

DOUGHERTY COUNTY BOARD OF EDUCATION
ALBANY, GEORGIA

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

DOUGHERTY COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

February 23, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Dougherty 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 Dougherty County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through H), which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Dougherty County Stadium Authority, which is a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dougherty County Stadium Authority is based solely on the report of other auditors.

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.

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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 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, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Dougherty County Board of Education, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

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Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017, on our consideration of the Dougherty County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dougherty County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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2015ARL-12

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

INTRODUCTION

Management's Discussion and Analysis of the Dougherty County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to present the School District's overall financial performance. Readers should also review the financial statements and notes to the financial statements to further enhance their understanding of the School District's financial performance.

In fiscal year 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contribution Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The adoption of these statements had a significant impact on the School District's District-wide financial statements, and in many cases modifies comparability of fiscal year 2015 financial statements with those of the prior year. Prior year financial statements, as presented within the Management's Discussion and Analysis, have not been restated for implementation of GASB No. 68 and GASB No. 71. The School District's Governmental Fund Financial Statements were not affected by implementation of GASB No. 68 or GASB No. 71.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2015 are as follows:

- The School District continues to maintain a sound fiscal position in fiscal year 2015.
- The School District's net position at June 30, 2015 was $168.6 million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred inflows of resources. The net position at June 30, 2015 of $168.6 million represented a decrease of over $125.3 million when compared to the prior year primarily due to the implementation of GASB No. 68 and GASB No. 71.
- General Fund revenues accounted for $155.9 million or about 91% of all revenues totaling $171.6 million.
- Among major funds the general fund had $155.9 million in revenues and $155.1 million in expenditures. The general fund's fund balance increased marginally from $17.5 million to $18.3 million.

Using the Basic Financial Statements

The annual report consists primarily of a series of financial statements and notes to those statements. These statements are organized and presented in a manner intended to assist the reader in understanding the Dougherty County School District as a complete operating entity.

System-wide Statements

The *Statement of Net Position* and *Statement of Activities* provide information about the School District as a whole using accounting methods similar to those used by industry. The increases and decreases in the School District's net assets are an indicator of whether the financial position of the School District has improved or diminished. There are many factors that can affect the overall financial condition of the School District such as the School District's property tax base, State and Federal funding, and the condition of buildings and equipment.

All of the School District's programs and activities included in the System-wide Statements are reported as Governmental Activities. These include instruction, support services, staff development, operation and maintenance of facilities, pupil transportation, food service, after school programs, school administration, and various others functions.

These statements report all assets and liabilities using the *accrual* basis of accounting. The basis of accounting determines when transactions are reported on the financial statements. The *accrual* basis of accounting records revenues when they are earned regardless of when payment (cash) is received. Expenditures are recorded at the time the liability is incurred regardless of when the actual payment is made.

The *Statement of Activities* reflects the governmental activities of the School District by programs and services and distinguishes the revenue sources for these activities. The statement also helps identify how much local revenue is required to support the School District's activities.

Fund Financial Statements

Fund financial reports provide detail information about the School District's major funds. Funds are accounting devices the School District uses to keep track of general operations, federal and state grants, building programs, debt payments, worker's compensation claims, and student activity funds.

The Dougherty County School District has two major funds: Governmental Funds and Fiduciary Funds.

Governmental Funds

Most of the School District's financial activities are reported in governmental funds. The fund statements provide more detailed information about the School District's funds, focusing on its most significant "major" funds – not the School District as a whole. Governmental funds record how money flows in and out within the current period, and reports the balances remaining at year-end available for spending in future periods. The governmental fund statements provide a short-term view of the School District's general governmental operations and the basic services they provide. This governmental fund information can be used to identify financial resources available for financing educational programs. The differences between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are reconciled in the financial statements.

The School District's governmental funds are the General Fund, Capital Projects Fund and Debt Service Fund. General operations, school food services, other Federal and State grant programs, the general operating portion of principal accounts, and workers compensation claims are consolidated in the General Fund.

Fiduciary Funds

The School District is the trustee, or *fiduciary,* for assets that belong to others. An example is funds belonging to school clubs and organizations whose records are maintained at the individual schools. These funds are generally referred to as "Activity Funds". The School District is responsible for ensuring that the assets recorded in these funds are used only for their intended purposes and only by those to whom the assets belong. The School District excludes these fund activities from the System-wide financial statements because these fund assets cannot be used to finance its operations.

Presentation of Financial Data

The next section of this discussion will provide more specific information as reported on the financial statements discussed above. For comparison purposes, this information will be presented for both fiscal year 2014 and fiscal year 2015.

Statement of Net Position (Analysis of the School District as a Whole)

As previously stated above, the *Statement of Net Position* presents consolidated financial data for the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2015 and the comparative amounts for fiscal year 2014.

Table 1
Net Position
(In Thousands)

	Governmental Activities		
	Fiscal Year 2015	Fiscal Year 2014 (1)	Increase (Decrease)
Assets			
Current and Other Assets	$ 89,814	$ 100,389	$ -10,575
Capital Assets, Net	260,823	252,050	8,773
Total Assets	350,637	352,439	-1,802
Deferred Outflows of Resources			
Related to Defined Benefit Pension Plans	10,374	0	10,374
Liabilities			
Current and Other Liabilities	24,100	22,993	1,107
Long-Term Liabilities	134,096	35,505	98,591
Total Liabilities	158,196	58,498	99,698
Deferred Inflows of Resources			
Related to Defined Benefit Pension Plans	34,213	0	34,213
Net Position			
Net Investment in Capital Assets	252,664	247,174	5,490
Restricted	41,374	33,746	7,628
Unrestricted	-125,436	13,021	-138,457
Total Net Position	$ 168,602	$ 293,941	$ -125,339

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

See Table 5 for an analysis of the increase in Capital Assets.

Restricted or designated net position is funds that must be used for a specific purpose. Restricted net position increased $7.6 million and includes $4.5 million restricted for the continuation of federal programs and $36.9 million restricted for capital projects and debt services.

Unrestricted net position for Governmental Activities decreased from a $13.0 million balance at the end of fiscal year 2014 to a -$125.4 million balance at the end of fiscal year 2015. The decrease is primarily due to the implementation of GASB No. 68 and GASB No. 71.

Statement of Activities

Table 2 shows the changes in net position for fiscal year 2015 and fiscal year 2014 as reported on the Statement of Activities.

Table 2
Change in Net Position
(In Thousands)

	Governmental Activities		
	Fiscal Year 2015	Fiscal Year 2014 (1)	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for Services	$ 1,463	$ 1,534	$ -71
Operating Grants and Contributions	102,984	97,921	5,063
Capital Grants and Contributions	90	622	-532
Total Program Revenues	104,537	100,077	4,460
General Revenues:			
Taxes			
Property Taxes			
For Maintenance and Operations	39,807	40,889	-1,082
Other Taxes	51	47	4
Sales Taxes			
Special Purpose Local Option Sales			
For Debt Services	12,051	4,507	7,544
For Capital Projects	3,482	11,176	-7,694
Other Sales Tax	272	307	-35
Grants and Contributions not Restricted to Specific Programs	9,065	11,504	-2,439
Investment Earnings	64	53	11
Miscellaneous	1,890	1,947	-57
Special Items	-684		-684
Total General Revenues and Special Items	65,998	70,430	-4,432
Total Revenues	170,535	170,507	28
Program Expenses			
Instruction	103,416	97,635	5,781
Support Services			
Pupil Services	4,141	4,348	-207
Improvement of Instructional Services	9,299	7,707	1,592
Educational Media Services	2,917	3,092	-175
General Administration	1,519	1,619	-100
School Administration	9,787	10,144	-357
Business Administration	1,923	2,082	-159
Maintenance and Operation of Plant	13,714	14,210	-496
Student Transportation Services	6,412	7,380	-968
Central & Other Support Services	5,668	4,922	746
Operations of Non-Instructional Services			
Enterprise Operations	396	409	-13
Community Services	494	498	-4
Food Services	10,044	9,555	489
Interest on Short-Term and Long-Term Debt	672	723	-51
Total Expenses	170,402	164,324	6,078
Increase in Net Position	$ 133	$ 6,183	$ -6,050

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

The change in net position decreased $6.1 million from fiscal year 2014 to fiscal year 2015.

The $4.5 million increase in program revenues is directly correlated with the $2.8 million increase in federal awards and $1.9 million in QBE and state funding (excluding the equalization grant reported as Grants and Contributions not Restricted to Specific Programs). Property tax revenues decreased by $1.0 million. Sales tax revenues decreased slightly by $185,000. Although program revenues make up a majority of the total revenue, the School District is still dependent upon tax revenues for the funding of governmental activities.

Total Program Expenses increased $6.1 million for fiscal year 2015 compared to the previous fiscal year. An increase in instructional expenses of $5.8 million account for the majority of the increase. The increase in instructional expenses was due to salary and benefits and instructional supplies, software and textbook purchases.

Descriptions of Expense Categories

Instruction includes activities relating to the teaching of pupils and the interaction between teacher and pupil.

Pupil Services are activities designed to assess and improve the well-being of students and to supplement the teaching process.

Improvement of Instructional Services are activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging learning experiences for students.

Educational Media Services are activities that direct, manage and operate educational media centers.

General Administration establishes and administers policy for operating the local School District.

School Administration includes the activities of principals, assistant principals, and clerical staff in administering school operations.

Business Administration includes the financial and warehouse operations of the School District.

Maintenance and Operation of Plant Activities involve keeping the schools grounds, buildings, and equipment in an effective working condition.

Student Transportation includes activities associated with the transporting of students to and from school, as well as to and from school activities, as provided by state law.

Central and Other Support Services include all other support services including personnel services, management information services, and public relations services.

Enterprise Operations are activities that are operated in a manner similar to business enterprises where the intent is to recover costs through user charges. This would include athletic events and child nutrition catering activities.

Community Services are activities concerned with providing community services to staff or students such as after school programs and student activity accounts.

Food Services are activities associated with the preparation and serving of meals for students. The school food service program is funded by Federal and State grants and revenues from the sale of meals to students and teachers. The cost of meals for students and teachers is determined by the School District.

Governmental Activities

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2014 and fiscal year 2015. This information is presented on the *Statement of Activities*.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2015	Fiscal Year 2014 (1)	Fiscal Year 2015	Fiscal Year 2014 (1)
Instruction	$ 103,416	$ 97,635	$ 35,719	$ 32,808
Support Services				
Pupil Services	4,141	4,348	2,971	3,173
Improvement of Instructional Services	9,299	7,707	1,490	2,022
Educational Media Services	2,917	3,092	874	1,017
General Administration	1,519	1,619	-601	-423
School Administration	9,787	10,144	5,489	5,916
Business Administration	1,923	2,082	1,831	1,983
Maintenance and Operation of Plant	13,714	14,210	8,897	9,191
Student Transportation Services	6,412	7,380	4,259	4,617
Central & Other Support Services	5,668	4,922	4,801	4,017
Operations of Non-Instructional Services				
Enterprise Operations	396	409	396	409
Community Services	494	498	494	498
Food Services	10,044	9,555	-1,427	-1,704
Interest on Short-Term and Long-Term Debt	672	723	672	723
Total Expenses	$ 170,402	$ 164,324	$ 65,865	$ 64,247

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

The Net Cost of Services reflects the balance of costs that were funded by taxes and other General Revenues.

The School District's Funds

Table 4 shows the change in fund balance for Governmental Funds as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Table 4
Governmental Funds
Net Change in Fund Balance
(In Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
REVENUES				
Property Taxes	$ 39,987			$ 39,987
Sales Taxes	272	$ 3,482	$ 12,051	15,805
State Funds	82,180			82,180
Federal Funds	30,136			30,136
Charges for Services	1,463			1,463
Investment Earnings	13	8	43	64
Miscellaneous	1,889	91		1,980
Total Revenues	155,940	3,581	12,094	171,615
EXPENDITURES				
Current				
Instruction	89,600	11,585		101,185
Support Services	54,190	1,242		55,432
Enterprise Operations	396			396
Community Services	503			503
Food Service Operations	10,371			10,371
Capital Outlay		15,388		15,388
Debt Services		2,549	8,831	11,380
Total Expenditures	155,060	30,764	8,831	194,655
Excess of Revenues over (under) Expenditures	880	-27,183	3,263	-23,040
OTHER FINANCING SOURCES (USES)				
Capital Leases		11,401		11,401
Transfers In		92		92
Transfers Out	-92			-92
Total Other Financing Sources (Uses)	-92	11,493		11,401
Net Change in Fund Balances	788	-15,690	3,263	-11,639
Fund Balances – Beginning	17,498	44,770	14,833	77,101
Fund Balances - Ending	$ 18,286	$ 29,080	$ 18,096	$ 65,462

Total revenues for all governmental funds were $171.6 million and total expenditures were $194.6 million. Total expenditures exceeded total revenues by $23.0 million for governmental activities. The fund balance for governmental funds decreased from $77.1 million at the beginning of the fiscal year to $65.5 million at June 30, 2015.

The fund balance reported for the General Fund increased from $17.5 million at the beginning of the fiscal year to $18.3 million at June 30, 2015 due to a combined increase of general fund revenues received over expenditures in the areas of instruction, support services and food servicing.

The fund balance reported for the Capital Projects Fund decreased from $44.8 million at the beginning of the fiscal year to $29.1 million at June 30, 2015. This was mainly due to the capital outlay expenditures exceeding revenues in the current year. Last fiscal year, the School District received bond proceeds to finance capital outlay expenditures for various projects. However, the majority of the expenditures occurred this fiscal year. In addition, the School District entered into two capital lease agreements with U.S. Bank Equipment Finance and Key Government Finance to finance the School District's initiative to upgrade technology equipment.

The fund balance reported for the Debt Service Fund increased from $14.8 million at the beginning of the fiscal year to $18.1 million at June 30, 2015. Revenue from sales taxes offset by bond principal and interest payments account for the increase in fund balance from prior fiscal year.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law and in compliance with Georgia Department of Education requirements. The School District uses site-based budgeting. The budgeting process is designed to control site budgeted expenditures while providing spending flexibility to site administration. General Fund Budget compared to Actual is presented in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Schedule "6".

During fiscal year 2015, the School District amended its general fund budget as needed. The original budget approved by the School District's Board in June 2014, included revenues and expenditures for State and Federal Grants that were known at the time. Amendments are made to the budget to include grants awarded to the School District later in the fiscal year. The receipt of these additional grants requires an increase in revenues and expenditures. This is because grant funds restricted for a specific purpose can only be used to fund additional programs. Also, federal grants cannot be used to fund State mandated programs or replace local funds that previously funded the same activities.

The fiscal year 2015 state budget included funds to provide some relief for the "austerity reduction" that the School District had not seen since fiscal year 2003. This reduction gave the School District the flexibility to eliminate the adjusted work days for teachers. Teachers, along with other staff, have experienced these adjusted days since fiscal year 2009. While there were still challenges of a continued decline in local tax revenue, decline in student enrollment and increases in employee benefits cost, the School District presented a balanced budget.

Capital Assets

Since fiscal year 2002, the School District has developed ongoing capital programs that have aggressively sought to upgrade its aging school facilities, many of which are 50 to 60 years old.

At the end of fiscal year 2015, renovations and improvements were completed on four high schools and five elementary schools. In addition, the School District had invested $260.8 million in capital assets. Table 5 compares fiscal year 2015 Capital Asset balances to fiscal year 2014 balances.

In November of fiscal year 2011, the voters of Dougherty County approved the continuation of the one percent sales tax (Sales Tax for Educational Progress). These sales tax revenues will be used to complete the renovation of schools and improvements, acquire school buses, vehicles for maintenance and transportation, real and personal property. Sales tax revenues will also be used to upgrade the IT Infrastructure located in the administration building and in one elementary school, leading classroom technology for teachers and end user projects such as One to One technology to all students. Other sales tax projects include the installation of safety and access controls, and the purchase of musical instruments and other academic/instruction related equipment. In the Spring of fiscal year 2014 the School District issued General Obligation Bonds in the amount of $32.5 million.

Table 5
Capital Assets at June 30
(Net of Depreciation, in Thousands)

	Governmental Activities		
	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)
Land	$ 9,051	$ 9,051	$ 0
Construction in Progress	27,039	11,650	15,389
Buildings and Building Improvements	220,506	226,908	-6,402
Equipment	4,227	4,441	-214
Total	$ 260,823	$ 252,050	$ 8,773

Table 5 shows that Total Capital Assets increased $8.8 million in fiscal year 2015. The increase in Construction in Progress is largely due to schools renovations and the IT Infrastructure Upgrade with the completion and implementation of One-to-One technology. All construction projects were funded by a one percent special purpose local option sales tax approved by the voters of Dougherty County.

Debt

Table 6 summarizes the Long-Term Debt outstanding at June 30 for fiscal year 2014 and fiscal year 2015.

Table 6
Debt at June 30
(In Thousands)

	Governmental Activities		
	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)
General Obligation Bonds	$ 24,725	$ 32,450	$ -7,725
Capital Leases	8,881		8,881
Compensated Absences	990	1,003	-13
Bond Premiums Amortized	1,540	2,052	-512
Total	$ 36,136	$ 35,505	$ 631

As shown in Table 6, Capital Leases totaling $8.9 million with U.S. Bank Equipment Finance and Key Government Finance were commenced to finance technology upgrades. The annual bond principal payment of $7.7 million was made during the fiscal year. In addition, Compensated Absences of $990,000 represent the School District's estimated financial obligation for future payments to employees for accumulated unused vacation leave.

Current Financial Issues

Like most School Districts in Georgia, the Dougherty County School District has faced several financial challenges in the recent years. Such challenges include the increased employer cost for employee health benefits and Teachers Retirement, utilities and the continued state formula allotment reductions. Other challenges include a decline in student enrollment (FTE) over the years and a stagnant local tax digest.

Despite these challenges, the School District is financially stable. The School District's operating millage for fiscal year 2015 was 18.445. The current millage rate has remained at 18.445 since fiscal year 2008 (2007 digest).

Student enrollment is a factor in the State's education funding formula. According to the State's funding formula, student enrollment is converted to a "Full Time Equivalent (FTE)" count. As student enrollment, or FTE, decreases, so does State funding. The School District has experienced decreases in student enrollment since fiscal year 2013.

Fiscal Year 2011	15,628
Fiscal Year 2012	15,497
Fiscal Year 2013	15,676
Fiscal Year 2014	15,628
Fiscal Year 2015	15,361

The School District continues to be financially challenged by multiple years of reductions in State funding to local districts. Austerity reductions to State funding were budgeted again for fiscal year 2015. Even with these reductions in State resources (and the local tax digest), the School District has maintained the current millage of 18.445 mills since fiscal year 2008 and has been able to maintain a healthy General Fund Balance.

In spite of the continued challenges, the Dougherty County School District recognizes its responsibility as a steward of taxpayer dollars. In order to meet the challenges of mandated increases, including fully funding teacher salaries, and providing for a step increase for all employees, the School District implemented the cost-saving measures, such as maintaining operating expenses at or below the prior year spending levels, while maintaining essential levels of service to support teaching and learning, reviewing unfilled District-level positions and filling only critically necessary positions in future years as vacancies occur. The School District strives to emphasize student achievement while maintaining sound fiscal management.

Contacting the School District's Financial Management

This management's discussion and analysis report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances, and to document the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kenneth Dyer, Associate Superintendent and CFO, Dougherty County School System, P.O. Box 3170, 200 Pine Avenue, Albany, Georgia 31701. You may also email your questions to kenneth.dyer@docoschools.org.

DOUGHERTY COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT DOUGHERTY COUNTY STADIUM AUTHORITY
ASSETS		
Cash and Cash Equivalents	$ 29,928,539.21	$ 159,274.00
Investments	37,833,039.51	
Accounts Receivable, Net		
Taxes	3,881,015.60	
State Government	10,175,410.65	
Federal Government	6,724,197.22	
Local	33,127.13	
Other	824,685.86	
Inventories	356,655.89	
Prepaid Items	57,274.28	
Capital Assets, Non-Depreciable	36,089,885.16	410,000.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	224,732,823.07	2,061,761.00
Total Assets	350,636,653.58	2,631,035.00
DEFERRED OUTFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	10,373,828.87	
LIABILITIES		
Accounts Payable	4,644,284.62	11,269.00
Salaries and Benefits Payable	16,604,483.61	
Claims Incurred but not Reported (IBNR)	1,086,890.71	
Interest Payable	149,405.13	
Contracts Payable	499,959.23	
Retainages Payable	864,499.35	
Deposits and Unearned Revenues	250,002.59	
Long-Term Liabilities		
Due Within One Year	10,714,015.62	
Due in More Than One Year	25,421,533.53	
Net Pension Liability	97,960,684.00	
Total Liabilities	158,195,758.39	11,269.00
DEFERRED INFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	34,212,751.00	
NET POSITION		
Net Investment in Capital Assets	252,663,573.99	2,471,761.00
Restricted for		
Continuation of Federal Programs	4,457,053.00	
Debt Service	18,010,568.49	
Capital Projects	18,906,461.72	
Unrestricted (Deficit)	-125,435,684.14	148,005.00
Total Net Position	$ 168,601,973.06	$ 2,619,766.00

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 103,416,967.59	$ 1,009,085.68
Support Services		
Pupil Services	4,140,707.39	
Improvement of Instructional Services	9,298,810.40	
Educational Media Services	2,916,511.50	
General Administration	1,519,223.72	
School Administration	9,787,104.61	
Business Administration	1,923,206.41	
Maintenance and Operation of Plant	13,713,828.84	54,954.50
Student Transportation Services	6,411,550.20	223,877.83
Central Support Services	4,950,500.06	
Other Support Services	717,230.82	
Operations of Non-Instructional Services		
Enterprise Operations	396,075.88	
Community Services	494,146.29	
Food Services	10,043,561.64	174,691.42
Interest on Short-Term and Long-Term Debt	672,262.18	
Total Governmental Activities	$ 170,401,687.53	$ 1,462,609.43
COMPONENT UNIT		
Dougherty County Stadium Authority	$ 439,581.00	$ 220,000.00
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Special Items		
Loss on Impairment		
Total General Revenues and Special Items		
Change in Net Position		
Net Position - Beginning of Year, Restated		
Net Position - End of Year		

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

PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
		PRIMARY	
OPERATING	CAPITAL	GOVERNMENT	COMPONENT UNIT
GRANTS AND	GRANTS AND	GOVERNMENTAL	DOUGHERTY COUNTY
CONTRIBUTIONS	CONTRIBUTIONS	ACTIVITIES	STADIUM AUTHORITY
$ 66,598,982.25	$ 90,216.08	$ -35,718,683.58	
1,169,983.68		-2,970,723.71	
7,808,685.07		-1,490,125.33	
2,042,167.00		-874,344.50	
2,120,958.82		601,735.10	
4,297,631.27		-5,489,473.34	
91,940.16		-1,831,266.25	
4,761,458.82		-8,897,415.52	
1,928,643.89		-4,259,028.48	
126,826.75		-4,823,673.31	
740,049.42		22,818.60	
		-396,075.88	
		-494,146.29	
11,296,493.60		1,427,623.38	
		-672,262.18	
$ 102,983,820.73	$ 90,216.08	-65,865,041.29	
			$ -219,581.00
		39,807,571.60	
		50,966.20	
		12,050,786.61	
		3,481,885.19	
		272,043.24	
		9,064,683.00	
		64,378.49	1,792.00
		1,890,118.99	69,334.00
		-683,968.04	
		65,998,465.28	71,126.00
		133,423.99	-148,455.00
		168,468,549.07	2,768,221.00
		$ 168,601,973.06	$ 2,619,766.00

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

EXHIBIT "C"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 17,547,260.94	$ 12,381,278.27		$ 29,928,539.21
Investments	1,706,253.38	19,320,914.93	$ 16,805,871.20	37,833,039.51
Accounts Receivable, Net				
Taxes	2,590,609.98		1,290,405.62	3,881,015.60
State Government	10,175,410.65			10,175,410.65
Federal Government	6,724,197.22			6,724,197.22
Local	33,127.13			33,127.13
Other	824,685.86			824,685.86
Inventories	356,655.89			356,655.89
Prepaid Items	57,274.28			57,274.28
Total Assets	$ 40,015,475.33	$ 31,702,193.20	$ 18,096,276.82	$ 89,813,945.35
LIABILITIES				
Accounts Payable	$ 3,558,425.50	$ 1,085,859.12		$ 4,644,284.62
Salaries and Benefits Payable	16,604,483.61			16,604,483.61
Contracts Payable		499,959.23		499,959.23
Retainages Payable		864,499.35		864,499.35
Deposits and Unearned Revenue	77,791.85	172,210.74		250,002.59
Total Liabilities	20,240,700.96	2,622,528.44		22,863,229.40
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	1,488,556.70			1,488,556.70
FUND BALANCES				
Nonspendable	413,930.17			413,930.17
Restricted	4,372,759.64	29,079,664.76	$ 18,096,276.82	51,548,701.22
Committed	2,444,006.32			2,444,006.32
Assigned	1,578,475.76			1,578,475.76
Unassigned	9,477,045.78			9,477,045.78
Total Fund Balances	18,286,217.67	29,079,664.76	18,096,276.82	65,462,159.25
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 40,015,475.33	$ 31,702,193.20	$ 18,096,276.82	$ 89,813,945.35

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

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

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 65,462,159.25
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 9,051,054.08	
Construction in Progress	27,038,831.08	
Buildings and Improvements	338,916,569.12	
Equipment	10,831,624.37	
Accumulated Depreciation	-125,015,370.42	
Total Capital Assets		260,822,708.23
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability		-97,960,684.00
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		-23,838,922.13
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		1,488,556.70
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These consist of:		
Bonds Payable	$ -24,725,000.00	
Accrued Interest Payable	-149,405.13	
Capital Leases Payable	-8,881,079.46	
Compensated Absences Payable	-990,100.39	
Bond Premiums, Net of Amortization	-1,539,369.30	
Claims and Judgments Payable	-1,086,890.71	
Total Long-Term Liabilities		-37,371,844.99
Net Position of Governmental Activities (Exhibit "A")		$ 168,601,973.06

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

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

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 39,986,328.21			$ 39,986,328.21
Sales Taxes	272,043.24	$ 3,481,885.19	$ 12,050,786.61	15,804,715.04
State Funds	82,180,291.79			82,180,291.79
Federal Funds	30,136,159.63			30,136,159.63
Charges for Services	1,462,609.43			1,462,609.43
Investment Earnings	13,050.90	8,427.23	42,900.36	64,378.49
Miscellaneous	1,889,218.99	91,116.08		1,980,335.07
Total Revenues	155,939,702.19	3,581,428.50	12,093,686.97	171,614,817.66
EXPENDITURES				
Current				
Instruction	89,600,395.57	11,584,769.53		101,185,165.10
Support Services				
Pupil Services	4,241,396.07			4,241,396.07
Improvement of Instructional Services	9,462,329.06			9,462,329.06
Educational Media Services	2,789,489.26			2,789,489.26
General Administration	1,530,328.05	5,785.00		1,536,113.05
School Administration	9,721,341.44			9,721,341.44
Business Administration	1,781,884.64	89,322.57		1,871,207.21
Maintenance and Operation of Plant	13,310,941.85	395,047.55		13,705,989.40
Student Transportation Services	5,883,706.21	383,388.00		6,267,094.21
Central Support Services	4,731,644.85	368,829.17		5,100,474.02
Other Support Services	736,036.33			736,036.33
Enterprise Operations	396,075.88			396,075.88
Community Services	503,325.28			503,325.28
Food Services Operation	10,371,266.88			10,371,266.88
Capital Outlay		15,388,522.90		15,388,522.90
Debt Services				
Principal		2,520,060.85	7,725,000.00	10,245,060.85
Interest		28,813.48	1,105,750.00	1,134,563.48
Total Expenditures	155,060,161.37	30,764,539.05	8,830,750.00	194,655,450.42
Excess of Revenues over (under) Expenditures	879,540.82	-27,183,110.55	3,262,936.97	-23,040,632.76
OTHER FINANCING SOURCES (USES)				
Capital Leases		11,401,140.31		11,401,140.31
Transfers In		91,580.60		91,580.60
Transfers Out	-91,580.60			-91,580.60
Total Other Financing Sources (Uses)	-91,580.60	11,492,720.91		11,401,140.31
Net Change in Fund Balances	787,960.22	-15,690,389.64	3,262,936.97	-11,639,492.45
Fund Balances - Beginning	17,498,257.45	44,770,054.40	14,833,339.85	77,101,651.70
Fund Balances - Ending	$ 18,286,217.67	$ 29,079,664.76	$ 18,096,276.82	$ 65,462,159.25

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

DOUGHERTY COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2015

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -11,639,492.45
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 15,771,911.10	
Depreciation Expense	-6,315,439.93	
Excess of Capital Outlay over Depreciation Expense		9,456,471.17
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		-683,968.04
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-127,790.41
Some of the Capital Assets acquired this year were financed with capital leases. In Governmental Funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a Long-Term Liability.		-11,401,140.31
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond Principal Retirements	$ 7,725,000.00	
Capital Lease Payments	2,520,060.85	
Total Long-Term Debt Repayments		10,245,060.85
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. The net effect of these adjustments:		
Accrued Interest	$ -50,821.80	
Amortization of Bond Premium	513,123.10	
Compensated Absences	12,814.66	
Claims and Judgments	136,782.35	
Pension Expense	3,672,384.87	
Total Additional Expenditures		4,284,283.18
Change in Net Position of Governmental Activities (Exhibit "B")		$ 133,423.99

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 421,824.33
Accounts Receivable, Net	
Local	11,706.75
Total Assets	$ 433,531.08
LIABILITIES	
Funds Held for Others	$ 433,531.08

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 Dougherty County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

DISCRETELY PRESENTED COMPONENT UNIT

The non-profit organization, Dougherty County Stadium Authority, operates the Hugh Mills Memorial Stadium. The School District has a contract with Dougherty County Stadium Authority relative to the use, maintenance, and control of the Stadium.

The Stadium Authority's financial data (Statement of Net Assets and Statement of Activities) is included within the School District's basic financial statements as a discretely presented component unit. See Note 18 for additional component unit disclosures.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The School District reports the following major governmental funds:

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

- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and Bond Proceeds that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- Agency funds account for assets held by the School District as an agent for various funds or individuals.

BASIS OF ACCOUNTING

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

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

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

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

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2015, the School District made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, Net Position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of $125,471,991.00. This change is in accordance with generally accepted accounting principles.

Net Position, July 1, 2014, as previously reported		$ 293,940,540.07
Prior Period adjustment - Implementation of GASB 68:		
Net Pension Liability (measurement date)		
TRS	$ -134,963,885.00	
ERS	-224,338.00	-135,188,223.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS	$ 9,696,475.00	
ERS	19,757.00	9,716,232.00
Net Position, July 1, 2014, as restated		$ 168,468,549.07

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

1. Obligations issued by the State of Georgia or by other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime banker's acceptances,
6. The local government investment pool (Georgia Fund 1) administered by the State of Georgia, Office of the State Treasurer,
7. Repurchase agreements, and
8. Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Dougherty County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on July 21, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 21, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The Dougherty County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.1% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to $37,860,530.98.

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

School Operations	18.445 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $2,074,831.03 during fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $15,532,671.80 and is to be used for capital outlay and debt services for educational purposes. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

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

Consumable Supplies
On the basic financial statements, consumable supplies are reported at cost (first-in, first-out). The School District uses the consumption method to account for consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses are recorded at the time the supplies are consumed.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods subsequent to June 30, 2015, are recorded as prepaid items.

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. As indicated in Note 13, the School District recognized impaired assets. The impairment is reflected as a special item on Exhibit B. During the fiscal year under review, no other events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Buildings and Improvements	$ 100,000.00	20 to 80 years
Equipment	$ 50,000.00	4 to 10 years
Intangible Assets	$ 1,000,000.00	4 to 8 years

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School District has reported deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 17 – Retirement Plans.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 17 – Retirement Plans. This item is reported only in the District-wide Statement of Net Position. Additionally, the School District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reporting only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

COMPENSATED ABSENCES

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

Vacation leave of 18 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days.

	Beginning of Year Liability	Increase	Decrease	End of Year Liability
2013	$ 1,168,992.95	$ 815,575.40	$ 932,242.14	$ 1,052,326.21
2014	$ 1,052,326.21	$ 785,895.50	$ 835,306.66	$ 1,002,915.05
2015	$ 1,002,915.05	$ 780,301.81	$ 793,116.47	$ 990,100.39

GENERAL OBLIGATION BONDS

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

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

PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), Employees' Retirement System of Georgia (ERS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS/ERS/PSERS's fiduciary net position have been determined on the same basis as they are reported by TRS/ERS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 17 - Retirement Plans.

NET POSITION

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

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

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

Unrestricted Net Position - Unrestricted Net Position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension Liability of $97,960,684.00 which is required for financial reporting.

FUND BALANCES

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

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

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

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

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

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

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

Nonspendable		
Inventories	$ 356,655.89	
Prepaid Assets	57,274.28	$ 413,930.17
Restricted		
Continuation of Federal Programs	$ 4,372,759.64	
Capital Projects	29,079,664.76	
Debt Service	18,096,276.82	51,548,701.22
Committed		
Self-Insurance		2,444,006.32
Assigned		
Subsequent Period Expenditures	$ 1,240,628.00	
School Activity Accounts	337,847.76	1,578,475.76
Unassigned		9,477,045.78
Fund Balance, June 30, 2015		$ 65,462,159.25

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 8% to 12% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 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.

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

At June 30, 2015, $11,157,178.19 of deposits were not secured by surety bond, insurance or collateral as specified above. The School District is working with the affected financial institution to ensure appropriate levels of collateral are maintained for all of the School District's deposits.

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2015, the School District had deposits with a carrying amount of $30,360,109.13, which includes $9,745.59 in Certificates of Deposit that are reported as Investments, and a bank balance of $35,940,795.99. The bank balances insured by Federal depository insurance were $1,436,433.42, and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were $32,056.34.

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

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

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

Custodial Credit Risk Category	Bank Balance
1	$ 11,157,178.19
2	0.00
3	23,315,128.04
Total	$ 34,472,306.23

COMPONENT UNIT

At June 30, 2015, Dougherty County Stadium Authority's bank balance of $159,274.00 was insured through Federal Depository Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA).

CATEGORIZATION OF INVESTMENTS

At June 30, 2015, the carrying value of the School District's total investments was $37,833,039.51, which is materially the same as fair value. This includes $9,745.59 invested in Certificates of Deposit, which are collateralized in the same manner as other cash deposits. This investment consisted entirely of funds invested in the Georgia Fund 1 (local government investment pool) administered by the State of Georgia, Office of the State Treasurer which is not required to be categorized since the School

District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1 (Primary Liquidity Portfolio) does not provide for investment 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 http://www.audits.ga.gov/SGD/cafr.html.

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share. The pool is an AAAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2015, was 56 days.

NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 9,051,054.08			$ 9,051,054.08
Construction in Progress	11,650,307.98	$ 15,388,523.10	$ 0.00	27,038,831.08
Total Capital Assets Not Being Depreciated	20,701,362.06	15,388,523.10	0.00	36,089,885.16
Capital Assets Being Depreciated:				
Buildings and Improvements	339,600,537.16		683,968.04	338,916,569.12
Equipment	10,448,236.37	383,388.00		10,831,624.37
Less Accumulated Depreciation for:				
Buildings and Improvements	112,692,826.77	5,717,789.14		118,410,615.91
Equipment	6,007,103.72	597,650.79		6,604,754.51
Total Capital Assets, Being Depreciated, Net	231,348,843.04	-5,932,051.93	683,968.04	224,732,823.07
Governmental Activity Capital Assets - Net	$ 252,050,205.10	$ 9,456,471.17	$ 683,968.04	$ 260,822,708.23

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

	Governmental Activities
Construction in Progress	$ 6,831,077.39

Current year depreciation expense by function is as follows:

Instruction		$ 4,509,235.37
Support Services		
Pupil Services	$ 14,801.63	
Improvements of Instructional Services	25,441.04	
Educational Media Services	190,717.88	
School Administration	341,838.95	
Business Administration	100,444.83	
Maintenance and Operation of Plant	202,238.61	
Student Transportation Services	542,536.24	
Central Support Services	29,774.28	1,447,793.46
Food Services		358,411.10
		$ 6,315,439.93

COMPONENT UNIT

	Balances July 1, 2013 (1)	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 410,000.00	$ 0.00	$ 0.00	$ 410,000.00
Capital Assets Being Depreciated:				
Buildings and Improvements	308,976.00		0.00	308,976.00
Equipment	239,886.00			239,886.00
Stadium Improvements	2,607,983.00			2,607,983.00
Less Accumulated Depreciation for:				
Buildings and Improvements	73,378.00	15,448.00		88,826.00
Equipment	229,063.00	10,822.00		239,885.00
Stadium Improvements	630,527.00	135,845.00		766,372.00
Total Capital Assets, Being Depreciated, Net	2,223,877.00	-162,115.00	0.00	2,061,762.00
Governmental Activity Capital Assets - Net	$ 2,633,877.00	$ -162,115.00	$ 0.00	$ 2,471,762.00

(1) Financial information for the Dougherty County Stadium Authority contains activity for a two year period ending June 30, 2015.

NOTE 7: INTERFUND TRANSFERS

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

Transfer to	Transfer From General Fund
District-wide Capital Projects	$ 91,580.60

Transfers are used to move property tax revenues collected by the General Fund to the District-wide Capital Projects Fund to cover a portion of the employees' salaries not funded as part of the Education Special Purpose Local Option Sales Tax (ESPLOST) projects.

NOTE 8: RISK MANAGEMENT

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

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

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the Internal Service Fund to each user program on the basis of the percentage of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expense 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 $350,000.00 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2014	$ 1,110,722.97	$ 1,151,177.37	$ 1,038,227.28	$ 1,223,673.06
2015	$ 1,223,673.06	$ 928,271.89	$ 1,065,054.24	$ 1,086,890.71

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2014	$ 0.00	$ 47,583.00	$ 47,583.00	$ 0.00
2015	$ 0.00	$ 74,014.30	$ 74,014.30	$ 0.00

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

Position Covered	Amount
Superintendent	$ 50,000.00

NOTE 9: OPERATING LEASES

Dougherty County Board of Education has entered into various leases as lessee for copiers, postage meters and fax machines. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2015, for governmental funds amounted to $374,406.45. Future minimum lease payments for these leases are as follows:

Year Ending	Governmental Funds
2016	$ 29,477.68

NOTE 10: SHORT-TERM DEBT

The School District issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt is to provide cash provide cash for operations until property tax collections are received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75 percent of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

Short-term debt activity for the fiscal year is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ 0.00	$ 10,000,000.00	$ 10,000,000.00	$ 0.00

NOTE 11: LONG-TERM LIABILITIES

CAPITAL LEASES

The Dougherty County Board of Education entered into two lease agreements as lessee for information technology and infrastructure improvement purchases. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bond currently outstanding is as follows:

Purpose	Interest Rates	Amount
General Government - Series 2013	2.00% - 5.00%	$ 24,725,000.00

Voters have authorized $7,550,000.00 in general obligation debt for (a) renovation and improvement of one or more existing schools, administration and related facilities, (b) acquisition, construction and equipping of new schools, administration and related facilities, (c) acquisition of school buses, vehicles and other transportation equipment, (d) acquisition, construction and equipping of new athletic facilities, (e) acquisition of software, hardware and computer equipment for the use of both staff and students and (f) acquisition of real and personal property necessary for the foregoing. These bonds had not been issued as of June 30, 2015.

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

	Governmental Activities				
	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
G.O. Bonds	$ 32,450,000.00		$ 7,725,000.00	$ 24,725,000.00	$ 7,950,000.00
Capital Leases	0.00	$ 11,401,140.31	2,520,060.85	8,881,079.46	2,181,585.49
Compensated Absences	1,002,915.05	780,301.81	793,116.47	990,100.39	69,307.03
Bond Premiums Amortized	2,052,492.40		513,123.10	1,539,369.30	513,123.10
	$ 35,505,407.45	$ 12,181,442.12	$ 11,551,300.42	$ 36,135,549.15	$ 10,714,015.62

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

	Capital Leases	
Fiscal Year Ended June 30:	Principal	Interest
2016	$ 2,181,585.49	$ 104,862.02
2017	2,207,039.81	79,407.70
2018	2,232,994.32	53,453.19
2019	2,259,459.84	26,987.65
Total Principal and Interest	$ 8,881,079.46	$ 264,710.56

	General Obligation Debt		Unamortized
Fiscal Year Ended June 30:	Principal	Interest	Bond Premium
2016	$ 7,950,000.00	$ 869,500.00	$ 513,123.10
2017	8,175,000.00	550,250.00	513,123.10
2018	8,600,000.00	195,000.00	513,123.10
Total Principal and Interest	$ 24,725,000.00	$ 1,614,750.00	$ 1,539,369.30

NOTE 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $402,082.67 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Teachers' Retirement System of Georgia
For Teachers' Retirement System (TRS) Employer's Cost
In the amount of $41,294.67

Office of the State Treasurer
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $360,788.00

Funds paid on behalf of the School District are reported in governmental funds. See Note 17 - Retirement Plans for the State support related to the Net Pension Liability.

NOTE 13: SPECIAL ITEM

In fiscal year 2013, the Dougherty County Board of Education closed several schools. Only two of these schools had net book value remaining as of June 30, 2015. The School District repurposed one school as a storage facility. In addition, the School District voted to demolish another school. Therefore, the buildings were no longer being used for their intended service utility and were considered impaired. The buildings were written down to their determined deflated depreciated replacement cost and fair market value, respectively, resulting in a loss of $683,968.04. This activity is reported as a Special Item on the Statement of Activities.

NOTE 14: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2015.

Project		Unearned Executed Contracts
Floor Replacement	$	203,102.60
IT Infrastructure Upgrade/Data Centers		14,694.87
Dougherty High School COE Phase II		148,105.43
Security Access and Control		80,777.95
Demolition		85,320.00
	$	532,000.85

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

NOTE 15: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 16: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand-alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

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

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

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

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

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

For non-certificated school personnel:

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	$ 15,938,801.37
2014	100%	$ 16,535,080.12
2013	100%	$ 14,708,855.59

NOTE 17: RETIREMENT PLANS

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

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

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

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

Fiscal Year	Percentage Contributed		Required Contribution
2015	100%	$	10,394,041.13
2014	100%	$	9,743,172.49
2013	100%	$	8,933,693.84

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	$ 14,104.86
2014	100%	$ 17,955.16
2013	100%	$ 15,586.45

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

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

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

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

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

At June 30, 2015, the School District reported a liability of $97,960,684.00 for its proportionate share of the Net Pension Liability for TRS ($97,782,417.00) and ERS ($178,267.00).

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

School District's proportionate share of the Net Pension Liability	$	97,782,417.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District		381,664.00
Total	$	98,164,081.00

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

At June 30, 2014, the School District's TRS proportion was 0.773982%, which was a decrease of 0.000565% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.004753%, which was an increase of 0.000130% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is $1,422,781.00.

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

For the year ended June 30, 2015, the School District recognized pension expense of $6,694,824.00 for TRS, $13,313.00 for ERS and $123,560.00 for PSERS and revenue of $10,575.00 for TRS and $123,560.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS, the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		$ 34,089,023.00		$ 43,509.00
Changes in proportion and differences between School District contributions and proportionate share of contributions		80,219.00	$ 3,882.00	
School District contributions subsequent to the measurement date	$ 10,355,842.01		14,104.86	
Total	$ 10,355,842.01	$ 34,169,242.00	$ 17,986.86	$ 43,509.00

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

Year Ended June 30:	TRS	ERS
2016	$ -8,540,485.00	$ -8,451.00
2017	$ -8,540,485.00	$ -9,421.00
2018	$ -8,540,485.00	$ -10,877.00
2019	$ -8,540,493.00	$ -10,878.00
2020	$ -7,294.00	

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

Teachers' Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

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

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

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

Discount rate: The discount rate used to measure the total TRS, ERS and PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and 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 Dougherty County Board Of Education's proportionate share of the Net Pension Liability to changes in the discount rate: The following presents the School District's proportionate share of the Net Pension Liability calculated using the discount rate of 7.50%, as well as what the School District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers' Retirement System:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	$ 180,199,875.00	$ 97,782,417.00	$ 29,913,352.00

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	$ 259,948.00	$ 178,267.00	$ 108,737.00

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

DEFINED CONTRIBUTION PLAN

In August 1, 1996, Dougherty County Board of Education began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected VALIC as the provider of this plan. For each employee covered under PSERS, employees contribute 1% of their base pay and the Board matches 3% of employee's contribution.

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	3%	$ 152,225.45
2014	3%	$ 163,989.90
2013	3%	$ 173,175.01

NOTE 18: COMPONENT UNIT

The Dougherty County Stadium Authority (Authority) is a legally separate tax-exempt component unit of the Dougherty County Board of Education (School District). Because the Authority has a fiscal dependency on the School District, it is considered a component unit of the School District and is discretely presented in the School District's financial statements.

The Authority utilizes the modified accrual method of accounting. The Authority has implemented the financial reporting requirements of GASB Statement Nos. 33 and 34. The authority's fiscal year is July 1 through June 30.

NOTE 19: SUBSEQUENT EVENTS

On November 8, 2016, the voters of Dougherty County approved the continuation of the Education Special Purpose Local Option Sales Tax of one percent to be imposed on all sales and uses in Dougherty County for a period of time not to exceed 20 calendar quarters to raise not more than $90,000,000.00. The proceeds are to be used as stated on the Official Ballot of Dougherty County as follows:

> "For the purpose of funding the (a) renovation, improvement and equipping of existing schools, administration, athletic and related facilities, (b) acquisition, construction and equipping of new schools, administration, athletic and related facilities, (c) the acquisition of school buses and vehicles for maintenance and transportation use, (d) acquisition of software, hardware and computer equipment for the use of both staff and students, (e) acquisition of energy savings equipment and (f) acquisition of real and personal property necessary for the foregoing."

This vote also approved the issuance of general obligation debt of the Dougherty County School District in the principal amount of $50,000,000.00 for the above capital outlay purposes.

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DOUGHERTY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE "1"

		2015
School District's proportion of the Net Pension Liability		0.773982%
School District's proportionate share of the Net Pension Liability	$	97,782,417.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District		381,664.00
Total	$	98,164,081.00
School District's covered-employee payroll	$	79,341,795.52
School District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll		123.24%
Plan fiduciary net position as a percentage of the total pension liability		84.03%

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

DOUGHERTY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE "2"

		2015
School District's proportion of the Net Pension Liability		0.004753%
School District's proportionate share of the Net Pension Liability	$	178,267.00
School District's covered-employee payroll	$	97,265.38
School District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll		183.28%
Plan fiduciary net position as a percentage of the total pension liability		77.99%

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

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

	2015	2014	2013
Contractually required contribution	$ 10,394,041.13	$ 9,743,172.49	$ 8,933,693.84
Contributions in relation to the contractually required contribution	$ 10,394,041.13	$ 9,743,172.49	$ 8,933,693.84
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 79,042,137.85	$ 79,341,795.52	$ 78,263,371.19
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

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

	2012	2011	2010
	$ 8,086,748.31	$ 8,168,630.90	$ 8,303,432.60
	$ 8,086,748.31	$ 8,168,630.90	$ 8,303,432.60
	$ 0.00	$ 0.00	$ 0.00
	$ 78,661,874.95	$ 79,461,390.08	$ 85,250,848.05
	10.28%	10.28%	9.74%

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

	2015	2014	2013
Contractually required contribution	$ 14,104.86	$ 17,955.16	$ 15,586.45
Contributions in relation to the contractually required contribution	$ 14,104.86	$ 17,955.16	$ 15,586.45
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 64,229.58	$ 97,265.38	$ 104,607.05
Contributions as a percentage of covered-employee payroll	21.96%	18.46%	14.90%

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

SCHEDULE "4"

2012	2011	2010
$ 11,927.26	$ 10,196.26	$ 7,871.80
$ 11,927.26	$ 10,196.26	$ 7,871.80
$ 0.00	$ 0.00	$ 0.00
$ 102,555.98	$ 97,947.58	$ 75,617.83
11.63%	10.41%	10.41%

Teachers' Retirement System

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

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

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

Employees' Retirement System

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

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

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

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

SCHEDULE "6"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 40,065,352.00	$ 40,065,352.00	$ 39,986,328.21	$ -79,023.79
Sales Taxes	250,000.00	250,000.00	272,043.24	22,043.24
State Funds	81,570,255.00	82,676,990.00	82,180,291.79	-496,698.21
Federal Funds	29,662,659.00	33,328,136.40	30,136,159.63	-3,191,976.77
Charges for Services	1,011,260.00	1,011,260.00	1,462,609.43	451,349.43
Investment Earnings	113,400.00	113,400.00	13,050.90	-100,349.10
Miscellaneous	3,376,971.00	4,934,179.00	1,889,218.99	-3,044,960.01
Total Revenues	156,049,897.00	162,379,317.40	155,939,702.19	-6,439,615.21
EXPENDITURES				
Current				
Instruction	87,998,706.17	91,808,543.70	89,600,395.57	2,208,148.13
Support Services				
Pupil Services	4,307,420.00	4,240,373.77	4,241,396.07	-1,022.30
Improvement of Instructional Services	11,115,356.51	11,532,080.75	9,462,329.06	2,069,751.69
Educational Media Services	2,963,352.00	2,964,677.50	2,789,489.26	175,188.24
General Administration	2,075,811.00	1,921,363.82	1,530,328.05	391,035.77
School Administration	8,922,995.98	9,110,290.39	9,721,341.44	-611,051.05
Business Administration	1,675,501.02	1,820,651.60	1,781,884.64	38,766.96
Maintenance and Operation of Plant	13,707,955.23	14,120,918.14	13,310,941.85	809,976.29
Student Transportation Services	6,698,040.71	7,399,405.01	5,883,706.21	1,515,698.80
Central Support Services	4,296,871.00	5,046,920.30	4,731,644.85	315,275.45
Other Support Services	547,008.38	864,148.00	736,036.33	128,111.67
Enterprise Operations	357,315.00	359,815.00	396,075.88	-36,260.88
Community Services Operations	472,802.00	531,914.00	503,325.28	28,588.72
Food Services Operation	12,683,752.00	14,560,547.40	10,371,266.88	4,189,280.52
Total Expenditures	157,822,887.00	166,281,649.38	155,060,161.37	11,221,488.01
Excess of Revenues over (under) Expenditures	-1,772,990.00	-3,902,331.98	879,540.82	4,781,872.80
OTHER FINANCING SOURCES (USES)				
Other Sources	1,706,151.00	2,411,601.00		-2,411,601.00
Other Uses	-748,436.00	-905,142.00	-91,580.60	813,561.40
Total Other Financing Sources (Uses)	957,715.00	1,506,459.00	-91,580.60	-1,598,039.60
Net Change in Fund Balances	-815,275.00	-2,395,872.98	787,960.22	3,183,833.20
Fund Balances - Beginning	11,915,334.00	17,329,424.16	17,498,257.45	168,833.29
Adjustments		-61,251.42		61,251.42
Fund Balances - Ending	$ 11,100,059.00	$ 14,872,299.76	$ 18,286,217.67	$ 3,413,917.91

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $1,058,979.55 and $1,051,668.92, respectively.

The accompanying schedule of revenues, expenditures and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

FUNDING AGENCY PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 11,038,741.85	(1)
Total Child Nutrition Cluster				11,038,741.85	
Other Programs					
Pass-Through From Bright From the Start:					
Georgia Department of Early Care and Learning					
Child and Adult Care Food Program		10.558	N/A	47,818.67	
Total U. S. Department of Agriculture				11,086,560.52	
Education, U. S. Department of					
School Improvement Grants Cluster					
Pass-Through From Georgia Department of Education					
School Improvement Grants		84.377	N/A	1,757,408.68	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States		84.027	N/A	3,563,635.30	
Preschool Grants		84.173	N/A	113,988.33	
Total Special Education Cluster				3,677,623.63	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	2,057,151.94	
Career and Technical Education - Basic Grants to States		84.048	N/A	213,529.37	
English Language Acquisition Grants		84.365	N/A	30,335.39	
Improving Teacher Quality State Grants		84.367	N/A	1,112,666.61	
Migrant Education - State Grant Program		84.011	N/A	42,637.36	
Special Education					
State Personnel Development		84.323	N/A	39,442.17	
Title I Grants to Local Educational Agencies	*	84.010	N/A	9,807,646.14	
Total Other Programs				13,303,408.98	
Total U. S. Department of Education				18,738,441.29	
Health and Human Services, U. S. Department of					
Child Care and Development Fund Cluster					
Pass-Through From Georgia Department of Behavioral Health and Developmental Disabilities					
Block Grants for Prevention and Treatment of Substance Abuse		93.959	N/A	76,025.53	
Labor, U. S. Department of					
Workforce Investment Act Cluster					
Pass-Through From Southwest Georgia Developmental Center					
Workforce Investment Act Youth Activities		17.259	N/A	62,252.91	
Defense, U. S. Department of					
Direct					
Department of the Air Force					
R.O.T.C. Program				42,035.56	
Department of the Marines					
R.O.T.C. Program				129,206.10	
Total U. S. Department of Defense				171,241.66	
Total Expenditures of Federal Awards				$ 30,134,521.91	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $608,231.72.

(2) Expenditures for the funds earned on the School Breakfast Program ($2,857,888.03) were maintained separately and are included in the 2015 National School Lunch Program.

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

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

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

See notes to the basic financial statements.

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

SCHEDULE "8"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 1,242,884.93
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	6,174,450.00
Kindergarten Program - Early Intervention Program	406,384.00
Primary Grades (1-3) Program	13,578,683.00
Primary Grades - Early Intervention (1-3) Program	2,576,471.00
Upper Elementary Grades (4-5) Program	5,391,492.00
Upper Elementary Grades - Early Intervention (4-5) Program	1,871,371.00
Middle School (6-8) Program	9,769,029.00
High School General Education (9-12) Program	8,630,287.00
Vocational Laboratory (9-12) Program	2,103,930.00
Students with Disabilities	7,401,196.00
Gifted Student - Category VI	1,794,052.00
Remedial Education Program	906,839.00
Alternative Education Program	690,498.00
English Speakers of Other Languages (ESOL)	269,050.00
Media Center Program	1,782,366.00
20 Days Additional Instruction	561,454.00
Staff and Professional Development	282,068.00
Indirect Cost	
Central Administration	1,568,606.00
School Administration	3,590,697.00
Facility Maintenance and Operations	3,909,636.00
Mid-term Adjustment Hold-Harmless	566,713.00
Amended Formula Adjustment	-6,677,086.00
Categorical Grants	
Pupil Transportation	
Regular	1,534,879.00
Nursing Services	300,332.00
Education Equalization Funding Grant	9,064,683.00
Other State Programs	
Food Services	244,315.00
GNETS State Grant	1,845,550.00
Math and Science Supplements	63,773.42
Preschool Handicapped Program	186,144.00
Teacher of the Year	507.25
Teachers' Retirement	41,294.67
Vocational Education	146,954.52
Office of the State Treasurer	
Public School Employees Retirement	360,788.00
	$ 82,180,291.79

See notes to the basic financial statements.

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

SCHEDULE "9"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED (4) (5)	ESTIMATED COMPLETION DATE
SPLOST III							
(i) The renovation and improvement of four high schools and five elementary schools, strategic land acquisition for future school expansion, certain other capital repairs and modifications in system-wide schools, buildings and office (including carpet replacement, gym flooring and certain other capital repairs and modifications)	$ 75,200,000.00	$ 66,069,226.24	$ 3,172,764.60	$ 61,187,834.94	$ 0.00	$ 0.00	December 2015
(ii) The provision of additional classroom technology (including hardware, software and computer furniture), regular system-wide replacement of computers five years or older, installing six computers in all K-8th grade classrooms and three computers in all 9th-12th grade classrooms, providing system-wide teacher laptop computers, system-wide "wireless-connectivity" in all classroom and other buildings, upgrading existing computer-aided instructional systems to "Model Classroom" standards and providing three additional "Model Classrooms" per school, providing system-wide upgraded or new servers and upgraded main data frame (MDF) rooms, installing "voice-over-internet-protocol" (VOIP) in various classrooms throughout the School System	10,500,000.00	20,675,485.70	5,052,649.67	15,153,859.31			December 2015
(iv) Vehicle and equipment replacement, including school buses and departmental trucks, vans and sedans for system-wide use, major maintenance, supply and service equipment, musical instruments, playground equipment, and other educational related equipment	3,600,000.00	4,254,842.13	2,175.00	4,252,667.13			December 2015
Subtotal SPLOST III	89,300,000.00	90,999,554.07	8,227,589.27	80,594,361.38	0.00	0.00	
SPLOST IV							
(a) The renovation and improvement of one or more existing schools, administration and related facilities, including the provision of safety and security equipment for these facilities	83,400,000.00	80,000,000.00	8,792,196.95	4,893,280.01	0.00	0.00	June 30, 2018
(b) acquisition, construction and equipping of new schools, administration and related facilities	0.00	0.00					June 30, 2018
(c) the acquisition of school buses, vehicles for maintenance and transportation use and other transportation equipment	6,200,000.00	5,000,000.00	383,388.00				June 30, 2018
(d) acquisition, construction and equipping of new athletic facilities	0.00	0.00					June 30, 2018
(e) acquisition of software, hardware and computer equipment for the use of both staff and students	10,000,000.00	10,720,265.14	10,720,265.14				June 30, 2018
(f) acquisition of real and personal property necessary for the foregoing	400,000.00	200,000.00					June 30, 2018
Subtotal SPLOST III	100,000,000.00	95,920,265.14	19,895,850.09	4,893,280.01	0.00	0.00	
Total	$ 189,300,000.00	$ 186,919,819.21	$ 28,123,439.36	$ 85,487,641.39	$ 0.00	$ 0.00	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

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

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

Prior Years	$ 717,039.38
Current Year	1,135,208.28
Total	$ 1,852,247.66

(5) SPLOST III Projects (i) and (iv) were reported as completed at June 30, 2014 in error. These projects are expected to be completed in December 2015.

See notes to the basic financial statements.

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

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 7,099,255.00	$ 6,623,135.22	$ 41,779.16	$ 6,664,914.38
Kindergarten Program-Early Intervention Program	476,003.00	596,603.07		596,603.07
Primary Grades (1-3) Program	15,517,259.00	14,543,770.37	91,608.17	14,635,378.54
Primary Grades-Early Intervention (1-3) Program	2,932,663.00	1,996,345.09		1,996,345.09
Upper Elementary Grades (4-5) Program	6,225,463.00	8,405,410.01	429,133.01	8,834,543.02
Upper Elementary Grades-Early Intervention (4-5) Program	2,136,665.00	1,423,093.75		1,423,093.75
Middle School (6-8) Program	11,316,626.00	11,382,207.69	138,814.24	11,521,021.93
High School General Education (9-12) Program	9,932,591.00	10,825,359.11	996,704.43	11,822,063.54
Vocational Laboratory (9-12) Program	2,463,523.00	1,252,639.58	170,455.99	1,423,095.57
Students with Disabilities	8,382,465.00			
Category I		115,139.77	305.20	115,444.97
Category II		3,178,204.53		3,178,204.53
Category III		5,547,946.44	9,074.49	5,557,020.93
Category IV		118,959.24	9,345.75	128,304.99
Gifted Student - Category VI	2,042,091.00	921,736.99	15,092.38	936,829.37
Remedial Education Program	978,952.00			
Alternative Education Program	796,872.00	1,476,016.40	70,493.19	1,546,509.59
English Speakers of Other Languages (ESOL)	301,372.00	323,900.66		323,900.66
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	70,601,800.00	68,730,467.92	1,972,806.01	70,703,273.93
Media Center Program	2,045,950.00	2,093,193.79	203,758.15	2,296,951.94
Staff and Professional Development	315,201.00	72,415.36	76,541.43	148,956.79
TOTAL QBE FORMULA FUNDS	$ 72,962,951.00	$ 70,896,077.07	$ 2,253,105.59	$ 73,149,182.66

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

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

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

February 23, 2017

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

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

Ladies and Gentlemen:

We have audited, in accordance with 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 Dougherty County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Dougherty County Board of Education's basic financial statements and have issued our report thereon dated February 23, 2017. Our report includes a reference to others auditors who audited the financial statements of the discretely presented component unit, as described in our report on Dougherty County Board of Education's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item FS 2015-002 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item FS 2015-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dougherty County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item FS 2015-001.

We also noted certain matters that we have reported to management of Dougherty County Board of Education in a separate letter dated February 23, 2017.

Dougherty County Board of Education's Response to Findings

Dougherty County Board of Education's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Dougherty County Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:es
2015YB-60

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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

February 23, 2017

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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 Dougherty County Board of Education's compliance.

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

GSG:es
2015SA-10

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-6471-12-01	Unresolved – See Corrective Action/Responses
FS-6471-13-01	Unresolved – See Corrective Action/Responses
FS 2014-001	Unresolved – See Corrective Action/Responses
FS 2014-002	Unresolved – See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
Inadequate Accounting Procedures over School Activity Accounts
Finding Control Number: FS-6471-12-01

The School District will use Central Office Finance staff to provide a monthly review of school activity accounts. This change will be implemented February 2016.

CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
Inadequate Accounting Procedures over School Activity Accounts
Finding Control Number: FS-6471-13-01

The School District will use Central Office Finance staff to provide a monthly review of school activity accounts. This change will be implemented February 2016.

CASH AND CASH EQUIVALENTS
Uncollateralized Deposits
Finding Control Number: FS 2014-001

Management will ensure that all bond proceeds are adequately collateralized according to O.C.G.A §45-8-12. The School District has implemented procedures to monitor the collateralization of bank balances. This change will be implemented in fiscal year 2016.

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

CORRECTIVE ACTION/RESPONSES

CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
Inadequate Internal Control Procedures over School Activity Accounts
Finding Control Number: FS 2014-002

The School District will use Central Office Finance staff to provide a monthly review of school activity accounts. This change will be implemented February 2016.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FA-6471-13-02	Previously Reported Corrective Action Implemented
FA 2014-001	Previously Reported Corrective Action Implemented

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weakness identified? — Yes
- Significant deficiency identified? — Yes

Noncompliance material to financial statements noted: — Yes

Federal Awards

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between Type A and Type B programs: $904,035.66

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-001	Uncollateralized Deposits
Control Category:	Cash and Cash Equivalents
Internal Control Impact:	None
Compliance Impact:	Material Noncompliance
Repeat of Prior Year Finding:	FS 2014-001

Description:
The School District did not have its bank balances fully collateralized.

Criteria:
The Official Code of Georgia Annotated (O.C.G.A.) §45-8-12 states in part: "The collecting officer or officers holding public funds may not have on deposit at any one time in any depository for a time longer than ten days a sum of money belonging to the public body when such depository has not given bond to the public body as set forth in this code section. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance."

Condition:
As of June 30, 2015, the School District had $11,157,178.19 of bank balances that were not properly collateralized as required by O.C.G.A. §45-8-12.

Cause:
In discussing this condition with management, they stated that management mistakenly relied on the financial institution's position that collateralization was not needed for bond proceeds as they are not appropriated by the State.

Effect or Potential Effect:
A financial loss could be incurred by the School District for the uncollateralized bank balances.

Recommendation:
The School District should implement procedures to monitor the collateralization of bank balances to ensure compliance with State laws governing deposits.

Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. Management will ensure that all bond proceeds are adequately collateralized according to O.C.G.A. §45-8-12. The School District has implemented procedures to monitor the collateralization of bank balances. This change will be implemented in fiscal year 2016.

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II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-002	Inadequate Control over Financial Reporting Process
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None

Description:
The School District did not have adequate internal controls in place over the financial statement reporting process.

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

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

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

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

- A review of interfund transfers revealed that transfers from the Capital Projects Fund to the Debt Service Fund in the amount of $32,277,220.92 were invalid and were incorrectly reported on the financial statements. This error caused additional material misstatements within the Cash and Cash Equivalents, Investments and Sales Taxes balances reported for the Capital Projects Fund and the Debt Service Fund.
- On the Statement of Revenues, Expenditures and Changes in Fund Balances, Debt Service expenditures were understated by $1,440,097.26 and Other Sources – Capital Leases were understated by $1,177,670.44 within the Capital Projects Fund.
- Adjustments to Beginning Net Position in the amount of $34,429,715.54 were proposed and accepted by the School District to agree to the prior year audit report. These omissions resulted in the material misstatement to expense balances, as well.
- Additions to Construction-in-Progress from the prior fiscal year in the amount of $1,082,069.18 were duplicated in the current fiscal year.
- On the Statement of Net Position, Capital Assets, Non-Depreciable was overstated by $12,050,561.63 due to the capitalization of items that did not comply with the entity's capitalization policy. In addition, capital lease proceeds in the amount of $10,133,253.79, which were associated with these expenses, were reflected as Miscellaneous Revenue on the Statement Activities.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

- The Restatement of Prior Year Net Position note disclosure reflected a $158,752,317.07 variance in the balance reported for "Net Position, July 1, 2014, as previously reported" and a $37,227,539.00 variance in the "Prior period adjustment – Implementation of GASB 68" associated with the TRS and ERS Net Pension Liability. Therefore, the "Net Position, July 1, 2014, as restated" did not agree to the Statement of Activities.
- Numerous other audit adjustments and reclassification entries were made to the Financial Statements, Notes to the Basic Financial Statements and Schedules to correctly reflect the financial statements in accordance with Chapter 22 *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration.

Cause:
In discussing these conditions with management, they stated that the School District had turnover in key personnel previously responsible for the preparation of the financial statements. Their responsibilities were assigned to personnel who are less experienced and less trained in financial statement preparation.

Effect or Potential Effect:
Material and significant misstatements were included in the financial statements presented for audit. Numerous adjustments were necessary in order for the School District's financial statements to be in conformity with generally accepted accounting principles.

Recommendation:
As part of internal controls over the preparation of financial statements, including disclosures, the School District should implement comprehensive preparation and/or review procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the School District's activities and operations.

Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. Management will implement procedures to ensure strengthened internal controls are in place over the financial statement reporting process. Additionally, personnel involved in the financial statement reporting process have been provided additional training in that area. This change will be implemented in time for the preparation of the fiscal year 2016 financial statement reporting process.

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II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-003	Inadequate Internal Control Procedures over School Activity Accounts
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2014-002 FS-6471-13-01 FS-6471-12-01

Description:
The accounting procedures of the School District were insufficient to provide for adequate internal controls over the school activity accounts.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide proper segregation of duties and reasonable assurance that transactions are processed according to established procedures.

Financial Management for Georgia Local Units of Administration Chapter 43, School Activity Accounts (Principal Accounts) states in part "District Activity Funds *(Governmental Funds 500)* belong to the District, are used to support its co-curricular and extra-curricular activities, and are administered by the School District. … Examples of Authorized District Activity Funds: Athletics…" In addition, it states "All activity funds should operate on a cash basis, meaning that no commitments or indebtedness may be incurred unless the fund contains sufficient cash.

Condition:
The following deficiencies were noted with the School District's school activity accounts:

Cash and Cash Equivalents
- The bank reconciliation function was not separated from the record keeping and voucher payment functions.
- Testing revealed bank reconciliations that were not approved by the appropriate personnel.

Revenues/Receipts/Receivables
- Deposit preparation was not separated from the record keeping and cash custody functions.
- The following deficiencies were noted during a test of forty receipt transactions:
  1. Twenty-two receipts were not deposited in a timely manner.
  2. Thirteen receipts did not contain the signature of two employees as required by Board policy.

Expenditures/Liabilities/Disbursements
- The check writing function was not separated from the record keeping or processing of signed checks.
- The following deficiencies were noted during our test of forty disbursement transactions:
  1. Eight disbursements did not have original invoices attached.
  2. Eleven of the disbursements examined lacked information to be able to trace to recording on the general ledger.
  3. Seventeen voucher packages did not have evidence of receipt of goods.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

4. Nine vouchers did not have appropriately approved requisition requests as required by Board policy.
5. Five checks written did not agree to the attached invoice.
6. Three disbursements examined lacked information to be able to determine if charged to the correct period.

General Ledger

- During testing of school activity accounts at three schools, the auditor noted six accounts with deficit balances.

Cause:

In discussing these conditions with management, they stated that school personnel have not been adequately following the policies and procedures set-forth in the School District's "Accounting Manual for Activity Funds".

Effect or Potential Effect:

Errors and/or irregularities may not be detected in a timely manner.

Recommendation:

The School District should implement necessary procedures to ensure that the key accounting functions of custody and record keeping are separated. In addition, the School District should implement procedures to ensure that disbursements and receipts of funds within the school activity accounts are adequately documented and recorded in the financial records. The School District should also establish a monitoring process to provide reasonable assurance that transactions are processed according to established procedures.

Views of Responsible Officials and Corrective Action Plans:

We concur with this finding. The School District will use Central Office Finance staff to provide a monthly review of School Activity Accounts. This change will be implemented in fiscal year 2016.

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III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.