

CATOOSA COUNTY
BOARD OF EDUCATION
RINGGOLD, GEORGIA

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

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

June 6, 2017

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 (School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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 School District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2016, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68,* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, 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 ix and 33 through 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, consisting of Schedules 8 through 10, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of

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Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2017, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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INTRODUCTION

The discussion and analysis of the Catoosa County Board of Education's (School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2016 and June 30, 2015. The intent of this discussion and analysis is to look at the School Districts 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 School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2016 and 2015 are as follows:

- On the government-wide financial statements, the assets and deferred outflow of resources of the School District exceeded liabilities and deferred inflow of resources by $117.0 million and $107.6 million, respectively, for the fiscal years ended June 30, 2016 and 2015. Of these amounts $4,138,528 and $3,437,757, respectively, for fiscal years 2016 and 2015 are unrestricted and available for spending at the School District's discretion.

- The School District had $108.2 million and $105.2 million in expenses relating to governmental activities for the fiscal years ended June 30, 2016 and June 30, 2015, respectively. Only $68.3 million and $65.4 million of the above mentioned expenses for 2016 and 2015 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $49.2 million and $49.3 million, respectively, for 2016 and 2015 along with fund balance were adequate to provide for these programs.

- The current ratio, which measures the School District's ability to transform current assets into cash and pay its short-term liabilities, was 2.93 and 2.79 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively. A ratio greater than 1.5 implies the School District would have no trouble meeting debts that will arise in the next fiscal year.

- The General Fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of $12.0 million, an increase of $1,046,240 from the June 30, 2015 fund balance of $10.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

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

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The Fiduciary Funds statements provide information about the financial relationships in which the School District acts solely as a trustee or

agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2016 and 2015, the general fund, the 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.

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District'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 government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, are one way to measure the School District'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 School District'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 School District has one distinct type of activity:

- Governmental Activities – All of the School District'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 School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, capital projects fund, and debt service fund.

Governmental Funds - Most of the School District'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 School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The 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 School District is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2016 and 2015.

Table 1
Net Position

	Governmental Activities			
	Fiscal Year 2016	Percent of Total	Fiscal Year 2015	Percent of Total
Assets				
Current Assets	$ 37,692,978	16%	$ 35,654,186	15%
Capital Assets, Net	192,815,274	84%	197,811,084	85%
Total Assets	230,508,252	100%	233,465,270	100%
Deferred Outflows of Resources				
Related to Defined Benefit Pension	8,016,190	100%	7,218,913	100%
Liabilities				
Current Liabilities	12,872,664	12%	12,759,725	12%
Long-Term Liabilities	97,998,634	88%	94,336,408	88%
Total Liabilities	110,871,298	100%	107,096,133	100%
Deferred Inflows of Resources				
Related to Defined Benefit Pension	10,697,270	100%	25,954,690	100%
Net Position				
Net Investment in Capital Assets	181,144,691	155%	177,483,412	165%
Restricted	13,504,268	11%	12,332,716	11%
Unrestricted	(77,693,085)	(66)%	(82,182,768)	(76)%
Total Net Position	$ 116,955,874	100%	$ 107,633,360	100%

During fiscal year 2015, the School District 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 government-wide balance sheet by requiring the reporting of the School District's net pension liability and the deferred inflows and outflows associated with pension payments for all State pension programs in which the School District participates. The total liability effect of these pensions was $81,831,613 and $85,620,525, respectively, for the years ended June 30, 2016 and 2015. These liabilities exceeded the School District's unrestricted net position of $4,138,528 and

$3,437,757, respectively. 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, 2016 and June 30, 2015.

Table 2
Change in Net Position

	Governmental Activities			
	Fiscal Year 2016	Percent of Total	Fiscal Year 2015	Percent of Total
Revenues				
Program Revenues:				
Charges for Services	$ 2,834,529	4%	$ 2,637,035	4%
Operating Grants and Contributions	65,458,705	96%	61,439,249	94%
Capital Grants and Contributions	-	0%	1,295,495	2%
Total Program Revenues	68,293,234	100%	65,371,779	100%
General Revenues:				
Property Taxes	29,362,246	60%	29,070,511	59%
Sales Taxes	10,523,117	21%	10,250,790	21%
Grants and Contributions not Restricted to Specific Programs	5,450,225	11%	6,341,355	13%
Investment Earnings	80,896	0%	53,151	0%
Miscellaneous	3,783,435	8%	3,554,713	7%
Total General Revenues	49,199,919	100%	49,270,520	100%
Total Revenues	117,493,153		114,642,299	
Program Expenses:				
Instruction	68,957,835	64%	66,561,294	63%
Support Services				
Pupil Services	4,344,196	4%	4,121,622	4%
Improvement of Instructional Services	2,277,970	2%	2,342,587	2%
Educational Media Services	1,739,501	2%	1,753,484	2%
General Administration	1,218,534	1%	1,336,878	2%
School Administration	7,170,742	7%	6,982,394	7%
Business Administration	686,086	1%	575,463	1%
Maintenance and Operation of Plant	8,601,106	8%	8,664,477	8%
Student Transportation Services	5,904,940	5%	5,153,894	5%
Central Support Services	511,554	0%	503,508	0%
Other Support Services	1,292,678	1%	1,292,834	1%
Operations of Non-Instructional Services				
Community Services	624,695	0%	500,370	0%
Food Services	4,940,319	5%	5,191,284	5%
Interest on Debt	(99,517)	0%	221,105	0%
Total Expenses	108,170,639	100%	105,201,194	100%
Increase in Net Position	9,322,514		9,441,105	
Beginning Net Position, Restated	107,633,360		98,192,255	
Ending Net Position	$ 116,955,874		$ 107,633,360	

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased $2,921,455 for governmental activities in fiscal year 2016. This increase is largely due to an increase in funds earned through the State Quality Basic Education (QBE) Funding Formula. The School District received a decrease in the QBE Austerity Reduction from $5.1 million in fiscal year 2015 to $3.0 million in fiscal year 2016.

General revenues decreased by $70,601 during fiscal year 2016. However, all levels of general revenue from property and sales taxes to miscellaneous revenues and investment earnings saw a slight increase over prior year. Each year property values and student levels are assessed by the State of Georgia to determine if a school system will receive additional equalization funding. Due to increasing property values and a steady student count, it was determined that Catoosa County would earn almost $900,000 less in equalization for fiscal year 2016 than we did in 2015. That decrease offset gains seen in other general revenue areas.

The School District continues to analyze spending patterns and look for areas where reductions can be made without affecting the level of education provided. 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 School District's taxpayers by each activity.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2015
Instruction	$ 68,957,835	$ 66,561,294	$ 18,060,709	$ 18,355,210
Support Services:				
Pupil Services	4,344,196	4,121,622	3,527,797	3,366,486
Improvement of Instructional Services	2,277,970	2,342,587	1,122,694	1,109,554
Educational Media Services	1,739,501	1,753,484	484,570	514,244
General Administration	1,218,534	1,336,878	(442,671)	(302,623)
School Administration	7,170,742	6,982,394	4,528,419	4,378,420
Business Administration	686,086	575,463	685,664	574,921
Maintenance and Operation of Plant	8,601,106	8,664,477	5,746,895	5,725,488
Student Transportation Services	5,904,940	5,153,894	4,952,379	4,164,715
Central Support Services	511,554	503,508	509,654	501,074
Other Support Services	1,292,678	1,292,834	752,340	802,534
Operations of Non-Instructional Services:				
Community Services	624,695	500,370	431,343	317,563
Food Services	4,940,319	5,191,284	(382,871)	100,724
Interest on Short-Term and Long-Term Debt	(99,517)	221,105	(99,517)	221,105
Total Expenses	$ 108,170,639	$ 105,201,194	$ 39,877,405	$ 39,829,415

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2016 and 2015, local taxes and other general revenues were required to cover 39% of instruction and support activities. This exemplifies the fact that the public is becoming an equal partner in bearing the cost of educating Georgia's children.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $127.5 million and total expenses and other financing uses of $125.8 million. There was an increase in the fund balance totaling $1.7 million for the governmental funds as a whole. The $12.0 million fund balance in the General Fund reflects that the School District continues to be able to adequately meet current costs.

General Fund Budgeting Highlights

The School District'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 2016 and 2015, the School District amended its general fund budget as needed.

During fiscal year 2016 the general fund had final actual revenues totaling $107.7 million, which represented an increase from the original budgeted amount of $99.6 million by $8.1 million. This difference (final actual vs. original budget) was due to conservative estimates by the School District that were exceeded slightly in every major category.

Final actual expenditures during fiscal year 2016 totaling $106.7 million represented an increase from the original budgeted amount of $103.9 million by $2.8 million. The increase in actual expenditures versus original budget expenditures was due primarily to higher than expected costs for pupil services, media services and operations.

General fund revenues and other sources exceeded expenditures by $1,046,240 for the fiscal year 2016.

CAPITAL ASSETS

At the fiscal years ended June 30, 2016 and June 30, 2015, the School District had $192.8 million and $197.8 million, respectively, invested in a broad range of capital assets, including land, buildings and furniture and equipment for its governmental activities. In both years, the School District 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 2016	Fiscal Year 2015
Land	$ 6,523,176	$ 6,523,176
Construction In Progress	22,149	215,954
Building and Improvements	173,882,569	177,646,791
Equipment	6,794,881	7,617,948
Land Improvements	5,592,499	5,807,215
Total	$ 192,815,274	$ 197,811,084

The construction in progress balance at June 30, 2016 consists of the following project:

- Battlefield Elementary School LED Sign

DEBT ADMINISTRATION

The School District did not issue any general obligation bonds in fiscal year 2016. As of June 30, 2016, the School District had $17.4 million in general obligation bonds outstanding with $8.5 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, 2016 and 2015.

Table 5
General Obligation Bonds Debt Outstanding

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
General Obligation Bonds	$ 17,425,000	$ 25,385,000

The School District's bonds have been assigned a rating of "AA+" by Standard and Poor's based on the School District'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 School District entered into two new capital leases in fiscal year 2016. 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, 2016 and 2015. A schedule of future payments can be found in the notes to the financial statements.

Table 6
Capital Leases Outstanding

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Capital Lease Obligations Outstanding	$ 1,293,532	$ 1,350,133

CURRENT ISSUES

Fiscal year 2016 was a successful year for the Catoosa County Board of Education. The School District as a whole saw increased test scores and graduation rates, additional teaching positions added back to combat increasing class sizes and the removal of another furlough day for all staff. All of this was accomplished while keeping expenses lower than earned revenues. The School District expects to continue this momentum into fiscal year 2017, when they will eliminate the remaining two furlough days, which will restore full pay to all employees. In addition, each employee will receive a one-time pay adjustment equal to 1% of their base pay. However, the School District still faces several upcoming financial challenges.

The rising cost of employee health insurance continues to be a major expenditure for the School District. In fiscal year 2017, an increase in health insurance premiums for non-certified employees is expected to add another $600,000 in expenses. State revenues will increase as the QBE Austerity Reduction is reduced, but the State will still withhold approximately $1.2 million in earned revenue, bringing the grand total of revenue lost since the Austerity Reduction cuts began in 2003 to more than $62.0 million. While there will be no additional TRS expense in fiscal year 2017, the School District has already been notified that employer costs will increase 18% for fiscal year 2018, which will cost the School District approximately $1.5 million.

Approximately 85% of general fund expenses, the main operating fund for the School District, were related to salaries and employee benefits for the year ended June 30, 2016. 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 School District 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 School District's millage rate for fiscal year 2016 was 18.692. The net digest decreased slightly during fiscal year 2016 going against trends of increasing property values across the state of Georgia. The net digest for fiscal year 2016 was $1.481 billion, which produced approximately $1,481,000 per mill. As shown in Table 3, property tax and sales tax are responsible for covering 40% of the School District'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 School District is the relative uncertainty regarding how school districts will be funded moving forward. The General Assembly is expected to act on a new funding formula in the coming year that the Georgia Budget and Policy Institute believes could leave many school districts in worse financial position over the long run than with the current funding formula. It is uncertain at this point what type of financial impact these changes might have on the School District's finances.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Blake Stansell, CPA, Director of Finance 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.

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CATOOSA COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 26,552,371
Investments	21,500
Receivables, Net	
Interest	4,103
Taxes	2,264,514
State Government	8,034,323
Federal Government	568,072
Other	64,161
Inventories	173,434
Prepaid Items	10,500
Capital Assets, Non-Depreciable	6,545,325
Capital Assets, Depreciable (Net of Accumulated Depreciation)	186,269,949
Total Assets	230,508,252
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	8,016,190
LIABILITIES	
Accounts Payable	42,381
Salaries and Benefits Payable	12,233,059
Interest Payable	215,625
Claims Incurred but not Reported (IBNR)	358,795
Deposits and Unearned Revenues	22,804
Net Pension Liability	79,150,533
Long-Term Liabilities	
Due Within One Year	9,726,393
Due in More Than One Year	9,121,708
Total Liabilities	110,871,298
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	10,697,270
NET POSITION	
Net Investment in Capital Assets	181,144,691
Restricted for	
Continuation of Federal Programs	913,203
Debt Service	10,527,248
Capital Projects	2,062,246
National Park Field Trips	1,571
Unrestricted (Deficit)	(77,693,085)
Total Net Position	$ 116,955,874

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, 2016

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES				
Instruction	$ 68,957,835	$ 323,874	$ 50,573,252	$ (18,060,709)
Support Services				
Pupil Services	4,344,196	261,431	554,968	(3,527,797)
Improvement of Instructional Services	2,277,970	3,227	1,152,049	(1,122,694)
Educational Media Services	1,739,501	45,650	1,209,281	(484,570)
General Administration	1,218,534	-	1,661,205	442,671
School Administration	7,170,742	68,154	2,574,169	(4,528,419)
Business Administration	686,086	-	422	(685,664)
Maintenance and Operation of Plant	8,601,106	60,904	2,793,307	(5,746,895)
Student Transportation Services	5,904,940	-	952,561	(4,952,379)
Central Support Services	511,554	-	1,900	(509,654)
Other Support Services	1,292,678	316,324	224,014	(752,340)
Operations of Non-Instructional Services				
Community Services	624,695	193,352	-	(431,343)
Food Services	4,940,319	1,561,613	-	382,871
Interest on Short-Term and Long-Term Debt	(99,517)	-	3,761,577	99,517
Total Governmental Activities	$ 108,170,639	$ 2,834,529	$ 65,458,705	(39,877,405)
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				28,581,839
Other Taxes				780,407
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Capital Projects				9,853,188
Other Sales Tax				669,929
Grants and Contributions not Restricted to Specific Programs				5,450,225
Investment Earnings				80,896
Miscellaneous				3,783,435
Total General Revenues				49,199,919
Change in Net Position				9,322,514
Net Position - Beginning of Year				107,633,360
Net Position - End of Year				$ 116,955,874

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

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 14,584,962	$ 1,228,624	$ 10,738,785	$ 26,552,371
Investments	21,500	-	-	21,500
Receivables, Net				
Interest	15	-	4,088	4,103
Taxes	1,411,697	852,817	-	2,264,514
State Government	8,034,323	-	-	8,034,323
Federal Government	568,072	-	-	568,072
Other	64,161	-	-	64,161
Due from Other Funds	12,100	-	-	12,100
Inventories	173,434	-	-	173,434
Prepaid Items	10,500	-	-	10,500
Total Assets	$ 24,880,764	$ 2,081,441	$ 10,742,873	$ 37,705,078
LIABILITIES				
Accounts Payable	$ 35,286	$ 7,095	$ -	$ 42,381
Salaries and Benefits Payable	12,233,059	-	-	12,233,059
Due to Other Funds	-	12,100	-	12,100
Deposits and Unearned Revenues	22,804	-	-	22,804
Total Liabilities	12,291,149	19,195	-	12,310,344
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	632,327	-	-	632,327
FUND BALANCES				
Nonspendable	183,934	-	-	183,934
Restricted	741,340	2,062,246	10,742,873	13,546,459
Assigned	1,114,044	-	-	1,114,044
Unassigned	9,917,970	-	-	9,917,970
Total Fund Balances	11,957,288	2,062,246	10,742,873	24,762,407
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 24,880,764	$ 2,081,441	$ 10,742,873	$ 37,705,078

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, 2016

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")		$ 24,762,407
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	$ 6,523,176	
Construction in progress	22,149	
Buildings and improvements	208,086,920	
Equipment	14,305,411	
Land improvements	7,166,109	
Accumulated depreciation	(43,288,491)	192,815,274
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(79,150,533)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		(2,681,080)
Taxes that are not available to pay for current period expenditures are deferred in the funds.		632,327
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (17,425,000)	
Accrued interest payable	(215,625)	
Capital leases payable	(1,293,532)	
Compensated absences payable	(74,452)	
Amortized bond premiums	(55,117)	
Claims and judgments payable	(358,795)	(19,422,521)
Net position of governmental activities (Exhibit "A")		$ 116,955,874

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 29,337,249	$ -	$ -	$ 29,337,249
Sales Taxes	669,929	9,853,188	-	10,523,117
State Funds	62,951,533	-	-	62,951,533
Federal Funds	8,146,970	-	-	8,146,970
Charges for Services	2,834,529	-	-	2,834,529
Investment Earnings	52,172	2,244	26,480	80,896
Miscellaneous	3,737,698	45,737	-	3,783,435
Total Revenues	107,730,080	9,901,169	26,480	117,657,729
EXPENDITURES				
Current				
Instruction	68,105,288	31,430	-	68,136,718
Support Services				
Pupil Services	4,471,462	-	-	4,471,462
Improvement of Instructional Services	2,344,323	-	-	2,344,323
Educational Media Services	1,815,606	-	-	1,815,606
General Administration	1,220,120	1,050	-	1,221,170
School Administration	7,506,625	-	-	7,506,625
Business Administration	706,561	-	-	706,561
Maintenance and Operation of Plant	7,969,149	536,908	-	8,506,057
Student Transportation Services	4,920,990	32,212	-	4,953,202
Central Support Services	541,636	-	-	541,636
Other Support Services	1,307,993	-	-	1,307,993
Community Services	617,563	-	-	617,563
Food Services Operation	5,100,154	-	-	5,100,154
Capital Outlay	-	16,288	-	16,288
Debt Services				
Principal	57,722	-	7,960,000	8,017,722
Dues and Fees	-	-	925	925
Interest	16,935	-	676,700	693,635
Total Expenditures	106,702,127	617,888	8,637,625	115,957,640
Revenues over (under) Expenditures	1,027,953	9,283,281	(8,611,145)	1,700,089
OTHER FINANCING SOURCES (USES)				
Capital Leases	18,287	-	-	18,287
Transfers In	-	-	9,849,836	9,849,836
Transfers Out	-	(9,849,836)	-	(9,849,836)
Total Other Financing Sources (Uses)	18,287	(9,849,836)	9,849,836	18,287
Net Change in Fund Balances	1,046,240	(566,555)	1,238,691	1,718,376
Fund Balances - Beginning	10,911,048	2,628,801	9,504,182	23,044,031
Fund Balances - Ending	$ 11,957,288	$ 2,062,246	$ 10,742,873	$ 24,762,407

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, 2016

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")		$ 1,718,376
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 246,793	
Depreciation expense	(4,880,939)	(4,634,146)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(361,664)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		24,997
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Capital leases issued	$ (18,287)	
Bond principal retirements	7,960,000	
Amortization of bond premium	661,410	
Capital lease payments	57,722	
Capital lease terminations	17,166	8,678,011
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Pension expense		3,788,912
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest on issuance of bonds	$ 132,667	
Compensated absences	(74,452)	
Claims and judgments	49,813	108,028
Change in net position of governmental activities (Exhibit "B")		$ 9,322,514

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, 2016

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 594,168
Receivables, Net	
Other	34,831
Total Assets	$ 628,999
LIABILITIES	
Funds Held for Others	$ 628,999

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE STATEMENTS:

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

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

1. Net investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net positon often has constraints on resources imposed by management which can be removed or modified.

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

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

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

FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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, and grants. 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 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, claims and judgments, and compensated absences, which are recognized as

expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

INVESTMENTS

The School District can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

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

RECEIVABLES

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

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

INVENTORIES

Food Inventories

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

PREPAID ITEMS

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

CAPITAL ASSETS

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

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

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

Capitalization thresholds and estimated useful lives of capital assets reported in the government-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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

COMPENSATED ABSENCES

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

Vacation leave of five days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed five days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements.

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

LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

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

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

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FUND BALANCES

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

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

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

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

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

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

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

USE OF ESTIMATES

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

PROPERTY TAXES

The Catoosa County Board of Commissioners adopted the property tax levy for the 2015 tax digest year (calendar year) on September 1, 2015 (levy date) based on property values as of January 1, 2015. Taxes were due on December 20, 2015 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2015 tax digest are reported as revenue in the governmental funds for fiscal year 2016. The Catoosa County Board of Commissioners bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits

the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2016, for maintenance and operations amounted to $26,419,791.

The tax millage rate levied for the 2015 tax year (calendar year) for the School District 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 $2,137,051 during fiscal year ended June 30, 2016.

SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $9,853,188 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general 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 O.C.G.A. §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% 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% 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 the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

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

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

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

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

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

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

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2016, the School District had deposits with a carrying amount of $27,168,039 and a bank balance of $30,411,131. The bank balances insured by Federal depository insurance were $11,510,387 and the bank balances collateralized with securities held by the pledging financial institution in the School District's name were $18,900,744.

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

Statement of Net Position	
Cash and cash equivalents	$ 26,552,371
Statement of Fiduciary Net Position	
Cash and cash equivalents	594,168
Total cash and cash equivalents	27,146,539
Add:	
Deposits with original maturity of three months or more reported as investments	21,500
Total carrying value of deposits - June 30, 2016	$ 27,168,039

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2015	Increases	Decreases	Balances June 30, 2016
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 6,523,176	$ -	$ -	$ 6,523,176
Construction in Progress	215,954	148,647	342,452	22,149
Total Capital Assets Not Being Depreciated	6,739,130	148,647	342,452	6,545,325
Capital Assets Being Depreciated				
Buildings and Improvements	208,345,784	366,652	625,516	208,086,920
Equipment	14,231,465	73,946	-	14,305,411
Land Improvements	7,166,109	-	-	7,166,109
Less Accumulated Depreciation for:				
Buildings and Improvements	30,698,993	3,769,210	263,852	34,204,351
Equipment	6,613,517	897,013	-	7,510,530
Land Improvements	1,358,894	214,716	-	1,573,610
Total Capital Assets, Being Depreciated, Net	191,071,954	(4,440,341)	361,664	186,269,949
Governmental Activity Capital Assets - Net	$ 197,811,084	$ (4,291,694)	$ 704,116	$ 192,815,274

Current year depreciation expense by function is as follows:

Instruction		$ 3,421,704
Support Services		
Pupil Services	$ 24,007	
Improvements of Instructional Services	17,613	
General Administration	52,161	
Maintenance and Operation of Plant	395,322	
Student Transportation Services	861,045	
Other Support Services	3,745	
Community Services	8,533	1,362,426
Food Services		96,809
		$ 4,880,939

NOTE 6: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS

INTERFUND ASSETS AND LIABILITIES

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

	Due From Other Funds	Due To Other Funds
General Fund	$ 12,100	$ -
Capital Projects	-	12,100
	$ 12,100	$ 12,100

INTERFUND TRANSFERS

	Transfers From
Transfers to	Capital Projects Fund
Debt Service Fund	$ 9,849,836.00

Transfers are used to move sales tax revenues collected by the 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 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
General Obligation Bonds	$ 25,385,000	$ -	$ 7,960,000	$ 17,425,000	$ 8,450,000
Unamortized Bond Premiums	716,527	-	661,410	55,117	55,117
Capital Leases	1,350,133	18,287	74,888	1,293,532	1,221,276
Compensated Absences(1)	-	101,015	26,563	74,452	-
	$ 27,451,660	$ 119,302	$ 8,722,861	$ 18,848,101	$ 9,726,393

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

GENERAL OBLIGATION DEBT OUTSTANDING

The School District's bonded debt consists of various issues of general obligation bonds that are generally noncallable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved property taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2011	2.0% - 4.0%	8/10/2011	8/1/2017	$ 40,000,000	$ 17,425,000

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

	General Obligation Debt		Unamortized Bond
Fiscal Year Ended June 30:	Principal	Interest	Premium
2017	$ 8,450,000	$ 348,500	$ 55,117
2018	8,975,000	89,750	-
Total Principal and Interest	$ 17,425,000	$ 438,250	$ 55,117

CAPITAL LEASES

The School District has acquired equipment, land and buildings under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

The following assets were acquired through capital leases and are reflected in the capital asset note at fiscal year-end:

	Governmental Funds
Buildings and Improvements	$ 1,080,000
Equipment	68,403
Land	270,000
Less: Accumulated Depreciation	90,662
	$ 1,327,741

During the current fiscal year, the School District entered into a lease agreement as lessee for financing the acquisition of equipment at a cost of $18,287. This lease qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2017	$ 1,221,276	$ 15,044
2018	47,064	13,808
2019	17,514	5,138
2020	5,480	1,608
2021	2,198	645
Total Principal and Interest	$ 1,293,532	$ 36,243

COMPENSATED ABSENCES

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

For fiscal year 2016, the School District began recording the accumulated compensated absences liability at June 30 in the government-wide financial statements. This is a change in accounting policy.

NOTE 8: RISK MANAGEMENT

INSURANCE

Commercial Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. Except as described below, the School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceed commercial insurance coverage in any of the past three fiscal years.

WORKERS' COMPENSATION

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
2015	$ 742,310	$ 38,388	$ 372,090	$ 408,608
2016	$ 408,608	$ 227,452	$ 277,265	$ 358,795

UNEMPLOYMENT COMPENSATION

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2015	$ -	$ 30,288	$ 30,288	$ -
2016	$ -	$ 3,564	$ 3,564	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 25,000

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories	$ 173,434	
Prepaid Assets	10,500	$ 183,934
Restricted		
Continuation of Federal Programs	$ 739,769	
Capital Projects	2,062,246	
Debt Service	10,742,873	
National Park Field Trips	1,571	13,546,459
Assigned		
School Activity Accounts		1,114,044
Unassigned		9,917,970
Fund Balance, June 30, 2016		$ 24,762,407

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

NOTE 10: SIGNIFICANT COMMITMENTS

COMMITMENTS UNDER CONSTRUCTION CONTRACTS

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

Project	Unearned Executed Contracts (1)	Payments through June 30, 2016
Battlefield Elementary LED Sign	$ 11,150	$ 15,055

(1) The amount described is not reflected in the basic financial statements.

OPERATING LEASES

The School District leases equipment under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases(s) totaled $430,481 for governmental activities for the year ended June 30, 2016. The following future minimum lease payments were required under operating leases at June 30, 2016:

Year Ending	Governmental Funds
2017	$ 352,662
2018	88,007
2019	87,019
2020	31,136
2021	10,867
Total	$ 569,691

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

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

LITIGATION

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

NOTE 12: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

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

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

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

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

For non-certificated school personnel:

July 1, 2015 – December 31, 2015	$596.20 per member per month
January 1, 2016 – June 30, 2016	$746.20 per member per month

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 12,734,917
2015	100%	$ 11,943,274
2014	100%	$ 11,821,884

NOTE 13: RETIREMENT PLANS

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

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school

support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2016. The School District's contractually required contribution rate for the year ended June 30, 2016 was 14.27% of annual School District payroll, of which 14.24% of payroll was required from the School District and 0.03% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $8,015,839 and $14,600 from the School District and the State, respectively.

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

Contributions: Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $6,352 for the current fiscal year.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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. The current fiscal year contribution was $247,085.

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

At June 30, 2016, the School District reported a liability of $79,150,533 for its proportionate share of the net pension liability for TRS ($79,080,039) and ERS ($70,494).

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

School District's proportionate share of the net pension liability	$	79,080,039
State of Georgia's proportionate share of the net pension liability associated with the School District		146,607
Total	$	79,226,646

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

At June 30, 2015, the School District's TRS proportion was 0.519443%, which was a decrease of 0.009456% from its proportion measured as of June 30, 2014. At June 30, 2015, the School District's ERS proportion was 0.001740%, which was a decrease of 0.000002% from its proportion measured as of June 30, 2014.

At June 30, 2016, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $1,061,104.

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

For the year ended June 30, 2016, the School District recognized pension expense of $4,262,176 for TRS, ($20,058) for ERS and $63,278 for PSERS and revenue of $8,834 for TRS and $63,278 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 695,550	$ -	$ 563
Net difference between projected and actual earnings on pension plan investments	-	6,670,484	-	5,086
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	3,307,703	-	17,884
School District contributions subsequent to the measurement date	8,015,839	-	351	-
Total	$ 8,015,839	$ 10,673,737	$ 351	$ 23,533

The School District contributions subsequent to the measurement date of $8,015,839.00 for TRS and $351 for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2017	$ (4,163,068)	$ (20,508)
2018	$ (4,163,068)	$ (2,474)
2019	$ (4,163,073)	$ (2,267)
2020	$ 1,910,553	$ 1,716
2021	$ (95,081)	$ -

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

Teachers Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

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

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

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

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

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

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	$ 135,893,068	$ 79,080,039	$ 32,252,585

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	$ 99,928	$ 70,494	$ 45,401

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

DEFINED CONTRIBUTION PLAN

In July 1, 2006, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the School District's desire to supplement the retirement of this group.

The School District selected Lincoln Financial Group as the provider of this plan. For each employee covered under PSERS, the School District began contributing to the plan an amount equal to 3% of the employee's base pay.

The employee becomes vested in the plan with 5 years of experience. Employees who had already achieved 5 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 5 years of service to Catoosa County Board of Education. If an employee terminates employment prior to achieving 5 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

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

Fiscal Year	Percentage Contributed		Required Contribution
2016	100%	$	124,488
2015	100%	$	123,044
2014	100%	$	118,940

NOTE 14: SUBSEQUENT EVENTS

On August 24, 2016 the School District issued $40,000,000 of general obligation bonds approved by voters on March 1, 2016 of the total amount originally authorized $9,000,000 remains unissued.

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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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.519443%	$ 79,080,039	$ 146,607	$ 79,226,646	$ 54,931,930	143.96%	81.44%
2015	0.528899%	$ 66,819,412	$ 125,073	$ 66,944,485	$ 54,125,004	123.45%	84.03%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total net pension liability
2016	0.001740%	$ 70,494	$ 39,784	177.19%	76.20%
2015	0.001742%	$ 65,336	$ 39,232	166.54%	77.99%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proprotionate share of the net pension liaibility associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.00%	$ -	$ 1,061,104	$ 1,061,104	$ 2,160,106	N/A	87.00%
2015	0.00%	$ -	$ 958,505	$ 958,505	$ 2,125,207	N/A	88.29%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	$ 8,015,839	$ 8,015,839	$ -	$ 56,276,693	14.24%
2015	$ 7,210,177	$ 7,210,177	$ -	$ 54,931,930	13.13%
2014 (1)	$ 6,645,843	$ 6,645,843	$ -	$ 54,125,004	12.28%
2013 (1)	$ 6,290,446	$ 6,290,446	$ -	$ 55,132,412	11.41%
2012 (1)	$ 5,663,053	$ 5,663,053	$ -	$ 55,089,674	10.28%
2011 (1)	$ 5,671,299	$ 5,671,299	$ -	$ 55,165,271	10.28%
2010 (1)	$ 5,382,333	$ 5,382,333	$ -	$ 55,260,087	9.74%
2009 (1)	$ 5,185,416	$ 5,185,416	$ -	$ 55,865,539	9.28%
2008 (1)	$ 5,121,354	$ 5,121,354	$ -	$ 55,187,006	9.28%
2007 (1)	$ 4,886,996	$ 4,886,996	$ -	$ 52,661,590	9.28%

(1) For year ended 2014 and earlier, the reported contractually required contribution includes payments made on behalf of the School District by the Georgia Department of Education.

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	$ 6,352	$ 6,352	$ -	$ 25,695	24.72%
2015	$ 8,737	$ 8,737	$ -	$ 39,784	21.96%
2014	$ 7,242	$ 7,242	$ -	$ 39,232	18.46%
2013	$ 11,529	$ 11,529	$ -	$ 77,373	14.90%
2012	$ 19,434	$ 19,434	$ -	$ 167,099	11.63%
2011	$ 21,599	$ 21,599	$ -	$ 207,484	10.41%
2010	$ 22,474	$ 22,474	$ -	$ 215,890	10.41%
2009	$ 22,483	$ 22,483	$ -	$ 215,973	10.41%
2008	$ 22,174	$ 22,174	$ -	$ 213,002	10.41%
2007	$ 23,852	$ 23,852	$ -	$ 229,126	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, 2016 reported in that schedule:

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

Employees' Retirement System

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

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

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

Public School Employees Retirement System

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

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

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

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

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 28,166,336	$ 28,166,336	$ 29,337,249	$ 1,170,913
Sales Taxes	475,000	475,000	669,929	194,929
State Funds	61,615,417	62,350,073	62,951,533	601,460
Federal Funds	7,692,100	8,176,724	8,146,970	(29,754)
Charges for Services	1,679,000	1,679,000	2,834,529	1,155,529
Investment Earnings	1,600	1,600	52,172	50,572
Miscellaneous	-	-	3,737,698	3,737,698
Total Revenues	99,629,453	100,848,733	107,730,080	6,881,347
EXPENDITURES				
Current				
Instruction	68,080,311	68,948,298	68,105,288	843,010
Support Services				
Pupil Services	3,601,421	3,918,103	4,471,462	(553,359)
Improvement of Instructional Services	2,473,154	2,705,885	2,344,323	361,562
Educational Media Services	1,513,610	1,513,610	1,815,606	(301,996)
General Administration	1,070,114	1,076,033	1,220,120	(144,087)
School Administration	7,442,624	7,443,058	7,506,625	(63,567)
Business Administration	760,421	760,421	706,561	53,860
Maintenance and Operation of Plant	7,903,029	7,908,029	7,969,149	(61,120)
Student Transportation Services	4,715,803	4,799,862	4,920,990	(121,128)
Central Support Services	845,791	845,791	541,636	304,155
Other Support Services	397,842	395,090	1,307,993	(912,903)
Community Services	1,517	1,517	617,563	(616,046)
Food Services Operation	5,100,000	5,100,000	5,100,154	(154)
Debt Service	-	-	74,657	(74,657)
Total Expenditures	103,905,637	105,415,697	106,702,127	(1,286,430)
Excess of Revenues over (under) Expenditures	(4,276,184)	(4,566,964)	1,027,953	5,594,917
OTHER FINANCING SOURCES (USES)				
Other Sources	377,355	377,355	18,287	(359,068)
Other Uses	(412,301)	(412,301)	-	412,301
Total Other Financing Sources (Uses)	(34,946)	(34,946)	18,287	53,233
Net Change in Fund Balances	(4,311,130)	(4,601,910)	1,046,240	5,648,150
Fund Balances - Beginning	10,725,862	10,725,862	10,911,048	185,186
Fund Balances - Ending	$ 6,414,732	$ 6,123,952	$ 11,957,288	$ 5,833,336

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 $3,678,313 and $3,698,621, 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.

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	16165GA324N1099	$ 829,928
National School Lunch Program	10.555	16165GA324N1099	4,003,721
Total Child Nutrition Cluster			4,833,649
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	15155GA350N8103	49,417
State Administrative Expenses for Child Nutrition	10.560	16165GA904N2533	22,818
Total Other Programs			72,235
Total U. S. Department of Agriculture			4,905,884
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A150073	1,936,706
Preschool Grants	84.173	H173A150081	62,929
Total Special Education Cluster			1,999,635
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A150010	99,646
Education for Homeless Children and Youth	84.196	S196A150011	33,679
English Language Acquisition Grants	84.365	S365A150010	12,750
Improving Teacher Quality State Grants	84.367	S367A150001	280,023
Title I Grants to Local Educational Agencies	84.010	S010A150010	1,963,588
Total Other Programs			2,389,686
Total U. S. Department of Education			4,389,321
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12.UNKNOWN		144,751
Total Expenditures of Federal Awards			$ 9,439,956

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 852,128
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	2,906,349
Kindergarten Program - Early Intervention Program	647,538
Primary Grades (1-3) Program	6,896,745
Primary Grades - Early Intervention (1-3) Program	1,738,616
Upper Elementary Grades (4-5) Program	3,155,057
Upper Elementary Grades - Early Intervention (4-5) Program	1,057,599
Middle School (6-8) Program	6,595,642
High School General Education (9-12) Program	5,887,673
Vocational Laboratory (9-12) Program	2,186,844
Students with Disabilities	13,207,553
Gifted Student - Category VI	3,332,369
Remedial Education Program	986,172
Alternative Education Program	485,562
English Speakers of Other Languages (ESOL)	151,824
Media Center Program	1,209,281
20 Days Additional Instruction	353,341
Staff and Professional Development	220,233
Principal Staff and Professional Development	4,216
Indirect Cost	
Central Administration	1,592,450
School Administration	2,547,002
Facility Maintenance and Operations	2,764,812
Amended Formula Adjustment	(3,040,806)
Categorical Grants	
Pupil Transportation	
Regular	813,078
Nursing Services	195,512
Education Equalization Funding Grant	5,450,225
Other State Programs	
Food Services	131,334
Math and Science Supplements	30,799
Preschool Handicapped Program	130,020
Teachers Retirement	14,600
Vocational Education	200,680
Office of the State Treasurer	
Public School Employees Retirement	247,085
	$ 62,951,533

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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	ESTIMATED COMPLETION DATE
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	$ 50,811,121	$ 428,424	$ 49,803,757	$ -	$ -	March 2017
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	5,923,792	-	5,423,792	-	-	June 2020
(2) Acquiring land for constructing and equipping new schools (including a new elementary school)	14,250,000	18,934	-	18,934	18,934	-	Completed
(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	12,495,143	1,512	12,493,631	12,495,143	-	Completed
(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	-	18,424,431	18,424,431	-	Completed
(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	5,755,868	143,705	5,612,163	-	-	June 2020
(6) Acquiring, constructing and equipping facilities for student evaluation and testing, teacher training and professional learning, special education and storage	5,000,000	-	-	-	-	-	Completed
(7) Physical education equipment purchases and maintenance	250,000	-	-	-	-	-	Completed
(8) School bus purchases (mainly for replacement)	6,800,000	2,751,792	-	2,751,792	2,751,792	-	Completed
(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	4,055,245	5,722	4,049,523	4,055,245	-	Completed
ESPLOST V							
(1) Acquiring, adding-on, constructing, refurbishing and replacing existing buildings, classrooms, ceilings, flooring, walls, roofs and other components of major school properties.	15,000,000	15,000,000	7,095	-	-	-	June 2021
(2) Acquiring and/or refreshing instructional and technological materials and devices; acquiring safety and security materials and devices in the attempt to secure the safety of students; Acquiring land and buildings for school campuses and/or renovating and refurbishing current campuses; constructing and/or updating sports fields and facilities; and to pay for the expenses incident to accomplish the foregoing purposes	64,000,000	64,000,000	-	-	-	-	June 2021
	$ 217,000,000	$ 179,236,326	$ 586,458	$ 98,578,023	$ 37,745,545	$ -	

(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	$ 11,616,719
Current Year	676,700
Total	$ 12,293,419

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

June 6, 2017

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

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Catoosa County Board of Education (School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated June 6, 2017.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

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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

June 6, 2017

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

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited Catoosa County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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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 the School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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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, 2016

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, 2016

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Type of auditor's report issued on compliance for major programs:
All major programs — Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

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.