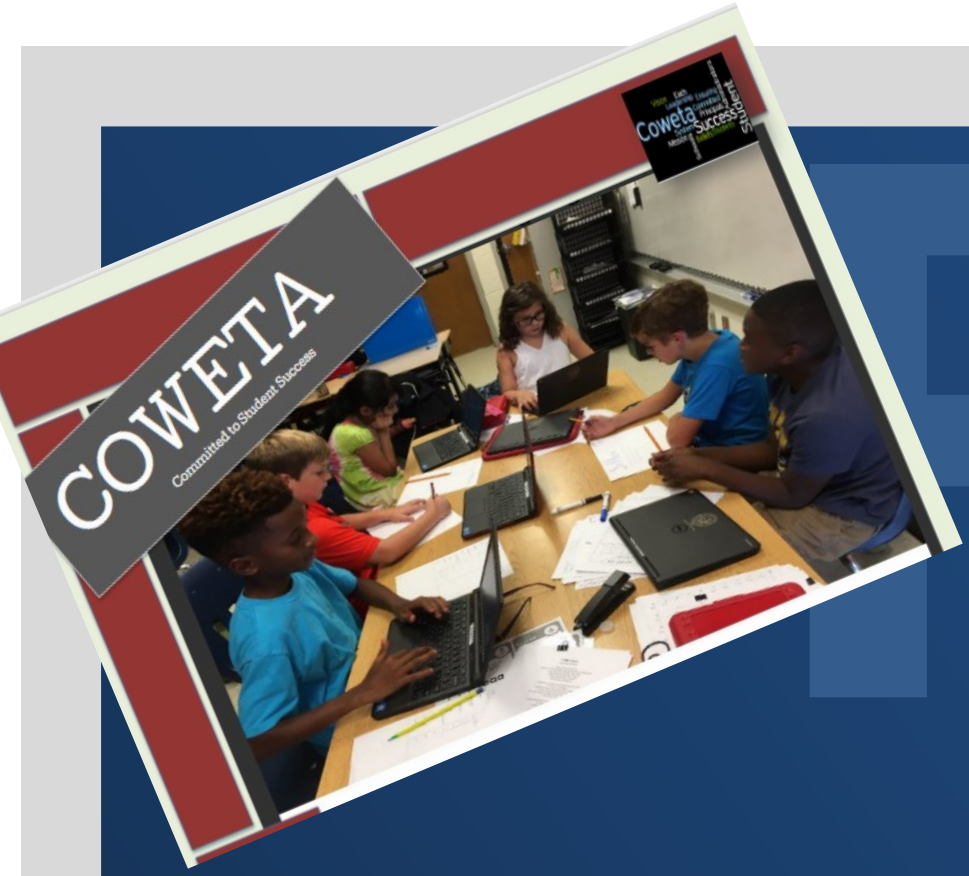


ANNUAL FINANCIAL REPORT

COWETA COUNTY BOARD OF EDUCATION

Coweta Committed to Student Success

FY 2016

Newnan, Georgia
For the Fiscal Year
Ended June 30, 2016
INCUDING INDEPENDENT AUDITOR'S REPORT

COWETA COUNTY BOARD OF EDUCATION

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FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

March 23, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Coweta 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 Coweta County Board of Education (School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

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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, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 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 x and pages 31 through 37 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 March 23, 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

The discussion and analysis of Coweta County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Board's financial performance. Comparative data is provided for fiscal year 2016 and fiscal year 2015.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased $19.9 million which represents a 10.3 percent increase from 2015. This total increase was due to governmental activities since the Board has no business-type activities.

- General revenues accounted for $101.9 million in revenue or 44.7 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $126.1 million or 55.3 percent of total revenues of $228.0 million.

- The Board had $208.1 million in expenses related to governmental activities; only $126.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $101.9 million were adequate to provide for these programs.

- Among major funds, the general fund had $204.9 million in revenues and $206.0 million in expenditures. The general fund's fund balance decreased to $26.7 million from $27.7 million.

- Due to the financial condition of the State of Georgia, the State again reduced the Board's funding. The current reduction is $5.4 million, which follows an $8.9 million reduction in 2015, a $22.3 million reduction in 2014, a $26.4 million reduction in 2013, a $15.3 million reduction in 2012, a $14.8 million reduction in 2011, a $19.1 million reduction in 2010, a $7.0 million reduction for 2009, a $1.8 million reduction for 2008, $2.1 million reduction for 2007, a $3.9 million reduction for 2006, a $3.9 million reduction for 2005, a $3.3 million reduction for 2004, and a $1.6 million reduction for 2003. The reduction will be $2.1 million for 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2016 and 2015, the general fund and the capital projects fund represent the most significant funds.

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled to the financial statements.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

Table 1
Net Position
(In Thousands)

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Assets		
Current and Other Assets	$ 113,887	$ 104,100
Capital Assets, Net	294,825	292,145
Total Assets	408,712	396,245
Deferred Outflows of Resources	15,253	14,284
Total Assets and Deferred Outflows of Resources	423,965	410,529
Liabilities		
Current and Other Liabilities	33,420	34,921
Long-Term Liabilities	158,359	133,360
Total Liabilities	191,779	168,281
Deferred Inflows of Resources	18,092	48,072
Total Liabilities and Deferred Inflows of Resources	209,871	216,353
Net Position		
Invested in Capital Assets	294,825	292,145
Restricted	42,164	29,018
Unrestricted (Deficit)	(122,895)	(126,987)
Total Net Position	$ 214,094	$ 194,176

Total assets and deferred outflows of resources increased by $13.4 which was primarily due to an increase in cash and cash equivalents, in the area related to investments in the State of Georgia local government investment pool (Georgia Fund 1). Capital assets increased, along with an increased in Deferred Outflows of Revenues.

Total liabilities and deferred inflows of resources decreased by $6.5 million. The combination of the increase in total assets and deferred outflows of resources and the decrease in total liabilities and deferred inflows of resources yielded an increase in net position of $19.9 million.

Table 2 shows the changes in net position for fiscal years ending June 30, 2016 and June 30, 2015.

Table 2
Change in Net Position
(In Thousands)

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Revenues		
Program Revenues:		
Charges for Services	$ 3,961	$ 4,025
Operating Grants and Contributions	118,671	109,863
Capital Grants and Contributions	3,449	5,902
Total Program Revenues	126,081	119,790
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	75,336	75,122
Railroad Cars	59	59
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	20,670	20,817
Other Sales Taxes	2,077	1,808
Investment Earnings	229	108
Miscellaneous	3,573	3,228
Total General Revenues	101,944	101,142
Total Revenues	228,025	220,932
Program Expenses:		
Instruction	128,664	124,891
Support Services		
Pupil Services	11,877	10,431
Improvement of Instructional Services	3,950	3,288
Educational Media Services	3,147	2,848
General Administration	1,110	1,033
School Administration	14,138	13,526
Business Administration	1,551	1,413
Maintenance and Operation of Plant	17,773	18,314
Student Transportation Services	10,929	10,244
Central Support Services	1,712	1,257
Other Support Services	892	1,419
Operations of Non-Instructional Services		
Enterprise Operations	896	747
Community Services	1,343	1,282
Food Services	10,125	9,889
Total Expenses	208,107	200,582
Increase in Net Position	$ 19,918	$ 20,350

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased $6.3 million for governmental activities. This increase is largely due to an increase in funds earned through the State Quality Basic Education (QBE) Funding Formula, which includes a decrease in the QBE Austerity Reduction from fiscal year 2015 to 2016.

General revenues increased by $0.8 million during fiscal year 2016, due to a slight increase in sales taxes and investment earnings.

Governmental Activities

Governmental program expenses are comprised of the following: Instruction 61.8 percent, Support Services 32.3 percent, and Operations of Non-Instructional Services 5.9 percent.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2016 with fiscal year 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2015
Instruction	$ 128,664	$ 124,891	$ 36,063	$ 39,837
Support Services:				
Pupil Services	11,877	10,431	10,856	8,820
Improvement of Instructional Services	3,950	3,288	1,483	770
Educational Media Services	3,147	2,848	767	519
General Administration	1,110	1,033	(1,341)	(1,378)
School Administration	14,138	13,526	9,456	9,303
Business Administration	1,551	1,413	1,521	1,346
Maintenance and Operation of Plant	17,773	18,314	11,453	11,192
Student Transportation Services	10,929	10,244	7,966	7,235
Central Support Services	1,712	1,257	1,697	1,226
Other Support Services	892	1,419	557	1,091
Operations of Non-Instructional Services:				
Enterprise Operations	896	747	542	416
Community Services	1,343	1,282	70	8
Food Services	10,125	9,889	937	407
Total Expenses	$ 208,107	$ 200,582	$ 82,027	$ 80,792

Although program revenues make up a majority of the revenues, the Board is still dependent upon tax revenues for governmental activities. Taxes and other general revenues support 28.0 percent of instructional activities; for all governmental activities general revenue support is 39.4 percent.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources $228.0 million and expenditures and other financing uses of $217.7 million. There was an increase of $11.4 million in the capital projects fund due to the completion of the East Coweta High School and the Evans Middle School Renovation projects near the beginning of fiscal year 2016. The completion of these renovation projects resulted in less expenditures in fiscal year 2016. The School District continues its construction and renovation program. The general fund had a decrease of $1.0 million. The decrease in the general fund for the year is due to the continued amended formula adjustment of $5.4 million in 2016 and an increase in personnel cost in fiscal year 2016.

General Fund Budgeting Highlights

The Board's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund.

During the course of fiscal 2016, the Board amended its general fund budget as needed. The Board uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budgeted revenues and other financing sources of $211.4 million exceeded the original budgeted amount of $200.1 million by $11.3 million. This difference was due to an increase in miscellaneous revenues of $7.0 million, an increase in state revenues of $1.1 million (for on-behalf payments), an increase in Federal revenues of $2.1 million, and an increase in property taxes revenue of $1.0 million. The miscellaneous revenues budgeted increased due to the inclusion of the principals' accounts in our financial statements, the state revenues increased due to the inclusion of the on-behalf payments, and the Federal revenues increased due to an increase in the Federal grants. Property taxes revenue increased due to the inclusion of Title Ad Valorem Tax Revenues. The final budgeted revenues and other financing sources of $211.4 million exceeded the actual revenues and other financing sources by $6.4 million.

The final budgeted expenditures and other financing uses of $212.3 million exceeded the original budgeted amount of $201.2 million by $11.1 million. The majority of this difference was due to an increase in instruction of $8.1 million ($5.3 million was due to the inclusion of the principals' accounts) and an increase in enterprise activities of $1.5 million due to the inclusion of the principals' accounts in our financial statements. The budgeted ending fund balance decreased $0.9 million. The actual expenditures and other financing uses of $206.0 million was $6.4 million less than budgeted.

General Fund expenditures and other financing uses exceeded revenues and other financing sources by $1.0 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2016 the Board had $294.8 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2016 balances compared with fiscal year 2015 balances.

Table 4
Capital Assets
(Net of Depreciation, in Thousands)

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Land	$ 11,444	$ 11,444
Construction In Progress	6,209	39,285
Buildings and Building Improvements	235,377	202,088
Equipment	18,093	17,412
Land Improvements	23,702	21,916
Total	$ 294,825	$ 292,145

Construction in progress decreased primarily due to the completion of the renovation projects at East Coweta High School and Evans Middle School. Buildings and Building Improvements increased primarily due to the completion of the East Coweta High School and Evans Middle School. Building and Building Improvements also increased due to the completion of the Eastside kitchen renovation project and the completion of the Burwell building renovation. Equipment increased primarily due to the purchase of buses in fiscal year 2016. Land Improvements increased due to the completion of paving projects at Burwell, Thomas Crossroads Elementary, Northside Elementary, and Eastside Elementary.

Long-Term Liabilities

At June 30, 2016, the School District's Long-Term Liabilities consisted of compensated absences outstanding of $0.78 million. The compensated absences outstanding at June 30, 2015 was $0.76 million. Compensated absences outstanding increased by $0.02 million in fiscal year 2016.

Current Issues

Coweta County's economic outlook remained strong through the summer of 2016 and the end of the School System's 2016 fiscal year (fiscal year 2016). Though the overall rate of net population growth has remained lower than previous periods in Coweta's history, new investment, economic growth and employment, and an improving tax base are significant factors for the County and the Coweta County School System's overall outlook. School System enrollment rose in 2016, after slight decreases in previous years. Growth in local and regional employment and in Coweta County's tax digest also continued to show growth.

U.S. Census estimates placed Coweta County's population at 138,427 residents in 2015, up from 135,571 in 2014 and 127,317 in 2010, and new housing starts and a pick-up in housing sales suggested continued growth into 2015 and 2016. Coweta County's growth, while slower than pre-

recession years, has remained consistent in recent years, and showed signs of acceleration after slowing following the national recession. Coweta County School System student enrollment rose after years of slight decline during this period, with 22,366 students enrolled during the spring of 2016, compared with 22,184 enrolled in 2015 and 22,296 during 2014.

This remains consistent with School System projections – made in collaboration with local officials and consultants – of flat student enrollment as a result of lower local birth rates, lower rates of net county in-migration, and new home growth at higher price-points (less likely to be purchased by young families). The average rate of enrollment for the system in the period 1991-2008 was approximately 4 percent, with increases of 500 to 1,200 students annually during that period. Following 2009 - when School System enrollment moved beyond 22,000 students, and when the most significant effects of the recession were experienced - Coweta County School System student enrollment has remained relatively flat, with small increases or decreases of enrollment within the 22,000 to 23,000 student range. Enrollment was projected to rise in the following school year beginning in August, 2016.

Fiscal year 2016 saw a continuation of economic trends in recent years that represent improvement following the recession of the late 2000's and a subsequent slow recovery. Jobs in construction, manufacturing, health care and retail were added in the Coweta County economy in 2015 into 2016, outpacing a decrease in jobs sectors such as temp agencies and professional and technical services, and flat employment in government, hospitality and finance sectors.

According to the Center for Business and Economic Research and the Department of Economics at the Richards College of Business (University of West Georgia), Coweta County continued to lead the West Georgia region in job growth and other economic indicators through the summer of 2016. The center reported that initial unemployment claims in the West Georgia region fell 10.5 percent when compared to the last year, with most of the decline coming from Coweta's unemployment insurance claims falling 37.8 percent, from 524 in the summer of 2015 to 326 in summer 2016. Coweta County had an unemployment rate of 5.1 percent in June, 2016, an improvement over rates of 5.5 percent in 2015 and 6.5 percent in 2014. Earlier in 2016 (in the Department of Labor's April report), Coweta County's unemployment rate decreased to 4.5 percent, compared to an average Georgia rate of 5.2 percent and a U.S. rate of 4.8 percent.

Coweta County's employment base and future prospects improved during a period of transition for the County. Coweta County lost roughly 500 jobs across service-providing categories during the period covering the first quarter of 2015 into 2016, with much of the job loss centering on temporary employment. Professional and technical services also cut approximately 185 positions over the same period. Accommodation and food services, however, added approximately 30 jobs, while retail added about 240 jobs for 4.4 percent growth. Significantly, locally-based manufacturers added approximately 270 jobs, for 5.8 percent growth.

The closing of Kmart Distribution Center in Newnan resulted in the loss of about 160 jobs, which impacted the employment rate in Coweta County. But new employer Variety Wholesaler announced hiring of an estimated 320 positions. HVAC equipment manufacturer Mingledorff's began construction on a 26,000 square foot facility in Creekside Industrial Park in 2016, and Blickle U.S.A. - a manufacturer and distributor of wheels and casters - announced plans to locate its U.S. headquarters in Coweta County by 2017, and will employ manufacturing, engineering, laboratory, operations and customer service positions. The owners of the Orchard Hills property on Georgia Highway 16, near I-85 Exit 41, also announced plans to convert the site into commercial or industrial space in the coming years.

Most significantly, Coweta County's health care industry continued to be a leader in employment growth for Coweta County, with one out of every eight workers employed in the industry. Industries such as Piedmont Newnan Hospital, Cancer Treatment Centers of America and the HealthSouth Rehabilitation Hospital – recent investments in the County's economy – led job growth in this sector, as health care employment grew by 5.6 percent. This follows the expansion of the Cancer Treatment Centers of America's (CTCA) southern regional center in Newnan, after three years of operation and a major expansion of the facility completed the year before. As of 2014, CTCA's total employment had grown to 800 and has generated an estimated economic impact of over $1.0 billion in Coweta County. That also follows the 2012 opening of a new $180.0 million campus for Piedmont-Newnan Hospital on Poplar Road in Newnan, the opening of the Ansley Park Health and Rehabilitation facility in 2013, the HealthSouth Rehabilitation hospital in Coweta County in 2014.

Other recent developments include the opening of a Newnan satellite campus for the University of West Georgia, in the former Newnan Hospital on Jackson Street, and the opening of the new West Georgia Technical College Campus on Turkey Creek Road near Newnan. These openings continue to have a significant impact on local workforce development as well as the local economy.

In summary, trends in employment, local investment, incomes, home sales and construction have continued to provide an optimistic outlook for Coweta County's tax base and local economy, and improving operations for the County's School System.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact W. Keith Chapman, CPA, Assistant Superintendent for Financial Services at the Coweta County Board of Education, 237 Jackson Street, Newnan, Georgia 30263. You may also email your questions to keith.chapman@cowetaschools.net.

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COWETA COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 89,387,044.87
Accounts Receivable, Net	
Taxes	6,560,388.02
State Government	16,178,624.40
Federal Government	1,406,461.40
Other	246,465.89
Inventories	108,252.32
Capital Assets, Non-Depreciable	17,652,610.26
Capital Assets, Depreciable (Net of Accumulated Depreciation)	277,172,483.32
Total Assets	408,712,330.48
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	15,252,827.26
LIABILITIES	
Accounts Payable	10,581,295.08
Salaries Payable	17,938,519.40
Claims Incurred But Not Reported (IBNR)	722,680.00
Contracts Payable	3,608,451.71
Retainages Payable	435,336.14
Deposits and Unearned Revenues	133,988.52
Net Pension Liability	157,581,849.00
Long-Term Liabilities	
Due Within One Year	776,952.56
Total Liabilities	191,779,072.41
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	18,092,361.00
NET POSITION	
Investment in Capital Assets	294,825,093.58
Restricted for	
Continuation of Federal Programs	206,793.17
Capital Projects	41,956,879.21
Unrestricted (Deficit)	(122,895,041.63)
Total Net Position	$ 214,093,724.33

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

COWETA COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITES
FOR THE YEAR ENDED JUNE 30, 2016

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 128,664,157.22	$ 62,520.00
Support Services		
Pupil Services	11,876,795.02	-
Improvement of Instructional Services	3,949,657.57	-
Educational Media Services	3,147,075.11	-
General Administration	1,110,438.71	-
School Administration	14,138,443.75	-
Business Administration	1,550,263.77	-
Maintenance and Operation of Plant	17,773,181.38	-
Student Transportation Services	10,928,704.86	-
Central Support Services	1,712,109.86	-
Other Support Services	892,079.11	-
Operations of Non-Instructional Services		
Enterprise Operations	896,421.77	343,493.78
Community Services	1,342,698.92	1,213,439.08
Food Services	10,125,166.98	2,341,339.94
Total Governmental Activities	$ 208,107,194.03	$ 3,960,792.80
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$ 90,547,276.70	$ 1,990,899.75	$ (36,063,460.77)
1,016,553.98	3,954.34	(10,856,286.70)
2,465,384.23	1,621.82	(1,482,651.52)
2,336,975.00	43,147.60	(766,952.51)
2,449,512.65	2,022.84	1,341,096.78
4,662,123.00	20,633.40	(9,455,687.35)
2,633.74	26,726.00	(1,520,904.03)
5,469,347.47	851,090.39	(11,452,743.52)
2,731,215.81	231,660.00	(7,965,829.05)
11,493.89	3,413.53	(1,697,202.44)
335,050.02	-	(557,029.09)
-	11,229.58	(541,698.41)
-	59,096.85	(70,162.99)
6,643,757.12	203,475.85	(936,594.07)
$ 118,671,323.61	$ 3,448,971.95	(82,026,105.67)
		75,335,751.60
		59,478.49
		20,669,936.29
		2,076,717.21
		229,353.32
		3,572,528.80
		101,943,765.71
		19,917,660.04
		194,176,064.29
		$ 214,093,724.33

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 36,438,896.08	$ 52,948,148.79	$ 89,387,044.87
Accounts Receivable, Net			
Taxes	4,693,943.60	1,866,444.42	6,560,388.02
State Government	14,255,295.00	1,923,329.40	16,178,624.40
Federal Government	1,406,461.40	-	1,406,461.40
Other	246,465.89	-	246,465.89
Inventories	108,252.32	-	108,252.32
Total Assets	$ 57,149,314.29	$ 56,737,922.61	$ 113,887,236.90
LIABILITIES			
Accounts Payable	$ 9,501,749.96	$ 1,079,545.12	$ 10,581,295.08
Salaries Payable	17,938,519.40	-	17,938,519.40
Contracts Payable	-	3,608,451.71	3,608,451.71
Retainages Payable	-	435,336.14	435,336.14
Deposits and Unearned Revenue	133,988.52	-	133,988.52
Total Liabilities	27,574,257.88	5,123,332.97	32,697,590.85
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	2,920,549.83	-	2,920,549.83
Unavailable Revenue - GSFIC and GOSA	-	1,923,329.40	1,923,329.40
Total Deferred Inflows of Resources	2,920,549.83	1,923,329.40	4,843,879.23
FUND BALANCES			
Nonspendable	108,252.32	-	108,252.32
Restricted	98,540.85	40,033,549.81	40,132,090.66
Committed	6,705,972.23	-	6,705,972.23
Assigned	694,070.32	9,657,710.43	10,351,780.75
Unassigned	19,047,670.86	-	19,047,670.86
Total Fund Balances	26,654,506.58	49,691,260.24	76,345,766.82
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 57,149,314.29	$ 56,737,922.61	$ 113,887,236.90

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

COWETA 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")		$ 76,345,766.82
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	$ 11,443,803.00	
Construction in progress	6,208,807.26	
Buildings and improvements	301,706,225.51	
Equipment	29,537,968.00	
Land improvements	33,388,624.00	
Accumulated depreciation	(87,460,334.19)	294,825,093.58
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(157,581,849.00)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		(2,839,533.74)
Taxes that are not available to pay for current period expenditures are deferred in the funds.		2,920,549.83
Georgia State Financing and Investment Commission and Governor's Office of Student Achievement grants that are not available to pay current period expenditures are deferred in the funds.		1,923,329.40
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	$ (776,952.56)	
Claims incurred but not reported (IBNR)	(722,680.00)	(1,499,632.56)
Net position of governmental activities (Exhibit "A")		$ 214,093,724.33

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES			
Property Taxes	$ 76,852,908.99	$ -	$ 76,852,908.99
Sales Taxes	2,076,717.21	20,669,936.29	22,746,653.50
State Funds	102,253,194.06	2,281,557.65	104,534,751.71
Federal Funds	16,039,234.45	-	16,039,234.45
Charges for Services	3,960,792.80	-	3,960,792.80
Investment Earnings	104,763.87	124,589.45	229,353.32
Miscellaneous	3,656,544.50	-	3,656,544.50
Total Revenues	204,944,155.88	23,076,083.39	228,020,239.27
EXPENDITURES			
Current			
Instruction	126,247,355.71	2,344,233.46	128,591,589.17
Support Services			
Pupil Services	12,277,390.99	15,288.00	12,292,678.99
Improvement of Instructional Services	4,053,183.21	-	4,053,183.21
Educational Media Services	3,158,299.33	-	3,158,299.33
General Administration	1,124,504.17	-	1,124,504.17
School Administration	14,627,124.92	996.00	14,628,120.92
Business Administration	1,536,394.66	-	1,536,394.66
Maintenance and Operation of Plant	16,170,671.61	315,182.69	16,485,854.30
Student Transportation Services	10,245,671.64	934,103.00	11,179,774.64
Central Support Services	1,769,675.28	-	1,769,675.28
Other Support Services	1,357,747.23	-	1,357,747.23
Enterprise Operations	869,729.93	-	869,729.93
Community Services	1,233,155.54	-	1,233,155.54
Food Services Operation	9,783,129.70	-	9,783,129.70
Capital Outlay	1,534,689.64	8,059,232.91	9,593,922.55
Total Expenditures	205,988,723.56	11,669,036.06	217,657,759.62
Net Change in Fund Balances	(1,044,567.68)	11,407,047.33	10,362,479.65
Fund Balances - Beginning	27,699,074.26	38,284,212.91	65,983,287.17
Fund Balances - Ending	$ 26,654,506.58	$ 49,691,260.24	$ 76,345,766.82

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

COWETA 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")		$ 10,362,479.65
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	$ 10,233,827.19	
Depreciation expense	(7,469,986.62)	2,763,840.57
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(84,015.70)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(1,457,678.90)
Georgia State Financing and Investment Commission grants and Governor's Office of Student Achievement grants that do not provide current financial resources are not reported as revenues in the funds.		1,923,329.40
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		5,967,265.31
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.		
Increase in compensated absences	$ (17,428.29)	
Decrease in claims incurred but not reported (IBNR)	459,868.00	442,439.71
Change in net position of governmental activities (Exhibit "B")		$ 19,917,660.04

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 1,056,025.53
Investments	
Certificate of Deposit	234,861.63
Total Assets	$ 1,290,887.16
LIABILITIES	
Funds Held for Others	$ 1,290,887.16

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Coweta 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.

Blended Component Unit

The Central Education Center (Charter School) is responsible for the public education of all students attending its school. The Charter School was created through a contract between the School District and the Charter School whereby all State funding associated with the students attending the Charter School and certain specified local funds are turned over to the Charter School to cover the cost of its operations. The financial statements of the Charter School have been included with the School District's general fund.

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 and its component units, 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. **Investment in capital assets** consists of the School District's total 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), grants from Georgia State Financing and Investment Commission, and a grant from the Governor's Office of Student Achievement that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

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, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which

the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

an external investment pool, the State of Georgia local government investment pool (Georgia Fund 1), which does not meet the criteria of this statement. Therefore, the investment in this pool is measured at fair value as provided in paragraph 11 of GASB Statement No. 31, as amended.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

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

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

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

RECEIVABLES

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

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	ALL	N/A
Land Improvements	$ 10,000.00	20 to 80 years
Buildings and Improvements	$ 10,000.00	25 to 80 years
Equipment	$ 10,000.00	10 to 50 years
Intangible Assets	$ 500,000.00	5 to 80 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

COMPENSATED ABSENCES

At June 30, 2016, the School District's compensated absences liability is composed of an overtime compensation liability of $109,957.77 and a vacation liability of $666,994.79.

The overtime compensation liability is calculated in accordance with the Fair Labor Standards Act and applies to all non-exempt employees of the School District as defined in the Fair Labor Standards Act. Applicable employees may accrue up to no more than 240 hours of compensatory leave.

Twelve month employees earn vacation leave. Twelve month hourly employees earn 10 days of vacation leave for the first year of service, with an additional vacation day for each additional year of service completed through the 10th year. Twelve month hourly employees earn a maximum of 20 days of vacation leave at 10 years of service, and any unused vacation leave days must be used within a 24 month period to avoid forfeiture.

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.

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 Coweta County Board of Commissioners adopted the property tax levy for the 2015 tax digest year (calendar year) on August 25, 2015 (levy date) based on property values as of January 1, 2015. Taxes were due on December 1, 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 Coweta County Board of Commissioners bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2016, for maintenance and operations amounted to $71,533,782.02.

The tax millage rate levied for the 2015 tax year (calendar year) for the School District was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	18.59 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $5,259,648.48 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 $20,669,936.29 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 and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of 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.

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

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

COLLATERALIZATION OF DEPOSITS

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

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

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

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

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

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

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2016, the School District had deposits with a carrying amount of $9,781,868.57, and a bank balance of $16,552,493.58. The bank balances insured by Federal depository insurance were $1,517,831.00 and the bank balances collateralized with securities held by the pledging financial institution in the School District's name were $112,800.97. At June 30, 2016, the School District's deposits of $14,921,861.61 were exposed to custodial credit risk, collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

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

Statement of Net Position	
Cash and cash equivalents	$ 89,387,044.87
Statement of Fiduciary Net Position	
Cash and cash equivalents	1,056,025.53
Total cash and cash equivalents	90,443,070.40
Add:	
Deposits with original maturity of three months or less reported as investments	234,861.63
Less:	
Cash on hand	-
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	80,896,063.46
Total carrying value of deposits - June 30, 2016	$ 9,781,868.57

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $80,896,063.46 in Georgia Fund 1, a local government investment pool. Georgia Fund 1 is not registered with the SEC as an investment company

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

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia Comprehensive Annual Financial Report*. This audit can be obtained from the Georgia Department of Audits and Accounts at www.audits.ga.gov/SGD/CAFR.html.

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	$ 11,443,803.00	$ -	$ -	$ 11,443,803.00
Construction in Progress	39,285,423.07	8,356,808.14	41,433,423.95	6,208,807.26
Total Capital Assets Not Being Depreciated	50,729,226.07	8,356,808.14	41,433,423.95	17,652,610.26
Capital Assets Being Depreciated				
Buildings and Improvements	263,235,209.51	38,511,916.00	40,900.00	301,706,225.51
Equipment	28,173,859.00	1,973,659.00	609,550.00	29,537,968.00
Land Improvements	30,563,756.00	2,824,868.00	-	33,388,624.00
Less Accumulated Depreciation for:				
Buildings and Improvements	61,147,576.32	5,222,020.65	40,900.00	66,328,696.97
Equipment	10,761,500.93	1,209,260.31	525,534.30	11,445,226.94
Land Improvements	8,647,704.62	1,038,705.66	-	9,686,410.28
Total Capital Assets, Being Depreciated, Net	241,416,042.64	35,840,456.38	84,015.70	277,172,483.32
Governmental Activity Capital Assets - Net	$ 292,145,268.71	$ 44,197,264.52	$ 41,517,439.65	$ 294,825,093.58

Current year depreciation expense by function is as follows:

Instruction		$ 4,059,858.54
Support Services		
Improvements of Instructional Services	$ 11,370.95	
Educational Media Services	87,986.92	
General Administration	4,125.00	
School Administration	42,075.79	
Business Administration	54,499.86	
Maintenance and Operation of Plant	1,735,550.24	
Student Transportation Services	909,218.66	
Central Support Services	6,960.90	
Enterprise Operations	22,899.44	
Community Services	120,510.76	2,995,198.52
Food Services		414,929.56
		$ 7,469,986.62

NOTE 6: LONG-TERM LIABILITIES

GENERAL OBLIGATION DEBT OUTSTANDING

Voters have authorized $60,000,000.00 in general obligation debt for completion of SPLOST IV projects which was not issued as of June 30, 2016.

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.

The changes in Long-Term Liabilities during the fiscal year ended June 30, 2016, were as follows:

	Governmental Activities				
	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Compensated Absences	$ 759,524.27	$ 642,111.14	$ 624,682.85	$ 776,952.56	$ 776,952.56

NOTE 7: 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; acts of God; and unemployment compensation. Except as described below, the School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceed commercial insurance coverage in any of the past three fiscal years.

WORKERS' COMPENSATION

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the general fund by the School District. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $750,000.00 loss per occurrence, up to the statutory limit.

For purposes of estimating the claims incurred but not reported (IBNR) liability as of June 30, 2016, the School District computed the liability based on the estimated cost of each outstanding claim from claims experience of similar claims.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2015	$ 1,370,784.00	$ 696,894.59	$ 885,130.59	$ 1,182,548.00
2016	$ 1,182,548.00	$ 423,277.26	$ 883,145.26	$ 722,680.00

UNEMPLOYMENT COMPENSATION

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2015	$ -	$ 10,533.44	$ 10,533.44	$ -
2016	$ -	$ 10,016.40	$ 10,016.40	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 20,000.00
Assistant Superintendent for Financial Services	$ 10,000.00
Board Treasurer	$ 10,000.00
All Employees	$ 250,000.00

NOTE 8: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories		$ 108,252.32
Restricted		
Continuation of Federal Programs	$ 98,540.85	
Capital Projects	40,033,549.81	40,132,090.66
Committed		
Self-Insurance	$ 5,301,476.21	
School Activity Accounts	1,404,496.02	6,705,972.23
Assigned		
After School Program	$ 694,070.32	
Local Capital Outlay Projects	9,657,710.43	10,351,780.75
Unassigned		19,047,670.86
Fund Balance, June 30, 2016		$ 76,345,766.82

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 5% of expenditures, 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 9: 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)
Plumbing Upgrades WDA and Maggie Brown	$ 447,094.25	$ 10,500.00	$ -
ECHS Traffic Lane	9,509.55	73,269.95	-
NGHS Paving and Pedestrian Crossing	542,502.14	165,380.86	-
Security (S.H.I.E.L.D.) Renovations	408,853.37	454,013.87	-
Northside Renovations	2,593,770.62	5,183,180.12	1,039,727.00
Transportation Facility	255,000.00	85,000.00	-
NHS Bus Canopy Cover	3,968.60	68,781.32	-
Security Camera Phase II	309,983.06	-	-
Flooring	350,000.00	-	-
	$ 4,920,681.59	$ 6,040,126.12	$ 1,039,727.00

(1) Payments include Contracts and Retainages Payable at year end.

(2) Payments include Contracts and Retainages Payable at year end.

NOTE 10: 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 11: 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%	$ 20,963,860.38
2015	100%	$ 19,786,220.09
2014	100%	$ 19,610,194.44

NOTE 12: 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. 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%. For the current fiscal year, employer contributions to the pension plan were $ 16,094,777.30 from the School District.

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 $20,743.21 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 $505,644.00.

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 $157,581,849.00 for its proportionate share of the net pension liability for TRS ($157,433,892.00) and ERS ($147,957.00).

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 1.034116%, which was a decrease of 0.014408% from its proportion measured as of June 30, 2014. At June 30, 2015, the School District's ERS proportion was 0.003652%, which was an increase of 0.000092% 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 $2,156,886.00.

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 $9,366,397.00 for TRS, $5,004.00 for ERS and $128,624.00 for PSERS, and revenue of $128,624.00 for PSERS. The revenue is support provided by the State of Georgia.

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	$ -	$ 1,384,712.00	$ -	$ 1,182.00
Net difference between projected and actual earnings on pension plan investments	-	13,279,714.00	-	10,675.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	3,413,402.00	2,576.00	2,676.00
School District contributions subsequent to the measurement date	15,229,508.05	-	20,743.21	-
Total	$ 15,229,508.05	$ 18,077,828.00	$ 23,319.21	$ 14,533.00

The School District contributions subsequent to the measurement date of $15,229,508.05 for TRS and $20,743.21 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	$ (7,389,129.00)	$ (6,505.00)
2018	$ (7,389,129.00)	$ (4,293.00)
2019	$ (7,389,139.00)	$ (4,758.00)
2020	$ 4,249,910.00	$ 3,599.00
2021	$ (160,341.00)	$ -

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	$ 270,538,241.00	$ 157,433,892.00	$ 64,208,997.00

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	$ 209,734.00	$ 147,957.00	$ 95,289.00

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.

DEFINED CONTRIBUTION PLAN

Employees of the School District may elect to contribute to a qualifying 403(b) and/or 457 plan by selecting a vendor that has been approved by the School District. The School District does not provide matching funds to supplement the employee contributions. The employee contributions, disbursements, and loans are governed by the Internal Revenue Service rules and regulations and the plan document approved by the School District. The School District selected a third party administrator to assist in the administration of the 403(b) plan and common remitting services for the 457 plan. Contributions to the plan become property of the employee without a vesting period.

The School District also provides a supplemental 403(b) plan option for employees who are not members of the Teachers Retirement System. Employees who are not members of the Teachers Retirement System may elect to contribute to a supplemental 403(b) plan by choosing a vendor that has been approved by the School District. The School District provides matching funds of 50% of the employee's contribution up to a maximum School District contribution of 3% of the employee's contribution. The employee and employer contributions, disbursements, and loans are governed by the Internal Revenue Service rules and regulations and the plan document approved by the School District. The School District selected a third party administrator to assist in the administration of the supplemental 403(b) plan. Employee and employer contributions become property of the employee without a vesting period.

Fiscal Year	Percentage Contributed		Required Contribution
2016	100%	$	72,687.36
2015	100%	$	73,053.15
2014	100%	$	70,867.86

NOTE 13: SUBSEQUENT EVENT

On March 21, 2017, the voters of Coweta County authorized the continuation of a one percent sales tax to continue through June 30, 2022. Additionally, the voters authorized the School District to issue general obligation bonds in the amount of $60,000,000.00. The School District currently has no plans to issue general obligation bonds. However, the issuance of General Obligation bonds could occur based on cash flow needs for Capital Projects.

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COWETA 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	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	1.034116%	$ 157,433,892.00	$ 109,375,399.47	143.94%	81.44%
2015	1.048524%	$ 132,467,177.00	$ 107,006,481.03	123.79%	84.03%

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

COWETA 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 employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.003652%	$ 147,957.00	$ 83,505.96	177.18%	76.20%
2015	0.003560%	$ 133,522.00	$ 80,154.96	166.58%	77.99%

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

COWETA 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 proportionate share of the net pension liability associated with the School District	Total	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%	$ -	$ 2,156,886.00	$ 2,156,886.00	N/A	87.00%
2015	0.00%	$ -	$ 1,809,179.00	$ 1,809,179.00	N/A	88.29%

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

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	$ 16,094,777.30	$ 16,094,777.30	$ -	$ 112,787,507.42	14.27%
2015	$ 14,382,865.03	$ 14,382,865.03	$ -	$ 109,375,399.47	13.15%
2014	$ 13,140,395.87	$ 13,140,395.87	$ -	$ 107,006,481.03	12.28%
2013	$ 12,194,307.23	$ 12,194,307.23	$ -	$ 106,873,858.28	11.41%
2012	$ 11,019,167.20	$ 11,019,167.20	$ -	$ 107,190,342.41	10.28%
2011	$ 11,151,923.30	$ 11,151,923.30	$ -	$ 108,481,744.16	10.28%
2010	$ 10,697,979.00	$ 10,697,979.00	$ -	$ 109,835,513.35	9.74%
2009	$ 10,197,197.00	$ 10,197,197.00	$ -	$ 109,883,588.36	9.28%
2008	$ 9,731,112.00	$ 9,731,112.00	$ -	$ 104,861,120.69	9.28%
2007	$ 9,022,845.00	$ 9,022,845.00	$ -	$ 97,228,933.19	9.28%

Schedule includes all significant plans and funds administered by Coweta County Board of Education

COWETA 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	$ 20,743.21	$ 20,743.21	$ -	$ 83,912.66	24.72%
2015	$ 18,337.92	$ 18,337.92	$ -	$ 83,505.96	21.96%
2014	$ 14,796.62	$ 14,796.62	$ -	$ 80,154.96	18.46%
2013	$ 13,138.86	$ 13,138.86	$ -	$ 88,180.46	14.90%
2012	$ 7,141.42	$ 7,141.42	$ -	$ 61,405.16	11.63%
2011	$ 6,381.13	$ 6,381.13	$ -	$ 61,298.08	10.41%
2010	$ 6,224.60	$ 6,224.60	$ -	$ 59,794.40	10.41%
2009	$ 6,434.16	$ 6,434.16	$ -	$ 61,807.46	10.41%
2008	$ 6,623.97	$ 6,623.97	$ -	$ 63,630.84	10.41%
2007	$ 5,714.33	$ 5,714.33	$ -	$ 54,892.69	10.41%

Schedule includes all significant plans and funds administered by Coweta County Board of Education

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

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

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 77,420,426.00	$ 78,420,426.00	$ 76,852,908.99	$ (1,567,517.01)
Sales Taxes	1,200,000.00	1,200,000.00	2,076,717.21	876,717.21
State Funds	99,632,322.00	100,748,773.00	102,253,194.06	1,504,421.06
Federal Funds	15,122,555.00	17,267,305.00	16,039,234.45	(1,228,070.55)
Charges for Services	5,864,737.00	5,864,737.00	3,960,792.80	(1,903,944.20)
Investment Earnings	26,250.00	26,250.00	104,763.87	78,513.87
Miscellaneous	504,224.00	7,500,940.00	3,656,544.50	(3,844,395.50)
Total Revenues	199,770,514.00	211,028,431.00	204,944,155.88	(6,084,275.12)
EXPENDITURES				
Current				
Instruction	124,510,029.00	132,641,485.00	126,247,355.71	6,394,129.29
Support Services				
Pupil Services	11,912,738.00	12,544,817.00	12,277,390.99	267,426.01
Improvement of Instructional Services	4,320,389.00	4,538,545.00	4,053,183.21	485,361.79
Educational Media Services	3,129,295.00	3,199,800.00	3,158,299.33	41,500.67
General Administration	1,040,677.00	983,157.00	1,124,504.17	(141,347.17)
School Administration	14,436,399.00	14,583,511.00	14,627,124.92	(43,613.92)
Business Administration	1,307,486.00	1,318,299.00	1,536,394.66	(218,095.66)
Maintenance and Operation of Plant	15,995,150.00	15,823,142.00	16,170,671.61	(347,529.61)
Student Transportation Services	9,953,808.00	10,332,811.00	10,245,671.64	87,139.36
Central Support Services	1,293,796.00	1,562,515.00	1,769,675.28	(207,160.28)
Other Support Services	1,509,649.00	1,412,399.00	1,357,747.23	54,651.77
Enterprise Operations	-	1,500,000.00	869,729.93	630,270.07
Community Services	1,517,732.00	1,517,732.00	1,233,155.54	284,576.46
Food Services Operation	9,925,779.00	10,038,628.00	9,783,129.70	255,498.30
Capital Outlay	-	-	1,534,689.64	(1,534,689.64)
Total Expenditures	200,852,927.00	211,996,841.00	205,988,723.56	6,008,117.44
Excess of Revenues over (under) Expenditures	(1,082,413.00)	(968,410.00)	(1,044,567.68)	(76,157.68)
OTHER FINANCING SOURCES (USES)				
Other Sources	343,714.00	343,714.00	-	(343,714.00)
Other Uses	(343,714.00)	(343,714.00)	-	343,714.00
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,082,413.00)	(968,410.00)	(1,044,567.68)	(76,157.68)
Fund Balances - Beginning	27,641,578.26	27,641,578.26	27,699,074.26	57,496.00
Adjustments	-	(5,498.13)	-	5,498.13
Fund Balances - Ending	$ 26,559,165.26	$ 26,667,670.13	$ 26,654,506.58	$ (13,163.55)

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

(1) Original Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts or revenues or expenditures for retirement contributions paid on the School District's behalf.

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	$ 1,209,993.86
National School Lunch Program	10.555	16165GA324N1099	7,695,722.99
Total U. S. Department of Agriculture			8,905,716.85
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A150073	4,508,514.12
Preschool Grants	84.173	H173A150081	90,429.75
Total Special Education Cluster			4,598,943.87
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A150010	148,635.56
Education for Homeless Children and Youth	84.196	S196A150011	21,368.69
English Language Acquisition Grants	84.365	S365A150010	63,408.78
Improving Teacher Quality State Grants	84.367	S367A150001	418,942.63
Mathematics and Science Partnerships	84.366	S366B150011	105,350.47
Migrant Education - State Grant Program	84.011	S011A150011	35,547.41
Title I Grants to Local Educational Agencies	84.010	S010A150010	4,127,653.22
Total Other Programs			4,920,906.76
Total U. S. Department of Education			9,519,850.63
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program			95,792.40
Department of the Marine Corps			
R.O.T.C. Program			70,882.02
Total U. S. Department of Defense			166,674.42
Total Expenditures of Federal Awards			$ 18,592,241.90

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 Coweta 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 TYPES GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 1,998,707.01	$ -	$ 1,998,707.01
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	6,494,115.00	-	6,494,115.00
Kindergarten Program - Early Intervention Program	310,537.00	-	310,537.00
Primary Grades (1-3) Program	15,653,313.00	-	15,653,313.00
Primary Grades - Early Intervention (1-3) Program	1,345,793.00	-	1,345,793.00
Upper Elementary Grades (4-5) Program	7,584,836.00	-	7,584,836.00
Upper Elementary Grades - Early Intervention (4-5) Program	796,206.00	-	796,206.00
Middle School (6-8) Program	13,909,251.00	-	13,909,251.00
High School General Education (9-12) Program	13,978,683.00	-	13,978,683.00
Vocational Laboratory (9-12) Program	2,748,181.00	-	2,748,181.00
Students with Disabilities	16,034,606.00	-	16,034,606.00
Gifted Student - Category VI	5,440,290.00	-	5,440,290.00
Remedial Education Program	243,613.00	-	243,613.00
Alternative Education Program	1,024,160.00	-	1,024,160.00
English Speakers of Other Languages (ESOL)	635,699.00	-	635,699.00
Media Center Program	2,336,975.00	-	2,336,975.00
20 Days Additional Instruction	721,050.00	-	721,050.00
Staff and Professional Development	394,310.00	-	394,310.00
Principal Staff and Professional Development	7,209.00	-	7,209.00
Indirect Cost			
Central Administration	2,196,410.00	-	2,196,410.00
School Administration	4,634,956.00	-	4,634,956.00
Facility Maintenance and Operations	5,418,761.00	-	5,418,761.00
Amended Formula Adjustment	(5,383,194.00)	-	(5,383,194.00)
Categorical Grants			
Pupil Transportation			
Regular	1,695,047.00	-	1,695,047.00
Nursing Services	410,027.00	-	410,027.00
Other State Programs			
Food Services	262,406.00	-	262,406.00
Math and Science Supplements	182,524.05	-	182,524.05
Preschool Handicapped Program	358,106.00	-	358,106.00
Pupil Transportation - State Bonds	231,660.00	-	231,660.00
Vocational Education	56,146.00	-	56,146.00
Vocational Supervisors	27,167.00	-	27,167.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	2,281,557.65	2,281,557.65
Office of State Treasurer			
Public School Employees Retirement	505,644.00	-	505,644.00
	$ 102,253,194.06	$ 2,281,557.65	$ 104,534,751.71

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COWETA 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)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST IV	$ 130,000,000.00	$ 158,000,000.00					
i) The acquisition, construction and equipping of one or more new high schools, one or more new middle schools, one or more new elementary schools and a new transportation facility,	-	-	$ -	$ -	$ -	$ -	7/2018
ii) additions throughout the School System, including, but not limited to, additions at Newnan High School and Evans Middle School,	-	-	-	77,225.00	-	-	7/2018
iii) the acquisition of buses,	-	-	934,103.00	26,175.00	-	-	7/2018
iv) the acquisition of technology,	-	-	2,316,860.40	1,776,757.59	-	-	7/2018
v) the acquisition of text books and digital media,	-	-	-	1,799,771.71	-	-	7/2018
vi) the acquisition of land,	-	-	-	-	-	-	7/2018
vii) and renovations and improvements throughout the School System, including, but not limited to, renovations and improvements at East Coweta High School, Canongate Elementary School, Newnan Crossing Elementary School, Thomas Crossroads Elementary School, Jefferson Parkway Elementary School, and Northgate High School,	-	-	8,367,441.38	31,583,587.06	-	-	7/2018
viii) issuance of general obligation debt of the Coweta County School System in the maximum principal amount of $60,000,000 for the above purposes.	-	-	-	-	-	-	Ongoing (4)
Total SPLOST IV	$ 130,000,000.00	$ 158,000,000.00	$ 11,618,404.78	$ 35,263,516.36	$ -	$ -	

(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 Coweta 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) Issuance of general obligation debt has not occurred as of the date of publication.

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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

March 23, 2017

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

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

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coweta 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 March 23, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 23, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Coweta 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 Coweta 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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COWETA 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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COWETA 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; Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported

Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:

▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported

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

All major programs	Unmodified

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000.00
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.