

CLARKE COUNTY BOARD OF EDUCATION
ATHENS, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016
(Including Independent Auditor's Reports)

CLARKE COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

April 26, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Clarke 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 Clarke 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 pages 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 Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2

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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 April 26, 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 District's financial statements for the fiscal year ended June 30, 2016 includes a series of basic financial statements that report financial information for the District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide financial information about all of the District's activities and present both a short-term and long-term view of the District's finances on a global basis. The fund financial statements provide information about all of the District's funds. Information about these funds, such as the District's general fund, is important in its own right, but will also give insight into the District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2016 are as follows:

On the government-wide financial statements:

- Government-wide net position at June 30, 2016 was $199.2 million. Net position reflects the difference between all assets and deferred outflows of resources of the District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred inflows of resources. The net position at June 30, 2016 of $199.2 million represented an increase of $14.2 million in net assets when compared to the prior year primarily due to the addition of a new school building.

- The School District had $168.6 million in expenses relating to governmental activities; only $88.6 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) and special items of $94.3 million were adequate to provide for these programs.

- As stated above, general revenues and special items accounted for $94.3 million or about 51.6% of all revenues totaling $182.8 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues.

On the fund financial statements:

- Among major funds, the general fund had over $161.5 million in revenues and $162.1 million in expenditures. The general fund balance of $31.7 million at June 30, 2016 was $2.2 million greater than the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the 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 School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the Clarke County School District, the general fund, capital projects funds, and debt service fund are all considered to be major funds. The District has no nonmajor funds as defined by GASB Statement 34 for the purposes of this report.

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

Government-wide Statements

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

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

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

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net assets as follows:
    - *Net Investment in capital assets*
    - *Restricted net position are* those resources with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
    - *Unrestricted net position* is resources that do not meet any of the above restrictions.

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

In the case of the Clarke County School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $199.2 million at June 30, 2016. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the $199.2 million of net position, about $27.7 million was restricted for continuation of federal programs, debt service and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had $245.0 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational

services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is *not* available for future spending.

The remaining balance of *unrestricted net assets* is ($73.5) million. The negative unrestricted net position is due to the adoption of GASB 68 for pension plans. TRS (Teachers Retirement System) pension is ($103.0) million and ERS (Employees' Retirement System) pension is ($0.4) million. The remaining balance of $29.9 million may be used to meet the District's ongoing obligations to citizens and creditors.

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

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Assets		
Current and Other Assets	$ 83,246,194	$ 114,097,412
Capital Assets, Net	270,612,446	243,027,202
Total Assets	353,858,640	357,124,614
Deferred Outflow of Resources	15,765,369	15,665,606
Total Assets and Deferred Outflow of Resources	369,624,009	372,790,220
Liabilities		
Current and Other Liabilities	133,886,687	120,362,844
Long-Term Liabilities	25,837,201	35,944,568
Total Liabilities	159,723,888	156,307,412
Deferred Inflows of Resources	10,727,499	31,558,081
Total Liabilities and Deferred Inflows of Resources	170,451,387	187,865,493
Net Position		
Net Investment in Capital Assets	245,045,241	227,796,431
Restricted	27,652,431	39,379,273
Unrestricted	(73,525,050)	(82,250,977)
Total Net Position	$ 199,172,622	$ 184,924,727

Total net position increased $14.2 million in fiscal year 2016 from the prior year.

Table 2 also shows the changes in net position as compared to the prior fiscal year.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 2,057,704	$ 2,278,727
Operating Grants and Contributions	85,800,094	80,507,865
Capital Grants and Contributions	694,980	1,988,639
Total Program Revenues	88,552,778	84,775,231
General Revenues:		
Property Taxes	68,981,958	67,106,126
Sales Taxes	23,496,518	24,868,702
Investment Earnings	41,891	129,711
Miscellaneous	2,412,849	2,670,030
Special Items		
Net Loss on Demolition, Disposal and Sale of Capital Assets	(640,755)	(5,277,363)
Total General Revenues and Special Items	94,292,461	89,497,206
Total Revenues and Special Items	182,845,239	174,272,437
Program Expenses		
Instruction	102,961,956	103,595,276
Support Services		
Pupil Services	5,326,676	5,084,678
Improvement of Instructional Services	5,997,201	5,311,079
Educational Media Services	1,864,802	1,888,994
General Administration	2,040,043	2,129,043
School Administration	7,785,303	7,682,731
Business Administration	2,675,572	2,102,057
Maintenance and Operation of Plant	14,294,914	13,384,303
Student Transportation Services	11,548,830	9,800,774
Central Support Services	2,921,225	2,008,870
Other Support Services	591,223	549,549
Operations of Non-Instructional Services		
Enterprise Opertations	290,471	293,483
Community Services	811,643	680,593
Food Services	9,292,186	9,074,894
Interest on Short-Term and Long-Term Debt	195,299	562,162
Total Expenses	168,597,344	164,148,486
Increase in Net Position	$ 14,247,895	$ 10,123,951

The increase in net position for fiscal year 2016 of $14.2 million was $4.1 million more than the increase in net position of $10.1 million that occurred in fiscal year 2015. The District believes this increase is due to a building addition for fiscal year 2016.

Cost of Providing Services

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

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	$ 102,961,956	$ 103,595,276	$ 46,834,942	$ 48,871,481
Support Services				
Pupil Services	5,326,676	5,084,678	2,997,226	2,859,860
Improvement of Instructional Services	5,997,201	5,311,079	2,040,389	1,548,775
Educational Media Services	1,864,802	1,888,994	186,088	228,781
General Administration	2,040,043	2,129,043	(937,839)	(812,485)
School Administration	7,785,303	7,682,731	4,213,250	4,191,149
Business Administration	2,675,572	2,102,057	2,638,577	2,056,234
Maintenance and Operation of Plant	14,294,914	13,384,303	10,244,709	9,374,930
Student Transportation Services	11,548,830	9,800,774	8,700,430	7,713,786
Central Support Services	2,921,225	2,008,870	2,859,802	1,953,889
Other Support Services	591,223	549,549	131,678	112,754
Operations of Non-Instructional Services				
Enterprise Operations	290,471	293,483	95,553	125,841
Community Services	811,643	680,593	(175,987)	(101,694)
Food Services	9,292,186	9,074,894	20,449	687,792
Interest on Short-Term and Long-Term Debt	195,299	562,162	195,299	562,162
Total Expenses	$ 168,597,344	$ 164,148,486	$ 80,044,566	$ 79,373,255

Expenses for fiscal year 2016 increased about 2.71% from prior year expenses, while the net cost of services increased 0.85%. The total expenses increased in fiscal year 2016 were a result of increased expenditures in general fund and capital projects fund.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of $183.9 million and total expenditures of $213.8 million in

fiscal year 2016. Total governmental fund balances of $57.7 million at June 30, 2016, decreased $26.5 million from the prior year. This decrease in fund balance resulted primarily from net change in fund balance for the capital projects fund due to construction at three schools and bond payments during fiscal year 2016.

General Fund Budget Highlights

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

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

For the General Fund, the final actual revenues of over $161.5 million were less than the final budgeted of almost of $162.7 million by $1.2 million. This difference (final actual versus final budget) was primarily attributable to a combination of revenues for Federal Funds less than the final budget of over $5.7 million, and revenues for State revenue over final budget of almost $0.4 million, miscellaneous revenues over final budget of almost $1.8 million, and charges for services revenues over final budget of $1.2 million. The District did not include revenues for school activity accounts (included in miscellaneous revenues) in the final budget.

The General Fund's final actual expenditures of $162.1 million were less than the final budget amount of $171.3 million by $9.2 million. This difference (final versus budget) was a combination of expenditures less than and greater than for all expenditures category.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the School District had $270.6 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Land	$ 2,635,097	$ 3,199,402
Construction in Progress	52,258,765	35,517,243
Land Improvements	810,911	723,620
Buildings and Improvements	209,252,683	199,175,458
Equipment	5,654,990	4,411,480
Total	$ 270,612,446	$ 243,027,203

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

Long -Term Liabilities

At June 30, 2016, the School District had $25.8 million in total long-term liabilities outstanding which consisted of $20.3 million in bond debt, $1.5 million unamortized premiums on bonds sold, $2.6 million in energy efficiency leases and $1.4 million in compensated absences liabilities. Table 5 summarizes the School District's long-term liabilities as compared to the prior fiscal year.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Bonds Payable	$ 20,300,000	$ 30,300,000
Energy Efficiency Leases	2,590,153	2,100,112
Compensated Absences	1,439,581	1,283,256
Unamortized Bond Premiums	1,507,467	2,261,200
Total	$ 25,837,201	$ 35,944,568

Additional information about the School District's long-term liabilities can be found in the Notes to the Basic Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The School District is financially stable. The School District's operating millage rate for fiscal year 2016 was 20.0 mills, which produced approximately $3.45 million per mill. The School District continues to construct new facilities and renovate existing buildings to accommodate moderate growth, implement a neighborhood school model, improve instructional spaces and reduce the number of portable classrooms district wide. The District plans to fund additional capital projects with the one percent local sales tax revenue approved in 2011 and with state capital outlay grants.

- The School District still has financial challenges by a combination of locally flat property values, which affect local revenues, and the State's continued austerity cuts to state revenue appropriations for local school districts. Austerity was reduced from $3.47 to $1.25 million for the fiscal year 2017 budget. Additionally, sales taxes have slightly increased which have stabilized construction revenues provided through those sources. The fiscal year 2017 budget reflects increases in budgeted expenditures to relieve prior year cuts to salaries, and additional teaching positions to provide better services to students. In spite of these challenges, the School District continues to be a good steward of tax dollars and provides a quality dynamic educational program to meet the needs of all children.

- Given the current and predicted fiscal landscape, the District will continue to be fiscally challenged in funding an innovative and comprehensive instructional program with needed supports for a student population where the School District has qualified for Community Eligibility Provision that enables all students to eat meals at no cost. However, through innovative programming, evaluating work flow and tighter expenditure controls, the School District has maintained its laser focus on student performance and provides multiple pathways for students to earn a high school diploma and continue with the education required to enter into a career.

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 Mr. Larry Hammel, Chief Finance Officer, Clarke County Board of Education, 500 Whitehead Road, Athens, Georgia 30606. You may also email your questions to Mr. Hammel at hammell@Clarke.k12.ga.us.

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CLARKE COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 66,962,855.54
Receivables, Net	
Interest	302.60
Taxes	3,546,725.31
State Government	8,655,814.28
Federal Government	3,413,271.60
Local	238,500.84
Inventories	381,729.70
Prepaid Items	46,993.88
Capital Assets, Non-Depreciable	54,893,861.54
Capital Assets, Depreciable (Net of Accumulated Depreciation)	215,718,584.49
Total Assets	353,858,639.78
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	15,765,368.92
LIABILITIES	
Accounts Payable	2,711,483.15
Salaries and Benefits Payable	17,371,515.96
Payroll Withholdings Payable	1,084,833.41
Interest Payable	282,016.67
Claims Incurred but not Reported (IBNR)	273,289.92
Contracts Payable	1,820,754.67
Retainages Payable	1,857,647.68
Deposits and Unearned Revenues	8,006.44
Net Pension Liability	108,477,139.00
Long-Term Liabilities	
Due Within One Year	11,331,914.12
Due in More Than One Year	14,505,286.80
Total Liabilities	159,723,887.82
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	10,727,499.00
NET POSITION	
Net Investment in Capital Assets	245,045,241.16
Restricted for	
Continuation of Federal Programs	2,601,846.69
Debt Service	10,441,023.46
Capital Projects	14,609,560.36
Unrestricted (Deficit)	(73,525,049.79)
Total Net Position	$ 199,172,621.88

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 102,961,955.77	$ 109,696.73
Support Services		
Pupil Services	5,326,675.42	-
Improvement of Instructional Services	5,997,201.49	-
Educational Media Services	1,864,802.08	-
General Administration	2,040,043.07	-
School Administration	7,785,302.91	-
Business Administration	2,675,572.30	-
Maintenance and Operation of Plant	14,294,913.76	35,237.61
Student Transportation Services	11,548,830.16	552,315.48
Central Support Services	2,921,224.76	-
Other Support Services	591,222.80	-
Operations of Non-Instructional Services		
Enterprise Operations	290,470.81	194,917.83
Community Services	811,642.91	987,629.77
Food Services	9,292,186.37	177,906.63
Interest on Short-Term and Long-Term Debt	195,299.15	-
Total Governmental Activities	$ 168,597,343.76	$ 2,057,704.05
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Services		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Investment Earnings		
Miscellaneous		
Special Items		
Net Loss on Demolition, Disposal and Sale of Capital Assets		
Total General Revenues and Special Items		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$ 56,017,316.92	$ -	$ (46,834,942.12)
2,329,449.60	-	(2,997,225.82)
3,956,812.31	-	(2,040,389.18)
1,678,714.00	-	(186,088.08)
2,977,882.59	-	937,839.52
3,572,052.80	-	(4,213,250.11)
36,995.26	-	(2,638,577.04)
4,014,967.62	-	(10,244,708.53)
1,601,104.91	694,980.00	(8,700,429.77)
61,422.33	-	(2,859,802.43)
459,544.45	-	(131,678.35)
-	-	(95,552.98)
-	-	175,986.86
9,093,830.78	-	(20,448.96)
-	-	(195,299.15)
$ 85,800,093.57	$ 694,980.00	(80,044,566.14)
		68,934,994.42
		2.06
		46,961.91
		22,317,984.88
		1,178,533.39
		41,890.86
		2,412,848.83
		(640,754.89)
		94,292,461.46
		14,247,895.32
		184,924,726.56
		$ 199,172,621.88

CLARKE 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	$ 37,804,250.33	$ 29,158,458.71	$ 146.50	$ 66,962,855.54
Receivables, Net				
Interest	-	302.60	-	302.60
Taxes	1,731,215.64	1,815,494.54	15.13	3,546,725.31
State Government	8,655,814.28	-	-	8,655,814.28
Federal Government	3,413,271.60	-	-	3,413,271.60
Local	238,500.84	-	-	238,500.84
Inventories	381,729.70	-	-	381,729.70
Prepaid Items	46,993.88	-	-	46,993.88
Total Assets	$ 52,271,776.27	$ 30,974,255.85	$ 161.63	$ 83,246,193.75
LIABILITIES				
Accounts Payable	$ 1,424,075.69	$ 1,287,407.46	$ -	$ 2,711,483.15
Salaries and Benefits Payable	17,371,515.96	-	-	17,371,515.96
Payroll Withholdings Payable	1,084,833.41	-	-	1,084,833.41
Contracts Payable	-	1,820,754.67	-	1,820,754.67
Retainages Payable	-	1,857,647.68	-	1,857,647.68
Deposits and Unearned Revenue	8,006.44	-	-	8,006.44
Total Liabilities	19,888,431.50	4,965,809.81	-	24,854,241.31
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	669,015.03	-	15.13	669,030.16
FUND BALANCES				
Nonspendable	428,723.58	-	-	428,723.58
Restricted	2,220,116.99	26,008,446.04	146.50	28,228,709.53
Assigned	4,201,301.80	-	-	4,201,301.80
Unassigned	24,864,187.37	-	-	24,864,187.37
Total Fund Balances	31,714,329.74	26,008,446.04	146.50	57,722,922.28
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 52,271,776.27	$ 30,974,255.85	$ 161.63	$ 83,246,193.75

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

CLARKE 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")		$ 57,722,922.28
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	$ 2,635,096.61	
Construction in progress	52,258,764.93	
Buildings and improvements	272,707,457.92	
Equipment	20,428,390.70	
Land improvements	1,972,332.30	
Accumulated depreciation	(79,389,596.43)	270,612,446.03
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(108,477,139.00)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		5,037,869.92
Taxes that are not available to pay for current period expenditures are deferred in the funds.		669,030.16
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	$ (20,300,000.00)	
Accrued interest payable	(282,016.67)	
Energy efficiency leases	(2,590,153.50)	
Compensated absences payable	(1,439,580.90)	
Amortized bond premiums	(1,507,466.52)	
Claims and judgments payable	(273,289.92)	(26,392,507.51)
Net position of governmental activities (Exhibit "A")		$ 199,172,621.88

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

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 69,041,422.22	$ -	$ 3.52	$ 69,041,425.74
Sales Taxes	1,178,533.39	22,317,984.88	-	23,496,518.27
State Funds	63,194,003.62	-	-	63,194,003.62
Federal Funds	23,607,551.84	-	-	23,607,551.84
Charges for Services	2,057,704.05	-	-	2,057,704.05
Investment Earnings	32,740.06	9,150.80	-	41,890.86
Miscellaneous	2,412,848.83	-	-	2,412,848.83
Total Revenues	161,524,804.01	22,327,135.68	3.52	183,851,943.21
EXPENDITURES				
Current				
Instruction	97,767,308.55	-	-	97,767,308.55
Support Services				
Pupil Services	5,469,486.02	-	-	5,469,486.02
Improvement of Instructional Services	6,091,097.43	-	-	6,091,097.43
Educational Media Services	1,910,184.00	-	-	1,910,184.00
General Administration	1,957,761.20	-	-	1,957,761.20
School Administration	7,996,009.13	-	-	7,996,009.13
Business Administration	2,693,175.10	-	-	2,693,175.10
Maintenance and Operation of Plant	14,163,261.74	-	-	14,163,261.74
Student Transportation Services	9,894,821.75	977,675.00	-	10,872,496.75
Central Support Services	2,804,847.62	-	-	2,804,847.62
Other Support Services	601,723.84	-	-	601,723.84
Enterprise Operations	290,470.81	-	-	290,470.81
Community Services	811,642.91	-	-	811,642.91
Food Services Operation	9,190,327.41	-	-	9,190,327.41
Capital Outlay	242,656.34	39,687,069.73	-	39,929,726.07
Debt Services				
Principal	187,229.52	-	10,000,000.00	10,187,229.52
Interest	41,732.41	-	1,029,800.00	1,071,532.41
Total Expenditures	162,113,735.78	40,664,744.73	11,029,800.00	213,808,280.51
Revenues over (under) Expenditures	(588,931.77)	(18,337,609.05)	(11,029,796.48)	(29,956,337.30)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	11,029,800.00	11,029,800.00
Transfers Out	-	(11,029,800.00)	-	(11,029,800.00)
Capital Lease Proceeds	-	677,271.00	-	677,271.00
Sale of Capital Assets	2,773,000.00	-	-	2,773,000.00
Total Other Financing Sources (Uses)	2,773,000.00	(10,352,529.00)	11,029,800.00	3,450,271.00
Net Change in Fund Balances	2,184,068.23	(28,690,138.05)	3.52	(26,506,066.30)
Fund Balances - Beginning	29,530,261.51	54,698,584.09	142.98	84,228,988.58
Fund Balances - Ending	$ 31,714,329.74	$ 26,008,446.04	$ 146.50	$ 57,722,922.28

CLARKE 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")		$ (26,506,066.30)
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	$ 38,524,511.56	
Depreciation expense	(7,525,513.04)	30,998,998.52
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(3,413,754.89)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(59,467.35)
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	$ (677,271.00)	
Bond principal retirements	10,000,000.00	
Energy efficiency lease payments	187,229.52	9,509,958.52
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		3,087,713.35
Interest expense reported in the Statement of Activites is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		876,233.26
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.		
Compensated absences	$ (156,324.52)	
Claims and judgments	(89,395.27)	(245,719.79)
Change in net position of governmental activities (Exhibit "B")		$ 14,247,895.32

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 114,856.24
LIABILITIES	
Funds Held for Others	$ 114,856.24

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Clarke 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) and Capital Lease Proceeds that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 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 purposes as a result of adoption of this statement.

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

In fiscal year 2016, the School District adopted Governmental Accounting Standards Board (GASB) Statement 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.

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.

INVENTORIES

Consumable Supplies Inventory

Inventories of consumable supplies are reported at cost using the weighted average method. The School District uses the consumption method to account for inventories whereby consumable supplies are recorded as an asset when purchased and expenses are recorded as inventory items are used.

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:

	Policy	Useful Life
Land	All	N/A
Land Improvements	$ 5,000.00	15 to 99 years
Buildings and Improvements	$ 5,000.00	up to 99 years
Equipment	$ 5,000.00	3 to 10 years
Intangible Assets	$ 100,000.00	Individually Determined

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 15 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 60 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. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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 Clarke County Board of Commissioners adopted the property tax levy for the 2015 tax digest year (calendar year) on July 7, 2015 (levy date) based on property values as of January 1, 2015. Taxes were due on October 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 Clarke County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes

collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2016, for maintenance and operations amounted to $68,240,411.53 and for school bonds amounted to $3.52.

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	20.00 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $754,048.78 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 $22,317,984.88 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was not 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 to the amount budgeted for expenditures in any budget function for any fund. In such case, the expenditures shall be reported to the Board at its regularly scheduled meeting. 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.

BUDGETARY/GAAP BASIS RECONCILIATION

In the general fund, accounting principles used in developing budgets on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP).

The primary differences between the budget basis and GAAP basis are:

1. State QBE revenue is recorded when received (budget) rather than when susceptible to accrual (GAAP).
2. Salaries and employee benefits paid to teachers under contract are recorded when paid (budget) rather than when the liability is incurred (GAAP).
3. Payments made by the State of Georgia for School District employee benefits are recognized as revenues and expenditures under GAAP and are not recognized on the budget basis.
4. Revenue and expenditures associated with Principal accounts and After School Programs are not included in the School District's Operations Budget.

Thus, there is an accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the general fund that is reconciled as follows:

Actual Revenues, GAAP Basis	$ 161,524,804.01	
QBE Revenues Decrease	(3,722,834.00)	
Omission of Revenue from Principal Accounts	(1,316,108.37)	
Omission of Revenue from After School Program	(889,637.16)	
On-Behalf Benefit Contribution	(565,508.89)	
Actual Revenues, Budgetary Basis		$ 155,030,715.59
Actual Expenditures, GAAP Basis	$ 162,113,735.78	
Accrued Salary Increase/Decrease	(67,330.82)	
Omission of Expenditures from Principal Accounts	(1,338,515.91)	
Omission of Expenditures from After School Program	(811,642.91)	
On-Behalf Benefits Expenditure	(565,508.89)	
Actual Expenditures, Budgetary Basis		159,330,737.25
Revenues Over Expenditures Budgetary Basis		$ (4,300,021.66)
Revenues Over Expenditures GAAP Basis		$ (588,931.77)

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, School District had deposits with a carrying amount of $67,077,711.78, and a bank balance of $72,287,357.57. The bank balances insured by Federal depository insurance were $500,000.00.

At June 30, 2016, $71,787,357.57 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	-
Uninsured with collateral held by the pledging financial institution		-
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School District's name		71,787,357.57
Total	$	71,787,357.57

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	$ 3,199,401.61	$ -	$ 564,305.00	$ 2,635,096.61
Construction in Progress	35,517,243.42	35,451,147.24	18,709,625.73	52,258,764.93
Total Capital Assets Not Being Depreciated	38,716,645.03	35,451,147.24	19,273,930.73	54,893,861.54
Capital Assets Being Depreciated				
Buildings and Improvements	258,374,972.15	19,022,725.07	4,690,239.30	272,707,457.92
Equipment	21,785,224.73	2,532,543.27	3,889,377.30	20,428,390.70
Land Improvements	1,744,610.59	227,721.71	-	1,972,332.30
Less Accumulated Depreciation for:				
Buildings and Improvements	59,199,514.52	6,113,401.91	1,858,141.32	63,454,775.11
Equipment	17,373,744.93	1,271,680.55	3,872,025.39	14,773,400.09
Land Improvements	1,020,990.65	140,430.58	-	1,161,421.23
Total Capital Assets, Being Depreciated, Net	204,310,557.37	14,257,477.01	2,849,449.89	215,718,584.49
Governmental Activity Capital Assets - Net	$ 243,027,202.40	$ 49,708,624.25	$ 22,123,380.62	$ 270,612,446.03

Current year depreciation expense by function is as follows:

Instruction		$ 6,135,684.71
Support Services		
General Administration	$ 89,672.93	
Maintenance and Operation of Plant	133,541.91	
Student Transportation Services	919,255.10	
Central Support Services	119,175.25	1,261,645.19
Food Services		128,183.14
		$ 7,525,513.04

NOTE 6: INTERFUND TRANSFERS

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

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	$ 11,029,800.00

Transfers are used to move sales tax revenues collected by the government-wide capital projects fund to the debt service fund for payment of general obligation bonds.

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 (G.O.) Bonds	$ 30,300,000.00	$ -	$ 10,000,000.00	$ 20,300,000.00	$ 10,300,000.00
Unamortized Bond Premiums	2,261,199.78	-	753,733.26	1,507,466.52	753,733.26
Energy Efficiency Leases(1)	2,100,112.02	677,271.00	187,229.52	2,590,153.50	203,180.86
Compensated Absences	1,283,256.38	632,517.66	476,193.14	1,439,580.90	75,000.00
	$ 35,944,568.18	$ 1,309,788.66	$ 11,417,155.92	$ 25,837,200.92	$ 11,331,914.12

(1) The energy efficiency leases were shown as capital leases on the fiscal year 2015 notes to the basic financial statements.

GENERAL OBLIGATION DEBT OUTSTANDING

The School District's bonded debt consists of an issue of general obligation bonds that are generally callable 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 2013	1.50% - 5.00%	3/28/2013	9/1/2017	$ 40,000,000.00	$ 20,300,000.00

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	$ 10,300,000.00	$ 638,425.00	$ 753,733.26
2018	10,000,000.00	215,400.00	753,733.26
Total Principal and Interest	$ 20,300,000.00	$ 853,825.00	$ 1,507,466.52

OBLIGATIONS UNDER ENERGY EFFICIENCY LEASES

Energy efficiency lease agreements dated March 5, 2014 and June 15, 2016 were executed by and between the School District, the lessee, and Banc of America Public Capital Corp., the lessor. The agreements authorized the borrowing of $2,878,056.00 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the leases are made from the School District's general fund.

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

	Governmental Activities
Equipment	$ 81,336.00
Less: Accumulated Depreciation	32,534.40
	$ 48,801.60

Debt currently outstanding is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Equipment Leases/Purchase	2.26%	3/5/2014	11/5/2024	$ 2,200,785.00	$ 1,912,882.50
Equipment Leases/Purchase	2.10%	6/15/2016	11/5/2024	677,271.00	677,271.00
				$ 2,878,056.00	$ 2,590,153.50

The following is a schedule of total energy efficiency lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2017	$ 203,180.86	$ 54,887.44
2018	299,466.07	49,810.26
2019	306,162.03	43,114.29
2020	313,007.87	36,268.45
2021	320,006.93	29,269.39
2022 - 2026	1,148,329.74	45,031.43
Total Principal and Interest	$ 2,590,153.50	$ 258,381.26

COMPENSATED ABSENCES

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

NOTE 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; unemployment compensation; and dental, optical, hearing care for employees. Except as described below, the School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Georgia School Boards Association Risk and Insurance Management System

The School District participates in the Georgia School Boards Association Risk and Insurance Management System (the System), a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage. Additional coverage is provided through agreements by the system with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the system varies by line of coverage.

The School district has established a limited risk management program for dental, optical, and hearing claims for its employees. A premium is charged when needed by the general fund to each user program on the basis of the percentage of employee participation in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expense/expenditures and associated liability when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in dental, optical, and hearing 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	$ -	$ 1,139,928.98	$ 956,034.33	$ 183,894.65
2016	$ 183,894.65	$ 1,454,009.21	$ 1,364,613.94	$ 273,289.92

WORKERS' COMPENSATION

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand loss per occurrence, up to $2.0 million. In addition to the $550,000.00 per occurrence retention, the Fund also retains an additional $200,000.00 per year corridor retention.

UNEMPLOYMENT COMPENSATION

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims 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	$ -	$ 35,633.55	$ 35,633.55	$ -
2016	$ -	$ 2,464.98	$ 2,464.98	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 250,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

FUND BALANCES			
Nonspendable			
Inventories	$ 381,729.70		
Prepaid Assets	46,993.88	$	428,723.58
Restricted			
Continuation of Federal Programs	$ 2,220,116.99		
Capital Projects	15,285,567.54		
Debt Service	10,723,025.00		28,228,709.53
Assigned			
After School Program	$ 632,432.52		
Self-Insurance	289,741.82		
School Activity Accounts	598,836.09		
Local Capital Projects	2,562,438.10		
Lease Proceeds	49,314.96		
Summer School Program	14,997.34		
Local Programs	53,540.97		4,201,301.80
Unassigned			24,864,187.37
Fund Balance, June 30, 2016		$	57,722,922.28

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.

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 0.02% of revenues, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with O.C.G.A. § 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

NOTE 10: BROADBAND SPECTRUM LEASE

Effective April 10, 2008, the School District entered into a 30 year lease agreement with Clearwire Spectrum Holdings for the lease of excess spectrum capacity on Education Broadband Service licenses currently held by the School District. These licenses were granted to the School District by the Federal Communications Commission. The lease agreement requires monthly payments over the term of the lease, of which $32,400.00 was recognized during Fiscal Year 2016 as a general revenue on the Statement of Activities.

NOTE 11: SIGNIFICANT COMMITMENTS

COMMITMENTS UNDER CONSTRUCTION CONTRACTS

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

Project	Unearned Executed Contracts (1)	Payments through June 30, 2016 (2)	Funding Available From State (1)
Clarke Central High School Improvements	$ 1,191,042.18	$ 34,833,253.18	$ -
Barnett Shoals Elementary School	753,348.23	16,057,298.60	463,084.50
Georgia Power Energy Services	698,496.00	2,656,788.00	-
	$ 2,642,886.41	$ 53,547,339.78	$ 463,084.50

(1) The amounts described are not reflected in the basic financial statements.
(2) Payments include Contracts and Retainages Payable at year end.

NOTE 12: 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 13: 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%	$ 18,094,679.40
2015	100%	$ 16,417,322.09
2014	100%	$ 16,684,782.67

NOTE 14: 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 13.99% of payroll was required from the School District and 0.28% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $11,067,260.69 and $219,742.89 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 $4,200.00, plus 6% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $61,356.41 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 $345,766.00.

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

At June 30, 2016, the School District reported a liability of $108,477,139.00 for its proportionate share of the net pension liability for TRS ($108,072,485.00) and ERS ($404,654.00).

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

School District's proportionate share of the net pension liability	$	108,072,485.00
State of Georgia's proportionate share of the net pension liability associated with the School District		2,225,598.00
Total	$	110,298,083.00

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 0.709882%, which was a (decrease) of 0.004567% from its proportion measured as of June 30, 2014. At June 30, 2015, the School District's ERS proportion was 0.009988%, which was an increase of 0.000035% 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 $1,553,512.00.

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

For the year ended June 30, 2016, the School District recognized pension expense of $8,346,853.00 for TRS, $83,135.00 for ERS and $92,643.00 for PSERS and revenue of $166,384.00 for TRS and $92,643.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 950,553.00	$ -	$ 3,233.00
Net difference between projected and actual earnings on pension plan investments	-	9,116,028.00	-	29,196.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	4,377,517.00	628,489.00	37,755.00	-
School District contributions subsequent to the measurement date	11,290,245.52	-	59,851.40	-
Total	$ 15,667,762.52	$ 10,695,070.00	$ 97,606.40	$ 32,429.00

The School District contributions subsequent to the measurement date of $11,290,245.52 for TRS and $59,851.40 for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2017	$ (3,321,578.00)	$ 22,259.00
2018	$ (3,321,578.00)	$ (13,764.00)
2019	$ (3,321,585.00)	$ (13,013.00)
2020	$ 3,722,373.00	$ 9,844.00
2021	$ (75,185.00)	$ -

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

Teachers Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

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	$ 185,714,395.00	$ 108,072,485.00	$ 44,077,077.00

Employees' Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 573,611.00	$ 404,654.00	$ 260,611.00

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

NOTE 15: SPECIAL ITEMS

The School District incurred a net loss in the amount of $640,754.89 on the demolition, disposal and sale of capital assets. Land with a carrying value of $564,305.00 and a building with a carrying value of $1,963,410.51 at Mitchell Bridge Road were sold for $2,773,000.00. Building and building improvements with carrying values of $865,407.47 and $3,280.00 at Clarke Central High School and Old Gaines Elementary School, respectively, were demolished as part of the School District's plan to construct and renovate school facilities. The School District also disposed of equipment with carrying value of $17,351.91. This activity is reported as special items on the Statement of Activities.

NOTE 16: SUBSEQUENT EVENTS

In the subsequent fiscal year, voters of Clarke County authorized a special one percent sales tax for a period not to exceed twenty (20) consecutive calendar quarters and for the purpose of raising not more than $135,000,000.00 for the purposes of acquiring, constructing and equipping the following capital outlay projects: (a) additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fowler Drive Elementary School, the facility known as the West Broad campus, Howard B. Stroud Elementary School, Judia J. Harris Elementary School, the current Gaines Elementary School, the facility formerly operated as Gaines Elementary School and known as Old Gaines, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W. R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School and Classic City High School, Athens Community Career Academy, Early Learning Center, athletic facilities, transportation facilities (including bus driver training facilities), maintenance facilities, storage facilities (including the storage facility located on Barber Street), and administrative and services facilities; (b) new administrative and services facilities and professional and early learning facilities; (c) technology to be used at all educational and administrative facilities, including, but not limited to, classroom technology infrastructure, computers, laptops, tablets and mobile devices for students and staff, servers, wiring, wireless antennas, and other technology upgrades with necessary hardware, software, and programs; (d) real and personal property, including, but not limited to, improved or unimproved land and existing buildings for future school or administrative and services facility sites, custodial and school nutrition kitchen equipment and other furniture, fixtures and equipment; (e) security system upgrades, equipment and infrastructure to all educational and administrative facilities; (f) school buses (including installment payments); (g) sewer system upgrades to convert from septic systems to public sewer; (h) building management systems; and (i) capitalized expenses incident thereto (including, but not limited to, the payment of implementation, administrative and management expenses, any capitalized interest, and reimbursements for expenditures for needs assessment for facilities).

In the subsequent fiscal year, voters authorized the School District to issue general obligation bonds in the amount of $60,000,000.00. The proceeds from these bonds will be used for the acquisition, construction and equipping of capital outlay projects.

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CLARKE 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	0.709882%	$ 108,072,485.00	$ 2,225,598.00	$ 110,298,083.00	$ 76,446,913.46	141.37%	81.44%
2015	0.714449%	$ 90,261,208.00	$ 1,859,172.00	$ 92,120,380.00	$ 73,548,010.23	122.72%	84.03%

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

CLARKE 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	0.009988%	$ 404,654.00	$ 230,887.48	175.26%	76.20%
2015	0.009953%	$ 373,299.00	$ 245,676.27	151.95%	77.99%

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

CLARKE 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%	$ -	$ 1,553,512.00	$ 1,553,512.00	$ 3,729,831.34	N/A	87.00%
2015	0.00%	$ -	$ 1,311,954.00	$ 1,311,954.00	$ 3,510,514.69	N/A	88.29%

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

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

Year Ended (1)	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	$ 11,067,260.69	$ 11,067,260.69	$ -	$ 79,118,748.30	13.99%
2015	$ 9,847,179.98	$ 9,847,179.98	$ -	$ 76,446,913.46	12.88%
2014	$ 9,033,288.47	$ 9,033,288.47	$ -	$ 73,548,010.23	12.28%
2013	$ 8,609,968.12	$ 8,609,968.12	$ -	$ 75,459,843.29	11.41%
2012	$ 8,112,580.62	$ 8,112,580.62	$ -	$ 78,916,153.93	10.28%
2011	$ 8,272,853.67	$ 8,272,853.67	$ -	$ 80,475,230.25	10.28%
2010	$ 7,751,225.17	$ 7,751,225.17	$ -	$ 79,581,367.25	9.74%

(1) For years 2014 and earlier, the contribution amounts include payments made on-behalf of School District employees by the Georgia Department of Education.

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

CLARKE 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	$ 61,356.41	$ 61,356.41	$ -	$ 248,205.72	24.72%
2015	$ 50,702.89	$ 50,702.89	$ -	$ 230,887.48	21.96%
2014	$ 45,351.84	$ 45,351.84	$ -	$ 245,676.27	18.46%
2013	$ 24,385.08	$ 24,385.08	$ -	$ 163,658.26	14.90%
2012	$ 10,515.24	$ 10,515.24	$ -	$ 90,414.79	11.63%
2011	$ 7,731.43	$ 7,731.43	$ -	$ 74,269.26	10.41%
2010	$ 7,134.60	$ 7,134.60	$ -	$ 68,536.02	10.41%

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

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

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

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 68,049,875.00	$ 68,049,875.00	$ 69,041,422.22	$ 991,547.22
Sales Taxes	1,000,000.00	1,000,000.00	1,178,533.39	178,533.39
State Funds	60,952,288.00	62,768,431.00	63,194,003.62	425,572.62
Federal Funds	17,666,887.00	29,357,853.00	23,607,551.84	(5,750,301.16)
Charges for Services	857,000.00	857,000.00	2,057,704.05	1,200,704.05
Investment Earnings	62,000.00	30,000.00	32,740.06	2,740.06
Miscellaneous	411,659.00	618,247.00	2,412,848.83	1,794,601.83
Total Revenues	148,999,709.00	162,681,406.00	161,524,804.01	(1,156,601.99)
EXPENDITURES				
Current				
Instruction	96,997,036.00	103,762,871.49	97,767,308.55	5,995,562.94
Support Services				
Pupil Services	5,481,788.43	5,954,082.94	5,469,486.02	484,596.92
Improvement of Instructional Services	4,047,247.00	8,058,262.00	6,091,097.43	1,967,164.57
Educational Media Services	1,998,835.00	2,008,568.00	1,910,184.00	98,384.00
General Administration	1,999,034.00	2,519,903.00	1,957,761.20	562,141.80
School Administration	8,213,028.00	8,057,808.00	7,996,009.13	61,798.87
Business Administration	1,296,116.00	1,296,702.00	2,693,175.10	(1,396,473.10)
Maintenance and Operation of Plant	13,822,870.00	14,759,756.00	14,163,261.74	596,494.26
Student Transportation Services	9,016,953.00	10,302,733.00	9,894,821.75	407,911.25
Central Support Services	1,955,766.00	2,861,775.00	2,804,847.62	56,927.38
Other Support Services	328,588.00	732,556.00	601,723.84	130,832.16
Enterprise Operations	-	-	290,470.81	(290,470.81)
Community Services	941,231.00	972,614.83	811,642.91	160,971.92
Food Services Operation	8,644,858.00	9,401,014.90	9,190,327.41	210,687.49
Capital Outlay	-	585,003.00	242,656.34	342,346.66
Debt Service	-	-	228,961.93	(228,961.93)
Total Expenditures	154,743,350.43	171,273,650.16	162,113,735.78	9,159,914.38
Excess of Revenues over (under) Expenditures	(5,743,641.43)	(8,592,244.16)	(588,931.77)	8,003,312.39
OTHER FINANCING SOURCES (USES)				
Other Sources	352,000.00	352,000.00	2,773,000.00	2,421,000.00
Other Uses	(352,000.00)	(352,000.00)	-	352,000.00
Total Other Financing Sources (Uses)	-	-	2,773,000.00	2,773,000.00
Net Change in Fund Balances	(5,743,641.43)	(8,592,244.16)	2,184,068.23	10,776,312.39
Fund Balances - Beginning	29,073,469.94	29,073,469.94	29,530,261.51	456,791.57
Fund Balances - Ending	$ 23,329,828.51	$ 20,481,225.78	$ 31,714,329.74	$ 11,233,103.96

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 $1,370,121.65 and $1,392,528.98, 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	$ 2,327,788.56
National School Lunch Program	10.555	16165GA324N1099	6,503,290.71
Total Child Nutrition Cluster			8,831,079.27
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	16145GA324L1603	126,991.92
Total U. S. Department of Agriculture			8,958,071.19
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A150073	2,509,625.62
Preschool Grants	84.173	H173A150081	71,204.48
Total Special Education Cluster			2,580,830.10
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A150010	143,767.83
Education for Homeless Children and Youth	84.196	S196A150011	43,694.85
English Language Acquisition Grants	84.365	S365A150010	184,799.21
Improving Teacher Quality State Grants	84.367	S367A150001	541,084.04
Mathematics and Science Partnerships	84.366	S366B150011	130,465.87
Migrant Education - State Grant Program	84.011	S011A150011	141,596.02
Striving Readers	84.371	S371C110049	1,094,156.95
Title I Grants to Local Educational Agencies	84.010	S010A150010	5,421,382.08
Twenty-First Century Community Learning Centers	84.287	S287C150010	847,555.77
Total Other Programs			8,548,502.62
Total U. S. Department of Education			11,129,332.72
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
Child Care and Development Block Grant	93.575	Not Available	24,458.70
Other Programs			
Direct			
Head Start	93.600		3,276,188.34
Pass-Through From Department of Behavorial Health and Development Disabilities			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not Available	141,467.10
Total U. S. Department of Health and Human Services			3,442,114.14
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12.UNKNOWN		202,808.16
Total Expenditures of Federal Awards			$ 23,732,326.21

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 Clarke 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	$ 2,929,718.78
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	3,602,152.00
Kindergarten Program - Early Intervention Program	1,416,185.00
Primary Grades (1-3) Program	7,787,828.00
Primary Grades - Early Intervention (1-3) Program	3,216,860.00
Upper Elementary Grades (4-5) Program	3,266,926.00
Upper Elementary Grades - Early Intervention (4-5) Program	1,847,729.00
Middle School (6-8) Program	5,973,333.00
High School General Education (9-12) Program	5,516,309.00
Vocational Laboratory (9-12) Program	445,593.00
Students with Disabilities	9,506,557.00
Gifted Student - Category VI	4,234,923.00
Remedial Education Program	1,192,176.00
Alternative Education Program	400,785.00
English Speakers of Other Languages (ESOL)	1,789,493.00
Media Center Program	1,290,904.00
20 Days Additional Instruction	359,174.00
Staff and Professional Development	227,626.00
Principal Staff and Professional Development	4,850.00
Indirect Cost	
Central Administration	1,499,390.00
School Administration	2,685,466.00
Facility Maintenance and Operations	2,857,946.00
Mid-term Adjustment Hold-Harmless	953,061.00
Amended Formula Adjustment	(3,147,163.00)
Categorical Grants	
Pupil Transportation	
Regular	1,009,686.00
Nursing Services	241,972.00
Other State Programs	
Food Services	198,810.00
Math and Science Supplements	169,914.06
Preschool Handicapped Program	204,611.00
Pupil Transportation - State Bonds	694,980.00
Residential and Reintegration Services	110,458.00
Teachers Retirement	219,742.89
Technology for Connections to Classrooms Bonds	16,986.34
Vocational Education	58,909.65
Vocational Supervisor	13,584.00
	-
Office of the State Treasurer	
Public School Employees Retirement	345,766.00
CONTRACTS	
Human Resources, Georgia Department of	
Family Connection	46,000.00
Student Achievement. Governor's Office of	
Inquiring Minds STEAM Program	4,761.90
	$ 63,194,003.62

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

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST II							
Providing funds for the purpose of replacing approximately 80 portable classrooms with permanent classrooms, which may involve additions to existing schools or may involve the construction of new school facilities, renovations and/or additions to Clarke Central High School, Clark Middle School, Alps Road Elementary School, Gaines Elementary School, Cedar Shoals High School, Barnett Shoals Elementary School, Barrow Elementary School, Burney-Harris-Lyons Middle School, Chase Street Elementary School, Cleveland Road Elementary School, Coile Middle School, Fourth Street Elementary School *(now Howard B. Stroud Elementary School)*, Fowler Drive Elementary School, H.T. Edwards Building, Hillsman Middle School, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, West Broad School Building, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, the acquisition construction and equipping of an alternative learning center, acquiring any necessary real or personal property and equipment (including acquiring improved or unimproved land and existing buildings to renovate for future school sites) and adding to, renovating, repairing, improving and equipping other existing education buildings, properties and facilities of the School District, including, without limitation, Old Winterville High School, athletic, transportation, maintenance and plant services facilities and technology upgrades to all School District facilities, and paying expenses incident thereto, at a cost of approximately $87,849,000.00.	$ 87,849,000.00	$ 107,127,590.18	$ -	$ 107,127,590.18	$ 107,127,590.18	$ -	Completed
SPLOST III							
Providing funds to pay the cost of acquiring additions real property (improved or unimproved) for future school sites; construction of new school facilities; construction of facilities for vocational instruction construction of, additions to, renovations of, repairs and improvements to and equipping of existing educational buildings, properties and facilities of the School District, which may include, without limitation, existing schools including, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fourth Street Elementary School *(now Howard B. Stroud Elementary School)*, Fowler Drive Elementary School, Gaines Elementary School, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W.R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School, Clarke County Alternative Education Program, H.T. Edwards Sr. Teaching and Learning Center and Classic City High School - A Performance Learning Center, athletic facilities, transportation facilities (including bus driver training facilities), maintenance facilities and district services facilities; technology upgrades and additions to School District Facilities; security upgrades to School District Facilities, purchase and/or lease payoff of school buses; conversion of School District facilities currently on septic systems to public sewer; the acquisition and installation of software for administrative and educational purposes; reimbursement of the School District's expenditures for the 10-year strategic plan for facilities; and paying expenses incident thereto (including the payment of any capitalized interest), at a cost of approximately $104,000,000.00.	$ 104,000,000.00	$ 103,994,137.64	$ -	$ 103,994,137.64	$ 103,994,137.64	$ -	Completed

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

SCHEDULE "10"

SPLOST IV	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
Providing funds to pay the costs of construction and equipping (including, without limitation, furniture, fixtures, equipment, technology infrastructure, computers and related equipment) of new school facilities, including a new elementary school on the eastside of Athens-Clarke County (to be known as Maxine P. Easom Elementary School) and a new elementary school on the westside of Athens-Clarke County to be located on West Vincent Drive; construction of, additions to, renovations of, repairs and improvements to and equipping (including, without limitation, furniture, fixtures, equipment, technology infrastructure, computers and related equipment) of existing educational buildings, properties and facilities of the School District, which may include, without limitation, existing schools/facilities including, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fowler Drive Elementary School, the facility known as the West Broad campus, Howard B. Stroud Elementary School, Judia J. Harris Elementary Charter School, the current Gaines Elementary School, the facility formerly operated as Gaines Elementary School, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W. R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School and Classic City High School - A Performance Learning Center, Athens Community Career Academy, Office of Early Learning, athletic facilities, transportation facilities (including bus driver training facilities), administrative facilities, maintenance facilities and district services facilities; energy conservation systems for School District facilities; technology upgrades and additions to School District facilities; security upgrades to School District facilities; purchase and/or lease payoff of school buses; conversion of School District facilities currently on septic systems to public sewer; acquisition and installation of computer hardware and software for administrative and educational purposes; reimbursement of the School District's expenditures for the strategic plan for facilities acquisition of additional real and personal property, including without limitation, improved and unimproved land and existing buildings for future school sites; and paying expenses incident thereto (including the payment of any capitalized interest), at a cost of approximately $120,000,000.00.							
Alps Road Elementary School	$ 212,900.00	$ -	$ -	$ -	$ -	$ -	7/1/2018
Barnett Shoals Elementary School	9,709,996.00	15,777,691.76	12,079,112.01	3,698,579.75	15,777,691.76	-	Completed
Burney-Harris-Lyons Middle School	3,274,181.00	-	-	-	-	-	7/1/2018
Cedar Shoals High School	598,255.00	-	-	-	-	-	7/1/2018
Chase Street Elementary School	264,000.00	-	-	-	-	-	7/1/2018
Clarke Central High School	18,453,877.00	36,361,915.00	19,611,179.36	12,622,262.13	-	-	7/1/2016
Clarke Middle School	5,863,354.00	6,605.00	-	6,605.00	-	-	7/1/2017
Cleveland Road Elementary School	250,000.00	-	-	-	-	-	7/1/2018
Construction of, additions to, renovations of, repairs and improvements to and equipping (including, without limitation, furniture, fixtures, *equipment*, technology infrastructure, computers and related equipment); (Custodial, Kitchen and Playground equipment)	775,000.00	1,429,925.00	4,998.50	997,834.91	-	-	7/1/2016
Construction of, additions to, renovations of, repairs and improvements to and equipping (including, without limitation, furniture, fixtures, equipment, technology infrastructure, computers and related equipment); (Meet enrollment changes)	1,038,000.00	773,862.00	-	-	-	-	7/1/2016
District service facilities	2,375,000.00	-	-	-	-	-	7/1/2017
Fowler Drive Elementary School	250,000.00	-	-	-	-	-	7/1/2018
Gaines Elementary School	212,900.00	-	-	-	-	-	7/1/2018
Hilsman Middle School	5,318,404.00	407,310.00	-	407,310.00	407,310.00	-	Completed
Howard B. Stroud Elementary School	582,380.00	311,085.00	-	294,778.75	294,778.75	-	Completed
Judia J. Harris Elementary Charter School	143,294.00	-	-	-	-	-	7/1/2018
New school facilities, including a new elementary school on the eastside of Athens-Clarke County (to be known as Maxine P. Easom Elementary School) and a new elementary school on the Westside of Athens-Clarke County to be located on West Vincent Drive	21,278,835.00	526,720.07	-	526,720.07	-	-	7/1/2019
Oglethorpe Avenue Elementary School	7,001,000.00	10,107,806.00	380,395.34	1,091.67	-	-	7/1/2016
Purchase and/or lease payoff of school buses	2,640,000.00	2,330,209.00	977,675.00	512,534.00	-	-	7/1/2017
Reimbursement of the School District's expenditures for the strategic plan for facilities	1,928,290.00	1,880,638.00	263,309.84	1,068,724.70	-	-	7/1/2018
Technology upgrades and additions to School District facilities	16,200,000.00	10,993,546.00	3,907,554.15	5,741,823.94	-	-	7/1/2017
Timothy Road Elementary School	250,000.00	-	-	-	-	-	7/1/2018
W.R. Coile Middle School	3,274,181.00	-	-	-	-	-	7/1/2018
Whitehead Road Elementary School	15,835,410.00	19,019,485.00	3,440,520.53	15,340,984.55	-	-	Completed
Winterville Elementary School	119,014.00	53,161.00	-	53,160.13	-	-	7/1/2018
	117,848,271.00	99,979,958.83	40,664,744.73	41,272,409.60	16,479,780.51	-	
	$ 309,697,271.00	$ 311,101,686.65	$ 40,664,744.73	$ 252,394,137.42	$ 227,601,508.33	$ -	

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

(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 Clarke 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	$	22,171,282.46
Current Year		1,029,800.00
Total	$	23,201,082.46

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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

April 26, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Clarke 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 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 Clarke 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 April 26, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item FS 2016-001, that we consider to be a material weakness.

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.*

School District's Response to Findings

The School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

April 26, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Clarke 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 Clarke 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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CLARKE 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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CLARKE 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? — Yes
- 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
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers
84.371	Striving Readers

Dollar threshold used to distinguish between Type A and Type B programs: $750,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2016-001 Controls over Financial Reporting
Control Category: Financial Reporting
Internal Control Impact: Material Weakness
Compliance Impact: None

Description:
The School District did not have adequate internal controls in place over the financial statement reporting process. The original financial statements, as presented for audit, contained material errors and omissions.

Criteria:
The School District is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The School District's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, Basic Financial Statements - *Management's Discussion and Analysis - for State and Local Governments* (statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Chapter 22A *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:
The following errors and omissions were noted in the School District's financial statements and note disclosures presented for audit:

- Depreciable capital assets were understated and expenses were overstated by $18,366,615.92. A material audit adjustment was proposed by the auditor and accepted by the School District to properly capitalize a building on the government-wide financial statements.
- Other immaterial audit adjustments and reclassifications were proposed and accepted by the client to properly present the School District's financial statements.

Cause:
During the preparation of the financial statements for fiscal year 2016, the construction in progress cost for the Whitehead Road Elementary School was not added to the "Building" capitalized assets category for the financial statements or the notes to the financial statements.

Effect or Potential Effect:
Material and significant misstatements were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operations.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Recommendation:

The School District should monitor the review procedures over the financial statement reporting process to ensure that the financial statements presented for audit, including note disclosures, are complete and accurate.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION V

MANAGEMENT'S CORRECTIVE ACTION

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II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Recommendation:

The School District should monitor the review procedures over the financial statement reporting process to ensure that the financial statements presented for audit, including note disclosures, are complete and accurate.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.