

CITY OF DUBLIN
BOARD OF EDUCATION
LAURENS COUNTY, GEORGIA

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

CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	DISTRICT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	4
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	5
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	6
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G	STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	8
H	NOTES TO THE BASIC FINANCIAL STATEMENTS	9
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS' RETIREMENT SYSTEM OF GEORGIA	33
2	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	34
3	SCHEDULE OF CONTRIBUTIONS – TEACHERS' RETIREMENT SYSTEM OF GEORGIA	36
4	SCHEDULE OF CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	38
5	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	40
6	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	41

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CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

7	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	42
8	SCHEDULE OF STATE REVENUE	43
9	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	44
10	ALLOTMENTS AND EXPENDITURES GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE) BY PROGRAM	45

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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*

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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SECTION I

FINANCIAL

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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

December 12, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
City of Dublin 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 City of Dublin 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 Heart of Georgia College & Career Academy, Inc. (Charter School), which represents all of the assets, liabilities, net position, expenses and revenues of the aggregate 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 Heart of Georgia College & Career Academy, Inc. (Charter School) 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dublin 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 City of Dublin 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.

Starting in Fiscal Year 2011, the School District began accumulating a general fund deficit. As discussed in Note 2 to the financial statements, a $5.8 million dollar deficit of Unassigned Fund Balance in General Fund (Governmental Fund Statements) exists at June 30, 2015. The School District also has a deficit unrestricted net position in the amount of $26.2 million on the Statement of Net Position, of which $20.1 million of the deficit is related to the Net Pension Liability. Note 2 discusses the School District’s deficit reduction plan as of the report date. The School District expects to be able to obtain financing to meet current cash flow needs. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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Accounting principles generally accepted in the United States of America require that the 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 33 through 41 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dublin 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 December 12, 2016, on our consideration of the City of Dublin 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 City of Dublin Board of Education's internal control over financial reporting and compliance.

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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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CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY

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CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT CHARTER SCHOOL
ASSETS		
Cash and Cash Equivalents	$ 664,594.38	$ 3,098.00
Investments	405,947.06	
Accounts Receivable, Net		
Interest	61.28	
Taxes	863,756.94	
State Government	1,442,510.00	
Federal Government	1,009,644.16	
Other	5,656.86	
Inventories	44,480.07	
Prepaid Items	450.00	
Capital Assets, Non-Depreciable	1,927,200.50	
Capital Assets, Depreciable (Net of Accumulated Depreciation)	61,628,661.85	3,621,088.00
Total Assets	67,992,963.10	3,624,186.00
DEFERRED OUTFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	2,609,040.73	0.00
LIABILITIES		
Accounts Payable	264,526.46	132,520.00
Salaries and Benefits Payable	2,013,179.90	
Payroll Withholdings Payable	1,388,617.10	
Short-Term Debt	4,999,500.00	
Interest Payable	172,123.75	
Long-Term Liabilities		
Due Within One Year	2,216,364.23	
Due in More Than One Year	17,598,342.56	
Net Pension Liability	17,428,589.00	
Total Liabilities	46,081,243.00	132,520.00
DEFERRED INFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	6,126,250.00	0.00
NET POSITION		
Net Investment in Capital Assets	43,741,155.56	3,621,088.00
Restricted for		
Continuation of Federal Programs	239,372.02	
Debt Service	425,680.44	
Capital Projects	192,813.23	
Unrestricted (Deficit)	-26,204,510.42	-129,422.00
Total Net Position	$ 18,394,510.83	$ 3,491,666.00

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 16,513,402.63	$ 112,130.95
Support Services		
Pupil Services	1,656,613.20	
Improvement of Instructional Services	1,405,019.55	
Educational Media Services	421,361.11	
General Administration	493,237.63	
School Administration	1,567,409.90	
Business Administration	635,096.68	
Maintenance and Operation of Plant	2,423,543.12	
Student Transportation Services	1,337,891.26	
Central Support Services	336,143.30	
Other Support Services	195,179.08	
Operations of Non-Instructional Services		
Enterprise Operations	7,485.53	
Community Services	990.36	
Food Services	1,756,589.59	17,124.21
Interest on Short-Term and Long-Term Debt	897,599.81	
Total Governmental Activities	$ 29,647,562.75	$ 129,255.16
COMPONENT UNIT		
Charter School	$ 470,893.30	
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
Other Sales Tax		
Investment Earnings		
Miscellaneous		
Special Item		
Loss on Disposal of Building		
Total General Revenues and Special Item		
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		PRIMARY GOVERNMENT	COMPONENT UNIT
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
$ 10,978,120.74		$ -5,423,150.94	
317,148.31		-1,339,464.89	
1,056,865.07		-348,154.48	
322,760.36		-98,600.75	
719,091.58		225,853.95	
930,819.61		-636,590.29	
2,343.28		-632,753.40	
758,710.88		-1,664,832.24	
29,594.24	$ 77,220.00	-1,231,077.02	
		-336,143.30	
210,334.25		15,155.17	
8,310.43		824.90	
		-990.36	
1,813,999.00		74,533.62	
		-897,599.81	
$ 17,148,097.75	$ 77,220.00	-12,292,989.84	
	$ 3,880,612.30		$ 3,409,719.00
		8,459,468.31	
		2,434,819.83	
		71,854.83	
		1,205.79	
		452,875.58	289,936.00
		-192,220.02	
		11,228,004.32	289,936.00
		-1,064,985.52	3,699,655.00
		19,459,496.35	-207,989.00
		$ 18,394,510.83	$ 3,491,666.00

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	$ 478,563.91	$ 185,658.98	$ 371.49	$ 664,594.38
Investments	7,740.40	2,102.23	396,104.43	405,947.06
Accounts Receivable, Net				
Interest			61.28	61.28
Taxes	662,489.95		201,266.99	863,756.94
State Government	1,442,510.00			1,442,510.00
Federal Government	1,009,644.16			1,009,644.16
Other	604.84	5,052.02		5,656.86
Inventories	44,480.07			44,480.07
Prepaid Items	450.00			450.00
Total Assets	$ 3,646,483.33	$ 192,813.23	$ 597,804.19	$ 4,437,100.75
LIABILITIES				
Accounts Payable	$ 264,526.46			$ 264,526.46
Salaries and Benefits Payable	2,013,179.90			2,013,179.90
Payroll Withholdings Payable	1,388,617.10			1,388,617.10
Short-Term Debt	4,999,500.00			4,999,500.00
Total Liabilities	8,665,823.46			8,665,823.46
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	558,060.12			558,060.12
FUND BALANCES				
Nonspendable	44,930.07			44,930.07
Restricted	194,891.95	$ 192,813.23	$ 597,804.19	985,509.37
Unassigned	-5,817,222.27			-5,817,222.27
Total Fund Balances	-5,577,400.25	192,813.23	597,804.19	-4,786,782.83
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,646,483.33	$ 192,813.23	$ 597,804.19	$ 4,437,100.75

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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")		$ -4,786,782.83
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	$ 1,686,200.50	
Construction in Progress	241,000.00	
Land Improvements	6,818,289.00	
Buildings and Improvements	66,494,609.61	
Equipment	4,647,508.83	
Accumulated Depreciation	-16,331,745.59	
Total Capital Assets		63,555,862.35
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		-17,428,589.00
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		-3,517,209.27
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		558,060.12
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	$ -12,590,000.00	
Accrued Interest Payable	-172,123.75	
Revenue Bonds Payable	-3,300,000.00	
Capital Leases Payable	-3,592,883.53	
Bond Premiums, Net of Amortization	-331,823.26	
Total Long-Term Liabilities		-19,986,830.54
Net Position of Governmental Activities (Exhibit "A")		$ 18,394,510.83

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT "E"

	GENERAL FUND	DISTRICT-WIDE CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 8,451,671.91			$ 8,451,671.91
Sales Taxes	71,854.83		$ 2,434,819.83	2,506,674.66
State Funds	11,751,709.48			11,751,709.48
Federal Funds	5,540,011.65			5,540,011.65
Charges for Services	129,255.16			129,255.16
Investment Earnings	118.67	$ 6.42	1,080.70	1,205.79
Miscellaneous	452,875.58			452,875.58
Total Revenues	26,397,497.28	6.42	2,435,900.53	28,833,404.23
EXPENDITURES				
Current				
Instruction	15,340,365.85			15,340,365.85
Support Services				
Pupil Services	1,676,002.01			1,676,002.01
Improvement of Instructional Services	1,411,395.45			1,411,395.45
Educational Media Services	443,143.04			443,143.04
General Administration	480,492.61			480,492.61
School Administration	1,646,016.12			1,646,016.12
Business Administration	640,678.22			640,678.22
Maintenance and Operation of Plant	2,281,794.80			2,281,794.80
Student Transportation Services	1,314,345.19			1,314,345.19
Central Support Services	317,023.06	194,860.49		511,883.55
Other Support Services	200,934.52			200,934.52
Enterprise Operations	7,485.53			7,485.53
Community Services	990.36			990.36
Food Services Operation	1,711,283.79			1,711,283.79
Capital Outlay		408,324.84		408,324.84
Debt Services				
Principal	37,483.36	57,931.81	1,530,000.00	1,625,415.17
Dues and Fees			34,478.50	34,478.50
Interest	2,370.92	1,500.25	845,676.39	849,547.56
Total Expenditures	27,511,804.83	662,617.39	2,410,154.89	30,584,577.11
Excess of Revenues over (under) Expenditures	-1,114,307.55	-662,610.97	25,745.64	-1,751,172.88
OTHER FINANCING SOURCES (USES)				
Capital Leases		194,860.49		194,860.49
Transfers In		445,000.00		445,000.00
Transfers Out			-445,000.00	-445,000.00
Total Other Financing Sources (Uses)		639,860.49	-445,000.00	194,860.49
Net Change in Fund Balances	-1,114,307.55	-22,750.48	-419,254.36	-1,556,312.39
Fund Balances - Beginning	-4,463,092.70	215,563.71	1,017,058.55	-3,230,470.44
Fund Balances - Ending	$ -5,577,400.25	$ 192,813.23	$ 597,804.19	$ -4,786,782.83

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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")		$ -1,556,312.39
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	$ 675,181.36	
Depreciation Expense	-1,956,063.10	
Excess of Capital Outlay over Depreciation Expense		-1,280,881.74
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		-192,220.02
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		7,796.40
Deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Bond Premium		45,721.57
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.		-194,860.49
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	$ 750,000.00	
Capital Lease Payments	175,415.17	
Revenue Bond Payments	700,000.00	
Total Long-Term Debt Repayments		1,625,415.17
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		-13,573.75
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 are:		
Pension Expense		493,929.73
Change in Net Position of Governmental Activities (Exhibit "B")		$ -1,064,985.52

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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 59,934.60
LIABILITIES	
Funds Held for Others	$ 59,934.60

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The City of Dublin 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 Heart of Georgia College & Career Academy, Inc. (Charter School) is a jointly authorized start-up charter school pursuant to the Official Code of Georgia (O.C.G.A.) §20-2-2060 et. Seq., the Charter Schools Act of 1998. The Charter is an agreement entered into by and between the City of Dublin, Bleckley County, Laurens County, and Wheeler County Boards of Education and the State Board of Education to serve students in grades 9 through 12. The Charter School's mission is to improve public educational outcomes and ensure a viable 21st century workforce for the Heart of Georgia region. The financial activities of the Charter School have been presented discretely because they provide services to third-parties outside the School System.

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 City of Dublin Board of Education.

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

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

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

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

The School District reports the following major governmental funds:

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

- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and 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, governments or individuals.

BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt 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 $21,439,728.00. This change is in accordance with generally accepted accounting principles.

Net Position, July 1, 2014, as previously reported		$ 40,899,224.35
Prior Period adjustment - Implementation of GASB 68:		
Net Pension Liability (measurement date)		
TRS	$ -23,064,965.00	
ERS	-103,216.00	-23,168,181.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS	$ 1,726,825.00	
ERS	1,628.00	1,728,453.00
Net Position, July 1, 2014, as restated		$ 19,459,496.35

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 of 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.

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 City of Dublin Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on October 23, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 31, 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 Dublin City Clerk bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection, and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to $8,238,316.64.

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

School Operations	19.705 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $213,355.27 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 $2,434,819.83 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

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

PREPAID ITEMS

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

CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Construction in Progress	$ 5,000.00	N/A
Land Improvements	$ 5,000.00	20 to 80 years
Buildings and Improvements	$ 5,000.00	10 to 80 years
Equipment	$ 5,000.00	5 to 50 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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 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 defined benefit pension plans, 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 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 the benefit pension plans, 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 one type of item, which arises under only a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, and this amount is deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

GENERAL OBLIGATION BONDS

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

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

PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), the Employees' Retirement System of Georgia (ERS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS/ERS/PSERS's fiduciary net position have been determined on the same basis as they are reported by TRS/ERS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 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 Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension Liability of $17,428,589.00 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	$ 44,480.07	
Prepaid Assets	450.00	$ 44,930.07
Restricted		
Continuation of Federal Programs	$ 194,891.95	
Capital Projects	192,813.23	
Debt Service	597,804.19	985,509.37
Unassigned		-5,817,222.27
Fund Balance, June 30, 2015		$ -4,786,782.83

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 0.08% 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.

DEFICIT FUND BALANCES

Funds reporting a deficit fund balance at June 30, 2015, are as follows:

Fund Type/Fund Name	Deficit Balances
Governmental Funds	
General Fund	
General Fund	$ 4,204,511.54
Title I	301,772.18
Special Education	486,391.31
Improving Teacher Quality	14,011.08
Twenty-First Century	130,775.92
R.O.T.C.	533,274.26
Pre-K	146,485.98
	$ 5,817,222.27

The City of Dublin Board of Education filed a deficit reduction plan with the Georgia Department of Education in March 2016 to address the deficit noted above. Management plans to eliminate the deficit by reducing staff and future expenditures. The Board of Education voted to close one school (as noted in Note 13) and to not fill vacant positions as a result of attrition (retirements and resignation). Accordingly, these measures are anticipated to reduce future expenditures by an estimated amount of $849 thousand and $205 thousand with respect to salaries and benefits, and other operational expenditures, respectively. Additionally, the School District expects to recognize an increase in fiscal year 2017 revenues of $314 thousand in QBE funding from the State and an estimated increase of $527 thousand in property tax revenue associated with anticipated increases in tax digest values. The total impact from this plan is estimated to reduce existing General Fund deficits by $1.9 million in fiscal year 2017. The School District will apply for interim financing to meet current cash flow needs as appropriate.

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, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except various school activity (principal) accounts, is prepared and adopted by fund and function. 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.

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 $724,528.98 and a bank balance of $1,162,678.40. The bank balances insured by Federal depository insurance were $686,307.23 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 $476,371.17.

CATEGORIZATION OF INVESTMENTS

At June 30, 2015, the carrying value of the School District's total investments was $405,947.06, which is materially the same as fair value. 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	$ 1,686,200.50			$ 1,686,200.50
Construction in Progress	0.00	$ 241,000.00	$ 0.00	241,000.00
Total Capital Assets, Not Being Depreciated	1,686,200.50	241,000.00	0.00	1,927,200.50
Capital Assets Being Depreciated				
Buildings and Improvements	68,630,387.61		2,135,778.00	66,494,609.61
Equipment	4,213,327.47	434,181.36		4,647,508.83
Land Improvements	6,818,289.00			6,818,289.00
Less Accumulated Depreciation for:				
Buildings and Improvements	12,868,731.36	1,355,352.14	1,943,557.98	12,280,525.52
Equipment	2,300,489.21	351,444.63		2,651,933.84
Land Improvements	1,150,019.90	249,266.33		1,399,286.23
Total Capital Assets, Being Depreciated, Net	63,342,763.61	-1,521,881.74	192,220.02	61,628,661.85
Governmental Activity Capital Assets - Net	$ 65,028,964.11	$ -1,280,881.74	$ 192,220.02	$ 63,555,862.35

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

	Governmental Activities
Land Improvements	$ 3,585,000.00
Equipment	329,995.69
Less: Accumulated Depreciation	121,442.99
	$ 3,793,552.70

Current year depreciation expense by function is as follows:

Instruction		$ 1,679,537.84
Support Services		
General Administration	$ 22,456.99	
Maintenance and Operation of Plant	74,240.58	
Student Transportation Services	92,219.07	
Other Support Services	2,002.52	190,919.16
Food Services		85,606.10
		$ 1,956,063.10

NOTE 7: INTERFUND TRANSFERS

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

Transfers to	Transfers From Debt Service Fund
District-wide Capital Projects	$ 445,000.00

Transfers are used to move Special Purpose Local Option Sales Tax collected to the Capital Projects Fund for capital construction 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 has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, and acts of God. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2014	$ 0.00	$ 15,198.98	$ 15,198.98	$ 0.00
2015	$ 0.00	$ 12,820.40	$ 12,820.40	$ 0.00

The School District participates in the Georgia Education Workers' Compensation Trust, a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general worker's compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of $1 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of $2 million. The Trust covers the first $1 million of each Employers liability claim with Safety National providing additional Employers Liability limits up to a $2 million per occurrence maximum. Safety National Casualty Company also provides $2 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

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

Position Covered	Amount
Superintendent	$ 50,000.00
Drivers Education	$ 2,500.00

NOTE 9: OPERATING LEASES

The City of Dublin Board of Education has entered into various leases as lessee for use of a bus workshop and a fuel disbursement system. 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 $37,200.00. Future minimum lease payments for these leases are as follows:

Year Ending	Governmental Funds
2016	$ 37,200.00
2017	37,200.00
2018	37,200.00
2019	23,700.00
2020	19,200.00
2021 - 2023	46,400.00
Total	$ 200,900.00

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 for operations until property tax collections are received by the 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	$ 3,157,520.00	$ 12,993,480.00	$ 11,151,500.00	$ 4,999,500.00

NOTE 11: LONG-TERM LIABILITIES

CAPITAL LEASES

The City of Dublin Board of Education also entered into various lease agreements for a solar panel project and equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

REVENUE BONDS PAYABLE

The City of Dublin Board of Education entered into a contract with the Laurens County Public Facilities Authority dated April 1, 2008, for the issuance of bonds to provide funds to acquire, construct, and equip capital outlay projects of the School District. Under the terms of the contract, the Laurens County Public Facilities Authority issued $4,500,000.00 less issuance costs of $83,500.00 in revenue bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will recommend to the Mayor and Council of the City of Dublin, Georgia, to exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2010	3.0% - 4.0%	$ 8,505,000.00
General Government - Series 2011	2.5% - 4.0%	4,085,000.00
		$ 12,590,000.00

Voters have authorized $3,910,000.00 in general obligation debt for various construction projects which was not issued as of fiscal year-end 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	$ 13,340,000.00		$ 750,000.00	$ 12,590,000.00	$ 1,000,000.00
Capital Leases	3,573,438.21	$ 194,860.49	175,415.17	3,592,883.53	170,642.66
Revenue Bonds Payable	4,000,000.00		700,000.00	3,300,000.00	1,000,000.00
Bond Premiums Amortized	377,544.83		45,721.57	331,823.26	45,721.57
	$ 21,290,983.04	$ 194,860.49	$ 1,671,136.74	$ 19,814,706.79	$ 2,216,364.23

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

	Capital Leases		Revenue Bonds Payable	
Fiscal Year Ended June 30:	Principal	Interest	Principal	Interest
2016	$ 170,642.66	$ 215,286.94	$ 1,000,000.00	$ 130,020.00
2017	150,252.86	208,186.47	1,100,000.00	90,620.00
2018	111,988.01	201,081.74	1,200,000.00	47,280.00
2019	95,000.00	194,875.00		
2020	100,000.00	190,000.00		
2021 - 2025	580,000.00	864,725.00		
2026 - 2030	780,000.00	665,425.00		
2031 - 2035	1,075,000.00	373,425.00		
2036 - 2037	530,000.00	43,875.00		
Total Principal and Interest	$ 3,592,883.53	$ 2,956,880.15	$ 3,300,000.00	$ 267,920.00

	General Obligation Debt		Unamortized Bond
Fiscal Year Ended June 30:	Principal	Interest	Premium
2016	$ 1,000,000.00	$ 454,100.00	$ 45,721.57
2017	1,250,000.00	424,100.00	45,721.57
2018	1,400,000.00	386,600.00	45,721.57
2019	2,000,000.00	330,600.00	45,721.57
2020	2,000,000.00	254,350.00	45,721.57
2021 - 2023	4,940,000.00	343,400.00	103,215.41
Total Principal and Interest	$ 12,590,000.00	$ 2,193,150.00	$ 331,823.26

NOTE 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $66,276.38 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 $15,471.38

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 $50,805.00

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 2015, the City of Dublin Board of Education demolished the old Dublin High School Building. The building was demolished to allow for future expansion of athletic facilities. The building was removed from the School District's Capital Assets listing at its carrying value of $192,220.02 on the date of demolition. This activity is reported as a Special Item on the Statement of Activities.

NOTE 14: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 15: SUBSEQUENT EVENTS

In fiscal year 2016, the City of Dublin Board of Education voted to close Saxon Heights Elementary School at the end of the 2015-2016 school term.

In February 2016, the Heart of Georgia College & Career Academy, Inc. (Component Unit) transferred the old West Laurens High Building back to Laurens County Board of Education after completing planned renovations to portions of this facility.

On May 24, 2016, voters authorized the continuation of a one percent sales and use tax for capital outlay projects for educational purposes and the repayment of certain existing debt.

On November 7, 2016 a Complaint for Refund of Taxes and Injunctive Relief (Class Action) was filed in the Superior court of Laurens County, Georgia, seeking a temporary restraining order and interlocutory injunction of the City of Dublin from distributing certain tax proceeds related to the bond millage to the School District. Further, Plaintiffs seek a refund of these property taxes payments made by them plus interest.

In fiscal year 2017, the School District levied a bond millage of 2.25 mills to pay general obligation bond debt obligations. This millage is in addition to the 19.705 School Operations millage.

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%	$ 2,531,592.78
2014	100%	$ 2,872,907.01
2013	100%	$ 2,515,153.29

NOTE 17: RETIREMENT PLANS

The City of Dublin 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. Norma 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%	$ 1,832,548.73
2014	100%	$ 1,745,833.12
2013	100%	$ 1,687,641.93

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

Contributions*:* Member contributions under the old plan are 4% of annual compensation, up to $4,200.00, plus 6% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 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%	$	0.00
2014	100%	$	1,706.84
2013	100%	$	8,138.28

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 $17,428,589.00 for its proportionate share of the Net Pension Liability for TRS ($17,413,887.00) and ERS ($14,702.00).

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	$	17,413,887.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District		74,412.00
Total	$	17,488,299.00

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 0.137837%, which was an increase of 0.005469% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.000392%, which was a decrease of 0.001735% 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 $194,696.00.

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 $1,353,070.00 for TRS, ($31,486.00) for ERS, and $16,908.00 for PSERS and revenue of ($17,035.00) for TRS and $16,908.00 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		$ 6,070,850.00		$ 3,588.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	$ 776,492.00			51,812.00
School District contributions subsequent to the measurement date	1,832,548.73		$ 0.00	
Total	$ 2,609,040.73	$ 6,070,850.00	$ 0.00	$ 55,400.00

The City of Dublin 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	$ -1,341,237.00	$ -33,280.00
2017	$ -1,341,237.00	$ -20,327.00
2018	$ -1,341,237.00	$ -897.00
2019	$ -1,341,238.00	$ -896.00
2020	$ 70,591.00	

***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 City of Dublin Board of Education - Laurens County'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	$ 32,091,457.00	$ 17,413,887.00	$ 5,327,213.00

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	$ 21,439.00	$ 14,702.00	$ 8,968.00

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

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CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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		0.137837%
School District's proportionate share of the net pension liability	$	17,413,887.00
State of Georgia's proportionate share of the net pension liability associated with the School District		74,412.00
Total	$	17,488,299.00
School District's covered-employee payroll	$	14,216,882.08
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll		122.49%
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 the City of Dublin Board of Education.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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		0.000392%
School District's proportionate share of the net pension liability	$	14,702.00
School District's covered-employee payroll	$	9,246.18
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll		159.01%
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 the City of Dublin Board of Education.

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CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
REQUIRED SUPPLEMENTARY INFORMAITON
SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

	2015	2014	2013	2012
Contractually required contribution	$ 1,832,548.73	$ 1,745,833.12	$ 1,687,641.93	$ 1,549,293.65
Contributions in relation to the contractually required contribution	$ 1,832,548.73	$ 1,745,833.12	$ 1,687,641.93	$ 1,549,293.65
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 13,935,731.79	$ 14,216,882.08	$ 14,790,902.10	$ 15,070,949.90
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%	10.28%

2011	2010	2009	2008	2007	2006
$ 1,609,593.00	$ 1,569,706.00	$ 1,461,107.13	$ 1,442,489.65	$ 1,478,388.89	$ 1,458,166.64
$ 1,609,593.00	$ 1,569,706.00	$ 1,461,107.13	$ 1,442,489.65	$ 1,478,388.89	$ 1,458,166.64
$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
$ 15,657,519.46	$ 16,116,078.03	$ 15,744,688.90	$ 15,544,069.50	$ 15,930,914.76	$ 15,781,024.22
10.28%	9.74%	9.28%	9.28%	9.28%	9.24%

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

	2015	2014	2013
Contractually required contribution	$ 0.00	$ 1,706.84	$ 8,138.28
Contributions in relation to the contractually required contribution	$ 0.00	$ 1,706.84	$ 8,138.28
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 0.00	$ 9,246.18	$ 54,619.32
Contributions as a percentage of covered-employee payroll	0.00%	18.46%	14.90%

This schedule is intended to show information for 10 years. The School District started contributing to the Employees' Retirement System in fiscal year 2010. The School District made no contributions to the Employees' Retirement System during fiscal year 2015. Additional years will be displayed as they become available.

SCHEDULE "4"

2012	2011	2010
$ 5,402.16	$ 4,704.42	$ 4,608.29
$ 5,402.16	$ 4,704.42	$ 4,608.29
$ 0.00	$ 0.00	$ 0.00
$ 46,450.18	$ 45,191.37	$ 44,267.91
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

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	$ 8,142,415.00	$ 8,541,055.00	$ 8,451,671.91	$ -89,383.09
Sales Taxes			71,854.83	71,854.83
State Funds	11,432,294.01	11,624,696.29	11,751,709.48	127,013.19
Federal Funds	2,820,291.00	5,541,725.00	5,540,011.65	-1,713.35
Charges for Services		16,850.00	129,255.16	112,405.16
Investment Earnings			118.67	118.67
Miscellaneous	425,000.00	425,000.00	452,875.58	27,875.58
Total Revenues	22,820,000.01	26,149,326.29	26,397,497.28	248,170.99
EXPENDITURES				
Current				
Instruction	13,662,368.85	14,103,762.01	15,340,365.85	-1,236,603.84
Support Services				
Pupil Services	1,291,370.36	1,249,257.32	1,676,002.01	-426,744.69
Improvement of Instructional Services	1,664,957.32	1,620,621.04	1,411,395.45	209,225.59
Educational Media Services	443,951.40	443,951.40	443,143.04	808.36
General Administration	521,159.43	626,737.07	480,492.61	146,244.46
School Administration	1,581,345.92	1,581,345.92	1,646,016.12	-64,670.20
Business Administration	608,993.88	609,045.88	640,678.22	-31,632.34
Maintenance and Operation of Plant	2,013,027.20	2,042,302.20	2,281,794.80	-239,492.60
Student Transportation Services	1,099,638.60	1,104,221.60	1,314,345.19	-210,123.59
Central Support Services	438,846.36	438,821.36	317,023.06	121,798.30
Other Support Services	231,707.04	238,960.04	200,934.52	38,025.52
Enterprise Operations			7,485.53	-7,485.53
Community Services			990.36	-990.36
Food Services Operation		1,651,400.00	1,711,283.79	-59,883.79
Debt Service				
Principal			37,483.36	-37,483.36
Interest			2,370.92	-2,370.92
Total Expenditures	23,557,366.36	25,710,425.84	27,511,804.83	-1,801,378.99
Excess of Revenues over (under) Expenditures	-737,366.35	438,900.45	-1,114,307.55	-1,553,208.00
Fund Balances - Beginning	-4,921,838.87	-4,921,838.87	-4,463,092.70	458,746.17
Adjustments	34,971.87	455,177.23		-455,177.23
Fund Balances - Ending	$ -5,624,233.35	$ -4,027,761.19	$ -5,577,400.25	$ -1,549,639.06

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 ($443,939.57) and ($457,396.53) 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	$ 1,745,149.12	(1)
Total Child Nutrition Cluster				1,745,149.12	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Fresh Fruit and Vegetable Program		10.582	N/A	33,754.74	
Total U. S. Department of Agriculture				1,778,903.86	
Education, U. S. Department of					
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States		84.027	N/A	550,471.00	
Preschool Grants		84.173	N/A	16,963.00	
Total Special Education Cluster				567,434.00	
Other Programs					
Pass-Through From Georgia Department of Education					
Career and Technical Education - Basic Grants to States		84.048	N/A	40,487.00	
Education for Homeless Children and Youth		84.196	N/A	33,619.00	
Improving Teacher Quality State Grants		84.367	N/A	200,329.00	
Rural Education		84.358	N/A	46,699.27	
Title I Grants to Local Educational Agencies	*	84.010	N/A	1,998,996.73	
Twenty-First Century Community Learning Centers		84.287	N/A	736,906.50	
Total Other Programs				3,057,037.50	
Total U. S. Department of Education				3,624,471.50	
Defense, U. S. Department of					
Direct					
Department of the Air Force					
R.O.T.C. Program				38,048.08	
Total Expenditures of Federal Awards				$ 5,441,423.44	

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 $95,087.03.

(2) Expenditures for the funds earned on the School Breakfast Program ($520,920.51) were not maintained separately and are included in the 2015 National School Lunch Program.

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

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

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the City of Dublin 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.

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 618,017.29
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	989,106.00
Kindergarten Program - Early Intervention Program	84,814.00
Primary Grades (1-3) Program	1,896,870.00
Primary Grades - Early Intervention (1-3) Program	239,332.00
Upper Elementary Grades (4-5) Program	757,638.00
Upper Elementary Grades - Early Intervention (4-5) Program	113,046.00
Middle School (6-8) Program	1,568,440.00
High School General Education (9-12) Program	1,299,513.00
Vocational Laboratory (9-12) Program	332,368.00
Students with Disabilities	1,499,870.00
Gifted Student - Category VI	302,296.00
Remedial Education Program	43,007.00
Alternative Education Program	105,909.00
Media Center Program	260,946.00
20 Days Additional Instruction	81,180.00
Staff and Professional Development	43,545.00
Indirect Cost	
Central Administration	399,521.00
School Administration	752,724.00
Facility Maintenance and Operations	584,999.00
Amended Formula Adjustment	-1,022,257.00
Charter System Adjustment	202,984.00
Categorical Grants	
Pupil Transportation	
Regular	153,415.00
Nursing Services	46,461.00
Other State Programs	
Food Services	44,502.00
Math and Science Supplements	8,120.56
Preschool Handicapped Program	40,200.00
Pupil Transportation - State Bonds	77,220.00
Residential Treatment Centers Grant	138,385.00
Teacher of the Year	1,014.25
Teachers' Retirement	15,471.38
Vocational Education	22,247.00
Office of the State Treasurer	
Public School Employees Retirement	50,805.00
	$ 11,751,709.48

See notes to the basic financial statements.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
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	ESTIMATED COMPLETION DATE
Acquiring, constructing, and equipping renovations and improvements to the Dublin Junior High School Auditorium, including partial demolition of Dublin Junior High School, renovations and additions at Dublin High School, the purchase of school buses, the installation of computer cabling on a system-wide basis and technology upgrades, the acquisition of certain property and equipment, including any heating and air conditioning equipment, which may be subject to lease by the Dublin School District, and additions, renovations, and improvements to Central Elementary School, Susie Dasher Elementary School, Saxon Heights Elementary School, Hillcrest Elementary School, Moore Street Elementary School, and Dublin Middle School.	$ 14,850,000.00	$ 11,444,526.05	$ 173,828.56	$ 11,270,697.49	$ 0.00	$ 0.00	December 1, 2017
Acquisition of real property and construction, equipping and furnishing of new school buildings and facilities, including, but not limited to, a new elementary school including physical education and athletic facilities, and the completion of the new Dublin High School and auditorium; additions, renovations, repairs and improvements to existing school buildings and facilities, including, but not limited to Moore Street Elementary, Susie Dasher Elementary, Saxon Heights Elementary, Dublin Middle School, and Hillcrest Center; new physical education and athletic facilities for Dublin High School and Dublin Middle School, including, but not limited to, a tennis court complex at Dublin High School; technology equipment, school nutrition program equipment, and improvements throughout the Dublin School District; the acquisition of school vehicles, including, but not limited to, school buses and equipment; additions renovations, repairs and improvements to the central office building including, but not limited to, HVAC; and to retire previously incurred general obligation debt.	17,750,000.00	18,599,577.20	488,788.83	18,110,788.37			December 1, 2017
	$ 32,600,000.00	$ 30,044,103.25	$ 662,617.39	$ 29,381,485.86	$ 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 Laurens County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

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

Prior Years	$ 3,534,524.45
Current Year	633,926.39
Total	$ 4,168,450.84

See notes to the basic financial statements.

CITY OF DUBLIN BOARD OF EDUCATION - LAURENS COUNTY
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2015

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 1,212,460.00	$ 885,232.05	$ 11,335.90	$ 896,567.95
Kindergarten Program-Early Intervention Program	116,061.00	135,848.49		135,848.49
Primary Grades (1-3) Program	2,330,621.00	2,370,694.21	50,764.15	2,421,458.36
Primary Grades-Early Intervention (1-3) Program	303,693.00			
Upper Elementary Grades (4-5) Program	951,549.00	1,120,150.28	16,451.98	1,136,602.26
Upper Elementary Grades-Early Intervention (4-5) Program	141,398.00			
Middle School (6-8) Program	1,952,719.00	1,854,631.72	35,060.29	1,889,692.01
High School General Education (9-12) Program	1,611,934.00	2,263,733.66	63,602.64	2,327,336.30
Vocational Laboratory (9-12) Program	409,905.00	366,307.20	15,556.71	381,863.91
Students with Disabilities	1,839,443.00			
Category II		397,650.55	626.00	398,276.55
Category III		472,361.06	172,919.95	645,281.01
Category V		885,781.58		885,781.58
Gifted Student - Category VI	377,059.00	116,830.70	3,356.01	120,186.71
Remedial Education Program	65,833.00	51,333.45		51,333.45
Alternative Education Program	131,423.00	98,868.84	24,795.96	123,664.80
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	11,444,098.00	11,019,423.79	394,469.59	11,413,893.38
Media Center Program	323,685.00	432,037.58	11,105.46	443,143.04
Staff and Professional Development	51,541.00	4,819.56	20,089.90	24,909.46
TOTAL QBE FORMULA FUNDS	$ 11,819,324.00	$ 11,456,280.93	$ 425,664.95	$ 11,881,945.88

(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

December 12, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
City of Dublin 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 City of Dublin Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Dublin Board of Education's basic financial statements and have issued our report thereon dated December 12, 2016. Our report includes a reference to other auditors who audited the financial statements of the Heart of Georgia College & Career Academy, Inc. (Charter School), and the discretely presented component unit, as described in our report on City of Dublin Board of Education's financial statements. This report does not include the results of the 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 City of Dublin 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 City of Dublin Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dublin 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items FS 2015-003 and FS 2015-006 to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items FS 2015-001, FS 2015-002, and FS 2015-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Dublin 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 instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item FS 2015-004.

We also noted certain matters that we have reported to management of City of Dublin Board of Education in a separate letter dated December 12, 2016.

City of Dublin Board of Education's Response to Findings

City of Dublin Board of Education's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. City of Dublin 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

December 12, 2016

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

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Opinion on Each Major Federal Program

In our opinion, the City of Dublin 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 City of Dublin 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 City of Dublin 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 City of Dublin 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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CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY
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	AUDITEE'S RESPONSE/STATUS
FS-7741-12-01	Partially Resolved - See Corrective Action/Responses
FS-7741-12-02	Unresolved - See Corrective Action/Responses
FS-7741-12-03	Partially Resolved - See Corrective Action/Responses
FS-7741-12-04	Unresolved - See Corrective Action/Responses
FS-7741-12-05	Partially Resolved - See Corrective Action/Responses
FS 2013-001	Partially Resolved - See Corrective Action/Responses
FS 2013-002	Unresolved - See Corrective Action/Responses
FS 2013-003	Partially Resolved - See Corrective Action/Responses
FS 2013-004	Unresolved - See Corrective Action/Responses
FS 2013-005	Partially Resolved - See Corrective Action/Responses
FS 2014-001	Partially Resolved - See Corrective Action/Responses
FS 2014-002	Unresolved - See Corrective Action/Responses
FS 2014-003	Partially Resolved - See Corrective Action/Responses
FS 2014-004	Unresolved - See Corrective Action/Responses
FS 2014-005	Partially Resolved - See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

CASH AND CASH EQUIVALENTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
Inadequate Internal Controls at the Central Office
Finding Control Number: FS-7741-12-01

The Board will implement procedures to reconcile all bank accounts on a monthly basis to the general ledger and to document management review and approval. Subsidiary listings for accounts payable and accounts receivable are being maintained. State travel regulations are being followed with credit card usage being controlled as well as being paid on a timely basis.

BUDGET PREPARATION/EXECUTION
Deficit Fund Balance
Finding Control Number: FS-7741-12-02

During fiscal year 2016, the Board developed a new deficit elimination plan and presented it to the Georgia Department of Education. The plan calls for the closure of Saxon Heights Elementary school, and moving 5th graders to Dublin Middle School to better use our facilities and resources as well as save money. Non-academic staff positions and operating expenses at Saxon are being eliminated. During fiscal year 2017, the Board anticipates reducing the deficit by over $1.5 million.

CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY
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

FINANCIAL REPORTING
Inadequate Control over Financial Reporting
Finding Control Number: FS-7741-12-03

The Board will develop and implement internal controls over financial statement reporting and ensure that activity is properly recorded in the general ledger. We will verify that financial statements (including note disclosures) properly reflect the activity reported in the general ledger and that the financial information presented for audit will be accurate.

EXPENDITURES/LIABILITIES/DISBURSEMENTS
Improper Use of SPLOST Proceeds
Finding Control Number: FS-7741-12-04

The Board will review with legal counsel SPLOST referendums prior to the obligation of funds.

CAPITAL ASSETS
Failure to Adequately Maintain Capital Assets
Finding Control Number: FS-7741-12-05

The School District will review its Capital Asset activity and ensure that activity conforms to the approved capital asset policy and generally accepted accounting principles.

CASH AND CASH EQUIVALENTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
Inadequate Internal Controls at the Central Office
Finding Control Number: FS 2013-001

The Board will implement procedures to reconcile all bank accounts on a monthly basis to the general ledger and to document management review and approval. Subsidiary listings for accounts payable and accounts receivable are being maintained. State travel regulations are being followed with credit card usage being controlled as well as being paid on a timely basis.

BUDGET PREPARATION/EXECUTION
Deficit Fund Balance
Finding Control Number: FS 2013-002

During fiscal year 2016, the Board developed a new deficit elimination plan and presented it to the Georgia Department of Education. The plan calls for the closure of Saxon Heights Elementary School, and moving 5th graders to Dublin Middle School to better use our facilities and resources as well as save money. Non-academic staff positions and operating expenses at Saxon are being eliminated. During fiscal year 2017, the Board anticipates reducing the deficit by over $1.5 million.

CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY
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

FINANCIAL REPORTING
Inadequate Control over Financial Reporting Process
Finding Control Number: FS 2013-003

The Board will develop and implement internal controls over financial statement reporting and ensure that activity is properly recorded in the general ledger. We will verify that financial statements (including note disclosures) properly reflect the activity reported in the general ledger and that the financial information presented for audit will be accurate.

EXPENDITURES/LIABILITIES/DISBURSEMENTS
Improper Use of SPLOST Proceeds
Finding Control Number: FS 2013-004

The Board will review with legal counsel SPLOST referendums prior to the obligation of funds.

CAPITAL ASSETS
Failure to Adequately Maintain Capital Assets
Finding Control Number: FS 2013-005

The School District will review its Capital Asset activity and ensure that activity conforms to the approved capital asset policy and generally accepted accounting principles.

CASH AND CASH EQUIVALENTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
Inadequate Internal Controls at the Central Office
Finding Control Number: FS 2014-001

The Board will implement procedures to reconcile all bank accounts on a monthly basis to the general ledger and to document management review and approval. Subsidiary listings for accounts payable and accounts receivable are being maintained. State travel regulations are being followed with credit card usage being controlled as well as being paid on a timely basis.

BUDGET PREPARATION/EXECUTION
Deficit Fund Balance
Finding Control Number: FS 2014-002

During fiscal year 2016, the Board developed a new deficit elimination plan and presented it to the Georgia Department of Education. The plan calls for the closure of Saxon Heights Elementary School, and moving 5th graders to Dublin Middle School to better use our facilities and resources as well as save money. Non-academic staff positions and operating expenses at Saxon are being eliminated. During fiscal year 2017, the Board anticipates reducing the deficit by over $1.5 million.

CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY
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

FINANCIAL REPORTING
Inadequate Control over Financial Reporting
Finding Control Number: FS 2014-003

The Board will develop and implement internal controls over financial statement reporting and ensure that activity is properly recorded in the general ledger. We will verify that financial statements (including note disclosures) properly reflect the activity reported in the general ledger and that the financial information presented for audit will be accurate.

EXPENDITURES/LIABILITIES/DISBURSEMENTS
Improper Use of SPLOST Proceeds
Finding Control Number: FS 2014-004

The Board will review with legal counsel SPLOST referendums prior to the obligation of funds.

CAPITAL ASSETS
Failure to Adequately Maintain Capital Assets
Finding Control Number: FS 2014-005

The School District will review its Capital Asset activity and ensure that activity conforms to the approved capital asset policy and generally accepted accounting principles.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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CITY OF DUBLIN BOARD OF EDUCATION – LAURENS COUNTY
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 weaknesses identified? — Yes
- Significant deficiencies 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: $300,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-001	Inadequate Internal Controls at the Central Office
Control Categories:	Accounting Controls (Overall) Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements Employee Compensation
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2014-001, FS 2013-001 and FS-7741-12-01

Description:
The accounting procedures of the School District were insufficient to provide for adequate internal controls over operations at the Central Office.

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

Condition:

Accounting Controls (Overall)

- The School District does not have adequate logical access controls in place to ensure only appropriate users have access to significant financial applications. We noted several users with access rights that exceeded their need to complete their assigned job functions. Further, the access granted did not adequately separate the functions of initiating, authorizing, and recording transactions, reconciliations, and maintaining the custody of assets.
- School District management did not complete a formal risk assessment of significant accounts and processes to ensure that internal controls were well defined, documented, placed in operation and functioning properly.

Cash and Cash Equivalents

- The Debt Service SPLOST bank account reconciliations were not performed for eleven months for fiscal year 2015.
- The School District's general ledger reflected an overall balance in the Inter-fund Cash account of $11,134.73. This account should always carry an overall balance of zero.

Revenue/Receivables/Receipts

- A review of the federal grant fund activity revealed that the School District did not properly monitor federal grants to ensure that grants were maintained by grant period, revenues and expenditures were properly recorded in the appropriate fiscal year, and that accounts receivable and deferred revenue were recorded when appropriate.
- Grants were not properly closed out so that unused grant funds remaining after the end of grant periods were returned to grantors as required and grant over-expenditures were properly funded with local funds.

Expenditures/Liabilities/Disbursements

- The general ledger included $5,279.83 of invalid accounts payables over one year old for the School Food Service program.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Employee Compensation

- School Food Service salaries payable at fiscal year-end included $106,187.58 of invalid salaries payable.

Cause:
In discussing these deficiencies with School District management, they stated that these deficiencies were the result of management's failure to ensure that internal controls were established, implemented and functioning.

Effect or Potential Effect:
Without satisfactory accounting controls and procedures in place, the School District could place itself in a position where potential misappropriation of assets could occur. In addition, the lack of controls could impact its reporting of financial position and results of operations.

Recommendation:
The School District should review accounting procedures in place and design and implement procedures relative to the above control categories to strengthen the internal controls over the accounting functions. Management should complete a formal risk assessment of significant accounts and processes. Bank reconciliations should be performed monthly. Grant activity should be properly recorded on the general ledger and reviewed at the end of the grant periods to determine if refunds are due to grantors or if local funds are necessary to cover deficits. Liabilities should be reviewed at fiscal year-end for validity. Management should establish monitoring processes to provide reasonable assurance that the controls are functioning and financial transactions are properly processed and recorded.

Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. The Board has implemented procedures to reconcile all system bank accounts on a monthly basis to the general ledger and to document management review and approval. Subsidiary listings for all balance sheet accounts will be reviewed and monitored for validity. In addition, federal grants will be monitored and reviewed.

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FS 2015-002	Inadequate Internal Controls over School Activity Accounts
Control Categories:	Cash and Cash Equivalents
	Revenues/Receivables/Receipts
	Expenditures/Liabilities/Disbursements
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None

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

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

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

Condition:
The following deficiencies related to School Activity Accounts were noted during our audit procedures:

Cash and Cash Equivalents

- The bank reconciliation function was not separate from the record keeping and voucher payment functions.
- Monthly bank reconciliations were not performed for five of the six school activity bank accounts throughout fiscal year 2015.

Revenues/Receipts/Receivables

- The deposit preparation function was not separated from the record keeping and cash custody functions.
- A review of ten receipts revealed five that lacked adequate supporting documentation.

Expenditures/Liabilities/Disbursements

- The check writing function was not separated from the record keeping or check processing functions.
- A review ten disbursements revealed five that lacked proper approval.

Cause:
In discussing these deficiencies with School District management, they stated that these deficiencies were the result of management's failure to ensure that internal controls were established, implemented and functioning.

Effect or Potential Effect:
The lack of adequate controls over school activity account cash, revenues and expenditures increases the risk for theft, fraud or misuse of School District resources that may result in errors and/or irregularities which would not be detected in a timely manner.

Recommendation:
The School District should implement procedures to ensure that key accounting functions relative to the above control categories are appropriately separated. In addition, the School District should implement procedures to ensure that all receipts for the school activity accounts are adequately documented and that disbursements are properly reviewed and approvals are documented. The School District should also establish a monitoring process to provide reasonable assurance that transactions are processed according to established procedures and that all school activity bank accounts are reconciled in a timely manner.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. The Board has implemented procedures to reconcile all School Activity bank accounts monthly at the Board office with school Bookkeepers working with the District Accounts Payable Specialist. Bank accounts will be properly reconciled to the General Ledger. This procedure will ensure the timeliness of performing the reconciliations along with a review of the deposit and Disbursement documentation, as well as a separation of duties. Additional training will be provided to the school bookkeepers about properly documenting the receipts and disbursements at the school. School Principals will review and sign the monthly bank reconciliations.

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FS 2015-003	Inadequate Internal Controls over Financial Reporting
Control Category:	Financial reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2014-003, FS 2013-003 and FS-7741-12-03

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 Statement – 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.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Condition:

During the audit numerous errors were noted with the financial statements as presented for audit. These errors are summarized below:

- The School District did not record the activity of the Heart of Georgia College & Career Academy, Inc. (Charter School) for the year ended June 30, 2015. A material audit adjustment recording Net Position in the amount of $3,491,666.00 was proposed and accepted by the School District to record activity of the Component Unit.
- Accrued Interest on Long-Term Debt was not recorded by the School District on the District-wide statements. An audit adjustment in the amount of $172,123.75 was proposed and accepted by the School District to record this activity.
- Long-Term Liabilities were not properly recorded on the District-wide financial statements. Audit adjustments totaling $104,155.50 were proposed and accepted by the School District to properly state Long-Term Liabilities.
- The School District did not record property tax accounts receivables and the related tax revenues at year end in the amount of $76,159.33.
- Federal accounts receivable and the related federal revenue in the amount of $112,604.08 was not properly recorded by the School District.
- Deferred revenues in the amount of $61,616.27 associated with federal grants were not recorded by the School District.
- The Compensated Absences Liability of $100,252.01 was not recorded on the District-wide financial statements by the School District.
- There were several material and immaterial reclassification entries proposed and accepted by the School District to properly present the financial statements.
- Numerous adjustments to the Note to the Financial Statements were necessary to ensure that significant items were properly disclosed.

Cause:

In discussing these deficiencies with School District management, they stated that they did not implement an adequate system of internal control over the financial reporting process.

Effect or Potential Effect:

A material misstatement, several significant misstatements and numerous misclassifications were included in the financial statements presented for audit. The lack of controls and monitoring could impact the School District's financial reporting and result of operations.

Recommendation:

The School District should strengthen procedures over the financial statement reporting process to ensure that the financial statements presented for audit, including note disclosures, are complete and accurate. These controls should include a monitoring process to evaluate the accuracy of the financial statements. These procedures should be performed by properly trained personnel possessing a thorough understanding of the applicable GAAP statements, GASB pronouncements and the School District's operations.

Views of Responsible Officials and Corrective Action Plans:

We concur with this finding. The Board will continue to develop and implement internal controls over financial statement preparation and reporting and ensure that activity is properly recorded in the general ledger. We will verify that financial statements (including note disclosures) properly reflect the activity reported in the general ledger and that the financial information presented for audit is accurate.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

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FS 2015-004	Improper Use of SPLOST Proceeds
Control Category:	Expenditures/Liabilities/Disbursements
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Repeat of Prior Year Finding:	FS 2014-004, FS 2013-004 and FS-7741-12-04

Description:
The School District expended Special Purpose Local Option Sales Tax (SPLOST) proceeds on items which were not specifically identified in the SPLOST project referendum and do not appear to meet the definition of “capital outlay projects for educational purposes” in State laws regarding imposition and use of sales taxes for educational purposes.

Criteria:
According to Paragraph IV, Section VI, Article VIII of the Constitution of the State of Georgia, "the purpose or purposes for which the proceeds of the tax are to be used and may be expended include:

(1) Capital outlay projects for educational purposes; (2) the retirement of previously incurred general obligation debt with respect only to capital projects of the School System..." Official Code of Georgia Annotated §48-8-121 states, "The proceeds received from the tax authorized by this part shall be used exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax".

The Attorney General’s Official Opinion 97-7 for O.G.G.A. §20-2-260(b)(5), states, “capital outlay projects as used in the educational sales tax purposes amendment should be read as well to refer to major, permanent, or long-lived improvements or betterments, such as would be properly chargeable to capital asset account and as distinguished from current expenditures and ordinary maintenance expenses”.

Condition:
During the year under review, the School District loaned $1,660,000.00 of SPLOST proceeds to the General Fund for general operating expenditures. These expenditures were not approved in the SPLOST referendum. The entire amount was paid back from the General Fund before fiscal year-end but still constituted an improper use of SPLOST proceeds. In addition, the School District did not properly record interfund activity between the Debt Service and General Fund on the general ledger.

Cause:
In discussing this matter with School District management, they indicated that this loan was to cover a shortfall in general operating cash and that they failed to have adequate controls in place to ensure that this interfund activity was properly recorded on the general ledger.

Effect or Potential Effect:
Improper use of the Special Purpose Local Option Sales Tax (SPLOST) proceeds.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Recommendation:
The School District should ensure that any use of SPLOST funds is appropriate in accordance with State law and the SPLOST referendum as approved by the voters of Laurens County. In addition, the School District should ensure that all SPLOST activity is appropriately recorded on the general ledger.

Views of Responsible Officials and Corrective Action Plans:
We concur with the finding. The School District will use SPLOST funds exclusively for the purpose of retiring bond debt and in accordance with the referendum approved by the voters of Laurens County.

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FS 2015-005	Failure to Adequately Maintain Capital Assets
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2014-005, FS 2013-005 and FS-7741-12-05

Description:
The School District did not adequately maintain capital assets inventory records.

Criteria:
Chapter 37 *Implementing a Capital Assets Management System* of the Financial Management for Georgia Local Units of Administration provides that School Districts must establish capital asset policies, define system requirements, implement a capital asset system and maintain capital asset inventory reports.

Condition:
A review of the School District's capital assets policies and procedures and the related capital assets records revealed the following exceptions:

- The School District included seven items totaling $27,056.50, with Accumulated Depreciation of $14,343.03, within their capital assets records that did not meet their capitalization threshold.
- The School District has not updated their capitalization policy to include the adoption of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Reporting for Intangible Assets*.
- The capital asset listing did not support the addition noted in the Capital Asset note disclosure for Construction in Progress by $27,000.00.

Cause:
In discussing these deficiencies with School District management, they indicated that they failed to properly maintain capital assets records in accordance with the School District's approved capital assets policy and requirements set forth in Chapter 37 *Implementing a Capital Asset Management System* of the Financial Management for Georgia Local Units of Administration.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Effect or Potential Effect:
The failure of the School District to maintain a complete and accurate capital assets listing can lead to inaccurate internal and external reporting, as well as noncompliance with generally accepted accounting principles.

Recommendation:
The School District should review its capital assets records and make appropriate adjustments to ensure that the capital assets are properly maintained and reported according to its policy. In addition, the School District should amend its capital assets policy to include the procedures for recording intangible assets.

Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. The School District will verify and use the updated, audited capital assets listing provided during the audit and keep it current with future capital asset activity and ensure that it conforms to the approved capital assets policy and generally accepted accounting principles.

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FS 2015-006	Failure to Adopt a Balanced Budget, Deficit Fund Balance
Control Category:	Budget Preparation/Execution
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Repeat of Prior Year Finding:	FS 2014-002, FS 2013-002 and FS-7741-12-02

Description:
At June 30, 2015, the General Fund of the School District reported a deficit fund balance. The School District also failed to adopt a balanced General Fund budget for fiscal year 2015.

Criteria:
Chapter 25 *Governmental Fund Deficits* of the Financial Management for the Georgia Local Units of Administration states in part: "The seriousness of the fund balances deficits cannot be overstated. The Georgia Department of Education requires those LUAs with deficit governmental fund balances to meet certain reporting requirements".

Chapter 32, *Preparing Operating Budgets* of the Financial Management for Georgia Local Units of Administration states in part: "The budget must be balanced for all budgeted funds. Total anticipated revenues should equal total estimated expenditures. In the event anticipated revenues are insufficient to fund anticipated essential expenditures, a portion of unreserved fund balance from previous years must be used to fund the short fall. In the event there is insufficient unreserved fund balance from previous years to fund anticipated expenditures, then such expenditures must be reduced to equal anticipated revenues plus available unreserved fund balance".

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

The Department of Audits and Accounts is required to report all instances of budget deficits in accordance with the Official Code of Georgia Annotated §20-2-67(a) which states: "When an audit by the Department of Audits and Accounts finds and reports irregularities or budget deficits in the fund accounting information regarding a local school system or a school within the local school system, the Department of Audits and Accounts shall report the findings of irregularities or budget deficits to the State Board of Education and the local board of education."

Condition:

The School District's General Fund reported a deficit unassigned fund balance of $5,817,222.27. In addition, the School District's original and final budgets for the General Fund were not balanced. Total anticipated revenues and beginning fund balance did not equal or exceed total estimated expenditures.

Cause:

In discussing these deficiencies with School District management, they stated that the General Fund incurred expenditures in excess of revenues during the year under review. In addition, management failed to use effective budgeting techniques and continued charging expenditures to state and Federal programs after the award amounts had been depleted.

Effect or Potential Effect:

The unassigned fund balance of the General Fund was not sufficient to meet the fund's obligations at June 30, 2015. This a financial statement irregularity in accordance with the Official Code of Georgia Annotated (O.C.G.A.) §20-2-67.

Recommendation:

The School District should establish policies and procedures to enforce the successful implementation of their deficit reduction plan to ensure that expenditures do not exceed availability of resources, so that in future periods the School District does not report a deficit fund balance. In addition, appropriate procedures should be implemented to ensure that the adopted budget for each budgeted fund is balanced as required.

Views of Responsible Officials and Corrective Action Plans:

We concur with this finding. The Board submitted a deficit elimination plan to the Georgia Department of Education in March 2016. The plan should reduce the deficit by over $1.6 million each year. The Board has closed Saxon Heights Elementary School and made significant staff reductions. Property values in the City of Dublin were reassessed in 2015, resulting in an additional $500,000.00 in tax revenue that is to be used exclusively for deficit reduction. In fiscal year 2017 the School District is budgeted to receive an increase in State QBE funding of $627,000.00 of which 50% is earmarked for deficit reduction. No salary increases will be implemented for teachers or staff in fiscal year 2017. Reporting requirements applicable for deficit fund balances with the Georgia Department of Education are being followed.

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III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.