

BARROW COUNTY
BOARD OF EDUCATION
WINDER, GEORGIA

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

BARROW COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

November 29, 2016

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, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through H), which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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 Barrow County Board of Education, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2015, the Barrow County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The School District restated beginning Net Position for the cumulative effect of these accounting changes. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Schedules of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through xii, and pages 35 through 43 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, on our consideration of the Barrow County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Barrow County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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2015ARL-11

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

INTRODUCTION

The School District's financial statements for the fiscal year ended June 30, 2015 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.

In fiscal year 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions.* The adoption of this statement had a significant impact on the School District's District-wide financial statements, and in many cases distorts comparability of fiscal year 2015 financial statements with those of the prior year. Prior year financial statements, as presented herein, have not been restated for implementation of GASB No.68. The School District's Governmental Fund Financial Statements were not affected by implementation of GASB 68.

FINANCIAL HIGHLIGHTS

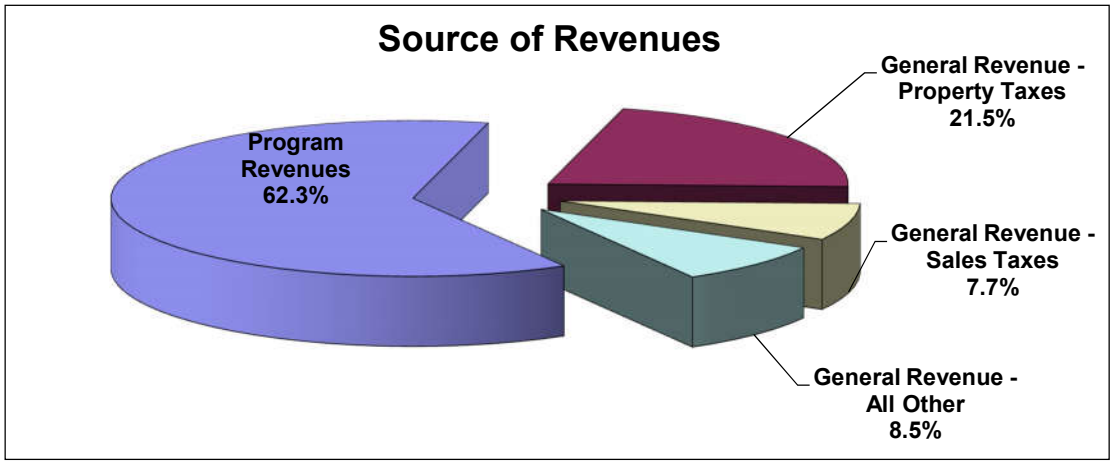
Key financial highlights for fiscal year 2015 are as follows:

On the District-wide financial statements:

- The School District's net position at June 30, 2015 was just over $32.9 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, 2015 of $32.9 million represented a decrease of nearly $86.6 million when compared to the prior year. However, this decrease includes the effect of the implementation of GASB 68 and GASB 71, which decreased beginning net position by nearly $97.4 million. After accounting for this restatement, the School District had an increase of net position in fiscal year 2015 activities of nearly $10.8 million.

- The School District had nearly $122.4 million in expenses relating to governmental activities; nearly $83.0 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of almost $50.2 million were adequate to provide for these programs.

- As stated above, general revenues accounted for almost $50.2 million or nearly 37.7% of all revenues totaling almost $133.2 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.)



On the fund financial statements:

- Among major funds, the General Fund had nearly $118.0 million in revenues and over $116.9 million in expenditures. The General Fund balance of roughly 12.7 million at June 30, 2015 increased just over $1.1 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 District-wide and fund financial statements.

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

The 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.

District-wide Statements

Since Barrow County School District has no operations that have been classified as "Business Activities", the District-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 District-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.

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 District-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 be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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 district-wide financial statements because it cannot use these assets to finance its operations.

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 nearly $32.9 million at June 30, 2015. 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 nearly $32.9 million of net position, just over $19.9 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 $94.1 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 68 and GASB 71, the School District had a deficit of over $81.1 million at June 30, 2015. However, the School District's overall Net Position can also be viewed in the following manner:

Pension Related Net Position	$	-94,308,329
Non Pension related Net Position		127,230,139
Net Position, June 30, 2015	$	32,921,810

The above analysis reflects, despite pension obligations, the School District's Net Position is a positive nearly $32.9 million and management believes the School District's financial position is sound.

Table 1 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year. GASB 68 and GASB 71 were implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Assets		
Current and Other Assets	$ 54,648,397	$ 59,272,740
Capital Assets, Net	164,603,768	157,628,538
Total Assets	219,252,165	216,901,278
Deferred Outflows of Resources	10,002,123	2,174,464
Total Assets and Deferred Outflows of Resources	229,254,288	219,075,742
Liabilities		
Current and Other Liabilities	19,344,929	20,374,671
Long-Term liabilities	150,388,783	79,182,601
Total Liabilities	169,733,712	99,557,272
Deferred Inflows of Resources	26,598,766	0
Total Liabilities and Deferred Inflows of Resources	196,332,478	99,557,272
Net Position		
Invested in Capital Assets	94,094,705	91,013,549
Restricted	19,936,812	18,288,165
Unrestricted	-81,109,707	10,216,756
Total Net Position	$ 32,921,810	$ 119,518,470

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

Total net position decreased by nearly $86.6 million in fiscal year 2015 from the prior year, primarily due to the implementation of GASB 68 and GASB 71 accounting standards for pensions. In connection with this accounting change, management presents the following additional information:

Total unrestricted net position (deficit)	$ -81,109,707
Less unrestricted deficit in net position resulting from recognition of net pension obligations	94,308,329
Unrestricted net position, exclusive of the Net Pension Liability	$ 13,198,622

Table 2 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year. GASB 68 and GASB 71 were implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68 and GASB 71.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year Year 2014 (1)
Revenues		
Program Revenues:		
Charges for Services	$ 2,038,419	$ 1,704,146
Operating Grants and Contributions	75,432,451	69,516,707
Capital Grants and Contributions	5,517,395	3,369,242
Total Program Revenues	82,988,265	74,590,095
General Revenues:		
Property Taxes	28,698,777	25,880,709
Sales Taxes	10,197,763	9,362,218
Grants and Contributions not Restricted to Specific Programs	8,465,916	7,400,180
Investment Earnings	32,639	30,432
Miscellaneous	2,775,253	2,842,536
Total General Revenues	50,170,348	45,516,075
Total Revenues	133,158,613	120,106,170
Program Expenses:		
Instruction	76,453,169	74,757,217
Support Services		
Pupil Services	3,583,064	3,358,573
Improvement of Instructional Services	4,194,204	4,427,468
Educational Media Services	1,312,043	1,294,674
General Administration	1,128,931	1,169,208
School Administration	6,390,356	6,196,931
Business Administration	1,843,811	1,650,291
Maintenance and Operation of Plant	7,164,033	7,613,641
Student Transportation Services	7,361,895	7,781,801
Central Support Services	357,970	426,879
Other Support Services	96,664	89,134
Operations of Non-Instructional Services		
Enterprise Operations	2,566,311	2,180,480
Food Services	6,870,287	6,216,551
Interest on Short-Term and Long-Term Liabilities	3,052,925	3,126,699
Total Expenses	122,375,663	120,289,547
Increase (Decrease) in Net Position	$ 10,782,950	$ -183,377

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

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.

GASB 68 and GASB 71 were implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68 and GASB 71.

Expenses increased about $2.1 million from the prior year, while the net costs of providing services decreased about $6.3 million. The disproportionate decrease in net cost of services in fiscal year 2015 occurred primarily because School District revenues from Operating Grants and Construction Grants increased by nearly $8.1 million.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2015	Fiscal Year 2014 (1)	Fiscal Year 2015	Fiscal Year 2014 (1)
Instruction	$ 76,453,169	$ 74,757,217	$ 17,244,457	$ 22,568,312
Support Services:				
Pupil Services	3,583,064	3,358,573	2,868,618	2,639,177
Improvement of Instructional Services	4,194,204	4,427,468	913,588	1,267,750
Educational Media Services	1,312,043	1,294,674	-369,394	-326,145
General Administration	1,128,931	1,169,208	-727,965	-577,419
School Administration	6,390,356	6,196,931	3,245,549	3,191,619
Business Administration	1,843,811	1,650,291	1,814,139	1,631,468
Maintenance and Operation of Plant	7,164,033	7,613,641	2,741,456	3,435,083
Student Transportation Services	7,361,895	7,781,801	6,079,224	6,480,231
Central Support Services	357,970	426,879	351,201	421,397
Other Support Services	96,664	89,134	-2,530	8,487
Operations of Non-Instructional Services:				
Enterprise Operations	2,566,311	2,180,480	2,236,810	2,010,969
Food Services	6,870,287	6,216,551	-60,680	-178,177
Interest on Short-Term and Long-Term Debt	3,052,925	3,126,699	3,052,925	3,126,699
Total Expenses	$ 122,375,663	$ 120,289,547	$ 39,387,398	$ 45,699,451

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

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 nearly $132.9 million and total expenditures of nearly $137.0 million in fiscal year 2015. Total governmental fund balances of almost $34.7 million at June 30, 2015, decreased nearly $4.1 million from the prior year. This decrease in fund balance resulted primarily because expenditures were made from the Capital Projects Fund in fiscal year 2015 that were funded by reserves accumulated in prior years. Those Capital Projects Fund reserves decreased by almost $5.4 million during the fiscal year. The General Fund had an increase of $1.1 million during fiscal year 2015.

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 2015, 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 $118.0 million exceeded the final budgeted of $112.2 million revenues by $5.8 million. This variance was primarily due to revenues for school activity accounts being included as a part of the General Fund financial statements, even though school activity accounts are not required by the School District to have a formal budget plus there were increased revenues from both property taxes and from the State of Georgia.

The General Fund's final actual expenditures of almost $116.9 million exceeded the final budget amount of $114.8 million by roughly $2.1 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2015, the School District had $164.6 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 2015	Fiscal Year 2014
Land	$ 4,033,605	$ 4,033,605
Construction In Progress	6,827,596	13,188,674
Land Improvements	1,227,855	1,184,736
Buildings and Improvements	147,771,000	134,662,489
Equipment	4,743,712	4,559,034
Total	$ 164,603,768	$ 157,628,538

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, 2015, the School District had nearly $74.1 million in total debt outstanding which consisted of $69.2 million in bond debt, $385 thousand in revenue bonds, $455 thousand compensated absences debt, and $4.0 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 2015	Fiscal Year 2014
Bonds Payable	$ 69,215,000	$ 73,535,000
Revenue Bonds	384,766	469,257
Compensated Absences	454,571	468,421
Unamortized Bond Premiums	4,017,125	4,709,923
Total	$ 74,071,462	$ 79,182,601

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

FACTORS BEARING ON THE 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 2015 was 18.50, which produced over $1.6 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 School District from the adverse effect of economic fluctuations.

- The economy continues to improve. General Fund revenues from the State of Georgia increased over 11.2% from the prior year, and property tax revenues showed a similar increase of 11.2% from the prior year. The General Fund had an unassigned fund balance of nearly $9.6 million at June 30, 2015, which is an increase of about $1.1 million from the prior year. This increase in General Fund balance was primarily attributable to these increased revenues plus the Board's attempts to hold the line on spending increases. 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.

BARROW COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 25,146,278.85
Investments	14,271,785.14
Accounts Receivable, Net	
Interest	113.67
Taxes	3,160,698.62
State Government	10,249,353.09
Federal Government	1,092,884.65
Other	653,505.84
Inventories	73,776.36
Capital Assets, Non-Depreciable	10,861,200.88
Capital Assets, Depreciable (Net of Accumulated Depreciation)	153,742,567.46
Total Assets	219,252,164.56
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amount on Bond Refunding	1,394,364.77
Related to Defined Benefit Pension Plans	8,607,758.30
Total Deferred Outflows of Resources	10,002,123.07
LIABILITIES	
Accounts Payable	535.53
Salaries and Benefits Payable	12,853,939.42
Payroll Withholdings Payable	2,383,129.11
Interest Payable	1,184,751.04
Contracts Payable	2,347,014.54
Retainages Payable	575,558.87
Long-Term Liabilities	
Due Within One Year	4,924,682.90
Due in More Than One Year	69,146,779.46
Net Pension Liability	76,317,321.00
Total Liabilities	169,733,711.87
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	26,598,766.00
NET POSITION	
Net Investment in Capital Assets	94,094,704.99
Restricted for	
Continuation of Federal Programs	2,096,873.56
Debt Service	2,855,101.78
Capital Projects	14,984,836.21
Unrestricted (Deficit)	-81,109,706.78
Total Net Position	$ 32,921,809.76

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 76,453,168.19	$ 405,144.15
Support Services		
Pupil Services	3,583,064.24	
Improvement of Instructional Services	4,194,204.39	
Educational Media Services	1,312,042.97	
General Administration	1,128,931.24	
School Administration	6,390,355.55	
Business Administration	1,843,811.08	
Maintenance and Operation of Plant	7,164,032.52	69,686.20
Student Transportation Services	7,361,895.40	
Central Support Services	357,970.33	
Other Support Services	96,664.40	
Operations of Non-Instructional Services		
Enterprise Operations	2,566,311.04	329,500.83
Food Services	6,870,287.14	1,234,088.03
Interest on Short-Term and Long-Term Debt	3,052,924.71	
Total Governmental Activities	$ 122,375,663.20	$ 2,038,419.21
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Bond Debt		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects/Debt Services		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year, Restated		
Net Position - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$ 54,058,530.35	$ 4,745,036.68	$ -17,244,457.01
608,025.15	106,420.38	-2,868,618.71
3,132,330.50	148,286.32	-913,587.57
1,678,782.58	2,654.72	369,394.33
1,804,575.60	52,321.02	727,965.38
3,139,656.18	5,149.89	-3,245,549.48
4,302.23	25,369.75	-1,814,139.10
4,033,512.14	319,378.09	-2,741,456.09
1,282,671.36		-6,079,224.04
5,008.23	1,761.59	-351,200.51
99,194.21		2,529.81
		-2,236,810.21
5,585,862.62	111,016.93	60,680.44
		-3,052,924.71
$ 75,432,451.15	$ 5,517,395.37	-39,387,397.47
		28,698,764.86
		11.89
		9,512,518.21
		685,244.36
		8,465,916.00
		32,638.95
		2,775,253.42
		50,170,347.69
		10,782,950.22
		22,138,859.54
		$ 32,921,809.76

BARROW COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 16,359,078.12	$ 8,786,830.94	$ 369.79	$ 25,146,278.85
Investments	47,473.07	10,392,092.12	3,832,219.95	14,271,785.14
Accounts Receivable, Net				
Interest		88.34	25.33	113.67
Taxes	2,318,631.65	832,128.32	9,938.65	3,160,698.62
State Government	9,038,018.09	1,211,335.00		10,249,353.09
Federal Government	1,092,884.65			1,092,884.65
Other	653,025.76	480.08		653,505.84
Inventories	73,776.36			73,776.36
Total Assets	$ 29,582,887.70	$ 21,222,954.80	$ 3,842,553.72	$ 54,648,396.22
LIABILITIES				
Accounts Payable	$ 55.45	$ 480.08		$ 535.53
Salaries and Benefits Payable	12,853,939.42			12,853,939.42
Payroll Withholdings Payable	2,383,129.11			2,383,129.11
Contracts Payable		2,347,014.54		2,347,014.54
Retainages Payable		575,558.87		575,558.87
Total Liabilities	15,237,123.98	2,923,053.49		18,160,177.47
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	1,664,445.41		$ 9,937.87	1,674,383.28
Unavailable Revenue - GSFIC		139,734.90		139,734.90
Total Deferred Inflows of Resources	1,664,445.41	139,734.90	9,937.87	1,814,118.18
FUND BALANCES				
Nonspendable	73,776.36			73,776.36
Restricted	2,023,097.20	18,160,166.41	3,832,615.85	24,015,879.46
Assigned	950,776.53			950,776.53
Unassigned	9,633,668.22			9,633,668.22
Total Fund Balances	12,681,318.31	18,160,166.41	3,832,615.85	34,674,100.57
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 29,582,887.70	$ 21,222,954.80	$ 3,842,553.72	$ 54,648,396.22

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

BARROW COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 34,674,100.57
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 4,033,604.82	
Construction in Progress	6,827,596.06	
Land Improvements	3,729,895.32	
Accumulated Depreciation - Land Improvements	-2,502,040.22	
Buildings and Improvements	186,911,337.16	
Accumulated Depreciation - Buildings	-39,140,336.54	
Machinery and Equipment	18,436,817.17	
Accumulated Depreciation - Machinery and Equipment	-13,693,105.43	
Total Capital Assets		164,603,768.34
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability		-76,317,321.00
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		-17,991,007.70
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		1,674,383.28
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		139,734.90
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These consist of:		
Bonds Payable	$ -69,215,000.00	
Deferred Amount on Refunding Bonds	1,394,364.77	
Accrued Interest Payable	-1,184,751.04	
Revenue Bonds	-384,766.51	
Compensated Absences Payable	-454,570.88	
Bond Premiums, Net of Amortization	-4,017,124.97	
Total Long-Term Liabilities		-73,861,848.63
Net Position of Governmental Activities (Exhibit "A")		$ 32,921,809.76

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

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 28,398,398.96		$ 11.89	$ 28,398,410.85
Sales Taxes	685,244.36	$ 9,512,518.21		10,197,762.57
State Funds	73,001,260.92	2,498,721.10		75,499,982.02
Federal Funds	11,071,507.23			11,071,507.23
Charges for Services	2,038,419.21			2,038,419.21
Investment Earnings	23,852.30	8,449.52	337.13	32,638.95
Miscellaneous	2,775,253.42	2,878,939.37		5,654,192.79
Total Revenues	117,993,936.40	14,898,628.20	349.02	132,892,913.62
EXPENDITURES				
Current				
Instruction	75,077,021.62	743,481.95		75,820,503.57
Support Services				
Pupil Services	3,623,021.01			3,623,021.01
Improvement of Instructional Services	4,202,898.05			4,202,898.05
Educational Media Services	1,350,683.42			1,350,683.42
General Administration	830,449.19	291,339.85		1,121,789.04
School Administration	6,616,555.64			6,616,555.64
Business Administration	1,806,799.62	45,634.55		1,852,434.17
Maintenance and Operation of Plant	6,905,417.01	164,219.79		7,069,636.80
Student Transportation Services	6,600,276.30	1,218,530.00		7,818,806.30
Central Support Services	373,110.40			373,110.40
Other Support Services	99,388.91			99,388.91
Enterprise Operations	2,574,532.25			2,574,532.25
Food Services Operation	6,868,178.79			6,868,178.79
Capital Outlay		10,165,963.38		10,165,963.38
Debt Services				
Principal		84,489.97	4,320,000.00	4,404,489.97
Interest		24,232.19	3,003,649.00	3,027,881.19
Total Expenditures	116,928,332.21	12,737,891.68	7,323,649.00	136,989,872.89
Excess of Revenues over (under) Expenditures	1,065,604.19	2,160,736.52	-7,323,299.98	-4,096,959.27
OTHER FINANCING SOURCES (USES)				
Transfers In	40,000.00		7,498,370.83	7,538,370.83
Transfers Out		-7,538,370.83		-7,538,370.83
Total Other Financing Sources (Uses)	40,000.00	-7,538,370.83	7,498,370.83	0.00
Net Change in Fund Balances	1,105,604.19	-5,377,634.31	175,070.85	-4,096,959.27
Fund Balances - Beginning	11,575,714.12	23,537,800.72	3,657,545.00	38,771,059.84
Fund Balances - Ending	$ 12,681,318.31	$ 18,160,166.41	$ 3,832,615.85	$ 34,674,100.57

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

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, 2015

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -4,096,959.27
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 11,639,833.88	
Depreciation Expense	-4,664,603.48	
Excess of Capital Outlay over Depreciation Expense		6,975,230.40
Tax revenues are not deferred in the Statement of Activities based on availability as they are in the Governmental Funds.		
Property Taxes		
June 30, 2014	$ -1,374,017.38	
June 30, 2015	1,674,383.28	300,365.90
Loss on Refunding of Bonds is reported as an expenditure in Governmental Funds but are reported as deferred outflows on the Statement of Net Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Deferred Loss on Refunding of Bonds		-780,099.07
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		139,734.90
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond Principal Retirements	$ 4,320,000.00	
Revenue Bond Payments	84,489.97	
Total Long-Term Debt Repayments		4,404,489.97
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. These activities consist of:		
Amortization of Bond Premiums		
June 30, 2014	$ 4,709,923.23	
June 30, 2015	-4,017,124.97	692,798.26
Net Decrease in Accrued Interest		
June 30, 2014	$ 1,247,008.33	
June 30, 2015	-1,184,751.04	62,257.29
Decrease in Compensated Absences		
June 30, 2014	$ 468,421.42	
June 30, 2015	-454,570.88	13,850.54
Pension Expense		3,071,281.30
Change in Net Position of Governmental Activities (Exhibit "B")		$ 10,782,950.22

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 145,197.41
LIABILITIES	
Funds Held for Others	$ 145,197.41

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts and reports for all financial resources not accounted for and reported in another fund.

- District-wide Capital Projects Fund accounts for and reports financial resources including Special Purpose Local Option Sales Tax (SPLOST), grants from Georgia State Financing and Investing Commission, and Bond Proceeds that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Debt Service Fund accounts for and reports financial resources that are 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 account for assets held by the School District as an agent for various funds, governments or individuals.

BASIS OF ACCOUNTING

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

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by separating 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. 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.

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2015, the School District made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, Net Position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of $97,379,610.00. This change is in accordance with generally accepted accounting procedures.

Net Position, July 1, 2014, as previously reported		$ 119,518,469.54
Prior Period adjustment - Implementation of GASB 68:		
Net Pension Liability (measurement date)		
TRS	$ -104,866,936.00	
ERS	-81,379.00	-104,948,315.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS	$ 7,561,212.00	
ERS	7,493.00	7,568,705.00
Net Position, July 1, 2014, as restated		$ 22,138,859.54

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

(1) Obligations issued by the State of Georgia or by other states,

(2) Obligations issued by the United States government,

(3) Obligations fully insured or guaranteed by the United States government or a United States government agency,

(4) Obligations of any corporation of the United States government,

(5) Prime banker's acceptances,

(6) The Georgia Fund 1 administered by the State of Georgia, Office of State Treasurer,

(7) Repurchase agreements, and

(8) Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Barrow County Board of Commissioners fixed the property tax levy for the 2014 tax digest year (calendar year) on October 15, 2014 (levy date). Taxes were due on December 15, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The 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, 2015, for maintenance and operations amounted to $26,125,118.39 and for school bonds amounted to $11.89.

The tax millage rate levied for the 2014 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	18.5 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $2,273,280.57 during the fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $9,512,518.21 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.

INVENTORIES

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

PREPAID ITEMS

Payments made to vendors for services that will benefit periods subsequent to June 30, 2015 are recorded as prepaid items. At June 30, 2015 there were no prepaid items.

CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 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

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School District has reported deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 16 - Retirement Plans. Additionally, the School District has reported the deferred charge on refunded debt resulting from the difference in the carrying value of the refunded debt and its reacquisition price is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 16 - Retirement Plans. This item is reported only in the District-wide Statement of Net Position. Additionally, the School District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

COMPENSATED ABSENCES

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

Vacation leave 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.

GENERAL OBLIGATION BONDS

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

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

PENSIONS

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

on the same basis as they are reported by TRS/ERS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 16 – Retirement Plans.

NET POSITION

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

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

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

Unrestricted Net Position - Unrestricted Net Position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension Liability of $76,317,321.00 which is required for financial reporting.

FUND BALANCES

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

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

Assigned – Amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board of Education or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – The residual classification for the General Fund. This classification represents fund balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

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

Nonspendable		
Inventories		$ 73,776.36
Restricted		
Continuation of Federal Programs	$ 2,023,097.20	
Capital Projects	17,952,929.44	
Debt Service	4,039,852.82	24,015,879.46
Assigned		
School Activity Accounts		950,776.53
Unassigned		9,633,668.22
Fund Balance, June 30, 2015		$ 34,674,100.57

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, 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 Section 20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

(1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

(2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,

(3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

(4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

(5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

(6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2015, the School District had deposits with a carrying amount of $25,337,652.01 which includes $46,175.75 in Certificates of Deposits that are recorded as investments, and a bank balance of $27,185,216.83. The bank balances insured by Federal depository insurance were $406,403.60.

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

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

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

Custodial Credit Risk Category	Bank Balance
1	$ 0.00
2	26,778,813.23
3	0.00
Total	$ 26,778,813.23

CATEGORIZATION OF INVESTMENTS

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

Investment Type	Fair Value
Other Investments	
Certificate of Deposits	$ 46,175.75
U.S. Treasury Money Market Funds	14,218,413.99
Investment Pools	
Office of the State Treasurer	
Georgia Fund 1	7,195.40
Total Investments	$ 14,271,785.14

The Georgia Fund 1 (local government investment pool) administered by the State of Georgia, Office of the State Treasurer is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment 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 http://www.audits.ga.gov/SGD/cafr.html.

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

U.S. Treasury Money Market funds of $208,123.14 are invested in the Fidelity Institutional Money Market Treasury Portfolio Fund-Class III (FISXX) managed by Fidelity Investments. The fund normally invests at least 80% of assets in U.S. Treasury Securities and repurchase agreements for those securities. The weighted maturity is 38 days. The fund is rated AAAm by Standard and Poor's and AAA-mf by Moody's.

U.S. Treasury Money Market funds of $14,010,290.85 are in a Fidelity Institutional Treasury Only Fund managed by Regions Bank. This fund is rated AAAm by Standard and Poor's and Aaa-mf by Moody's. The weighted average maturity of the fund is approximately 48 days.

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Beginning Balances July 1, 2014	Additions	Decreases	Ending Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 4,033,604.82			$ 4,033,604.82
Construction in Progress	13,188,673.94	$ 6,804,742.61	$ 13,165,820.49	6,827,596.06
Total Capital Assets Not Being Depreciated	17,222,278.76	6,804,742.61	13,165,820.49	10,861,200.88
Capital Assets Being Depreciated				
Building and Building Improvements	170,562,802.90	16,348,534.26	0.00	186,911,337.16
Equipment	16,962,946.67	1,473,870.50		18,436,817.17
Land Improvements	3,551,388.32	178,507.00		3,729,895.32
Less Accumulated Depreciation for:				
Building and Building Improvements	35,900,314.15	3,240,022.39		39,140,336.54
Equipment	12,403,912.28	1,289,193.15		13,693,105.43
Land Improvements	2,366,652.28	135,387.94		2,502,040.22
Total Capital Assets Being Depreciated, Net	140,406,259.18	13,336,308.28	0.00	153,742,567.46
Governmental Activity Capital Assets - Net	$ 157,628,537.94	$ 20,141,050.89	$ 13,165,820.49	$ 164,603,768.34

Capital assets acquired under Revenue Bonds as of June 30, 2015, are as follows:

	Governmental Activities
Buildings and Improvements	$ 767,530.98
Land	90,723.00
Less: Accumulated Depreciation	90,997.62
	$ 767,256.36

Current year depreciation expense by function is as follows:

Instruction		$ 3,253,604.86
Support Services		
Pupil Services	$ 72,970.95	
Improvements of Instructional Services	101,677.84	
Educational Media Services	1,820.30	
General Administration	35,875.79	
School Administration	3,531.21	
Business Administration	17,395.68	
Maintenance and Operation of Plant	218,993.06	
Student Transportation Services	881,403.14	
Food Services	1,207.90	1,334,875.87
		76,122.75
		$ 4,664,603.48

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to	Transfers From District-wide Capital Projects
General Fund	$ 40,000.00
Debt Service Fund	7,498,370.83
	$ 7,538,370.83

Transfers are used to move sales tax revenues collected by the District-wide Capital Projects Fund to the Debt Service Fund to pay principal and interest on bonds and to pay agent fees, and a transfer was made from the Capital Projects Fund to the General Fund for reimbursement of prior year capital outlay expenditures.

NOTE 8: RISK MANAGEMENT

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

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

The School District 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:

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2014	$ 0.00	$ 17,627.00	$ 17,627.00	$ 0.00
2015	$ 0.00	$ 6,365.78	$ 6,365.78	$ 0.00

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

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

Position Covered	Amount
Superintendent	$ 100,000.00

NOTE 9: LONG-TERM DEBT

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 July 15, 2020.

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2006	4.86% - 4.92%	$ 9,215,000.00
General Government - Series 2010	3.75% - 5.00%	38,700,000.00
General Government - Series 2012A	2.00% - 3.00%	9,475,000.00
General Government - Series 2012B	3.00% - 4:00%	5,945,000.00
General Government - Series 2014	2.55%	5,880,000.00
		$ 69,215,000.00

	Governmental Activities				
	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
G. O. Bonds	$ 73,535,000.00		$ 4,320,000.00	$ 69,215,000.00	$ 4,495,000.00
Compensated Absences (1)	468,421.42	$ 400,269.63	414,120.18	454,570.87	
Revenue Bonds	469,256.48		84,489.97	384,766.51	70,606.64
Bond Premiums Amortized	4,709,923.23		692,798.26	4,017,124.97	359,076.26
	$ 79,182,601.13	$ 400,269.63	$ 5,511,408.41	$ 74,071,462.35	$ 4,924,682.90

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

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

Fiscal Year Ended June 30	Revenue Bonds Principal	Revenue Bonds Interest
2016	$ 70,606.64	$ 16,006.29
2017	73,779.97	13,069.05
2018	76,953.30	9,999.80
2019	80,126.63	6,798.55
2020	83,299.97	3,465.28
Total Principal and Interest	$ 384,766.51	$ 49,338.97

Fiscal Year Ended June 30	General Obligation Debt Principal	General Obligation Debt Interest	Unamortized Bond Premium
2016	$ 4,495,000.00	$ 2,843,402.50	$ 359,076.26
2017	4,720,000.00	2,622,152.50	359,076.26
2018	5,025,000.00	2,392,752.50	359,076.26
2019	5,195,000.00	2,181,365.00	359,076.26
2020	5,385,000.00	1,994,737.50	359,076.26
2021 - 2025	30,360,000.00	6,663,774.60	1,630,903.28
2026 - 2028	14,035,000.00	862,132.50	590,840.39
Total Principal and Interest	$ 69,215,000.00	$ 19,560,317.10	$ 4,017,124.97

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, 2015, $10,185,000.00 of bonds are outstanding and are considered defeased.

NOTE 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $232,219.60 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $33,418.60

Office of Treasury and Fiscal Services
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $198,801.00

Funds paid on behalf of the School District are reported in governmental funds. See Note – 16 Retirement Plans for the State support related to the Net Pension Liability.

NOTE 12: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2015, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Kennedy Elementary School Renovation	890,152.04	442,771.40
New Elementary School	12,360,000.00	6,220,567.00
Russell Middle School Replacement	13,043,125.82	7,564,653.00
	$ 26,293,277.86	$ 14,227,991.40

The amounts described in this note are not reflected in the basic financial statements.

NOTE 13: SIGNIFICANT CAPITAL OUTLAY PROJECTS

The Barrow County School District has entered into an agreement with the Barrow County Board of Commissioners to construct and operate a social, cultural, and entertainment multi-use event facility on School District property. This is a joint project of the School District and the County to build a facility that is intended to significantly contribute to the community by providing a much needed venue for cultural performances, conferences, large meetings, seminars, and other Barrow County community functions that will enhance Barrow County's attractiveness to economic and industrial development.

Included in miscellaneous revenue in the Capital Projects Fund (Exhibit E) is $2,878,939.37 from the Barrow County Board of Commissioners for the County's portion of this project. The School District has allocated funds and has provided the property upon which the facility is being constructed. The parties have reached agreement on arrangements for operating the facility.

NOTE 14: SIGNIFICANT CONTINGENT LIABILITIES

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

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

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). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand-alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

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

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual

required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

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

July 1, 2014 – June 30, 2015	$945.00 per member per month

For non-certificated school personnel:

July 1, 2014 – June 30, 2015	$596.20 per member per month

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

Fiscal Year	Contributed	Contribution
2015	100%	$ 12,699,143.39
2014	100%	$ 12,457,217.57
2013	100%	$ 11,313,615.80

NOTE 16: RETIREMENT PLANS

Barrow County Board of Education participates in various retirement plans administered by the State of Georgia, as further explained below.

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

Fiscal Year	Contributed	Contribution
2015	100%	$ 8,353,320.00
2014	100%	$ 7,581,525.90
2013	100%	$ 6,924,060.65

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.

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

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

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	$ 10,127.30
2014	100%	$ 7,493.34
2013	100%	$ 5,801.30

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.

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

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

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Update based on applicable retirement plans)

At June 30, 2015, the School District reported a liability of $76,317,321.00 for its proportionate share of the Net Pension Liability for TRS ($76,249,697.00) and ERS ($67,624.00).

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	$	76,249,697.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District		231,196.00
Total	$	76,480,893.00

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

At June 30, 2014, the School District's TRS proportion was 0.603543%, which was an increase of 0.001720% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.001803%, which was an increase of 0.000126% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the PSERS Net Pension Liability associated with the School District is $670,954.00.

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

For the year ended June 30, 2015, the School District recognized pension expense of $5,281,579.00 for TRS, $6,481.00 for ERS and $58,268.00 for PSERS. Revenue support of $-449.00 for TRS and $58,268.00 for PSERS was provided by the State of Georgia. For TRS, the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments		$ 26,582,261.00		$ 16,505.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	$ 244,206.00		$ 3,762.00	
School District contributions subsequent to the measurement date	8,349,663.00		10,127.30	
Total	$ 8,593,869.00	$ 26,582,261.00	$ 13,889.30	$ 16,505.00

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

Year Ended June 30:	TRS	ERS
2016	$ -6,590,062.00	$ -1,775.00
2017	$ -6,590,062.00	$ -2,716.00
2018	$ -6,590,062.00	$ -4,126.00
2019	$ -6,590,068.00	$ -4,126.00
2020	$ 22,199.00	

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

Teachers' Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

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 non-employer 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 Barrow County Board of Education's proportionate share of the Net Pension Liability to changes in the discount rate: The following presents the School District's proportionate share of the Net Pension Liability calculated using the discount rate of 7.50%, as well as what the School District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers' Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	$ 140,517,962.00	$ 76,249,697.00	$ 23,326,116.00

Employees' Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	$ 98,609.00	$ 67,624.00	$ 41,248.00

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 and http://www.ers.ga.gov/formspubs/formspubs.html.

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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, 2015

SCHEDULE "1"

	2015
School District's proportion of the net pension liability	0.603543%
School District's proportionate share of the net pension liability	$ 76,249,697.00
State of Georgia's proportionate share of the net pension liability associated with the School District	231,196.00
Total	$ 76,480,893.00
School District's covered-employee payroll	$ 61,738,810.11
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	123.50%
Plan fiduciary net position as a percentage of the total pension liability	84.03%

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

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, 2015

SCHEDULE "2"

	2015
School District's proportion of the net pension liability	0.001803%
School District's proportionate share of the net pension liability	$ 67,624.00
School District's covered-employee payroll	$ 40,592.54
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	166.59%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

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

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

	2015	2014	2013
Contractually required contribution	$ 8,353,319.51	$ 7,581,525.90	$ 6,924,060.65
Contributions in relation to the contractually required contribution	8,353,319.51	7,581,525.90	6,924,060.65
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 63,523,342.29	$ 61,738,810.11	$ 60,684,145.00
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

This schedule is intended to show information for 10 years. Due to the retention of the Barrow County Board of Education, the School District is only able to display 6 years of information. Additional years will be displayed as they become available.

SCHEDULE "3"

2012	2011	2010
$ 6,276,225.23	$ 6,358,965.74	$ 6,029,823.33
6,276,225.23	6,358,965.74	6,029,823.33
$ 0.00	$ 0.00	$ 0.00
$ 61,052,772.00	$ 61,857,646.00	$ 61,907,837.00
10.28%	10.28%	9.74%

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

	2015	2014	2013
Contractually required contribution	$ 10,127.30	$ 7,493.34	$ 5,801.30
Contributions in relation to the contractually required contribution	10,127.30	7,493.34	5,801.30
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 46,118.54	$ 40,592.54	$ 38,935.04
Contributions as a percentage of covered-employee payroll	21.96%	18.46%	14.90%

This schedule is intended to show information for 10 years. Due to the retention of the Barrow County Board of Education, the School District is only able to display 6 years of information. Additional years will be displayed as they become available.

SCHEDULE "4"

2012	2011	2010
$ 4,352.23	$ 3,783.74	$ 3,380.40
4,352.23	3,783.74	3,380.40
$ 0.00	$ 0.00	$ 0.00
$ 37,741.54	$ 36,346.70	$ 32,472.40
11.63%	10.41%	10.41%

Teachers' Retirement System

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

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

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

Employees' Retirement System

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

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

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

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

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 25,669,876.00	$ 25,669,876.00	$ 28,398,398.96	$ 2,728,522.96
Sales Taxes	435,000.00	435,000.00	685,244.36	250,244.36
State Funds	70,851,880.00	72,252,109.25	73,001,260.92	749,151.67
Federal Funds	10,889,365.00	11,435,622.23	11,071,507.23	-364,115.00
Charges for Services	1,576,931.00	1,576,931.00	2,038,419.21	461,488.21
Investment Earnings	31,000.00	31,000.00	23,852.30	-7,147.70
Miscellaneous	618,199.00	831,005.00	2,775,253.42	1,944,248.42
Total Revenues	110,072,251.00	112,231,543.48	117,993,936.40	5,762,392.92
EXPENDITURES				
Current				
Instruction	74,105,062.00	75,903,802.98	75,077,021.62	826,781.36
Support Services				
Pupil Services	3,455,850.00	3,481,273.00	3,623,021.01	-141,748.01
Improvement of Instructional Services	4,251,271.00	4,481,071.87	4,202,898.05	278,173.82
Educational Media Services	1,310,150.00	1,359,761.79	1,350,683.42	9,078.37
General Administration	896,173.00	932,120.30	830,449.19	101,671.11
School Administration	6,216,886.00	6,216,110.57	6,616,555.64	-400,445.07
Business Administration	1,503,517.00	1,628,517.00	1,806,799.62	-178,282.62
Maintenance and Operation of Plant	7,140,271.00	7,140,271.00	6,905,417.01	234,853.99
Student Transportation Services	6,834,223.00	6,823,155.00	6,600,276.30	222,878.70
Central Support Services	410,777.00	414,670.00	373,110.40	41,559.60
Other Support Services	135,441.00	144,416.00	99,388.91	45,027.09
Enterprise Operations	328,590.00	328,590.00	2,574,532.25	-2,245,942.25
Food Services Operation	5,962,475.00	5,964,133.77	6,868,178.79	-904,045.02
Total Expenditures	112,550,686.00	114,817,893.28	116,928,332.21	-2,110,438.93
Excess of Revenues over (under) Expenditures	-2,478,435.00	-2,586,349.80	1,065,604.19	3,651,953.99
OTHER FINANCING SOURCES (USES)				
Other Sources	335,000.00	335,000.00	40,000.00	-295,000.00
Other Uses	-335,000.00	-335,000.00		335,000.00
Total Other Financing Sources (Uses)	0.00	0.00	40,000.00	40,000.00
Net Change in Fund Balances	-2,478,435.00	-2,586,349.80	1,105,604.19	3,691,953.99
Fund Balances - Beginning	11,575,714.12	11,575,714.12	11,575,714.12	0.00
Fund Balances - Adjustments		86,100.66		-86,100.66
Fund Balances - Ending	$ 9,097,279.12	$ 9,075,464.98	$ 12,681,318.31	$ 3,605,853.33

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 ($2,338,137.15) or expenditures ($2,168,951.54) 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.

See notes to the basic financial statements.

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

SCHEDULE "7"

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 6,644,867.13	(1)
Total U.S. Department of Agriculture				6,644,867.13	
Education, U.S. Department of					
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States		84.027	N/A	2,119,057.23	
Preschool Grants		84.173	N/A	91,295.11	
Total Special Education Cluster				2,210,352.34	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	86,377.94	
Career and Technical Education - Basic Grants to States		84.048	N/A	110,783.00	
Education for Homeless Children and Youth		84.196	N/A	34,508.47	
English Language Acquisition Grants		84.365	N/A	167,004.13	
Improving Teacher Quality State Grants		84.367	N/A	269,789.94	
Migrant Education - State Grant Program		84.011	N/A	16,431.52	
Title I Grants to Local Educational Agencies		84.010	N/A	2,543,001.38	
Twenty-First Century Community Learning Centers		84.287	N/A	175,054.66	
Total Other Programs				3,402,951.04	
Total U. S. Department of Education				5,613,303.38	
Health and Human Services, U. S. Department of					
Child Care and Development Block Grant Cluster					
Pass-Through From Bright From the Start:					
Georgia Department of Early Care and Learning					
ARRA - Block Grants for Child Care and Development					
Child Care and Development Block Grant		93.575	N/A	32,000.00	
Defense, U. S. Department of					
Direct					
Department of the Army					
R.O.T.C. Program				124,937.58	
Total Expenditures of Federal Awards				$ 12,415,108.09	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $342,742.13.

(2) Expenditures for the funds earned on the School Breakfast Program ($1,358,700.78) were not maintained separately and are included in the 2015 National School Lunch Program.

Major Programs are identified by an asterisk (*) in front of the CFDA number.

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

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Barrow County Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

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

SCHEDULE "8"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 1,415,110.65		$ 1,415,110.65
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	3,211,754.00		3,211,754.00
Kindergarten Program - Early Intervention Program	1,925,235.00		1,925,235.00
Primary Grades (1-3) Program	9,634,279.00		9,634,279.00
Primary Grades - Early Intervention (1-3) Program	2,321,793.00		2,321,793.00
Upper Elementary Grades (4-5) Program	4,904,341.00		4,904,341.00
Upper Elementary Grades - Early Intervention (4-5) Program	629,560.00		629,560.00
Middle School (6-8) Program	8,060,283.00		8,060,283.00
High School General Education (9-12) Program	6,481,683.00		6,481,683.00
Vocational Laboratory (9-12) Program	2,229,172.00		2,229,172.00
Students with Disabilities	9,570,467.00		9,570,467.00
Gifted Student - Category VI	2,707,669.00		2,707,669.00
Remedial Education Program	628,999.00		628,999.00
Alternative Education Program	560,228.00		560,228.00
English Speakers of Other Languages (ESOL)	1,655,932.00		1,655,932.00
Media Center Program	1,470,378.00		1,470,378.00
20 Days Additional Instruction	437,454.00		437,454.00
Staff and Professional Development	267,695.00		267,695.00
Indirect Cost			
Central Administration	1,512,068.00		1,512,068.00
School Administration	2,640,825.00		2,640,825.00
Facility Maintenance and Operations	3,494,263.00		3,494,263.00
Amended Formula Adjustment	-5,802,380.00		-5,802,380.00
Charter System Adjustment	1,108,387.00		1,108,387.00
Categorical Grants			
Pupil Transportation			
Regular	1,065,054.00		1,065,054.00
Nursing Services	249,030.00		249,030.00
Vocational Supervisors	26,136.00		26,136.00
Education Equalization Funding Grant	8,465,916.00		8,465,916.00
Other State Programs			
Food Services	165,303.00		165,303.00
Math and Science Supplements	142,675.85		142,675.85
Move on When Ready Grant	200.00		200.00
Preschool Handicapped Program	145,261.26		145,261.26
Teacher of the Year Grant	1,014.25		1,014.25
Teachers' Retirement	33,418.60		33,418.60
Technology Infrastructure	328,336.32		328,336.32
Vocational Education	1,114,918.99		1,114,918.99
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 2,498,721.10	2,498,721.10
Office of the State Treasurer			
Public School Employees Retirement	198,801.00		198,801.00
	$ 73,001,260.92	$ 2,498,721.10	$ 75,499,982.02

See notes to the basic financial statements.

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

SCHEDULE "9"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4) (5)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4) (5)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST #3							
(A)(i) the acquisition, construction and equipping of new school buildings and facilities, including but not limited to, new schools, physical education/athletic facilities and equipment, classrooms, lunchrooms, gymnasiums and auditoriums.			$ 0.00	$ 16,426,353.29	$ 16,426,353.29	$ 0.00	
(ii)the addition, renovation, repair and improvement to existing school buildings and facilities, including, but not limited to, Winder Barrow High School, Auburn Elementary School, Holsenbeck Elementary School, Statham Elementary School and Apalachee High Schooland other classrooms and physical education/athletic facilities and equipment.				64,946,608.59	64,946,608.59		
(iii)the acquisition and purchase of any property necessary and desirable therefore, both real and personal, including but not limited to, technology and transportation facilities and equipment.				1,604,348.35	1,604,348.35		
(iv)the purchase of land.				2,040,255.32	2,040,255.32		
The maximum cost of such projects to be funded from sales and use tax proceeds not to exceed $60,785,000.00.	$ 60,785,000.00	$ 85,017,565.55	0.00	85,017,565.55	85,017,565.55	0.00	
(B)the payment of principal and interest on the School District's Series 1995B and Series 2004 Bonds coming due August 1, 2007 through and including February 1, 2012, the maximum amount of debt to be retired not to exceed $9,215,000.00.	9,215,000.00	9,215,000.00		8,768,708.50	8,768,708.50		
SPLOST #3 Totals	70,000,000.00	94,232,565.55	0.00	178,803,839.60	178,803,839.60	0.00	Completed
SPLOST #4							
(A)(1) the acquisition, construction and equipping of newschool buildings and facilities, including but not limited to, classrooms, physical education facilities and equipment, lunchrooms and auditoriums.			7,369,166.53	10,786,894.35	0.00	0.00	
(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.			3,343,360.34	4,085,047.22			
(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.			2,013,077.31	5,761,565.33			
(4)the purchase of land.							
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	12,725,604.18	20,633,506.90	0.00	0.00	
(B)the payment of principal and interest on the School District's outstanding Series 2004, unrefunded portion of the Series 2006 Bonds, the Series 2012 Bonds and the Series 2014 Bonds coming due August 1, 2012, 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	5,500,736.50	6,257,359.33			
SPLOST #4 Totals	54,000,000.00	54,000,000.00	18,226,340.68	26,890,866.23	0.00	0.00	June 2019
	$ 124,000,000.00	$ 148,232,565.55	$ 18,226,340.68	$ 205,694,705.83	$ 178,803,839.60	$ 0.00	

(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 theese 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	$ 21,313,950.41
Current Year	1,822,912.50
Total	$ 23,136,862.91

(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

See notes to the basic financial statements.

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

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 3,655,542.00	$ 2,774,113.80	$ 227,442.62	$ 3,001,556.42
Kindergarten Program-Early Intervention Program	2,143,099.00	2,706,248.32		2,706,248.32
Primary Grades (1-3) Program	10,839,552.00	10,756,370.64	83,659.81	10,840,030.45
Primary Grades-Early Intervention (1-3) Program	2,630,167.00	2,625,976.38		2,625,976.38
Upper Elementary Grades (4-5) Program	5,471,833.00	6,584,934.71	210,787.07	6,795,721.78
Upper Elementary Grades-Early Intervention (4-5) Program	724,632.00	1,845,492.60		1,845,492.60
Middle School (6-8) Program	9,059,971.00	9,429,735.12	188,990.84	9,618,725.96
High School General Education (9-12) Program	7,247,883.00	9,617,722.97	459,156.26	10,076,879.23
Vocational Laboratory (9-12) Program	2,521,182.00	2,643,871.11	259,815.59	2,903,686.70
Students with Disabilities	10,771,160.00			
Category I		344.49	398,834.40	399,178.89
Category II		1,051,639.04		1,051,639.04
Category III		8,274,225.78		8,274,225.78
Category IV		196,741.82		196,741.82
Category V		103,678.75		103,678.75
Gifted Student - Category VI	2,991,432.00	2,443,431.56		2,443,431.56
Remedial Education Program	807,209.00	369,593.22		369,593.22
Alternative Education Program	627,908.00	872,783.22	5,879.00	878,662.22
English Speakers of Other Languages (ESOL)	1,862,106.00	2,210,783.28		2,210,783.28
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	61,353,676.00	64,507,686.81	1,834,565.59	66,342,252.40
Media Center Program	1,654,723.00	1,147,667.03	203,016.39	1,350,683.42
Staff and Professional Development	297,918.00	26,148.29	33,943.27	60,091.56
TOTAL QBE FORMULA FUNDS	$ 63,306,317.00	$ 65,681,502.13	$ 2,071,525.25	$ 67,753,027.38

(1) Comprised of State Funds plus Local Five Mill Share.

(2) Allotments do not include the impact of the State amended formula adjustment.

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

November 29, 2016

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

Ladies and Gentlemen:

We have audited, in accordance with 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 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Barrow County Board of Education's basic financial statements and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

We noted certain matters that we have reported to management of Barrow County Board of Education in a separate letter dated November 29, 2016.

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 Barrow County Board of Education'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 Barrow County Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:es
2015YB-10

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

November 29, 2016

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 ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited Barrow County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Barrow County Board of Education's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:es
2015SA-10

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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BARROW COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS 2014 001 Partially Resolved – See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

CASH AND CASH EQUIVALENTS
Inadequate Internal Control Procedures
Finding Control Number: FS 2014-001

Because of turnover and lack of procedures in the bank reconciliation process, the School District's operations bank account had not been reconciled at the end of fiscal year 2015. This was corrected mid-year of fiscal year 2016. The School District's finance department developed step by step procedures to ensure all bank accounts were reconciled. The Assistant Superintendent for Business Services now reviews all School District level bank reconciliations and the Accounting and Audit Coordinator reviews all school level bank reconciliations. This finding is not expected in the future.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue:
Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information — Unmodified

Internal control over financial reporting:
- Material 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 OMB Circular A-133, Section 510(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

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.