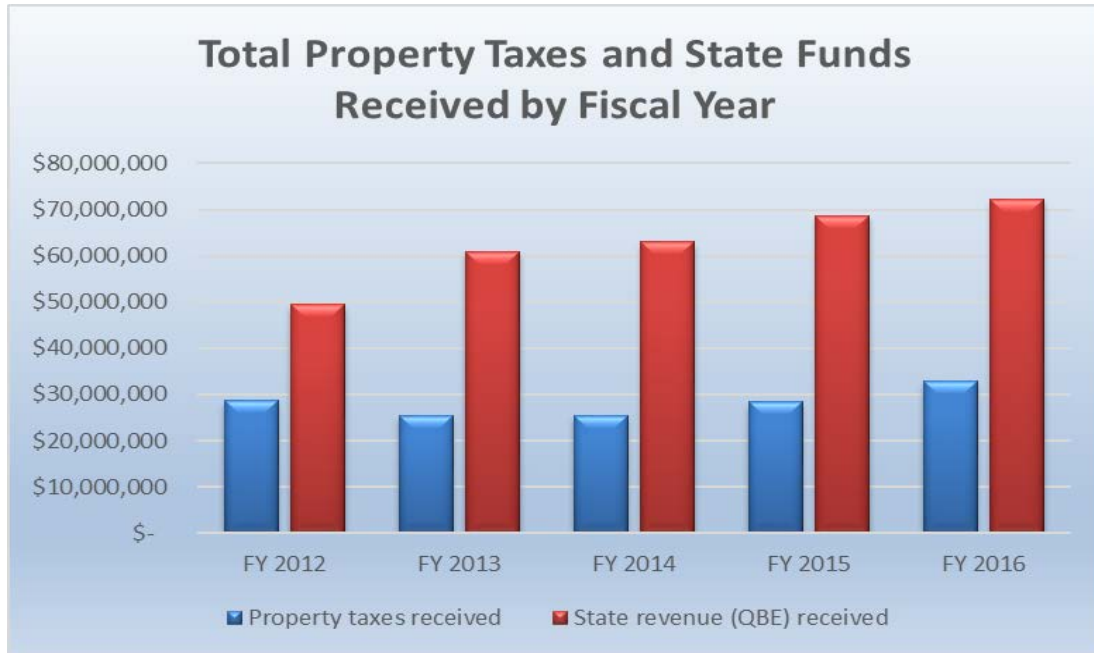
	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2015
Instruction	\$ 80,006,591	\$ 76,453,169	\$ 15,469,788	\$ 17,244,457
Support Services:				
Pupil Services	3,952,391	3,583,064	3,199,741	2,868,618
Improvement of Instructional Services	4,549,478	4,194,204	2,531,359	913,588
Educational Media Services	1,737,178	1,312,043	246,022	(369,394)
General Administration	1,616,513	1,128,931	(364,632)	(727,965)
School Administration	6,564,306	6,390,356	3,940,123	3,245,549
Business Administration	2,021,059	1,843,811	1,994,533	1,814,139
Maintenance and Operation of Plant	9,094,072	7,164,033	5,150,277	2,741,456
Student Transportation Services	6,984,204	7,361,895	4,523,332	6,079,224
Central Support Services	601,472	357,970	598,241	351,201
Other Support Services	151,739	96,664	(6,987)	(2,530)
Operations of Non-Instructional Services				
Enterprise Operations	2,506,894	2,566,311	1,068,133	2,236,810
Food Services	7,379,429	6,870,287	(125,143)	(60,680)
Interest on Short-Term and Long-Term Debt	3,186,173	3,052,925	3,186,173	3,052,925
<b>Total Expenses</b>	<b>\$ 130,351,499</b>	<b>\$ 122,375,663</b>	<b>\$ 41,410,960</b>	<b>\$ 39,387,398</b>

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

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of \$142.5 million and total expenditures of \$156.3 million in fiscal year 2016. The School District issued bonds in the amount of \$17.4 million to cover the cost of the new elementary school that is being built. Total governmental fund balances of \$38.3 million at June 30, 2016, increased \$3.6 million from the prior year. This increase in fund balance resulted primarily because of an increase in tax collected, additional state revenues and issuing bonds. Capital projects fund reserves increased by \$1.4 million during the fiscal year. The general fund had an increase of \$1.9 million during fiscal year 2016.

BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Shown here is a graph of property tax and state funds received in the past 5 years:



### General Fund Budget Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund. During the course of fiscal year 2016, the School District amended its general fund budget as needed.

The School District budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget, but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

For the general fund, the final actual revenues of \$125.7 million exceeded the final budgeted revenues of \$118.6 million by \$7.1 million. This variance was primarily due to increased revenues from both property taxes and the State of Georgia. In addition, school activity accounts are included within the general fund financial statements, but school activity accounts are not required by the School District to have a formal budget.

The general fund's final actual expenditures of almost \$123.8 million exceeded the final budget amount of \$120.0 million by roughly \$3.8 million. This variance was also primarily due to expenditures for school activity accounts being included in general fund financial statements, but school activity accounts are not required by the School District to have a formal budget. This situation makes it appear the School District exceeded its formal budget for expenditures for the general fund when that was not the case.



BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At fiscal year ended June 30, 2016, the School District had \$182.2 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

**Table 4  
Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Land	\$ 4,028,605	\$ 4,033,605
Construction in Progress	25,505,760	6,827,596
Land Improvements	1,095,351	1,227,855
Buildings and Improvements	146,983,079	147,771,000
Equipment	4,624,188	4,743,712
Total	\$ 182,236,983	\$ 164,603,768

Additional information about the School District's Capital Assets can be found in the Notes to the Basic Financial Statements.

**Long-Term Debt**

At June 30, 2016, the School District had \$86.2 million in total debt outstanding which consisted of \$79.9 million in bond debt, \$924 thousand in energy efficient leases, \$332 thousand in revenue bonds, \$431 thousand in compensated absences debt, and \$5.5 million in unamortized bond premiums. Table 5 summarizes the School District's debt as compared to the prior fiscal year.

**Table 5  
Debt at June 30**

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Bonds Payable	\$ 78,980,000	\$ 69,215,000
Energy Efficient Lease	923,651	-
Installment Sales Agreement	331,812	384,766
Compensated Absences	431,125	454,571
Unamortized Bond Premiums	5,509,703	4,017,125
Total	\$ 86,176,291	\$ 74,071,462

Additional information about the School District's debt can be found in the Notes to the Basic Financial Statements.

BARROW COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

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

- The School District is financially stable. The School District's operating millage for fiscal year 2016 was 18.50, which produced approximately \$1.8 million per mill. Fund balances are beginning to return to the levels they were prior to recession. The School District will attempt to maintain adequate balances to shield the District from the adverse effect of economic fluctuations.
- The economy continues to improve. general fund revenues from the State of Georgia increased 3.2% from the prior year, and property tax revenues showed an increase of 16.16% from the prior year. The general fund had an unassigned fund balance of over \$11.2 million at June 30, 2016, which is an increase of about \$1.6 million from the prior year. This increase in general fund balance was primarily attributable to these increased revenues.
- The board anticipates significant financial challenges going forward due to continued higher health insurance and benefit costs for employees.

In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Ms. Jennifer Houston, CPA, Assistant Superintendent for Business Services, Barrow County Board of Education, 179 West Athens Street, Winder, Georgia, 30680. You may also email your questions to Ms. Houston at [Jennifer.Houston@barrow.k12.ga.us](mailto:Jennifer.Houston@barrow.k12.ga.us).

BARROW COUNTY BOARD OF EDUCATION

BARROW COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2016

EXHIBIT "A"

		GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	27,766,615.03
Investments		19,539,819.89
Accounts Receivable, Net		
Interest		1,950.54
Taxes		3,721,024.19
State Government		9,428,333.57
Federal Government		1,082,861.41
Other		303,590.37
Inventories		61,584.90
Prepaid Items		3,176.00
Restricted Investments held by Trustee		207,114.27
Capital Assets, Non-Depreciable		29,534,365.15
Capital Assets, Depreciable (Net of Accumulated Depreciation)		152,702,618.26
Total Assets		244,353,053.58
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Debt Refunding		1,279,003.45
Related to Defined Benefit Pension Plans		9,663,815.84
Total Deferred Outflows of Resources		10,942,819.29
<u>LIABILITIES</u>		
Accounts Payable		1,801,904.62
Salaries and Benefits Payable		13,583,068.07
Payroll Withholdings Payable		2,827,003.39
Interest Payable		1,189,147.28
Contracts Payable		2,043,342.00
Retainage Payable		1,512,086.00
Net Pension Liability		91,404,598.00
Long-Term Liabilities		
Due Within One Year		5,355,047.46
Due in More Than One Year		80,821,243.86
Total Liabilities		200,537,440.68
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		9,019,660.00
<u>NET POSITION</u>		
Net Investment in Capital Assets		105,592,232.36
Restricted for		
Continuation of Federal Programs		2,169,229.08
Debt Services		2,922,921.60
Capital Projects		12,883,516.60
Unrestricted (Deficit)		(77,829,127.45)
Total Net Position	\$	45,738,772.19

BARROW COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 80,006,590.63	\$ 29,362.48
Support Services		
Pupil Services	3,952,390.55	-
Improvement of Instructional Services	4,549,477.66	-
Educational Media Services	1,737,177.78	-
General Administration	1,616,513.46	-
School Administration	6,564,305.59	-
Business Administration	2,021,059.50	-
Maintenance and Operation of Plant	9,094,072.23	-
Student Transportation Services	6,984,203.79	-
Central Support Services	601,472.47	-
Other Support Services	151,738.72	-
Operations of Non-Instructional Services		
Enterprise Operations	2,506,894.55	1,438,761.45
Food Services	7,379,429.01	1,124,453.82
Interest on Short-Term and Long-Term Debt	3,186,172.76	-
	\$ 130,351,498.70	\$ 2,592,577.75
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Services		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Gain of Sale of Capital Asset		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING	CAPITAL	REVENUES
GRANTS AND	GRANTS AND	AND CHANGES IN
CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION
\$ 59,540,409.78	\$ 4,967,030.40	\$ (15,469,787.97)
648,620.58	104,029.19	(3,199,740.78)
1,884,165.65	133,953.33	(2,531,358.68)
1,488,561.00	2,595.06	(246,021.72)
1,933,200.87	47,944.99	364,632.40
2,620,238.00	3,944.19	(3,940,123.40)
1,726.71	24,799.73	(1,994,533.06)
3,521,928.96	421,865.89	(5,150,277.38)
1,124,731.87	1,336,139.42	(4,523,332.50)
2,630.63	600.89	(598,240.95)
158,725.54	-	6,986.82
-	-	(1,068,133.10)
6,301,073.93	79,044.61	125,143.35
-	-	(3,186,172.76)
<u>\$ 79,226,013.52</u>	<u>\$ 7,121,947.70</u>	<u>(41,410,959.73)</u>
		33,161,961.30
		0.84
		28,427.16
		9,615,682.58
		893,544.04
		7,880,944.00
		90,498.93
		1,947,038.26
		<u>609,825.05</u>
		<u>54,227,922.16</u>
		12,816,962.43
		<u>32,921,809.76</u>
		<u>\$ 45,738,772.19</u>

BARROW COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 21,000,428.63	\$ 6,765,792.45	\$ 393.95	\$ 27,766,615.03
Investments	46,414.36	15,391,968.04	4,101,437.49	19,539,819.89
Accounts Receivable, Net				
Interest	-	1,628.77	321.77	1,950.54
Taxes	2,870,647.63	840,460.89	9,915.67	3,721,024.19
State Government	9,257,222.67	171,110.90	-	9,428,333.57
Federal Government	1,082,861.41	-	-	1,082,861.41
Other	303,590.37	-	-	303,590.37
Due from Other Funds	38,270.22	-	-	38,270.22
Inventories	61,584.90	-	-	61,584.90
Prepaid Items	3,176.00	-	-	3,176.00
Restricted				
Investments with a Fiscal Agent or Trustee	-	207,114.27	-	207,114.27
	<u>34,664,196.19</u>	<u>23,378,075.32</u>	<u>4,112,068.88</u>	<u>62,154,340.39</u>
<b>Total Assets</b>	<b>\$ 34,664,196.19</b>	<b>\$ 23,378,075.32</b>	<b>\$ 4,112,068.88</b>	<b>\$ 62,154,340.39</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,798,804.62	\$ 3,100.00	\$ -	\$ 1,801,904.62
Salaries and Benefits Payable	13,583,068.07	-	-	13,583,068.07
Payroll Withholdings Payable	2,827,003.39	-	-	2,827,003.39
Due to Other Funds	-	38,270.22	-	38,270.22
Contracts Payable	-	2,043,342.00	-	2,043,342.00
Retainage Payable	-	1,512,086.00	-	1,512,086.00
	<u>18,208,876.08</u>	<u>3,596,798.22</u>	<u>-</u>	<u>21,805,674.30</u>
<b>Total Liabilities</b>	<b>18,208,876.08</b>	<b>3,596,798.22</b>	<b>-</b>	<b>21,805,674.30</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	1,866,731.52	-	9,915.67	1,876,647.19
Unavailable Revenue - GSFIC	-	171,110.90	-	171,110.90
	<u>1,866,731.52</u>	<u>171,110.90</u>	<u>9,915.67</u>	<u>2,047,758.09</u>
<b>Total Deferred Inflows of Resources</b>	<b>1,866,731.52</b>	<b>171,110.90</b>	<b>9,915.67</b>	<b>2,047,758.09</b>
<u>FUND BALANCES</u>				
Nonspendable	64,760.90	-	-	64,760.90
Restricted	2,107,644.18	19,610,166.20	4,102,153.21	25,819,963.59
Assigned	1,173,422.51	-	-	1,173,422.51
Unassigned	11,242,761.00	-	-	11,242,761.00
	<u>14,588,588.59</u>	<u>19,610,166.20</u>	<u>4,102,153.21</u>	<u>38,300,908.00</u>
<b>Total Fund Balances</b>	<b>14,588,588.59</b>	<b>19,610,166.20</b>	<b>4,102,153.21</b>	<b>38,300,908.00</b>
	<u>\$ 34,664,196.19</u>	<u>\$ 23,378,075.32</u>	<u>\$ 4,112,068.88</u>	<u>\$ 62,154,340.39</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 34,664,196.19</b>	<b>\$ 23,378,075.32</b>	<b>\$ 4,112,068.88</b>	<b>\$ 62,154,340.39</b>

BARROW COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

EXHIBIT "D"

Total Fund Balances - governmental funds (Exhibit "C") \$ 38,300,908.00

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.

Land	\$ 4,028,604.82	
Construction in progress	25,505,760.33	
Buildings and improvements	188,278,983.70	
Equipment	19,406,742.51	
Land improvements	3,645,320.34	
Accumulated depreciation	<u>(58,628,428.29)</u>	182,236,983.41

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

Net pension liability	(91,404,598.00)
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Deferred charges or credits on debt refundings are applicable to future periods and, therefore, are not reported in the funds and are amortized over the life of the new debt.	1,279,003.45
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	644,155.84
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Taxes that are not available to pay for current period expenditures are deferred in the funds.	1,876,647.19
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Georgia State Financing and Investment Commission grants that are not available to pay current period expenditures are deferred in the funds.	171,110.90
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Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (78,980,000.00)	
Accrued interest payable	(1,189,147.28)	
Revenue bonds	(331,811.53)	
Compensated absences payable	(431,124.84)	
Unamortized bond premiums	(5,509,703.47)	
Energy efficiency leases payable	<u>(923,651.48)</u>	<u>(87,365,438.60)</u>

Net position of governmental activities (Exhibit "A") \$ 45,738,772.19



BARROW COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 32,988,102.35	\$ -	\$ 23.04	\$ 32,988,125.39
Sales Taxes	893,544.04	9,615,682.58	-	10,509,226.62
State Funds	75,371,589.24	7,090,571.70	-	82,462,160.94
Federal Funds	11,865,258.89	-	-	11,865,258.89
Charges for Services	2,592,577.75	-	-	2,592,577.75
Investment Earnings	54,719.43	34,586.93	1,192.57	90,498.93
Miscellaneous	1,947,037.97	-	0.29	1,947,038.26
Total Revenues	<u>125,712,829.67</u>	<u>16,740,841.21</u>	<u>1,215.90</u>	<u>142,454,886.78</u>
<u>EXPENDITURES</u>				
Current				
Instruction	78,973,669.82	734,174.89	-	79,707,844.71
Support Services				
Pupil Services	4,015,513.07	-	-	4,015,513.07
Improvement of Instructional Services	4,570,311.55	-	-	4,570,311.55
Educational Media Services	1,783,008.25	-	-	1,783,008.25
General Administration	945,867.69	708,498.69	-	1,654,366.38
School Administration	6,821,452.22	-	-	6,821,452.22
Business Administration	2,028,260.62	125.34	-	2,028,385.96
Maintenance and Operation of Plant	7,890,229.42	980,592.43	-	8,870,821.85
Student Transportation Services	6,109,039.90	846,849.40	-	6,955,889.30
Central Support Services	612,963.68	-	-	612,963.68
Other Support Services	154,987.64	-	-	154,987.64
Enterprise Operations	2,506,894.55	-	-	2,506,894.55
Food Services Operation	7,393,360.98	-	-	7,393,360.98
Capital Outlay	-	21,811,939.01	-	21,811,939.01
Debt Services				
Principal	-	73,622.50	4,495,000.00	4,568,622.50
Interest	-	29,973.59	2,843,402.50	2,873,376.09
Total Expenditures	<u>123,805,559.39</u>	<u>25,185,775.85</u>	<u>7,338,402.50</u>	<u>156,329,737.74</u>
Revenues over (under) Expenditures	<u>1,907,270.28</u>	<u>(8,444,934.64)</u>	<u>(7,337,186.60)</u>	<u>(13,874,850.96)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Bond	-	17,360,000.00	-	17,360,000.00
Premiums on Bonds Sold	-	1,881,360.45	-	1,881,360.45
Payment to Bond Refunding Escrow Agent	-	-	(3,681,821.06)	(3,681,821.06)
Sale of Capital Assets	-	997,800.00	-	997,800.00
Capital Lease Proceeds	-	944,319.00	-	944,319.00
Transfers In	-	-	11,288,545.02	11,288,545.02
Transfers Out	-	(11,288,545.02)	-	(11,288,545.02)
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,894,934.43</u>	<u>7,606,723.96</u>	<u>17,501,658.39</u>
Net Change in Fund Balances	1,907,270.28	1,449,999.79	269,537.36	3,626,807.43
Fund Balances - Beginning	<u>12,681,318.31</u>	<u>18,160,166.41</u>	<u>3,832,615.85</u>	<u>34,674,100.57</u>
Fund Balances - Ending	<u>\$ 14,588,588.59</u>	<u>\$ 19,610,166.20</u>	<u>\$ 4,102,153.21</u>	<u>\$ 38,300,908.00</u>

BARROW COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2016

EXHIBIT "F"

Net Change in fund balances total governmental funds (Exhibit "E") \$ 3,626,807.43

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 capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 23,016,857.81	
Depreciation expense	<u>(4,995,667.79)</u>	18,021,190.02

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to decrease net position. (387,974.95)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 202,263.91

The issuance of long-term debt provides current financial resources to governmental funds, while the 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. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

General obligation bonds issued, including a premium of \$1,881,360.45	\$ (19,241,360.45)	
Deferral of loss on refunding bonds	581,821.06	
Amortization of deferred charge on refunding of bonds	(697,182.38)	
Amortization of bond premiums	388,781.96	
Energy efficiency lease issued	(944,319.00)	
Bond principal retirements	7,595,000.00	
Energy efficiency lease payments	20,667.52	
Revenue bond payments	<u>52,954.98</u>	(12,243,636.31)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension expense		3,547,886.54
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Georgia State Financing and Investment Commission grants that are not available to pay current period expenditures are deferred in the fund statements but recognized on the Statement of Activities. 31,376.00

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest on issuance of debt	\$ (4,396.24)	
Decrease in compensated absences	<u>23,446.03</u>	<u>19,049.79</u>

Change in net position of governmental activities (Exhibit "B") \$ 12,816,962.43

BARROW COUNTY BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>139,282.35</u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u>139,282.35</u>

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

**REPORTING ENTITY**

The Barrow 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 School District is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**BASIS OF PRESENTATION**

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

**GOVERNMENT-WIDE STATEMENTS:**

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

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

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by 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.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

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

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 financial 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 and reports for all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, 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 (property and sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- Agency funds are used to report resources held by the School District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

## BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The government-wide 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. Non exchange 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end, except for reimbursable grants. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities, acquisitions under a revenue bond and acquisitions under capital leases are reported as other financing sources.

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

## NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated Section O.C.G.A §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

The School District can invest its funds as permitted by O.C.G.A. §36-83-4. 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.

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. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

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



## RECEIVABLES

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

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

## INVENTORIES

### 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 (calculated on the first-in, first-out basis). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

## PREPAID ITEMS

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

## RESTRICTED ASSETS

Certain resources set aside for repayment of debt are classified as restricted assets on Statement of Net Position because their use is limited by applicable debt statutes, e.g. Rutland Center revenue bonds.

## CAPITAL ASSETS

On the government-wide financial statements, capital assets are recorded 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 acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

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

Depreciation is computed using the straight-line for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

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

		Policy	Useful Life
Land		All	N/A
Land Improvements	\$	5,000.00	20 to 80 years
Buildings and Improvements	\$	5,000.00	10 to 80 years
Equipment	\$	5,000.00	3 to 20 years
Intangible Assets	\$	5,000.00	10 to 20 years

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time.

**COMPENSATED ABSENCES**

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Vacation leave of 12 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis until they have reached 5 fiscal years of service. Between 5 to 10 fiscal years of service, employees earn 15 days and after 10 fiscal years of service they earn 18 days per fiscal year. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days.

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

**LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS**

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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

## PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

## FUND BALANCES

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

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

**Nonspendable** consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** consists of resources that can be used only for specific purposes pursuant constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the 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** consists of resources constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

**Unassigned** consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

### 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.

### PROPERTY TAXES

The Barrow County Board of Commissioners adopted the property tax levy for the 2015 tax digest year (calendar year) on November 15, 2015 (levy date). Taxes were due on January 15, 2016 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2015 tax digest are reported as revenue in the governmental funds for fiscal year 2016. The Barrow 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, 2016, for maintenance and operations amounted to \$30,384,232.20 and for school bonds amounted to \$23.04.

The tax millage rate levied for the 2015 tax year (calendar year) for the Barrow County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>18.5</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$2,575,442.99 during the fiscal year ended June 30, 2016.

### SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$9,615,682.58 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.

### NOTE 3: BUDGETARY DATA

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

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

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

#### **NOTE 4: DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS**

##### **COLLATERALIZATION OF DEPOSITS**

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

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

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

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- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

**CATEGORIZATION OF DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2016, the School District had deposits with a carrying amount of \$27,945,096.80 and a bank balance of \$29,350,329.55. The bank balances insured by Federal depository insurance were \$651,695.08 and the bank balances collateralized with securities held by the pledging financial institution in the School District's name were \$28,698,634.47.

Reconciliation of cash and cash equivalents balances to carrying value of deposits:

Statement of Net Position	
Cash and cash equivalents	\$ 27,766,615.03
Statement of Fiduciary Net Position	
Cash and cash equivalents	<u>139,282.35</u>
 Total cash and cash equivalents	 <u>27,905,897.38</u>
 Add:	
Deposits with original maturity of three months or more reported as investments	46,414.36
 Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	<u>7,214.94</u>
 Total carrying value of deposits - June 30, 2016	 \$ <u><u>27,945,096.80</u></u>

**CATEGORIZATION OF CASH EQUIVALENTS**

The School District reported cash equivalents of \$7,214.94 in Georgia Fund 1, a local government investment pool. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2016, was 42 days.

Georgia Fund 1, 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](http://www.audits.ga.gov/SGD/CAFR.html).

**CATEGORIZATION OF INVESTMENTS**

The School District's investments as of June 30, 2016, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value	Investment Maturity	
		Less than 1 Year	More than 10 Years
Debt Securities			
U. S. Treasuries	\$ 19,493,405.53	\$ -	\$ 19,493,405.53
Bond Mutual Funds	<u>207,114.27</u>	<u>207,114.27</u>	<u>-</u>
	<u>\$ 19,700,519.80</u>	<u>\$ 207,114.27</u>	<u>\$ 19,493,405.53</u>

**Fair Value of Investments**

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2016:

U.S. Treasuries of \$19,493,405.53 are valued using quoted market prices (Level 1 inputs). Bond Mutual Funds of \$207,114.27 are valued using market observable information for identical or similar instruments in the market (Level 2 inputs).

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investment 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.

**NOTE 5: RESTRICTED ASSETS**

The restricted investment balance, totaling \$207,114.27 is for the Rutland Center revenue bonds, These assets are pledged to redeem revenue bonds upon maturity.

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**NOTE 6: CAPITAL ASSETS**

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

	Beginning Balances July 1, 2015	Additions	Decreases	Ending Balances June 30, 2016
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 4,033,604.82	\$ -	\$ 5,000.00	\$ 4,028,604.82
Construction in Progress	<u>6,827,596.06</u>	<u>21,799,286.31</u>	<u>3,121,122.04</u>	<u>25,505,760.33</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>10,861,200.88</u>	<u>21,799,286.31</u>	<u>3,126,122.04</u>	<u>29,534,365.15</u>
Capital Assets Being Depreciated				
Building and Building Improvements	186,911,337.16	3,121,122.04	1,753,475.50	188,278,983.70
Equipment	18,436,817.17	1,217,571.50	247,646.16	19,406,742.51
Land Improvements	3,729,895.32	-	84,574.98	3,645,320.34
Less Accumulated Depreciation for:				
Building and Building Improvements	39,140,336.54	3,531,256.00	1,375,688.22	41,295,904.32
Equipment	13,693,105.43	1,331,907.31	242,458.49	14,782,554.25
Land Improvements	<u>2,502,040.22</u>	<u>132,504.48</u>	<u>84,574.98</u>	<u>2,549,969.72</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>153,742,567.46</u>	<u>(656,974.25)</u>	<u>382,974.95</u>	<u>152,702,618.26</u>
<b>Governmental Activity Capital Assets - Net</b>	<u>\$ 164,603,768.34</u>	<u>\$ 21,142,312.06</u>	<u>\$ 3,509,096.99</u>	<u>\$ 182,236,983.41</u>

Capital assets being acquired under revenue bonds as of June 30, 2016, are as follows:

	Governmental Activities
Buildings and Improvements	\$ 767,530.98
Land	90,723.00
Less: Accumulated Depreciation	<u>106,366.78</u>
	<u>\$ 751,887.20</u>



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Current year depreciation expense by function is as follows:

Instruction		\$ 3,484,107.84
Support Services		
Pupil Services	\$ 72,970.95	
Improvements of Instructional Services	93,961.14	
Educational Media Services	1,820.30	
General Administration	33,630.86	
School Administration	2,766.64	
Business Administration	17,395.69	
Maintenance and Operation of Plant	295,916.50	
Student Transportation Services	937,230.79	
Central Support Services	421.49	1,456,114.36
Food Services		55,445.59
		\$ 4,995,667.79

**NOTE 7: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS**

**INTERFUND ASSETS AND LIABILITIES**

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2016, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 38,270.22	\$ -
Capital Projects Fund	-	38,270.22
	\$ 38,270.22	\$ 38,270.22

The capital projects fund is reimbursing the general fund for energy efficiency lease expenditures paid out of the general fund.

**INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	\$ 11,288,545.02

Transfers are used to move sales tax revenues collected by the capital projects fund to the debt service fund to pay principal and interest on bonds and to pay agent fees.

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**NOTE 8: SHORT-TERM DEBT**

The School District issues tax anticipation notes 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 are 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% 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.

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	\$ <u>          -</u>	\$ <u>4,000,000.00</u>	\$ <u>4,000,000.00</u>	\$ <u>          -</u>

**NOTE 9: LONG-TERM LIABILITIES**

The changes in long-term liabilities during the fiscal year for governmental activities were as follows:

	Governmental Activities				
	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
	G. O. Bonds	\$ 69,215,000.00	\$ 17,360,000.00	\$ 7,595,000.00	\$ 78,980,000.00
Compensated Absences (1)	454,570.87	434,851.62	458,297.65	431,124.84	-
Revenue Bonds	384,766.51	-	52,954.98	331,811.53	72,986.64
Energy Efficiency Leases	-	944,319.00	20,667.52	923,651.48	84,161.80
Bond Premiums Amortized	4,017,124.97	1,881,360.45	388,781.95	5,509,703.47	477,899.02
	\$ 74,071,462.35	\$ 20,620,531.07	\$ 8,515,702.10	\$ 86,176,291.32	\$ 5,355,047.46

(1) The portion of Compensated Absences due within one year has been determined to be immaterial to the basic financial statements.

**GENERAL OBLIGATION DEBT OUTSTANDING**

The School District's bonded debt consist of various issues of general obligation bonds that are generally noncallable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The School District repays general obligation bonds for voter-approved property and sales taxes. General obligation bonds are direct obligations and pledge the fully faith and credit of the School District.

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During fiscal year 2016, the Barrow County Board of Education issued \$17,360,000.00 in general obligation bonds, \$3,185,000.00 of which was used to advance refund \$3,100,000.00 of outstanding bonds. The bond issue of \$3,185,000.00 plus premium of \$573,315.05 less underwriters and bond issue cost of \$76,493.99 provided net proceeds of \$3,681,821.06. The total net proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on a portion of the 2010 bond issue. As a result, a portion of the 2010 Series Bonds are considered defeased, and the liability for these portions has been removed from the government-wide Statement of Net Position.

The Barrow County Board of Education refunded the aforementioned bonds to spread its total Debt Service payments over 6 years beginning subsequent to fiscal year 2016 by \$3,100,000.00. Due to the nature of this advance refunding, the economic gain cannot be determined.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2006	4.86% - 4.92%	6/22/2006	2/1/2017	\$ 65,000,000.00	\$ 4,720,000.00
General Government - Refunding Series 2010	3.75% - 5.00%	11/18/2010	2/1/2027	38,700,000.00	35,600,000.00
General Government - Series 2012A	2.00% - 3.00%	11/15/2012	2/1/2027	9,475,000.00	9,475,000.00
General Government - Series 2012B	3.00% - 4.00%	11/15/2012	2/1/2022	5,945,000.00	5,945,000.00
General Government - Series 2014	2.55%	2/14/2014	2/1/2027	5,880,000.00	5,880,000.00
General Government - Refunding Series 2016	3.00% - 4.00%	3/29/2016	2/1/2032	17,360,000.00	17,360,000.00
				<u>\$ 142,360,000.00</u>	<u>\$ 78,980,000.00</u>

The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond
	Principal	Interest	Premium
2017	\$ 4,720,000.00	\$ 2,999,091.05	\$ 477,899.02
2018	5,025,000.00	2,871,852.50	477,899.01
2019	5,195,000.00	2,660,465.00	477,899.01
2020	5,405,000.00	2,473,837.50	477,899.01
2021	5,620,000.00	2,279,699.60	477,899.01
2022 - 2026	31,675,000.00	7,864,165.00	2,159,225.96
2027 - 2031	18,300,000.00	2,175,042.50	891,669.17
2032 - 2036	3,040,000.00	91,200.00	69,313.28
Total Principal and Interest	<u>\$ 78,980,000.00</u>	<u>\$ 23,415,353.15</u>	<u>\$ 5,509,703.47</u>

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**REVENUE BONDS**

The Barrow County Board of Education entered into an agreement dated June 1, 2006, with the Northeast Georgia Regional Educational Service Agency for the construction and subsequent lease of the Rutland Center. Under the terms of the agreement, the School District will make annual payments through August 1, 2020. Various school districts pledged funds annually to retire the bonds as they become due. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the agreement, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

Debt currently outstanding under revenue bonds is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Rutland Center Revenue Bonds	4.16%	6/1/2006	8/1/2020	\$ 912,332.95	\$ 331,811.53

The following is a schedule of total revenue bond payments:

Fiscal Year Ended June 30:	Revenue Bonds	
	Principal	Interest
2017	\$ 72,986.64	\$ 13,803.86
2018	76,159.96	10,767.11
2019	79,333.30	7,598.86
2020	82,506.64	4,298.60
2021	20,824.99	866.32
Total Principal and Interest	\$ 331,811.53	\$ 37,334.75

**OBLIGATIONS UNDER ENERGY EFFICIENCY LEASES**

An energy efficiency lease agreement dated October 6, 2015 was executed by and between the School District, the lessee, and TCF Equipment Finance, the lessor. The agreement authorized the borrowing of \$944,319.00 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the School District's capital projects fund.

Debt currently outstanding under energy lease is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Energy Lease	2.85%	10/6/2015	2/1/2026	\$ 944,319.00	\$ 923,651.48

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The following is a schedule of total energy lease payments:

<u>Fiscal Year Ended June 30:</u>	<u>Energy Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 84,161.80	\$ 25,315.64
2018	86,600.32	22,877.12
2019	89,109.51	20,367.93
2020	91,691.38	17,786.06
2021	94,348.03	15,129.41
2022 - 2026	477,740.44	33,154.28
Total Principal and Interest	<u>\$ 923,651.48</u>	<u>\$ 134,630.44</u>

**COMPENSATED ABSENCES**

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

**NOTE 10: PRIOR YEAR DEFEASEMENT OF DEBT**

In fiscal year 2011, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the School District's basic financial statements. At June 30, 2016, \$5,205,000.00 of bonds are outstanding and are considered defeased.

**NOTE 11: RISK MANAGEMENT**

**INSURANCE**

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

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

**UNEMPLOYMENT COMPENSATION**

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

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>
2015	\$	-	6,365.78	6,365.78	-
2016	\$	-	19,391.32	19,391.32	-

The School District participates in the Georgia Education Workers' Compensation Trust (the 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 Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers Liability claim with Safety National providing additional Employers Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

**SURETY BOND**

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

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

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**NOTE 12: FUND BALANCE CLASSIFICATION DETAILS**

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2016:

Nonspendable			
Inventories	\$	61,584.90	
Prepaid assets		3,176.00	\$ 64,760.90
Restricted			
Continuation of federal programs	\$	2,107,644.18	
Capital projects		19,610,166.20	
Debt service		4,102,153.21	25,819,963.59
Assigned			
School activity accounts			1,173,422.51
Unassigned			11,242,761.00
Fund Balance, June 30, 2016			\$ 38,300,908.00

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.

**NOTE 13: SIGNIFICANT COMMITMENTS**

**COMMITMENTS UNDER CONSTRUCTION CONTRACTS**

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2016, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2016 (2)	Funding Available From State (1)
New Elementary School	\$ 7,037,416.00	\$ 7,137,584.00	\$ 6,220,567.00
Russell Middle School Replacement	428,410.00	17,292,329.59	756,465.30
	\$ 7,465,826.00	\$ 24,429,913.59	\$ 6,977,032.30

(1) The amounts described are not reflected in the basic financial statements.

(2) Payments include contracts and retainages payable at year-end.

#### **NOTE 14: SIGNIFICANT CONTINGENT LIABILITIES**

##### **FEDERAL GRANTS**

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

##### **LITIGATION**

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to have a material adverse effect on the financial condition of the School District.

On May 21, 2004, a previous workers' compensation insurer of the School District, Cornerstone Mutual Insurance Company, was placed under an order of administrative supervision of the Georgia Department of Insurance and is insolvent. As a result, the School District may be liable for one outstanding workers' compensation claim that was being administered by the company. Due to the nature of the claim, the amount of future liability of the School District is not determinable, however, it is not believed to be material to the basic financial statements.

#### **NOTE 15: POST-EMPLOYMENT BENEFITS**

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

**Plan Description.** The Georgia School Personnel Post-Employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). Additional information about the School OPEB Fund is disclosed in the State of Georgia Comprehensive Annual Financial Report. This report can be obtained from the Georgia Department of Audits and Accounts at [www.audits.ga.gov/SGD/CAFR.html](http://www.audits.ga.gov/SGD/CAFR.html).

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



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premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2016:

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

July 1, 2015 – June 30, 2016            \$945.00 per member per month

For non-certificated school personnel:

July 1, 2015 – December 31, 2015    \$596.20 per member per month

January 1, 2016 – June 30, 2016      \$746.20 per member per month

No additional contribution was required by the Board for fiscal year 2016 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2016	100%	\$ 13,460,815.80
2015	100%	\$ 12,699,143.39
2014	100%	\$ 12,457,217.57

**NOTE 16: RETIREMENT PLANS**

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

**TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

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

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2016. The School District's contractually required contribution rate for the year ended June 30, 2016 was 14.27% of annual School District payroll, of which 14.21% of payroll was required from the School District and 0.06% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$9,455,738.40 and \$39,257.61 from the School District and the State, respectively.

**EMPLOYEES' RETIREMENT SYSTEM**

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

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

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

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

**Contributions:** Member contributions under the old plan are 4% of annual compensation, up to \$4,200.00, plus 6% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$11,971.44 for the current fiscal year.

#### **PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)**

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$173,648.00.

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

At June 30, 2016, the School District reported a liability of \$91,404,598.00 for its proportionate share of the net pension liability for TRS (\$91,322,881.00) and ERS (\$81,717.00).

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

School District's proportionate share of the net pension liability	\$ 91,322,881.00
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>393,997.00</u>
Total	<u>\$ 91,716,878.00</u>

The net pension liability for TRS and ERS was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2015.

At June 30, 2015, the School District's TRS proportion was 0.599861%, which was an decrease of 0.003682% from its proportion measured as of June 30, 2014. At June 30, 2015, the School District's ERS proportion was 0.002017%, which was an increase of 0.000214% from its proportion measured as of June 30, 2014.

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At June 30, 2016, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$818,369.00.

The PSERS net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2015.

For the year ended June 30, 2016, the School District recognized pension expense of \$5,920,178.00 for TRS, \$10,626.00 for ERS and \$48,803.00 for PSERS and revenue of \$34,212.00 for TRS and \$48,803.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 803,232.00	\$ -	\$ 653.00
Net difference between projected and actual earnings on pension plan investments	-	7,703,181.00	-	5,896.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	188,705.00	506,698.00	7,401.00	-
School District contributions subsequent to the measurement date	9,455,738.40	-	11,971.44	-
Total	\$ 9,644,443.40	\$ 9,013,111.00	\$ 19,372.44	\$ 6,549.00

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The School District contributions subsequent to the measurement date of \$9,455,738.40 for TRS and \$11,971.44 for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2017	\$ (3,833,439.00)	\$ 2,341.00
2018	\$ (3,833,439.00)	\$ (849.00)
2019	\$ (3,833,445.00)	\$ (2,628.00)
2020	\$ 2,738,284.00	\$ 1,988.00
2021	\$ (62,367.00)	\$ -

**Actuarial assumptions:** The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

***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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

***Employees' Retirement System:***

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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***Public School Employees Retirement System:***

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

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

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

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

***Sensitivity of the 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:

<b>Teachers Retirement System:</b>	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 156,931,466.00	\$ 91,322,881.00	\$ 37,245,795.00
<b>Employees' Retirement System:</b>	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 115,836.00	\$ 81,717.00	\$ 52,628.00

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

**NOTE 17: SPECIAL ITEMS**

The School District incurred a gain in the amount of \$609,825.05 on the sale of the old Winder Barrow middle school building. The building was removed from the School District's capital asset listing at its carrying value of \$387,974.95 on the date it was sold. This activity is reported as a Special Item on the Statement of Activities.

**NOTE 18: SUBSEQUENT EVENTS**

In the subsequent fiscal year, voters authorized the School District to issue general obligation bonds in the amount of \$10,825,000.00 plus a reoffering premium of \$1,269,647.95. The proceeds from these bonds will be used for capital outlay, buses, IT Equipment, and a second school under our SPLOST agreement. The School District has issued \$10,825,000.00 of these bonds as of the report date.



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

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.599861%	\$ 91,322,881.00	\$ 393,997.00	\$ 91,716,878.00	\$ 63,523,332.29	143.76%	81.44%
2015	0.603543%	\$ 76,249,697.00	\$ 231,196.00	\$ 76,480,893.00	\$ 61,738,810.11	123.50%	84.03%

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

SCHEDULE "2"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total net pension liability
2016	0.002017%	\$ 81,717.00	\$ 46,118.54	177.19%	76.20%
2015	0.001803%	\$ 67,624.00	\$ 40,592.54	166.59%	77.99%

BARROW COUNTY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "3"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.00%	\$ -	\$ 818,369.00	\$ 818,369.00	\$ 2,662,254.99	N/A	87.00%
2015	0.00%	\$ -	\$ 670,954.00	\$ 670,954.00	\$ 2,675,995.22	N/A	88.29%

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

SCHEDULE "4"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	\$ 9,455,738.40	\$ 9,455,738.40	\$ -	\$ 66,544,306.24	14.21%
2015	\$ 8,317,398.59	\$ 8,317,398.59	\$ -	\$ 63,523,332.29	13.09%

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

SCHEDULE "5"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	\$ 11,971.44	\$ 11,971.44	-	\$ 48,428.04	24.72%
2015	\$ 10,127.30	\$ 10,127.30	-	\$ 46,118.54	21.96%

**Teachers Retirement System**

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

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	3.75 - 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

**Employees' Retirement System**

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

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	5.45% - 9.25%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

**Public School Employees Retirement System**

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

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Cost-of living adjustments	1.50% semi-annually

BARROW COUNTY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
<b>REVENUES</b>				
Property Taxes	\$ 29,959,059.00	\$ 29,992,886.49	\$ 32,988,102.35	\$ 2,995,215.86
Sales Taxes	435,000.00	435,000.00	893,544.04	458,544.04
State Funds	73,675,100.00	73,830,701.00	75,371,589.24	1,540,888.24
Federal Funds	11,564,603.30	11,854,960.10	11,865,258.89	10,298.79
Charges for Services	1,718,641.00	1,718,641.00	2,592,577.75	873,936.75
Investment Earnings	31,000.00	31,000.00	54,719.43	23,719.43
Miscellaneous	316,299.00	755,968.34	1,947,037.97	1,191,069.63
<b>Total Revenues</b>	<b>117,699,702.30</b>	<b>118,619,156.93</b>	<b>125,712,829.67</b>	<b>7,093,672.74</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	75,752,386.74	76,790,464.77	78,973,669.82	(2,183,205.05)
Support Services				
Pupil Services	4,037,292.00	4,015,427.20	4,015,513.07	(85.87)
Improvement of Instructional Services	4,522,815.55	5,128,429.81	4,570,311.55	558,118.26
Educational Media Services	1,763,706.00	1,801,976.00	1,783,008.25	18,967.75
General Administration	918,923.65	1,007,074.25	945,867.69	61,206.56
School Administration	6,518,521.00	6,527,589.00	6,821,452.22	(293,863.22)
Business Administration	1,866,030.00	1,831,259.28	2,028,260.62	(197,001.34)
Maintenance and Operation of Plant	7,990,787.00	8,147,433.00	7,890,229.42	257,203.58
Student Transportation Services	6,804,189.20	6,808,238.20	6,109,039.90	699,198.30
Central Support Services	415,658.00	498,114.03	612,963.68	(114,849.65)
Other Support Services	130,078.20	195,468.43	154,987.64	40,480.79
Enterprise Operations	412,000.00	412,000.00	2,506,894.55	(2,094,894.55)
Food Services Operation	6,795,026.00	6,808,526.00	7,393,360.98	(584,834.98)
<b>Total Expenditures</b>	<b>117,927,413.34</b>	<b>119,971,999.97</b>	<b>123,805,559.39</b>	<b>(3,833,559.42)</b>
Excess of Revenues over (under) Expenditures	(227,711.04)	(1,352,843.04)	1,907,270.28	3,260,113.32
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources	375,000.00	375,000.00	-	(375,000.00)
Other Uses	(375,000.00)	(375,000.00)	-	375,000.00
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(227,711.04)</b>	<b>(1,352,843.04)</b>	<b>1,907,270.28</b>	<b>3,260,113.32</b>
Fund Balances - Beginning	11,670,658.96	11,670,658.96	12,681,318.31	1,010,659.35
<b>Fund Balances - Ending</b>	<b>\$ 11,442,947.92</b>	<b>\$ 10,317,815.92</b>	<b>\$ 14,588,588.59</b>	<b>\$ 4,270,772.67</b>

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

(1) Original and Final Budget amounts do not include the budgeted revenues \$2,840,246.83 or expenditures \$2,674,246.29 of the various principal 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 statements.



BARROW COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

SCHEDULE "8"

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	16165GA324N1099	\$ 1,868,734.40
National School Lunch Program	10.555	16165GA324N1099	<u>5,288,184.88</u>
Total Child Nutrition Cluster			7,156,919.28
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	15155GA350N8103	<u>11,490.72</u>
Total U. S. Department of Agriculture			<u>7,168,410.00</u>
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A150073	2,520,467.48
Preschool Grants	84.173	H173A150081	<u>84,356.73</u>
Total Special Education Cluster			<u>2,604,824.21</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A150010	112,967.99
Education for Homeless Children and Youth	84.196	S196A150011	35,143.77
English Language Acquisition Grants	84.365	S365A150010	140,974.97
Improving Teacher Quality State Grants	84.367	S367A150001	265,528.86
Migrant Education - State Grant Program	84.011	S011A150011	21,062.71
Title I Grants to Local Educational Agencies	84.010	S010A150010	2,433,748.75
Twenty-First Century Community Learning Centers	84.287	S287C150010	<u>3,840.72</u>
Total Other Programs			<u>3,013,267.77</u>
Total U. S. Department of Education			<u>5,618,091.98</u>
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12.UNKNOWN		<u>135,959.33</u>
Total Expenditures of Federal Awards			<u>\$ 12,922,461.31</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Barrow County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net assets of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

BARROW COUNTY BOARD OF EDUCATION  
SCHEDULE OF STATE REVENUE  
YEAR ENDED JUNE 30, 2016

SCHEDULE "9"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
<b>GRANTS</b>			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 1,430,498.87	\$ -	\$ 1,430,498.87
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	3,124,374.00	-	3,124,374.00
Kindergarten Program - Early Intervention Program	1,676,292.00	-	1,676,292.00
Primary Grades (1-3) Program	9,742,042.00	-	9,742,042.00
Primary Grades - Early Intervention (1-3) Program	2,103,889.00	-	2,103,889.00
Upper Elementary Grades (4-5) Program	4,780,365.00	-	4,780,365.00
Upper Elementary Grades - Early Intervention (4-5) Program	1,092,142.00	-	1,092,142.00
Middle School (6-8) Program	8,115,163.00	-	8,115,163.00
High School General Education (9-12) Program	6,371,505.00	-	6,371,505.00
Vocational Laboratory (9-12) Program	2,636,161.00	-	2,636,161.00
Students with Disabilities	10,689,888.00	-	10,689,888.00
Gifted Student - Category VI	3,058,864.00	-	3,058,864.00
Remedial Education Program	623,116.00	-	623,116.00
Alternative Education Program	566,427.00	-	566,427.00
English Speakers of Other Languages (ESOL)	1,564,113.00	-	1,564,113.00
Media Center Program	1,488,561.00	-	1,488,561.00
20 Days Additional Instruction	440,085.00	-	440,085.00
Staff and Professional Development	267,217.00	-	267,217.00
Principal Staff and Professional Development	3,996.00	-	3,996.00
Indirect Cost			
Central Administration	1,580,407.00	-	1,580,407.00
School Administration	2,620,238.00	-	2,620,238.00
Facility Maintenance and Operations	3,509,402.00	-	3,509,402.00
Amended Formula Adjustment	(3,494,030.00)	-	(3,494,030.00)
Charter System Adjustment	1,167,717.00	-	1,167,717.00
Categorical Grants			
Pupil Transportation			
Regular	1,048,987.00	-	1,048,987.00
Nursing Services	255,406.00	-	255,406.00
Education Equalization Funding Grant	7,880,944.00	-	7,880,944.00
Other State Programs			
Food Services	167,444.00	-	167,444.00
Math and Science Supplements	129,284.76	-	129,284.76
Preschool Handicapped Program	219,200.00	-	219,200.00
Teachers Retirement	39,257.61	-	39,257.61
Vocational Education	298,985.00	-	298,985.00
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects	-	7,090,571.70	7,090,571.70
Office of the State Treasurer			
Public School Employees Retirement	173,648.00	-	173,648.00
	<u>\$ 75,371,589.24</u>	<u>\$ 7,090,571.70</u>	<u>\$ 82,462,160.94</u>

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BARROW COUNTY BOARD OF EDUCATION  
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS  
YEAR ENDED JUNE 30, 2016

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4) (6)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4) (5)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
<b>SPLOST #4</b>							
(A)(1) the acquisition, construction and equipping of new school buildings and facilities, including but not limited to, classrooms, physical education facilities and equipment, lunchrooms and auditoriums.	\$ -	\$ -	\$ 20,769,597.92	\$ 18,156,060.88	\$ -	-	
(2) the addition, renovation, repair and improvement to existing school buildings and facilities, including, but not limited to, classrooms, physical education facilities and equipment, lunchrooms and auditoriums.	-	-	2,833,353.64	7,428,407.56	-	-	
(3) the acquisition and purchase of any property necessary and desirable therefore, both real and personal property, including but not limited to, technology and transportation facilities and equipment.	-	-	1,581,024.29	7,774,642.64	-	-	
(4) the purchase of land.	-	-	1,800.00	-	-	-	
The maximum cost of such projects to be funded from sales and use tax proceeds not to exceed \$26,000,000.00.	26,000,000.00	26,000,000.00	25,185,775.85	33,359,111.08	-	-	
(B) the payment of principal and interest on the School District's outstanding Series 2004, unrefunded portion of the Series 2006 Bonds, the Series 2010, the Series 2012 Bonds and the Series 2014 Bonds coming due August 1, 2014, through and including February 1, 2017, the maximum amount of debt to be retired not to exceed \$28,000,000.00.	28,000,000.00	28,000,000.00	5,515,490.00	11,758,095.83	-	-	
<b>SPLOST #4 Totals</b>	<b>\$ 54,000,000.00</b>	<b>\$ 54,000,000.00</b>	<b>\$ 30,701,265.85</b>	<b>\$ 45,117,206.91</b>	<b>\$ -</b>	<b>\$ -</b>	June 2019

(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 Barrow County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years \$	23,136,862.91
Current Year	<u>1,822,912.50</u>
Total \$	<u>24,959,775.41</u>

(5) In addition to the expenditures shown above, the School District has incurred the following issuance costs to provide advance funding for the above projects as follows:

Prior Years \$	81,770.00
Current Year	<u>-</u>
Total \$	<u>81,770.00</u>

(6) During fiscal year 2016, the Barrow County Board of Education issued General Obligation Refunding Bond Issue 2016 to refund portions of the 2006 Bond Issue. The amount expended in the Current Year includes debt service on the replacement refunding issues.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

October 5, 2017

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

### **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**

#### INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barrow County Board of Education (School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 5, 2017.

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District'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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin  
State Auditor



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

October 5, 2017

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

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

#### INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

#### **Report on Compliance for Each Major Federal Program**

We have audited Barrow County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The School District'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District'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 School District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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

Management of the School District 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin  
State Auditor

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

BARROW COUNTY BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

**FS-2014-001**

**Inadequate Internal Control Procedures**

**Control Category:** Cash and Cash Equivalents

**Internal Control Impact:** Significant Deficiency

**Compliance Impact:** None

**Finding Status:** Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

BARROW COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

**I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**Federal Awards**

Internal Control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major programs: All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
Auditee qualified as low-risk auditee?	No

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.