

CATOOSA COUNTY
BOARD OF EDUCATION
RINGGOLD, GEORGIA

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

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

May 26, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Catoosa 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 Catoosa 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 Catoosa 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 Catoosa 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.

As discussed in Note 2 to the financial statements, in 2015, the Catoosa County Board of Education restated the prior period financial statements to correct misstatements. 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 x and pages 33 through 41, 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 Catoosa 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 May 26, 2016, on our consideration of the Catoosa 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 Catoosa 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

GSG:er
2015ARL-11

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

INTRODUCTION

The discussion and analysis of the Catoosa County Board of Education's (the Board) financial performance provides an overview of the Board's financial activities for the fiscal years ended June 30, 2015 and June 30, 2014. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Board's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2015 and 2014 are as follows:

- On the District-wide financial statements, the assets and deferred outflow of resources of the Board exceeded liabilities and deferred inflow of resources by $107.6 million and $187.2 million, respectively, for the fiscal years ended June 30, 2015 and 2014. Of these amounts, $3,437,757 and $3,458,076, respectively, for fiscal years 2015 and 2014 are available for spending at the Board's discretion. The amounts for fiscal years 2015 and 2014 do not reflect the effects of the restatement of Net Position as described in Note 2.

- The Board had $105.2 million and $106.4 million in expenses relating to governmental activities for the fiscal years ended June 30, 2015 and June 30, 2014, respectively. Only $65.4 million and $61.6 million of the above mentioned expenses for 2015 and 2014 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $49.3 million and $48.5 million, respectively, for 2015 and 2014, along with fund balance were adequate to provide for these programs.

- The current ratio, which measures the Board's ability to transform current assets into cash and pay its short- term liabilities, was 2.79 and 2.73 for the fiscal years ended June 30, 2015 and June 30, 2014, respectively. Generally, a ratio greater than 2.0 is considered very financially stable.

- The General Fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of $10.9 million, an increase of $977,841 from the June 30, 2014 fund balance of $9.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the Board of Education. 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 Board presenting both short-term and long-term information about the overall financial status.

The fund financial statements focus on individual parts, reporting the Board'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 Board acts solely as a trustee or agent for the benefit of others.

The fund financial statements reflect the Board's most significant funds. For the years ending June 30, 2015 and 2014, the General Fund, the District-wide Capital Projects Fund, and the Debt Service Fund represent the most significant funds.

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

The District-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets and liabilities. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the Board's Net Position and how it has changed. Net Position, the difference between the Board's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, are one way to measure the Board's overall financial health or position. Over time, increases or decreases in Net Position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the Board's control, such as the property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Board has one distinct type of activity:

- Governmental Activities – All of the Board's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Fund Financial Statements

The Board's fund financial statements provide detailed information about the most significant funds, not the Board as a whole. Some funds are required by State law and some by bond requirements. The Board's major governmental funds are the General Fund, District-wide Capital Projects Fund, and Debt Service Fund.

Governmental Funds - Most of the Board's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Board'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 relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled to the financial statements.

Fiduciary Funds - The Board is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The Board 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 Board excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the Board as a whole. Table 1 provides a summary of the Board's net position for fiscal years 2015 and 2014.

Table 1
Net Position

	Governmental Activities			
	Fiscal Year 2015	Percent of Total	Fiscal Year 2014 (1)	Percent of Total
Assets				
Current and Other Assets	$ 35,654,186	15%	$ 36,842,394	16%
Capital Assets, Net	197,811,084	85%	198,151,585	84%
Total Assets	233,465,270	100%	234,993,979	100%
Deferred Outflows of Resources				
Related to Defined Benefit Pension Plans	7,218,913	100%	0	
Liabilities				
Current Liabilities	12,759,725	12%	13,503,019	28%
Long-Term Liabilities	94,336,408	88%	34,262,937	72%
Total Liabilities	107,096,133	100%	47,765,956	100%
Deferred Inflows of Resources				
Related to Defined Benefit Pension Plans	25,954,690	100%	0	
Net Position				
Net Investment in Capital Assets	177,483,412	165%	174,153,837	93%
Restricted	12,332,716	11%	9,616,110	5%
Unrestricted	-82,182,768	-76%	3,458,076	2%
Total Net Position	$ 107,633,360	100%	$ 187,228,023	100%

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

During fiscal year 2015, The Board adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Together, these two statements drastically changed the presentation of the District-wide balance sheet by requiring the reporting of the Board's net pension liability and the deferred inflows and outflows associated with pension payments for all State pension programs in which the Board participates. The total liability effect of these pensions was $85,620,525

for the year ended June 30, 2015. These liabilities exceeded the Board's unrestricted net position of $3,437,757. Although this causes a large deficit balance in unrestricted net position, it should not be considered a financial weakness as these costs are spread out over multiple years well into the future.

Table 2 shows the Changes in Net Position for fiscal years ending June 30, 2015 and June 30, 2014.

Table 2
Change in Net Position

	Governmental Activities			
	Fiscal Year 2015	Percent of Total	Fiscal Year 2014 (1)	Percent of Total
Revenues				
Program Revenues:				
Charges for Services	$ 2,637,035	4%	$ 2,571,712	4%
Operating Grants and Contributions	61,439,249	94%	58,755,915	95%
Capital Grants and Contributions	1,295,495	2%	287,196	1%
Total Program Revenues	65,371,779	100%	61,614,823	100%
General Revenues:				
Property Taxes	29,070,511	59%	29,163,176	60%
Sales Taxes	10,250,790	21%	9,437,189	19%
Grants and Contributions not Restricted to Specific Programs	6,341,355	13%	5,876,601	12%
Investment Earnings	53,151	0%	80,766	0%
Miscellaneous	3,554,713	7%	3,990,020	9%
Total General Revenues	49,270,520	100%	48,547,752	100%
Total Revenues	114,642,299		110,162,575	
Program Expenses:				
Instruction	66,561,294	63%	67,346,556	63%
Support Services				
Pupil Services	4,121,622	4%	4,020,813	4%
Improvement of Instructional Services	2,342,587	2%	2,406,807	2%
Educational Media Services	1,753,484	2%	1,865,198	2%
General Administration	1,336,878	2%	1,159,921	1%
School Administration	6,982,394	7%	7,027,408	7%
Business Administration	575,463	1%	646,672	1%
Maintenance and Operation of Plant	8,664,477	8%	8,381,976	8%
Student Transportation Services	5,153,894	5%	5,296,772	5%
Central Support Services	503,508	0%	488,273	0%
Other Support Services	1,292,834	1%	1,360,761	1%
Operations of Non-Instructional Services				
Community Services	500,370	0%	481,859	0%
Food Services	5,191,284	5%	5,374,805	5%
Interest on Debt	221,105	0%	493,778	1%
Total Expenses	105,201,194	100%	106,351,599	100%
Increase in Net Position	9,441,105		3,810,976	
Beginning Net Position, Restated	98,192,255		183,417,047	
Ending Net Position	$ 107,633,360		$ 187,228,023	

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

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased $3,756,956 for governmental activities. This increase is largely due to an increase in funds earned through the State Quality Basic Education (QBE) Funding Formula and capital grants received from the Georgia State Financing and Investment Commission (GSFIC) to offset certain construction projects. The Board received $1.3 million from GSFIC and were aided in a decrease in the QBE Austerity Reduction from $7.8 million in fiscal year 2014 to $5.1 million in fiscal year 2015.

General revenues increased by $722,768 during fiscal year 2015, despite a small rollback of the millage rate from 18.713 in 2014 to 18.692 in 2015. Continued development of the county and economic improvement resulted in an extra $800,000, approximately, of sales tax revenue, and the Board received approximately $500,000 more in equalization funding.

The Board continues to analyze spending patterns and look for areas where reductions can be made without affecting the level of education provided. As a result of these savings, the Board was able to restore two furlough days in 2015 to bring the total down to three. Table 3 shows 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 Board's taxpayers by each activity.

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	$ 66,561,294	$ 67,346,556	$ 18,355,210	$ 23,341,897
Support Services:				
Pupil Services	4,121,622	4,020,813	3,366,486	3,007,227
Improvement of Instructional Services	2,342,587	2,406,807	1,109,554	1,078,687
Educational Media Services	1,753,484	1,865,198	514,244	613,094
General Administration	1,336,878	1,159,921	-302,623	-451,329
School Administration	6,982,394	7,027,408	4,378,420	4,440,225
Business Administration	575,463	646,672	574,921	645,228
Maintenance and Operation of Plant	8,664,477	8,381,976	5,725,488	5,469,327
Student Transportation Services	5,153,894	5,296,772	4,164,715	4,211,463
Central Support Services	503,508	488,273	501,074	481,786
Other Support Services	1,292,834	1,360,761	802,534	848,747
Operations of Non-Instructional Services:				
Enterprise Operations	500,370	481,859	317,563	340,861
Food Services	5,191,284	5,374,805	100,724	215,785
Interest on Short-Term and Long-Term Debt	221,105	493,778	221,105	493,778
Total Expenses	$ 105,201,194	$ 106,351,599	$ 39,829,415	$ 44,736,776

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

Although program revenues make up a majority of the funding, the Board is still dependent upon tax revenues for governmental activities. For 2015, 39% of instruction and support activities were supplemented by taxes and other general revenues compared to 43% in 2014. It exemplifies the State's stance that the public is becoming an equal partner in bearing the cost of educating Georgia's children.

FINANCIAL ANALYSIS OF THE BOARD'S FUNDS

The Board's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $126.2 million and total expenses and other financing uses of $126.9 million. There was a decrease in the fund balance totaling $0.6 million for the governmental funds as a whole. The $10.9 million fund balance in the General Fund reflects that the Board continues to be able to adequately meet current costs.

General Fund Budgeting Highlights

The Board's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2015 and 2014, the Board amended its general fund budget as needed.

During fiscal year 2015 the General Fund had final actual revenues totaling $104.1 million, which represented an increase from the original budgeted amount of $98.1 million by $6.0 million. This difference (final actual vs. original budget) was due to conservative estimates by the Board that were exceeded slightly in every major category.

Final actual expenditures during fiscal year 2015 totaling $103.1 million represented an increase from the original budgeted amount of $102.3 million by $0.8 million. The increase in actual expenditures versus original budget expenditures was due primarily to higher than expected costs for pupil services and media services.

General fund revenues and other financing sources exceeded expenditures by $977,841 for the fiscal year 2015.

CAPITAL ASSETS

At the fiscal years ended June 30, 2015 and June 30, 2014, the School District had $197.8 million and $198.2 million, respectively, invested in a broad range of capital assets, including land, buildings and furniture and equipment for its governmental activities. For the first time in several years, the Board saw asset depreciation exceed the acquisition of new assets due to the winding down of ESPLOST IV funds. These funds finance all major additions and renovations of the School System. Table 4 breaks down the asset balances, by class, net of accumulated depreciation.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Land	$ 6,523,176	6,253,176
Land Improvements	5,807,215	5,927,865
Buildings and Improvements	177,646,791	169,540,915
Equipment	7,617,948	7,126,018
Construction in Progress	215,954	9,303,611
Total	$ 197,811,084	198,151,585

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

The construction in progress balance at June 30, 2015 consists of the following projects:

- Battlefield Elementary School VCT Flooring
- Lakeview-Fort Oglethorpe High School VCT Flooring
- Boynton Elementary School Fire Alarm System
- Battlefield Elementary School Fire Alarm System
- Graysville Elementary School Fire Alarm System

DEBT ADMINISTRATION

The Board did not issue any general obligation bonds in fiscal year 2015. As of June 30, 2015, the Board had $25.4 million in general obligation bonds outstanding with $8.0 million due within one year. The bonds will be repaid from sales tax proceeds of a Special Purpose Local Option Sales Tax (SPLOST) that began July 1, 2012 and ends June 30, 2017. Table 5 summarizes bond debt outstanding at June 30, 2015 and 2014.

Table 5
Long-Term Debt Outstanding

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
General Obligations Bonds	$ 25,385,000	$ 32,885,000

The Board's bonds have been assigned a rating of "AA+" by Standard and Poor's based on the Board's participation in the Georgia State Intercept Program. Standard and Poor's has assigned an underlying rating (without regard to the Georgia State Intercept Program) of "AA-" to the bonds.

The Board entered into three new capital leases in fiscal year 2015. Capital leases are generally used as a way to purchase buildings and equipment without a large lump sum payment. The leases are paid over a period of 3-5 years. Table 6 summarizes capital lease obligations outstanding at June 30, 2015 and 2014. A schedule of future payments can be found in the notes to the financial statements.

Table 6
Capital Leases Outstanding

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Capital Lease Obligations Outstanding	$ 1,350,133	$ 0

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

CURRENT ISSUES

In fiscal year 2016, the cost of the employer portion of TRS pension will increase approximately $600,000, and an increase in health insurance premiums for non-certified employees is expected to add another $750,000. In addition, revenues will again be cut as the State of Georgia imposes another QBE Austerity Reduction expected to cost the Board approximately $3.3 million in earned revenue, bringing the grand total of revenue lost since the cuts began in 2003 to more than $60.0 million. In spite of these hardships, the Board plans to reduce the number of furlough days from three to two for fiscal year 2016 and add numerous teaching positions to help combat increasing class sizes.

Approximately 85% of general fund expenses, the main operating fund for the Board, were related to salaries and employee benefits for the year ended June 30, 2015. More than a third of certified personnel in the School District have 21 years or more of experience resulting in salaries at the highest possible state pay level. With such personnel heavy expenses, it is difficult to offset mandated expense increases such as TRS and health insurance premium expenses. The Board consistently evaluates how funds can be spent smarter and more effectively to ensure that Catoosa County students receive a quality education from effective personnel.

The Board's millage rate for fiscal year 2015 was 18.692. The net digest was relatively flat during fiscal years 2015 and 2014, ending a string of several years where it decreased annually. The net digest for fiscal year 2015 was $1.497 billion, which produced approximately $1,497,000 per mill. As shown in Table 3, property tax and sales tax are responsible for covering 39% of the Board's costs. It is anticipated that this pressure to provide local monies to meet mandated educational requirements and operational costs will continue.

The most significant challenge facing the Board is the relative uncertainty regarding how School Districts will be funded moving forward. The General Assembly is in the process of exploring new funding formulas that would likely cement in the austerity reductions received annually and change the way personnel salaries are calculated. It is uncertain at this point what type of financial impact these changes might have on the Board's finances.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Blake Stansell, CPA, Finance Manager at the Catoosa County Board of Education, 307 Cleveland Street, Ringgold, Georgia 30736. You may also email your questions to bstansell@catoosa.k12.ga.us.

CATOOSA COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 25,017,623
Investments	21,500
Accounts Receivable, Net	
Interest	1,799
Taxes	2,333,183
State Government	7,469,303
Federal Government	596,055
Other	19,535
Inventories	185,188
Prepaid Items	10,000
Capital Assets, Non-Depreciable	6,739,130
Capital Assets, Depreciable (Net of Accumulated Depreciation)	191,071,954
Total Assets	233,465,270
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	7,218,913
LIABILITIES	
Accounts Payable	26,153
Salaries and Benefits Payable	11,957,258
Interest Payable	348,292
Claims Payable	408,608
Retainages Payable	2,211
Deposits and Unearned Revenues	17,203
Long-Term Liabilities	
Due Within One Year	8,686,456
Due in More Than One Year	18,765,204
Net Pension Liability	66,884,748
Total Liabilities	107,096,133
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	25,954,690
NET POSITION	
Net Investment in Capital Assets	177,483,412
Restricted for	
Continuation of Federal Programs	545,595
Debt Service	9,155,890
Capital Projects	2,628,801
National Park Field Trips	2,430
Unrestricted (Deficit)	-82,182,768
Total Net Position	$ 107,633,360

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 66,561,294	$ 272,710
Support Services		
Pupil Services	4,121,622	230,274
Improvement of Instructional Services	2,342,587	3,111
Educational Media Services	1,753,484	37,551
General Administration	1,336,878	
School Administration	6,982,394	54,689
Business Administration	575,463	
Maintenance and Operation of Plant	8,664,477	64,647
Student Transportation Services	5,153,894	
Central Support Services	503,508	
Other Support Services	1,292,834	297,084
Operations of Non-Instructional Services		
Community Services	500,370	180,476
Food Services	5,191,284	1,496,493
Interest on Short-Term and Long-Term Debt	221,105	
Total Governmental Activities	$ 105,201,194	$ 2,637,035
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Other Taxes		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
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
$ 46,765,024	$ 1,168,350	$ -18,355,210
519,430	5,432	-3,366,486
1,226,137	3,785	-1,109,554
1,201,689		-514,244
1,630,101	9,400	302,623
2,549,285		-4,378,420
542		-574,921
2,793,708	80,634	-5,725,488
989,179		-4,164,715
2,434		-501,074
193,216		-802,534
	2,331	-317,563
3,568,504	25,563	-100,724
		-221,105
$ 61,439,249	$ 1,295,495	-39,829,415
		28,268,456
		802,055
		9,643,843
		606,947
		6,341,355
		53,151
		3,554,713
		49,270,520
		9,441,105
		98,192,255
		$ 107,633,360

CATOOSA 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	$ 13,733,678	$ 1,781,547	$ 9,502,398	$ 25,017,623
Investments	21,500			21,500
Accounts Receivable, Net				
Interest	15		1,784	1,799
Taxes	1,483,718	849,465		2,333,183
State Government	7,469,303			7,469,303
Federal Government	596,055			596,055
Other	19,535			19,535
Inventories	185,188			185,188
Prepaid Items	10,000			10,000
Total Assets	$ 23,518,992	$ 2,631,012	$ 9,504,182	$ 35,654,186
LIABILITIES				
Accounts Payable	$ 26,153			$ 26,153
Salaries and Benefits Payable	11,957,258			11,957,258
Retainages Payable		$ 2,211		2,211
Deposits and Unearned Revenue	17,203			17,203
Total Liabilities	12,000,614	2,211		12,002,825
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	607,330			607,330
FUND BALANCES				
Nonspendable	195,188			195,188
Restricted	362,837	2,628,801	$ 9,504,182	12,495,820
Assigned	1,101,967			1,101,967
Unassigned	9,251,056			9,251,056
Total Fund Balances	10,911,048	2,628,801	9,504,182	23,044,031
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 23,518,992	$ 2,631,012	$ 9,504,182	$ 35,654,186

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

CATOOSA 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")		$ 23,044,031
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	$ 6,523,176	
Construction in Progress	215,954	
Land Improvements	7,166,109	
Buildings and Improvements	208,345,784	
Equipment	14,231,465	
Accumulated Depreciation	-38,671,404	
Total Capital Assets		197,811,084
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		-66,884,748
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		-18,735,777
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		607,330
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	$ -25,385,000	
Accrued Interest Payable	-348,292	
Capital Leases Payable	-1,350,133	
Bond Premiums, Net of Amortization	-716,527	
Claims and Judgments Payable	-408,608	
Total Long-Term Liabilities		-28,208,560
Net Position of Governmental Activities (Exhibit "A")		$ 107,633,360

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

EXHIBIT "E"

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

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 29,332,359			$ 29,332,359
Sales Taxes	606,947	$ 9,643,843		10,250,790
State Funds	60,198,626	1,295,495		61,494,121
Federal Funds	7,741,039			7,741,039
Charges for Services	2,637,035			2,637,035
Investment Earnings	33,360	6,638	$ 13,153	53,151
Miscellaneous	3,509,943	44,770		3,554,713
Total Revenues	104,059,309	10,990,746	13,153	115,063,208
EXPENDITURES				
Current				
Instruction	65,580,121	302,995		65,883,116
Support Services				
Pupil Services	4,244,620			4,244,620
Improvement of Instructional Services	2,404,170			2,404,170
Educational Media Services	1,823,038			1,823,038
General Administration	1,311,845	12,828		1,324,673
School Administration	7,273,453			7,273,453
Business Administration	666,717			666,717
Maintenance and Operation of Plant	7,816,835	1,296,666		9,113,501
Student Transportation Services	4,442,883	443,074		4,885,957
Central Support Services	517,618			517,618
Other Support Services	1,314,922			1,314,922
Community Services	505,231			505,231
Food Services Operation	5,136,380			5,136,380
Capital Outlay		3,251,220		3,251,220
Debt Services				
Principal	71,410		7,680,000	7,751,410
Dues and Fees			825	825
Interest	20,790		985,900	1,006,690
Total Expenditures	103,130,033	5,306,783	8,666,725	117,103,541
Excess of Revenues over (under) Expenditures	929,276	5,683,963	-8,653,572	-2,040,333
OTHER FINANCING SOURCES (USES)				
Capital Leases	48,565	1,350,000		1,398,565
Transfers In			9,753,539	9,753,539
Transfers Out		-9,753,539		-9,753,539
Total Other Financing Sources (Uses)	48,565	-8,403,539	9,753,539	1,398,565
Net Change in Fund Balances	977,841	-2,719,576	1,099,967	-641,768
Fund Balances - Beginning	9,933,207	5,348,377	8,404,215	23,685,799
Fund Balances - Ending	$ 10,911,048	$ 2,628,801	$ 9,504,182	$ 23,044,031

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

CATOOSA 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")		$ -641,768
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	$ 4,290,133	
Depreciation Expense	-4,673,002	
Excess of Capital Outlay over Depreciation Expense		-382,869
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-261,848
Some of the Capital Assets acquired this year were financed with capital leases. In Governmental Funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a Long-Term Liability.		-1,398,565
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	$ 7,500,000	
Capital Lease Payments	251,410	
Total Long-Term Debt Repayments		7,751,410
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. The net adjustments consist of:		
Accrued Interest Payable	$ 125,000	
Amortization of Bond Premium	661,410	
Pension Expense	3,254,633	
Claims and Judgements	333,702	
Total Additional Expenditures		4,374,745
Change in Net Position of Governmental Activities (Exhibit "B")		$ 9,441,105

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 451,390
Accounts Receivable, Net	
Other	50,385
Total Assets	$ 501,775
LIABILITIES	
Funds Held for Others	$ 501,775

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 Catoosa 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 Catoosa 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 for and reports all financial resources not accounted for and reported in another fund.
- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and grants from Georgia State Financing and Investment Commission 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 (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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, both restricted and unrestricted resources are 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 and due to omission of capital leases and capital assets acquired through capital leases. These items 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 $89,035,768. These changes are in accordance with generally accepted accounting principles.

Net Position, July 1, 2014, as previously reported		$ 187,228,023
Recognition of Prior Year Capital Leases		-202,978
Recognition of Prior Year Capital Assets		42,368
Prior Period adjustment - Implementation of GASB 68:		
Net pension liability (measurement date)		
TRS	$ -95,346,678	
ERS	-161,787	-95,508,465
Deferred Outlfows - School District's contribution made during fiscal year 2014		
TRS	$ 6,626,065	
ERS	7,242	6,633,307
Net Position, July 1, 2014, as restated		$ 98,192,255

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 local government investment pool (Georgia Fund 1) administered by the State of Georgia, Office of the State Treasurer,

(7) Repurchase agreements, and

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

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

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 Catoosa County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on September 2, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 20, 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 Catoosa 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 $26,723,341.

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

School Operations	18.692 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $1,806,963 during fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $9,643,843 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.

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	$ 10,000	20 to 80 years
Buildings and Improvements	$ 10,000	20 to 80 years
Equipment	$ 10,000	5 to 15 years
Intangible Assets	$ 100,000	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, generally 10 to 20 years.

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 the deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 16 – Retirement Plans.

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 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 reporting 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.

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. 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 TRS/ERS/PSERS's 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 is 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 National Park field trips, 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 $66,884,748 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 are placed on the use of resources are either (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can 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	$	185,188		
Prepaid Assets		10,000	$	195,188
Restricted				
Continuation of Federal Programs	$	360,407		
Capital Projects		2,628,801		
Debt Service		9,504,182		
National Park Field Trips		2,430		12,495,820
Assigned				
School Activity Accounts				1,101,967
Unassigned				9,251,056
Fund Balance, June 30, 2015			$	23,044,031

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 Fund. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

The Superintendent is authorized by the Board to approve adjustments of no more than 5 percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 5 percent of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

See Schedule 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

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) 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 (O.C.G.A. Section 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 $25,490,513, which includes $21,500 in Certificates of Deposit that are reported as Investments, and a bank balance of $28,800,229. The bank balances insured by Federal depository insurance were $10,343,898, and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were $18,456,331.

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:

	Restated Balances July 1, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 6,253,176	$ 270,000		$ 6,523,176
Construction in Progress	9,303,611	1,773,593	$ 10,861,250	215,954
Total Capital Assets Not Being Depreciated	15,556,787	2,043,593	10,861,250	6,739,130
Capital Assets Being Depreciated				
Buildings and Improvements	196,635,854	11,709,930		208,345,784
Equipment	13,348,969	1,304,394	421,898	14,231,465
Land Improvements	7,072,643	93,466		7,166,109
Less Accumulated Depreciation for:				
Buildings and Improvements	27,094,939	3,604,054		30,698,993
Equipment	6,180,583	854,832	421,898	6,613,517
Land Improvements	1,144,778	214,116		1,358,894
Total Capital Assets, Being Depreciated, Net	182,637,166	8,434,788	0	191,071,954
Governmental Activity Capital Assets - Net	$ 198,193,953	$ 10,478,381	$ 10,861,250	$ 197,811,084

Capital assets being acquired under capital leases as of June 30, 2015, are as follows:

	Governmental Activities
Buildings and Improvements	$ 1,080,000
Equipment	68,403
Land	270,000
Less: Accumulated Depreciation	41,214
	$ 1,377,189

Current year depreciation expense by function is as follows:

Instruction		$ 3,383,493
Support Services		
Pupil Services	$ 22,319	
Improvements of Instructional Services	17,324	
General Administration	33,807	
Maintenance and Operation of Plant	290,001	
Student Transportation Services	823,416	
Other Support Services	2,317	
Community Services	8,384	1,197,568
Food Services		91,941
		$ 4,673,002

NOTE 7: INTERFUND TRANSFERS

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

Transfer to	Transfers From District-wide Capital Projects
Debt Service Fund	$ 9,753,539

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 for the General Obligation Bonds as required in the bond resolution.

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 has established a limited risk management program for workers' 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. An excess coverage insurance policy covers individual claims in excess of $450,000 loss per occurrence, up to the statutory limit.

Changes in the workers' 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	$ 616,858	$ 438,077	$ 312,625	$ 742,310
2015	$ 742,310	$ 38,388	$ 372,090	$ 408,608

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	$ 16,618	$ 16,618	$ 0
2015	$ 0	$ 30,288	$ 30,288	$ 0

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

Position Covered	Amount
Superintendent	$ 25,000

NOTE 9: OPERATING LEASES

Catoosa County Board of Education has entered into various leases as lessee for copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2015, for governmental funds amounted to $449,898. Future minimum lease payments for these leases are as follows:

Year Ending	Governmental Funds
2016	$ 425,894
2017	338,355
2018	73,700
2019	72,712
2020	16,829
2021	1,146
Total	$ 928,636

NOTE 10: LONG-TERM LIABILITIES

CAPITAL LEASES

The Catoosa County Board of Education entered into various lease agreements for purchase of land, building and equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2011	2.0% - 4.0%	$ 25,385,000

The changes in Long-Term Liabilities during the fiscal year ended June 30, 2015, were as follows:

	Governmental Activities				
	Restated Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
G.O. Bonds	$ 32,885,000		$ 7,500,000	$ 25,385,000	$ 7,960,000
Capital Leases	202,978	$ 1,398,565	251,410	1,350,133	65,046
Bond Premiums Amortized	1,377,937		661,410	716,527	661,410
	$ 34,465,915	$ 1,398,565	$ 8,412,820	$ 27,451,660	$ 8,686,456

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

	Capital Leases	
Fiscal Year Ended June 30:	Principal	Interest
2016	$ 65,046	$ 19,084
2017	1,224,475	15,982
2018	44,628	13,093
2019	14,162	4,155
2020	1,822	535
Total Principal and Interest	$ 1,350,133	$ 52,849

	General Obligation Debt		Unamortized
Fiscal Year Ended June 30	Principal	Interest	Bond Premium
2016	$ 7,960,000	$ 676,700	$ 661,410
2017	8,450,000	348,500	55,117
2018	8,975,000	89,750	
Total Principal and Interest	$ 25,385,000	$ 1,114,950	$ 716,527

NOTE 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $251,035 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 $13,210

Office of the State Treasurer
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $237,825

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:

Project		Unearned Executed Contracts
Battlefield Elementary - VCT Floor Replacement	$	45,277
Lakeview-Fort Oglethorpe HS - VCT Floor Replacement		3,301
Battlefield Elementary - Fire Alarm System		26,511
Boynton Elementary - Fire Alarm System		31,260
Graysville Elementary - Fire Alarm System		21,762
	$	128,111

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

NOTE 13: SIGNIFICANT CONTINGENT LIABILITIES

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

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.

NOTE 14: SUBSEQUENT EVENTS

On March 1, 2016, voters approved an extension of the Educational Local Option Sales Tax for a period of time not to exceed five years (20 consecutive calendar quarters). Within the referendum, the School District was authorized to issue general obligation bonds in an amount not to exceed $49,000,000. The proceeds from these bonds and sales taxes will be used for educational purposes and capital outlay projects as enumerated within the referendum.

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 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 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	Percentage Contributed	Required Contribution
2015	100%	$ 11,943,274
2014	100%	$ 11,821,884
2013	100%	$ 11,065,810

NOTE 16: RETIREMENT PLANS

Catoosa 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 School District as defined in §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided 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	Percentage Contributed	Required Contribution
2015	100%	$ 7,223,549
2014	100%	$ 6,645,843
2013	100%	$ 6,290,446

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%	$	8,737
2014	100%	$	7,242
2013	100%	$	11,529

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

At June 30, 2015, the School District reported a liability of $66,884,748 for its proportionate share of the Net Pension Liability ($66,819,412) for TRS and ($65,336) for ERS.

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 TRS Net Pension Liability	$	66,819,412
State of Georgia's proportionate share of the TRS Net Pension Liability associated with the School District		125,073
Total	$	66,944,485

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 0.528899%, which was a decrease of 0.018288% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.001742%, which was a decrease of 0.001592% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is $958,505.

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 $3,990,002 for TRS, -$25,722.00 for ERS and $83,240 for PSERS and related revenue of $8,734 for TRS and $83,240 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		$ 23,294,664		$ 15,946
Changes in proportion and differences between School District contributions and proportionate share of contributions		2,596,539		47,541
School District contributions subsequent to the measurement date	$ 7,210,176		$ 8,737	
Total	$ 7,210,176	$ 25,891,203	$ 8,737	$ 63,487

Catoosa 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	$ -6,413,787	$ -33,700
2017	$ -6,413,787	$ -21,815
2018	$ -6,413,787	$ -3,987
2019	$ -6,413,792	$ -3,985
2020	$ -236,050	

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 nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS, and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Catoosa 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	$ 123,139,212	$ 66,819,412	$ 20,441,227

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	$ 95,273	$ 65,336	$ 39,853

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 www.ers.ga.gov/formspubs/formspubs.

DEFINED CONTRIBUTION PLAN

The Catoosa County Schools Non-TRS 403(B) Plan is an employer contributory plan originally established July 1, 2006, by the Catoosa County Board of Education with Variable Annuity Life Insurance Company. The Plan was transferred to Lincoln Financial Group effective January 1, 2009. Employees eligible for this plan are those employees covered under the Public School Employees Retirement System (PSERS) and thus not eligible for Teachers' Retirement System (TRS). The Board of Education, recognizing PSERS as a limited benefit plan with a limited defined contribution, desired to supplement the retirement income available for this group of employees.

The Plan is funded by member employee elective deferral contributions and employer discretionary contributions. An eligible employee enters the Plan of the first day of the payroll period provided he/she agrees to defer at least $200 annually.

Employer discretionary contributions are contributions the employer may make to the Plan on behalf of the employee without regard to the amount of the employee's elective deferral contributions. These contributions are made at the sole discretion of the employer and in some years such contributions may not be made to the Plan. Employer contributions for fiscal year 2015 were 3.00% of member's annual base salary.

An employee becomes 100% vested with respect to employer discretionary contributions made on his/her behalf after 5 years of service to the Catoosa County School System. Employees are always 100% vested with respect to his/her employee elective deferral contributions.

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

Fiscal Year	Percentage Contributed		Required Contribution
2015	100%	$	123,044
2014	100%	$	118,940
2013	100%	$	114,761

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CATOOSA 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		0.528899%
School District's proportionate share of the Net Pension Liability	$	66,819,412
State of Georgia's proportionate share of the Net Pension Liability associated with the School District		125,073
Total	$	66,944,485
School District's covered-employee payroll	$	54,125,004
School District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll		123.45%
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 Catoosa County Board of Education.

CATOOSA 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		0.001742%
School District's proportionate share of the Net Pension Liability	$	65,336
School District's covered-employee payroll	$	39,232
School District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll		166.54%
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 Catoosa County Board of Education.

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CATOOSA 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	$ 7,223,549	$ 6,645,843	$ 6,290,446
Contributions in relation to the contractually required contribution	$ 7,223,549	$ 6,645,843	$ 6,290,446
Contribution deficiency (excess)	$ 0	$ 0	$ 0
School District's covered-employee payroll	$ 54,931,930	$ 54,125,004	$ 55,132,412
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

	2012	2011	2010	2009	2008	2007	2006
	$ 5,663,053	$ 5,671,299	$ 5,382,333	$ 5,185,416	$ 5,121,354	$ 4,886,996	$ 4,405,949
	$ 5,663,053	$ 5,671,299	$ 5,382,333	$ 5,185,416	$ 5,121,354	$ 4,886,996	$ 4,405,949
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 55,089,674	$ 55,165,271	$ 55,260,087	$ 55,865,539	$ 55,187,006	$ 52,661,590	$ 47,683,427
	10.28%	10.28%	9.74%	9.28%	9.28%	9.28%	9.24%

CATOOSA 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	$ 8,737	$ 7,242	$ 11,529
Contributions in relation to the contractually required contribution	$ 8,737	$ 7,242	$ 11,529
Contribution deficiency (excess)	$ 0	$ 0	$ 0
School District's covered-employee payroll	$ 39,784	$ 39,232	$ 77,373
Contributions as a percentage of covered-employee payroll	21.96%	18.46%	14.90%

2012	2011	2010	2009	2008	2007	2006
$ 19,434	$ 21,599	$ 22,474	$ 22,483	$ 22,174	$ 23,852	$ 20,564
$ 19,434	$ 21,599	$ 22,474	$ 22,483	$ 22,174	$ 23,852	$ 20,564
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 167,099	$ 207,484	$ 215,890	$ 215,973	$ 213,002	$ 229,126	$ 197,538
11.63%	10.41%	10.41%	10.41%	10.41%	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

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

SCHEDULE "6"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 28,394,695	$ 28,394,695	$ 29,332,359	$ 937,664
Sales Taxes	430,000	430,000	606,947	176,947
State Funds	59,331,733	59,698,673	60,198,626	499,953
Federal Funds	8,026,298	8,539,360	7,741,039	-798,321
Charges for Services	1,940,600	1,940,600	2,637,035	696,435
Investment Earnings	2,000	2,000	33,360	31,360
Miscellaneous			3,509,943	3,509,943
Total Revenues	98,125,326	99,005,328	104,059,309	5,053,981
EXPENDITURES				
Current				
Instruction	66,525,235	67,664,010	65,580,121	2,083,889
Support Services				
Pupil Services	3,538,985	3,713,309	4,244,620	-531,311
Improvement of Instructional Services	2,069,715	2,779,033	2,404,170	374,863
Educational Media Services	1,528,563	1,528,563	1,823,038	-294,475
General Administration	1,042,908	1,073,019	1,311,845	-238,826
School Administration	7,343,100	7,342,503	7,273,453	69,050
Business Administration	649,591	649,591	666,717	-17,126
Maintenance and Operation of Plant	7,794,950	7,794,950	7,816,835	-21,885
Student Transportation Services	4,823,344	4,727,645	4,442,883	284,762
Central Support Services	811,871	811,871	517,618	294,253
Other Support Services	315,225	355,752	1,314,922	-959,170
Food Services Operation	5,891,000	5,891,000	5,136,380	754,620
Community Services Operation	1,517	1,517	505,231	-503,714
Debt Service			92,200	-92,200
Total Expenditures	102,336,004	104,332,763	103,130,033	1,202,730
Excess of Revenues over (under) Expenditures	-4,210,678	-5,327,435	929,276	6,256,711
OTHER FINANCING SOURCES (USES)				
Other Sources	392,955	364,662	48,565	-316,097
Other Uses	-392,955	-392,955		392,955
Total Other Financing Sources (Uses)	0	-28,293	48,565	76,858
Net Change in Fund Balances	-4,210,678	-5,355,728	977,841	6,333,569
Fund Balances - Beginning	9,769,485	9,769,485	9,933,207	163,722
Fund Balances - Ending	$ 5,558,807	$ 4,413,757	$ 10,911,048	$ 6,497,291

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 or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $3,565,749 and $3,561,311, respectively.

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.

CATOOSA 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	$ 4,925,394	(1)
Total Child Nutrition Cluster				4,925,394	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
State Administrative Expenses for Child Nutrition		10.560	N/A	10,502	
Total U. S. Department of Agriculture				4,935,896	
Education, U. S. Department of					
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States		84.027	N/A	1,682,061	
Preschool Grants		84.173	N/A	50,014	
Total Special Education Cluster				1,732,075	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	13,204	
Career and Technical Education - Basic Grants to States		84.048	N/A	98,257	
Education for Homeless Children and Youth		84.196	N/A	41,322	
English Language Acquisition Grants		84.365	N/A	12,557	
Improving Teacher Quality State Grants	*	84.367	N/A	325,561	
Title I Grants to Local Educational Agencies		84.010	N/A	1,943,992	
Total Other Programs				2,434,893	
Total U. S. Department of Education				4,166,968	
Health and Human Services, U. S. Department of					
Child Care and Development Fund Cluster					
Pass-Through From Bright From the Start:					
Georgia Department of Early Care and Learning					
Child Care and Development Block Grant		93.575	N/A	10,282	
Defense, U. S. Department of					
Direct					
Department of the Army					
R.O.T.C. Program				142,037	
Total Expenditures of Federal Awards				$ 9,255,183	

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 $318,035.
(2) Expenditures for the funds earned on the School Breakfast Program ($779,565) 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 Catoosa 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.

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

SCHEDULE "8"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES: GENERAL FUND	GOVERNMENTAL FUND TYPES: CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 847,042		$ 847,042
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	2,882,024		2,882,024
Kindergarten Program - Early Intervention Program	1,049,172		1,049,172
Primary Grades (1-3) Program	6,785,075		6,785,075
Primary Grades - Early Intervention (1-3) Program	1,573,629		1,573,629
Upper Elementary Grades (4-5) Program	3,474,478		3,474,478
Upper Elementary Grades - Early Intervention (4-5) Program	552,279		552,279
Middle School (6-8) Program	6,283,266		6,283,266
High School General Education (9-12) Program	5,940,515		5,940,515
Vocational Laboratory (9-12) Program	2,090,921		2,090,921
Students with Disabilities	11,957,093		11,957,093
Gifted Student - Category VI	3,292,729		3,292,729
Remedial Education Program	1,246,803		1,246,803
Alternative Education Program	476,018		476,018
English Speakers of Other Languages (ESOL)	130,189		130,189
Media Center Program	1,201,689		1,201,689
20 Days Additional Instruction	352,802		352,802
Staff and Professional Development	219,921		219,921
Indirect Cost			
Central Administration	1,563,121		1,563,121
School Administration	2,523,150		2,523,150
Facility Maintenance and Operations	2,758,369		2,758,369
Amended Formula Adjustment	-5,078,603		-5,078,603
Categorical Grants			
Pupil Transportation			
Regular	813,029		813,029
Nursing Services	194,813		194,813
Education Equalization Funding Grant	6,341,355		6,341,355
Other State Programs			
Food Services	137,333		137,333
Math and Science Supplements	34,409		34,409
Preschool Handicapped Program	99,290		99,290
Teacher of the Year	1,014		1,014
Teachers' Retirement	13,210		13,210
Vocational Education	204,666		204,666
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects		$ 1,295,495	1,295,495
Office of the State Treasurer			
Public School Employees Retirement	237,825		237,825
	$ 60,198,626	$ 1,295,495	$ 61,494,121

See notes to the basic financial statements.

CATOOSA 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)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED (5)	ESTIMATED COMPLETION DATE (5)
ESPLOST III							
To build, equip and furnish new schools, including but not limited to a new high school and a new elementary school; to make additions, modifications and renovations to existing schools; to provide computers, equipment and personality (including school buses); to acquire land and pay for site preparation and paving at new and existing schools; to pay for construction, renovation, modifications, additions and repairs of areas and structures that will be jointly used for instructional, sports and physical education activities; and to pay for the expenses incident to accomplish the foregoing purposes.	$ 59,000,000	$ 50,796,864	$ 0	$ 49,803,757	$ 0	$ 0	December 2016
ESPLOST IV							
(1) Making capital expenditures for instructional purposes, acquiring instructional and technological equipment (including but not limited to wireless electronic devices, desktop and laptop computers, smartboards, projectors, scanners, printers, and student response devices), and acquiring the wiring and other infrastructure necessary to accommodate the use of such technology equipment	23,121,409	5,423,792	363,014	5,060,778			June 2017
(2) Acquiring land for constructing and equipping new schools (including a new elementary school)	14,250,000	18,934	0	18,934			June 2017
(3) Making additions, expansions, modifications and renovations to existing school sites or campuses (including but not limited to classrooms, cafeterias, media centers, restrooms, band rooms and gymnasiums)	6,802,231	12,646,795	163,599	12,330,032			June 2017
(4) Acquiring, constructing and equipping new roofs, a new Lakeview Fort Oglethorpe High School gymnasium and new Ringgold High School theatre	13,546,360	18,424,431	211,044	18,213,387			June 2017
(5) Installing roofing, sprinklers, HVAC, paving, plumbing, electrical wiring and fixtures, painting, fences, alarms, telephone upgrading, equipping, lighting, and general land improvements	5,150,000	5,612,163	2,677,644	2,934,519			June 2017
(6) Acquiring, constructing and equipping facilities for student evaluation and testing, teacher training and professional learning, special education and storage	5,000,000	0	0	0			June 2017
(7) Physical education equipment purchases and maintenance	250,000	0	0	0			June 2017
(8) School bus purchases (mainly for replacement)	6,800,000	2,751,792	381,913	2,369,879			June 2017
(9) Acquiring, constructing and equipping transportation facilities to house, drive into/under and repair school busses (including the acquisition of land, and construction of needed facilities and appurtenances therefore): and paying for the expenses incident to accomplish the foregoing purposes	4,080,000	4,049,523	1,509,569	2,539,954			June 2017
	$ 138,000,000	$ 99,724,294	$ 5,306,783	$ 93,271,240	$ 0	$ 0	

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

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

Prior Years	$ 10,630,819
Current Year	985,900
Total	$ 11,616,719

(5) Original published "Schedule of Approved Local Option Sales Tax Projects" indicated an estimated completion date for ESPLOST III of August 1, 2012. This date has been revised to implement future acquisitions and expenditures in support of projects listed in the ESPLOST III referendum, as approved by the voters of Catoosa County.

See notes to the basic financial statements.

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CATOOSA 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	$ 3,347,857	$ 3,857,523	$ 62,556	$ 3,920,079
Kindergarten Program-Early Intervention Program	1,139,210	195,920	9,491	205,411
Primary Grades (1-3) Program	7,789,617	9,391,914	156,725	9,548,639
Primary Grades-Early Intervention (1-3) Program	1,816,039	597,342	39,506	636,848
Upper Elementary Grades (4-5) Program	4,015,956	5,103,343	94,078	5,197,421
Upper Elementary Grades-Early Intervention (4-5) Program	612,939	137,218	9,525	146,743
Middle School (6-8) Program	7,225,220	7,798,536	176,742	7,975,278
High School General Education (9-12) Program	6,755,187	7,366,239	359,600	7,725,839
Vocational Laboratory (9-12) Program	2,432,359	2,572,749	221,679	2,794,428
Students with Disabilities	13,648,135			
Category I		3,345,780	72,677	3,418,457
Category II		517,251	22,810	540,061
Category III		8,150,369	28,317	8,178,686
Category IV		947,451	20,335	967,786
Category V		465,133		465,133
Gifted Student - Category VI	3,754,217	3,153,974	14,569	3,168,543
Remedial Education Program	1,392,396	1,341,524		1,341,524
Alternative Education Program	545,355	998,809		998,809
English Speakers of Other Languages (ESOL)	149,150	233,140	4,653	237,793
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	54,623,637	56,174,215	1,293,263	57,467,478
Media Center Program	1,377,764	1,562,324	141,051	1,703,375
Staff and Professional Development	246,789	39,766	89,910	129,676
TOTAL QBE FORMULA FUNDS	$ 56,248,190	$ 57,776,305	$ 1,524,224	$ 59,300,529

(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

May 26, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Catoosa 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 Catoosa 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 Catoosa County Board of Education's basic financial statements and have issued our report thereon dated May 26, 2016.

Internal Control Over Financial Reporting

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

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 Catoosa 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 Catoosa 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:er
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

May 26, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Catoosa 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 Catoosa 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. Catoosa 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 Catoosa 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 Catoosa 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 Catoosa County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Catoosa 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 Catoosa 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 Catoosa 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 Catoosa 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:er
2015SA-10

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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CATOOSA 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

No matters were reported.

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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CATOOSA 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
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

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.