FAYETTE COUNTY
BOARD OF EDUCATION

Fayetteville, Georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2016

FAYETTE COUNTY BOARD OF EDUCATION
Fayetteville, Georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended June 30, 2016

Prepared by
Tom Gray,
Assistant Superintendent of Business and Personnel Management
and

Fayette County Board of Education Finance Department
210 Stonewall Avenue West
Fayetteville, Georgia 30214

Fayette County Board of Education

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INTRODUCTORY SECTION



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FAYETTE COUNTY BOARD OF EDUCATION

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Superintendent

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Board Members
Marion Key, *Chair*
Barry Marchman, Ph.D. *Vice Chair*
Diane Basham
Dan Colwell
Leonard Presberg

"Where Excellence Counts"

December 15, 2016

To the Members of the Fayette County Board of Education and the Citizens of Fayette County, Georgia:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Fayette County Board of Education (the School System) for the fiscal year ended June 30, 2016. The finance department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School System's administration.

We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the School System as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a reasonable understanding of the School System's financial affairs have been included.

Mauldin & Jenkins, Certified Public Accountants, LLC, has issued an unmodified ("clean") opinion on the Fayette County Board of Education's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the School System

The School System was established under the laws of the State of Georgia in 1927 when the existing local schools were consolidated. The School System is an independent K-12 district and is not considered to be a component unit of any other government. It serves the communities of Brooks, Fayetteville, Peachtree City, Tyrone and Woolsey. The School System provides all basic services required by state law and policies of the State Board of Education. These services include: regular and special education instructional programs at the elementary, middle and secondary levels and additional service in pre-kindergarten.

The Board of Education is made up of five members elected to serve four year terms. Its primary functions are to develop and adopt policies by which the schools are administered, to continually evaluate the effectiveness of these policies and to make certain that they are being administered as the Board intended. The administration of the educational programs and school business is the responsibility of the superintendent of schools and his staff.

There were 20,093 students enrolled in the School System in school year 2015-2016. Projected enrollment for the 2016-2017 school year is 20,100 students. The School System has five high schools. The oldest high school facility was built in 1981 but was renovated and expanded in 2005. The School System has five middle schools. The oldest middle school facility was built in 1979 but was renovated and expanded in 2001. The School System has fourteen (14) elementary schools. One of these facilities was built prior to 1970, nine were built between 1970 and 1999, and four were built after 2000. The newest facilities are a middle school that opened in school year 2007-2008 and an elementary school that opened the following year. A schedule of building information is provided in the Statistical Section of the CAFR.

Local economy

As the nation slowly recovers from the great recession of 2008, Fayette County has also shown signs of recovery and growth in many areas of the economy. Fayette is seeing increased activity and development in residential, business, industrial, arts and entertainment sectors of the economy. The county tax digest has increased significantly due to this activity and the local sales tax collections have grown stronger.

As with most of Georgia and the nation as a whole, the job market of Fayette County has steadily improved over the last several years. According to the U. S. Department of Labor, Fayette County's unemployment rate (not seasonally adjusted) is 5.2% at June 2016. This rate is above the national average rate (seasonally adjusted) of 4.9% and slightly above the State of Georgia average rate (seasonally adjusted) of 5.3%. The unemployment rate has improved locally, state-wide and nationally since December 2011. Fayette County's unemployment rate for December 2011 was 7.8%.

The changes in the real estate market have significantly impacted the School System's local revenue. Like much of the state and nation, Fayette County experienced growth in the real property digest in the seven years from fiscal year 2002 to fiscal year 2009 of 61%, averaging 8.7% growth per year. From the peak in 2009 to the bottom of decline in 2012, property tax digest values fell more than 20% reducing the annual property tax levies by $22.3 million from a high of $100.4 million in 2009 to $78.1 million in 2013. The 2015 property tax digest showed significant recovery in residential property. The overall digest increased 7.9% from fiscal year 2015 to 2016. The most recent digest for 2016 (fiscal year 2017 revenue) showed significant growth as well. Real and personal property values increased 6.73% for the 2016 digest.

Investment in the film production industry continues to be a focal point of growth for Fayette County. Pinewood Studios Group of London has developed a major studio complex with state-of-the-art sound stages, administration offices and buildings for set and effects development and film equipment vendors. During 2016 the studio continued expansion plans that will increase the number of sound stages to 18 by January 2017.

The establishment of a film production school in conjunction with the studio is well under way. The School System recently sold an under-utilized elementary school located adjacent to the studio property. This facility has been transformed to be part of the film educational element that industry leaders plan to develop and will be a major economic focus for the state. Through the state's university system and technical college system, a film academy collaborative effort has started with the purpose of certifying work ready employees and connecting employees with opportunities on film and entertainment production projects. The economic impact is not expected to be felt immediately; the potential growth of support businesses and new residents moving into the county could have a huge impact on the School

System in the coming years. There have been strong indications of a resurgence of residential construction in the county that has contributed to increases in the tax digest.

Other significant economic activity includes the post-secondary arena. Georgia Military College (GMC) has completed construction of a new campus in the county as part of its 15-year strategic plan. The institution will offer programs at the junior college level but also expand into a four-year bachelor of applied science degree program. Plans include collaboration with the Fayette County School System and entities such as Piedmont-Fayette Hospital to provide extended educational opportunities for students in several areas. The focus is to prepare and equip a work force for local and regional businesses.

Another area of economic activity is the medical field. The hospital is expanding capacity and services with a major construction project. In addition, several other related projects include a new medical office building (30,000 SF) and a new assisted living center near the hospital. The medical field is becoming a larger employer in the local economy including the over 1,600 people employed by the hospital.

The county government and cities are collaborating on planning for a SPLOST referendum in early 2017. The projects would include multiple transportation projects, public safety improvements, road improvements, cart path improvements, park/recreation improvements, debt retirement and stormwater infrastructure repair/replacement. The tax if approved would be collected over 6 years and bring in over $141 million to be allocated to the cities and county per an intergovernmental agreement. The city governments, county government, School System, Chamber of Commerce and community leaders have also been working together in the Fayette Visioning Initiative. This project is working to plan for the future in education, community, economy and place in Fayette County. Recently, a group consisting of government, business, and community leaders visited cities in nearby states that are known for successful re-development. The purpose of the trips was to see best practices in action in cooperation to bring back to Fayette County.

Since K-12 education is the largest portion of the State of Georgia's (the State) budget, the state economy directly impacts the financial picture of all school systems in Georgia. The State of Georgia has been funding a smaller percentage of the total cost of education over the last several years. School systems historically had been funded approximately 60% by the State. In 1996, the overall educational support for education in Georgia was funded 59.39% by the State. By 2010, the split between state and local was 49/51 and for 2016 the State is still funding about one-half or less of the total cost for education. For the Fayette County School System, the ratio was 50/50 for 2016 excluding federal funds.

Most of the funding reductions have occurred due to years of "austerity reductions" (also called "amended formula adjustment") or budget cuts imposed by the State. These are reductions to the amounts earned by school systems based on a funding formula written in state law that have been allocated to all systems across the state to help the State provide for a balanced budget. From fiscal year 2003 to fiscal year 2016, the Fayette County School System received approximately $106.7 million less than it earned due to these cuts. This reduction is net of $12.4 million in federal funds from the American Recovery and Reinvestment Act (ARRA) that flowed through the State of Georgia that was intended to offset the cuts. In addition, the funding formula has not been adjusted in recent years for inflation. As a result, the local taxpayer has had to shoulder the burden of state budget cuts and inflationary costs.

More recently, the State has lessened the annual impact of the austerity reduction. For fiscal year 2017, the State increased education funding by $356 million or 3.5%. Most of this increase was targeted by the State to increase teacher pay, fund dual enrollment programs, maintain student school calendar days, and reduce furlough days for employees.

Long-term Financial Planning

Total fund balance of the general fund decreased to approximately 12% of budgeted operating expenditures and represents just over one and two-thirds of one month's expenditures. This amount is a little lower than the prior year's 15% (which is the limit set by state law). This level of fund balance includes a 10% budgetary reserve set by Board policy. The fund balance was reduced in part from transfer of funds for future capital projects. The Board and administration feel that it is prudent to set aside local funds for capital projects in the near future that could include performing arts facilities, classroom additions at specific locations, and athletic facility improvements.

The School System has traditionally used general obligation bonds to finance construction of new schools. The 2005 and 2007 bond issuances provided funding for the construction of one middle school and two elementary schools. Based on recent population projections, the School System does not foresee the need to construct any schools in the near future. Furthermore, since enrollment has been declined over the last several years, the School System addressed the issue of excess capacity by closing three elementary schools and one middle school in school year 2013-2014 and sold an elementary school building that had been under-utilized for specialized programs in 2015. The recent resurgence in the local economic activity indicates that the School System may see a reversal in the enrollment trend and will need to utilize previously closed facilities in the next few years.

In November 2009, the citizens of Fayette County passed a 1% educational Special Purpose Local Option Sales Tax (SPLOST). This additional funding has been used toward technology (including infrastructure improvements, hardware and software), security, textbooks, facilities improvements and debt service on existing general obligation bonds. In November 2011, the citizens of Fayette County voted to extend the first SPLOST for an additional five years. The second SPLOST is being used for needs similar to the first SPLOST. The SPLOST is significant to the immediate future financial needs of the School System, as it will allow the System to make much needed purchases, such as textbooks and computers, while relieving the operating budget of those costly expenditures. In the most recent calendar year the School System initiated over $40 million in facility renovation projects that will be completed by the end of calendar year 2017.

Relevant Financial Policies

The Fayette County School System annually evaluates and sets its strategic directions in order to realize its mission of committing to excellence through effective instruction, high expectations and continued improvement. One of these strategies is to obtain the necessary funding to provide quality educational opportunities. This is accomplished, in part, by maximizing the use of financial resources by improving financial reporting and by enhancing internal control systems.

In developing and evaluating the School System's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control

should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the School System's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal and state financial assistance, the School System is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation for weaknesses by management and staff.

As part of the School System's annual single audit required to be performed in conformity with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the School System has complied with applicable laws and regulations.

The School System maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, Debt Service Fund and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the aggregate level by fund type. The School System also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Budget balances are encumbered, or set aside, when purchase orders are issued. Encumbered amounts lapse at year end but may be re-appropriated as a part of the following year's budget.

Major Initiatives

During the 2016 fiscal year, the School System revised and update the vision, mission, and belief statements to reflect the changes in technology, society, the community, and the world. The new mission of the School System is *to forge and equip a community of learners who confidently face challenges, embrace opportunities, and positively impact our world.* This mission was developed with input from the community, teachers, students, administrators, business leaders, and Board members. The mission was developed with the vision of students that will be capable of living and working effectively, responsibly and productively in a global environment.

The School System adopted in fiscal year 2015 a process developed by the Georgia School Boards Association (GSBA) and Georgia Leadership Institute for School Improvement (GLISI) to develop an updated strategic improvement plan for the school district. This comprehensive process engaged the community and all stakeholder groups to create universal ownership and support for district and school improvement. Highlights of the process include:

- a comprehensive community engagement component to allow stakeholders to have a voice in the strategic improvement planning process
- a diverse planning team that represented stakeholder groups to develop the plan
- a facilitated planning process that assisted the planning and action teams in analyzing the strengths, weaknesses, opportunities and threats of the school district and

- developing/defining the mission, vision, beliefs, goal areas and elements of the strategic improvement plan
- a facilitated process to work with experts within the district and community on developing initiatives and action steps to implement the plan

The completed plan initiated objectives for improvement in five goal areas:

1. Student Engagement & Achievement
2. Stakeholder, Community & Family Engagement
3. Professional Growth & Human Resources
4. Digital Literacy & Integration
5. Organizational & Operational Effectiveness

The School System has set out to improve in these goal areas through several initiatives and projects. Technology has long been a focus of the School System and the School System continues to utilize technology to improve student engagement. This focus on technology in the classroom relates to multiple stages of focus:

- The first stage implemented 21st century classroom concepts by improving local area networks and connectivity in the classroom for students and teachers. Student computers were also increased and updated.
- The second stage was to implement a "bring your own technology" (BYOT) initiative to take advantage of the network improvements and engage students to explore and interact using technology.
- The third stage is that of advancing to the "connected classroom" concept were students and teachers are connected to each other and the learning environment through multiple devices and resources including interactive touchscreens, student mobile devices, and tablets/computers. The environment is enhanced through the use of flexible furniture that allows for teachers to change classroom settings and organization to encourage collaboration in large or small groups depending on the needs of the students or content of the lesson. These concepts are being carried out in all grade levels in media centers, commons areas, and some classrooms.

Another focus of improvement in the educational setting is the focus on STEM (science, technology, engineering, and math) and encouraging students in these areas. Several programs at all levels have been implemented to improve student learning but also to provide the resources needed to improve learning. For example, the School System renovated all science lab classrooms in two high schools by updating the design and layout to function in the current curriculum. New lab equipment and probe-ware was purchased to improve the resources for students and teachers.

The System is also continuing to expand its "Center of Innovation" facility opened in 2015 which focuses on career and technical education in conjunction with a local technical college. There, students can explore opportunities in the fields of emergency medical responder, patient care, allied health, sports medicine and culinary arts.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fayette County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

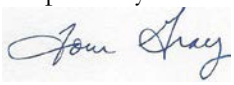
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Fayette County Board of Education for the year ended June 30, 2015. This was the fifth year that the School System received this prestigious award. This award certifies that the comprehensive annual financial report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after intensive reviews of financial reports by an expert panel of practicing school business officials.

ASBO's Certificate of Excellence in Financial Reporting is valid for one year only. We believe that our current comprehensive annual financial report also conforms to the principles and standards and we are submitting it to ASBO for review to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the superintendent and the members of the Board of Education for their unfailing support in maintaining the highest standards of professionalism in the management of the School System's finances.

Respectfully submitted,



Tom Gray
Assistant Superintendent of Business
and Personnel Management



Laura Brock
Coordinator of Audits and Reporting

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award is presented to

Fayette County Board of Education

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2015.

The CAFR has been reviewed and met or exceeded ASBO International's Certificate of Excellence standards.

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso, CAE, RSBA
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fayette County Board of Education Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

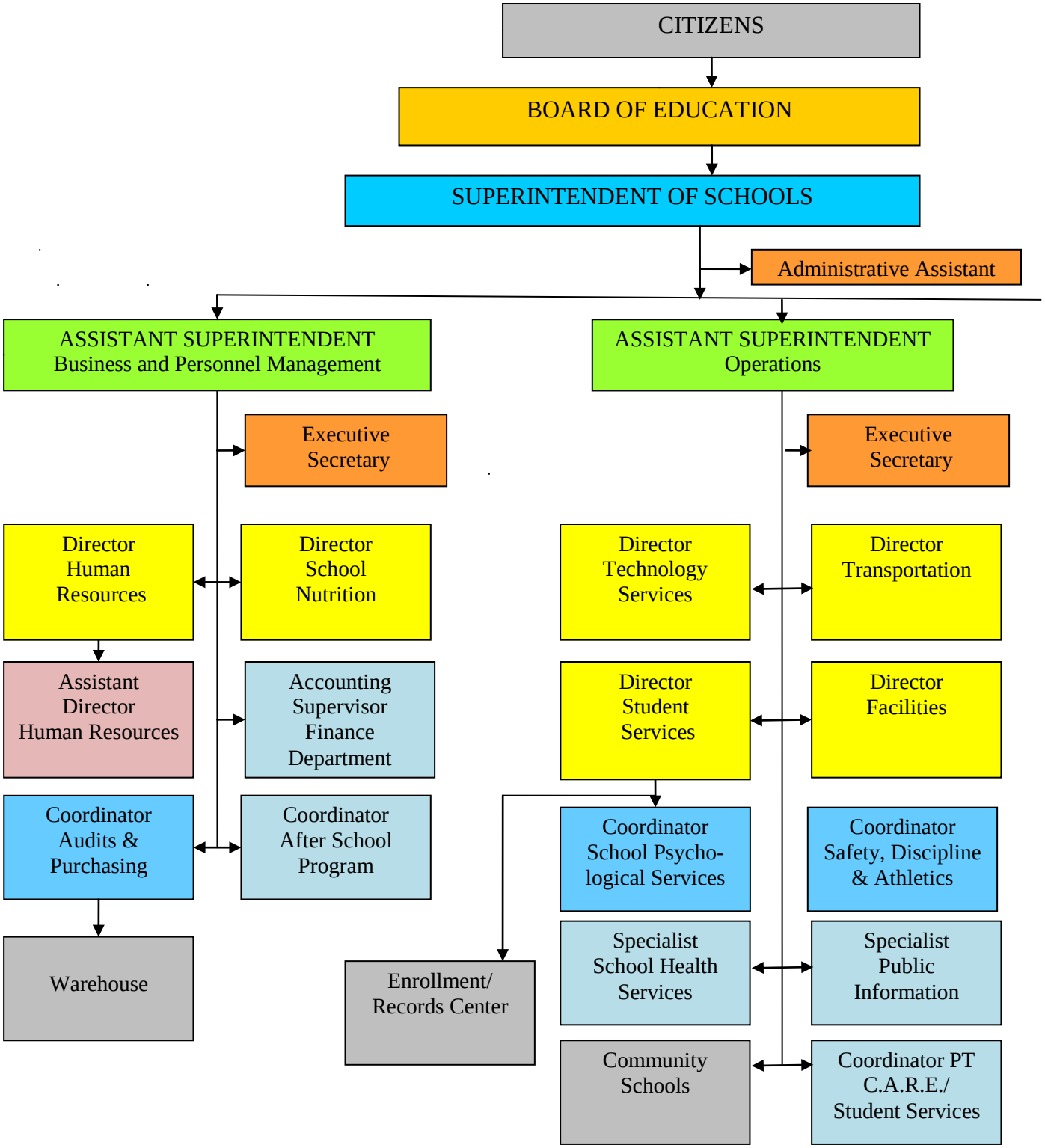
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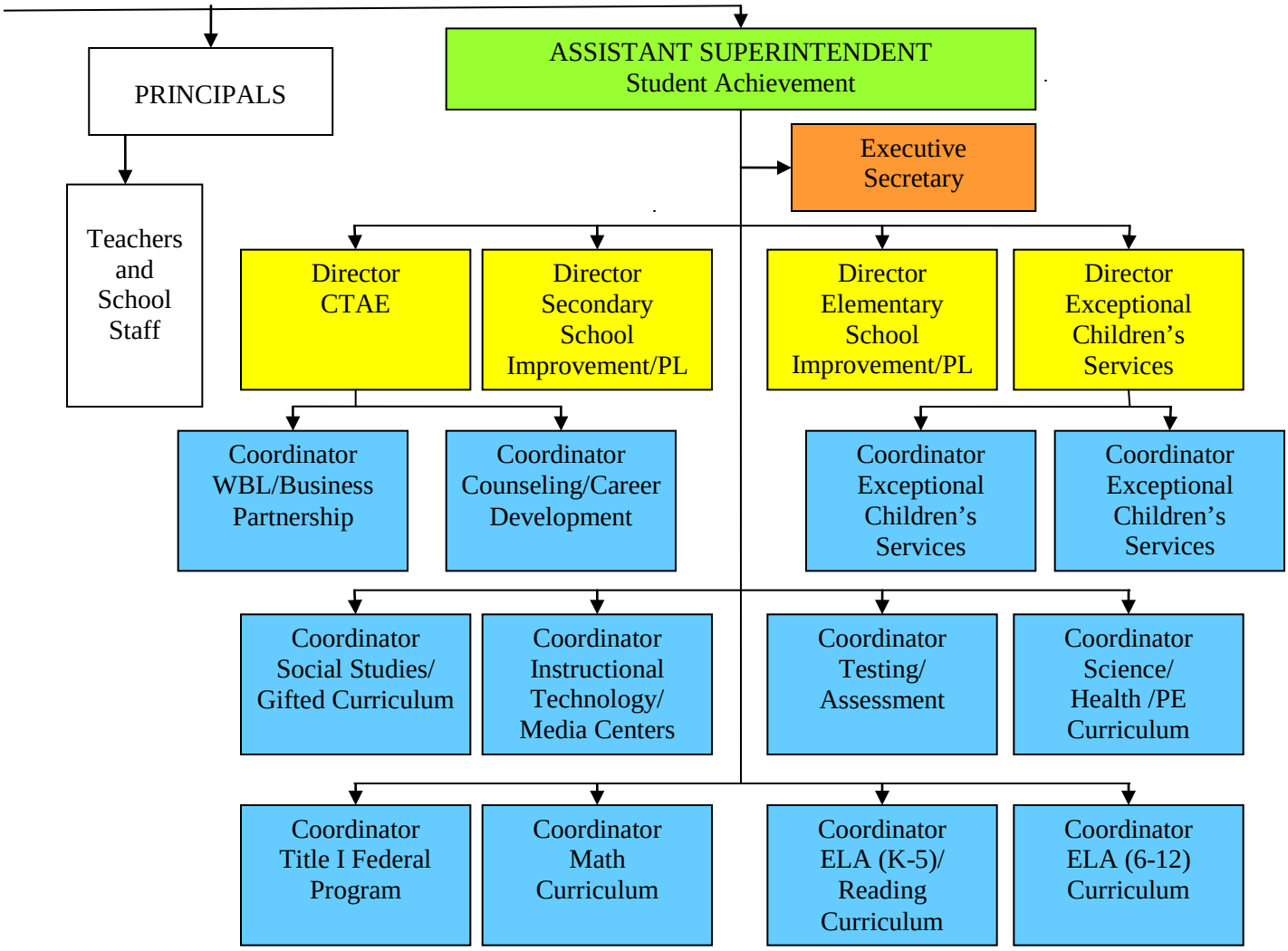
Executive Director/CEO

Fayette County Board of Education

ORGANIZATIONAL CHART

June 30, 2016




PRINCIPALS
ASSISTANT SUPERINTENDENT
Student Achievement
Executive Secretary
Teachers and School Staff
Director CTAE
Director Secondary School Improvement/PL
Director Elementary School Improvement/PL
Director Exceptional Children's Services
Coordinator WBL/Business Partnership
Coordinator Counseling/Career Development
Coordinator Exceptional Children's Services
Coordinator Exceptional Children's Services
Coordinator Social Studies/ Gifted Curriculum
Coordinator Instructional Technology/ Media Centers
Coordinator Testing/ Assessment
Coordinator Science/ Health /PE Curriculum
Coordinator Title I Federal Program
Coordinator Math Curriculum
Coordinator ELA (K-5)/ Reading Curriculum
Coordinator ELA (6-12) Curriculum

Fayette County Board of Education

LISTING OF PRINCIPAL OFFICIALS

June 30, 2016

BOARD MEMBERS

Ms. Marion Key, Chair, Post 3

Mr. Dan Colwell, Vice Chair, Post 2

Mr. Leonard Presberg, Chair Post 5

Dr. Barry Marchman, Post 1

Ms. Diane Basham, Post 4

SUPERINTENDENT'S CABINET

Dr. Joseph C. Barrow, Jr., Superintendent

Dr. Terry Oatts, Assistant Superintendent of Curriculum and Instruction

Mr. Tom Gray, Assistant Superintendent of Business and Personnel Management

Ms. Sharon Lunceford, Director of Technology

Ms. Rosie Gwin, Director of Exceptional Children's Services

Ms. Erin Roberson, Director of Human Resources

Ms. Melinda Berry-Dreisbach, Public Information Specialist

Ms. Rae Presley-King, Director of School Improvement and Professional Learning

Ms. Kim Herron, Director of Elementary School Improvement and Professional Learning

Ms. Lisa Collins, Director of CTAE

Ms. Audrey Toney, Director of Student Services

Mr. Mike Satterfield, Director of Facility Services

Dr. Dan Lane, High School Principal

Ms. Nancy Blair, Middle School Principal

Ms. Doe Evans, Elementary School Principal

Ms. Angie Southers, Elementary School Principal

FINANCIAL SECTION



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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

Superintendent and Members of the
Fayette County Board of Education
Fayetteville, Georgia

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 **Fayette County Board of Education** (the "School System") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the School System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School System as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 21 through 36) and the schedules of Fayette County Board of Education's proportionate share of the net pension liability and the schedules of Fayette County Board of Education's contributions (on pages 82 through 86) 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures by Object – Lottery Program, and the Quality Basic Education Program – Earnings and Expenditures by Program Schedule, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and are also not a required part of the basic financial statements.

The combining and individual fund statements and schedules, the Schedule of Expenditures by Object – Lottery Program, the Quality Basic Education Program – Earnings and Expenditures by Program Schedule and the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds (collectively "the supplementary information") are the responsibility of management and were derived from and relate 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016 on our consideration of the Fayette County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fayette County Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2016



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Our discussion and analysis of the Fayette County Board of Education's (the School System) financial performance provides an overview of the School System's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School System's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School System's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the School System exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2016 by $117,827,091 (net position).

- The School System's total net position increased by $25,170,064.

- At the end of fiscal 2016, the School System's governmental funds reported combined ending fund balances of $69,251,460, a decrease of $5,345,230 in comparison with the prior year. Of this total, $34,006,011 is available for spending at the School System's discretion (assigned and unassigned fund balance).

- At the end of fiscal 2016, unassigned fund balance for the General Fund was $23,171,077 or 12.99% of total General Fund expenditures.

- Total bonded debt for the School System decreased by $4,189,955, a result of the scheduled debt service payments on bonds issued in 2005, 2007 and 2013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements. These basic financial statements consist of three sections: system-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other information supplementary to the basic financial statements.

System-wide Financial Statements

The system-wide financial statements are designed to provide readers with a broad overview of the Fayette County School System's finances in a manner similar to a private-sector business. They include the statement of net position and the statement of activities found on pages 38 and 39 of this report.

The statement of net position presents information on the School System's assets, deferred outflows of resources, deferred inflows of resources, and liabilities, with the residual balance being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School System is improving or deteriorating.

The statement of activities presents information showing how the School System's net position changed during the current fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. Therefore, some revenues and expenses are reported here that will only result in cash flows in future years, such as uncollected property taxes and earned but unused vacation leave. Additionally, this statement shows how much of the School System's activities are funded by program revenues (charges for services, state funding, grants and contributions) and how much of the School System's functions rely on general revenues (primarily taxes) for funding.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fayette County School System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the School System can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the system-wide financial statements. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the system-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the system-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Fayette County School System maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects SPLOST I and SPLOST II Funds, each of which are considered to be a major fund. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 90-99 of this report.

The Fayette County School System adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate its compliance with this budget. One should note that the budget is not prepared on the same basis as accounting principles generally accepted in the United States of America ("USGAAP"). A reconciliation of general fund revenues and expenditures on a USGAAP basis and on the budgetary basis is provided in Note B to the financial statements.

Proprietary funds – The financial statements of the School System include one internal service fund: the Workers' Compensation Fund. Internal service funds are a type of proprietary fund used to accumulate and allocate costs internally among various functions within the School System.

Basic proprietary fund financial statements can be found on pages 45-47 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the School System. Fiduciary funds are not reflected in the system-wide financial statements because the resources of those funds are not available to support the School System's own programs.

The basic fiduciary fund financial statements can be found on pages 48-49 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the system-wide and fund financial statements. Notes to the financial statements can be found on pages 51-79 of this report.

Other information – In addition to the basic financial statements and the notes that accompany them, this report includes r*equired supplementary information* concerning the School System's proportionate share of the net pension liability for the Teachers Retirement System of Georgia and the Public Schools Employee Retirement System of Georgia and related contributions. The combining fund statements referred to earlier, and schedules of the Special Purpose Local Option Sales Tax (SPLOST), lottery program and the Georgia Quality Basic Education (QBE) Program, are also included as supplementary information. This other information follows the notes to the financial statements.

System-wide Financial Analysis

As noted earlier, changes in net position over time can be a useful indicator of a School System's financial position. At the end of the fiscal year ending June 30, 2016, the School System's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $117,827,091.

The following summarizes the components to the School System's net position at June 30, 2016 and 2015:

Fayette County School System's Net Position

	2016	2015
Current assets	$ 111,371,729	$ 109,965,375
Capital assets	256,529,958	238,985,461
Total assets	367,901,687	348,950,836
Deferred outflows of resources	20,282,954	18,620,527
Current liabilities	38,756,187	32,575,522
Noncurrent liabilities	208,487,181	187,153,602
Total liabilities	247,243,368	219,729,124
Deferred inflow of resources	23,114,185	55,185,212
Net position		
Net investment in capital assets	207,779,562	186,432,779
Restricted	32,124,998	41,198,421
Unrestricted	(122,077,469)	(134,974,173)
Total net position	$ 117,827,091	$ 92,657,027

The School System's current assets increased approximately $1.41 million over the prior year, of which $0.85 million of this increase was a net increase in balances held in bank deposits and investments resulting from the overall revenue inflows in excess of spending. Amounts receivable from other governments increased by $0.48 million. The receivable balance is effected by timing of drawdown requests of state and federal grants ($0.09 million decrease), the change in QBE earnings for July and August teachers' salaries ($0.76 million increase), and the award of state bond funds for buses and technology that were not available in 2016 ($0.19 million decrease).

The School System's capital assets had a $17.54 million net increase. Depreciation of $11.38 million reduced the net book value of capital assets. Also, the School System expended $28.93 million in capital outlay, primarily related to the educational Special Purpose Local Option Sales Tax (SPLOST) approved in 2008 and renewed in 2012. Both SPLOST funds provide funding for textbooks and instructional materials, computers, technology upgrades, transportation, security, facility improvements, and general obligation debt reduction.

The School System's deferred outflows of resources increased $1.66 million. Deferred outflows consist of two components: pensions and loss on refunding of bonds. The TRS pension liability was measured as of June 30, 2015, one year prior to the balance sheet date. As a result, the contributions that the School System made after that date are recorded on the statement of net position as deferred outflows of resources. The contributions made in 2016 were $2.11 million higher than in 2015 due to higher salaries and an increase in the TRS rate from 13.15% to 14.27%. The deferred loss on refunding of bonds that occurred last year decreased $0.45 million as the loss is being amortized over the life of the refunding bonds.

Current liabilities of the School System increased $6.18 million over the prior year. Accrued salaries and benefits increased $1.49 million as compared to the prior year, resulting from pay increases given during the year and the addition of 114 new positions. Annual changes in accounts payable (increase of $4.91 million) are affected by the timing of payments at or near year end and the increased volume of projects funded by SPLOST. The increased volume of those projects is also reflected in the increase in retainage payable of $0.34 million. Accrued interest related to the School System's general obligation bonds payable decreased $0.60 million as payments were made during the year.

Non-current liabilities (which include the current portion of those liabilities) increased $21.33 million. The most significant portion of this change is a $25.52 million increase in the net pension liability. The School System participates in the Teachers Retirement System of Georgia ("TRS"). As a result, the School System reports the amount of liabilities that represent benefits that employees have earned and that the School System has a present obligation to pay in the future. The net pension liability is the amount of the total pension liability (the promise of benefits for work already performed) in excess of the pension plan's net position. This liability is actuarially determined and is further explained in Note M on page 71. Bonds payable decreased by $4.19 million based on the payment schedule.

The deferred inflows of resources related to the TRS pension plan decreased by $32.07 million. Actuarial assumptions are made in determining the total pension liability of the plan. As those assumptions change, changes in the liability calculation are recorded as either deferred outflows or deferred inflows of resources. The deferred inflows of resources are created by differences between projected and actual earnings on pension plan investments ($12.96 million), changes in the School Systems portion of the entire plan and differences between the School System's contributions and its proportionate share of contributions ($8.80 million), and differences between expected and actual experience ($1.35 million). Total deferred inflows of $23.11 million represent an acquisition of resources that applies to future periods and will be recognized as revenue in those future periods.

The School System's net investment in capital assets (net of outstanding related debt used to acquire those capital assets and accumulated depreciation) equals 176.30% of total net position. The School System uses these capital assets to provide services to students, and consequently, these assets are not available for future spending. Although the School System's net investment in capital assets is reported net of related debt, it should be noted that the assets themselves cannot be used to liquidate these liabilities. The investment in capital assets increased by $21.35 million from the prior year due to an increase in capital assets, net of depreciation, of $17.54 million, a decrease in bonds payable, net of amortization of discounts and premiums, of $4.25 million and amortization of the prior year's deferred loss on the refunding of general obligation bonds of $0.45 million.

Total restricted net position decreased $9.07 million over the prior year. Net position is restricted when limitations are imposed on its use through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted net position indicates the amount of liquid assets the School System has to meet the existing obligations to its creditors. For the year ended June 30, 2016, the School System reported a deficiency in its unrestricted net position of $122.08 million. This deficiency is attributable to recording pension obligations on the financial statements. If the adjustments related to pension obligations had not been recorded, the School System's unrestricted net position would be $38.61 million. These pension obligations are expected to be funded over time through future employer contributions to the pension plans. The School System's most immediate long-term obligations are for long-term debt which will be repaid based on future property taxes levied specifically for the repayment of bonded indebtedness.

Fayette County School System's Changes in Net Position

	2016	2015
Revenues:		
Program revenues		
Charges for services	$ 6,039,971	$ 5,994,273
Operating grants and contributions	103,718,783	98,522,267
Capital grants and contributions	4,141,350	4,805,599
General revenues		
Property taxes	92,982,798	87,023,400
Sales taxes	22,010,037	21,094,300
Other taxes	2,548,482	2,068,521
Interest and investment earnings	265,945	125,298
Other	499,601	485,388
Total revenues	232,206,967	220,119,046
Expenses:		
Instruction	133,734,324	126,035,931
Pupil services	9,528,601	8,982,470
Improvement of instructional services	4,887,298	4,233,092
Educational media services	3,717,116	3,031,063
Federal grants administration	194,211	-
General administration	1,609,711	1,664,955
School administration	12,895,687	11,092,787
Business administration	986,533	865,120
Maintenance and operation of facilities	13,786,812	13,133,822
Student transportation services	9,112,882	8,620,521
Central support services	4,489,646	3,658,754
Other support services	434,780	225,350
Community services	2,352,200	2,292,410
Food services	7,386,296	7,090,152
Loss on sale of capital assets	-	171,594
Interest expense	1,920,806	2,242,423
Total expenses	207,036,903	193,340,444
Change in net position	25,170,064	26,778,602
Net position, beginning of the year	92,657,027	65,878,425
Net position, end of year	$ 117,827,091	$ 92,657,027

Total revenues of the School System increased approximately $12.09 million, driven primarily by the following items:

- Property tax increased by $5.96 million over prior year as property values continued to rebound.

- Sales tax revenue increased by $0.92

- Operating grants and contributions increased by $5.20 million. The School System's federal grants revenue remained unchanged from prior year. State funding, however, increased by $5.54 million, primarily related to state QBE funding as discussed in more detail as it relates to the General Fund below.

- The School System experienced a modest decrease in revenue from capital grants and contributions in 2016 of $0.66 million. During 2016, the School System received $3.44 million in capital outlay reimbursements from the State, a $0.61 increase over the prior year. Additionally, the School System earned funding through a grant from the Governor's Office of Student Achievement for technology improvements. Revenues from this grant in 2016 were approximately $0.70 million. In the prior year, the School System had received a federal grant for school bus replacement of $1.78 million and state funding for technology and buses for $0.19 million.

Total expenses increased by $13.67 million over prior year. Most activity which results in annual fluctuations of expenditures at the fund level also affects the fluctuations of expenses at the system-wide level. Activity that affects the system-wide statement differently than the government-wide statements is detailed in the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the System-wide Statement of Activities on page 43. Significant changes in expenses are as follows:

- Total salaries increased by approximately $7.33 million, resulting from an increase of 114 positions throughout the system, a 2.0% pay raise for all staff and step a raise for staff who had earned it based on years of experience.

- The School System is required to pay an employer match towards health insurance. The School System experienced an increase of approximately $1.80 million in health insurance cost due to the increase in staff and an increase in the employer rate for non-certificated staff of $150 per month per participant for six months of the year.

- Teachers' retirement (TRS) cost increased by approximately $2.00 million due to an increase in salaries and an increase in the required employer contribution rate from 13.15% to 14.27% of eligible salaries.

- Bus fuel cost the system approximately $0.42 million less than in the prior year due to declining fuel prices.

- Electricity and natural gas costs had a net decrease of $0.50 million. Fluctuations in these costs are primarily affected by changes in weather patterns.

- Interest expense decreased $0.32 million, or 14.3%, as debt balances were paid down and the School System began to realize the benefit of the 2013 bond refunding.

- Total costs of capital project funds that were not capitalized as capital assets in the system-wide financial statements were $1.76 million higher in 2016 than in 2015. Many of the assets purchased under the SPLOST have a cost below the School System's capitalization threshold of $5,000. These items include, but are not limited to computers, Chromebooks, tablets and textbooks. Depreciation of capital assets increased by $0.94 million over prior year.

By function, variances in expenses were driven by the following items:

- Instruction costs had a net increase of $7.70 million or 6.1%. Instruction cost is primarily personnel driven, meaning most costs within this category are for salary and benefits of teachers and paraprofessionals. Excluding workers' compensation costs, instruction increased approximately $7.97 million for salaries and benefits. The workers' compensation cost allocation to instruction decreased $1.28 million, as total costs allocated to all governmental funds decreased by $1.71 million. Additionally, there was an increase of $0.90 million in textbooks and instructional equipment purchases through SPLOST which fell below individual capitalization thresholds, primarily computers, tablets and Chromebooks. Depreciation increased $0.51 million.

- Improvement of instructional services increased by $0.65 million or 15.5%. The increase was attributable to increases in salaries and benefits of approximately $0.50 million, a $0.08 million increase in vacation expense, a $0.03 increase in pension expense and a $0.05 million increase in operational costs.

- Educational media services increased by $0.69 million or 22.6% This increase is attributable to various projects through SPLOST funding for media center technology improvements that did not meet the School System's capitalization threshold.

- School administration increased by $1.80 million. Most of this change resulted from a $1.43 million increase in salaries and benefits from pay raises, increased rates on health insurance and TRS and nineteen new school-level secretarial positions. Vacation expense increased $0.32 million over prior year.

- Maintenance and operations increased by $0.62 million or 4.7%. This increase was affected most significantly by a $0.48 million increase in salaries and benefits, a $0.53 million decrease in electricity and natural gas costs, a $0.45 million increase in repairs and maintenance primarily related to mold remediation at an elementary school, and a $0.21 million increase in vacation expense.

- Central support services increased $0.83 million, or 22.7%. This increase resulted from a $0.28 increase in salaries and benefits, a $0.18 million increase in depreciation expense, a $0.04 million increase in vacation expense and a $0.34 million increase in operating expenses.

Financial Analysis of the School System's Funds

As noted earlier, the School System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the School System's financing requirements. Unassigned fund balance is a useful measure of the School System's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the School System's governmental funds reported combined ending fund balances of $69,251,460, a decrease of $5,345,230 in comparison with the previous year. Approximately 33.5% ($23,171,077) of ending fund balance is made up of unassigned fund balance of the General Fund that is available for spending at the School System's discretion. Fund balances of special revenue funds and capital project funds are classified as restricted, committed or assigned. These categories are defined based on the level of limitations imposed on their use. Note A12 on page 57 and 58 of provides a definition of the various categories of fund balance. Note I on pages 67 and 68 provide additional detail. Total fund balances for the governmental funds are as follows:

Fund Balances at June 30, 2016		
Nonspendable	$	522,099
Restricted	$	32,473,696
Committed	$	2,446,594
Assigned	$	10,637,994
Unassigned	$	23,171,077

The *General Fund* is the chief operating fund of the School System. Its fund balance decreased $4.06 million over the prior year. Overall, revenues for the General Fund increased approximately $9.39 million compared to the prior year. This was a result of an increase of $3.66 million in state funds and an increase of $5.73 million in local funds.

- All public school systems in Georgia receive state funding based on the Quality Basic Education Act (QBE) earnings formula. The formula is based on a system's enrollment multiplied by dollar values for different cost categories. Many factors affect the total QBE earnings for a school system, including the student enrollment, the instructional program classification of those students, the experience level of teachers (training and experience or "T&E") and the relative property wealth of the school system. Overall, earnings of direct instruction increased by $1.08 million. The increase was caused by having 25 more full time equivalent (FTE) students and the mix of FTEs (students) within each program classification. The School System earned $0.09 million more in indirect costs. Other earnings categories, including media and staff development, remained flat. In fiscal year 2014 the county's tax digest began to recover. The digest has a lagging effect on the calculation for the System's local 5 mill share portion of the formula. The increase in the tax base in fiscal year 2014 translated into a decrease of local 5 mill share of $0.28 million and an increase in state funding by the same amount. The amended formula adjustment, or austerity cut, decreased by $3.49 million, meaning more revenue. Categorical grants under QBE for transportation costs and nursing services decrease slightly ($8,236). Additionally, QBE earnings recorded on the modified accrual basis within the fund level financial statements includes adjustments for an amount receivable from the state at year end to pay teachers' salaries for July and August. The change in this receivable from 2015 to 2016 as compared to the change from 2014 to 2015 created a decrease in revenue of $0.37 million. In total, QBE earnings increased $4.57 million over last year.

- Other state revenue related to grants and on-behalf payments remained constant.

- Property taxes increased by $5.64 million as the digest values increased by 9.79% showing economic recovery in the county. The digest increase was the result of increases in assessed values for real and personal property of 10.3% offset by exemptions increasing 12.6%.

- Ad valorem for automobiles was down $0.82 million as the state continued to transition to a sales tax based auto tag registration system. This decrease was offset by an increase in title ad valorem tax of $0.72 million. The net decrease was $0.05 million for automotive related tax revenue.

- Intangible and transfer taxes, both related to real estate transactions, were up $0.45 million.

- All other local revenue sources remained relatively flat with a $0.08 million increase.

Expenditures for the General Fund increased $10.99 million, or 6.55%, from 2015 and fluctuations from prior year are generally caused by the same circumstances as fluctuations of expenses at the system-wide level with several exceptions. The primary exception is the effect of the pension plan expense adjustment at the system-wide level as previously discussed. This adjustment is not reflected in the General Fund. The majority of the increase in expenditures in the General Fund is related to increases in salaries and benefits for the following items:

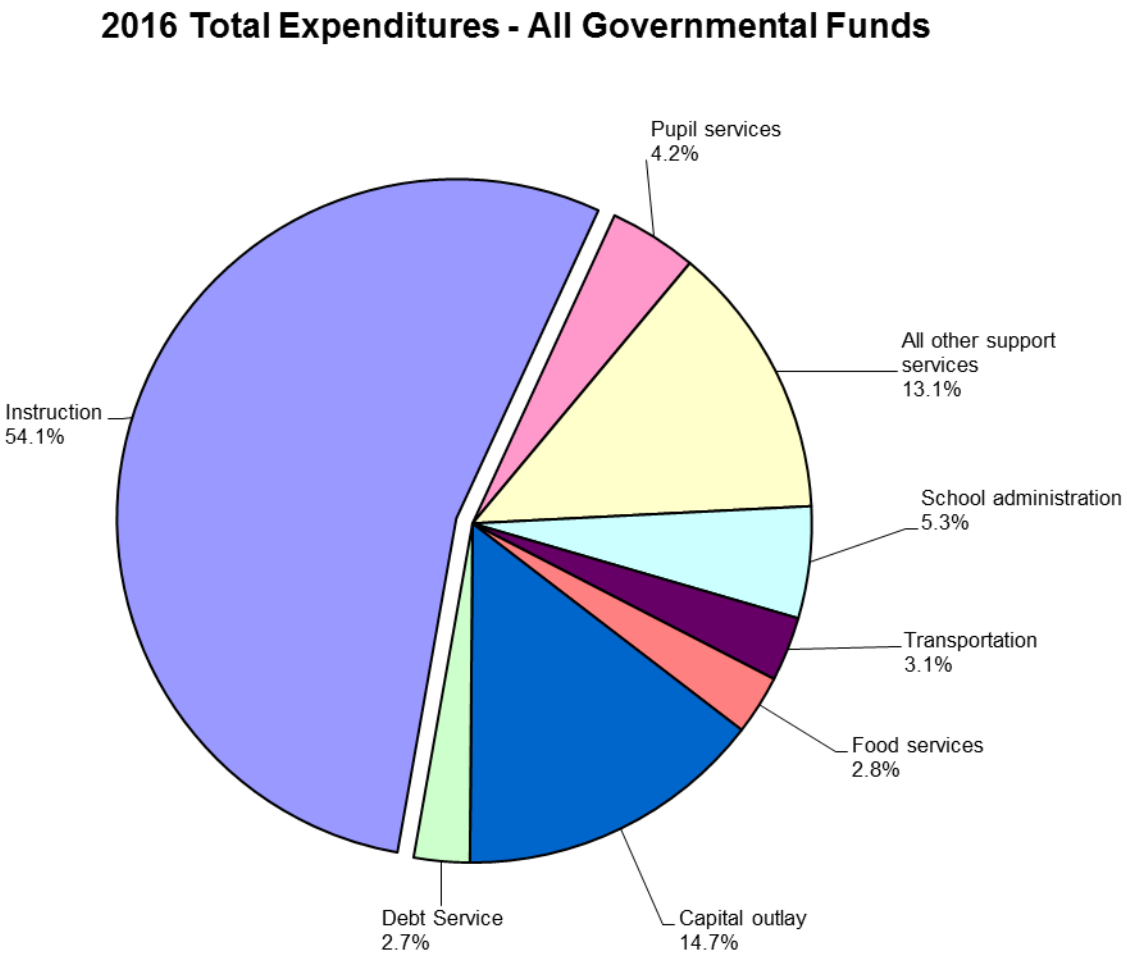
- an overall 2.0% pay raise and step increases,
- increases in the health insurance and TRS rates,
- the addition of 85 instruction related positions and 20.5 support staff positions at the school level, and
- the addition of eight central office positions to support school instruction and operations.

Overall, non-payroll related operating costs increased $0.69 million. Significant operating expenditures increased in professional services by $0.28 million (mainly due to legal fees), facilities repair and maintenance $0.53 (including mold remediation at an elementary school of $0.42 million), and supplies of $0.36 million (includes inventory adjustment). These increases were offset by reductions in energy expenditures of $0.87 million related to lower fuel costs and electricity rates.

Transfers from the General Fund increased $8.1 million. This reflects $8.0 million transferred to the local capital projects fund in anticipation of capital projects for additions and improvements of instructional and athletic facilities in the next few years.

The *Debt Service Fund* is used to accumulate resources in order to pay current and future principal and interest amounts on bonded debt. Tax revenues had a slight decrease of approximately $0.04 million over 2015. During the year, $0.10 million of SPLOST proceeds were spent on debt service.

The *Capital Projects SPLOST I and SPLOST II Funds* are used to account for various projects funded through a one-cent local option sales tax for education as approved through voter referendum. During the year sales tax and interest earned for fiscal year 2016 was $22.16 million. Approximately $35.64 million was spent during the year, including a $0.10 million transfer to debt service to pay existing bonded debt. The remaining balance has been set aside to continue the projects as specified in the two SPLOST referendums.



Other governmental funds consist of non-major special revenue funds and a non-major capital project fund. The aggregate fund balance of these funds increased by approximately $8.54 million compared to the prior year. Most of the increase was in the capital project fund, resulting from transfers from the General Fund of $7.96 million to fund future athletic facility improvements at each high school, the potential construction of a performing arts center and to set aside balances that had been previously been committed within the General Fund for technology for the same purpose. Additional transfers were made between two non-major special revenue funds (Community Education and After School Program) and the non-major capital project to fund the athletic facility improvements. In the special revenue funds, the School Nutrition Service had the largest increase of fund balance with a $0.20 million increase.

Proprietary funds- The School System's proprietary fund provides the same type of information found in the system-wide financial statements, but in more detail. The proprietary fund consists of an internal service fund, the Workers' Compensation Fund. At June 30, 2016, the proprietary fund has a net position of approximately $1.45.

General Fund Budgetary Highlights

The School System's original budget was set based on preliminary state QBE allotments communicated by the State in May 2015. As in prior years, the State amended the QBE allotments during the year. Once the earnings sheets were finalized in March 2016, actual QBE earnings were approximately $683,000 more than the initial budget. The net adjustments were primarily the result of adjustments in the calculation for the number of full time equivalent (FTE) students used in the calculation. The Board did not amend the budget for this adjustment.

The School System had a positive revenue budget variance of $0.86 million. This variance was due to better than anticipated state revenues. Local revenues showed only a slight positive variance. Property tax collections were $0.24 million under budget. While title ad valorem tax (TAVT) came in slightly over budget by $0.73 million, automotive tax came in $0.87 million under budget. Over time, the TAVT will replace the automotive tax as the State transitions to an ad valorem tax initiated by the sale/purchase of a vehicle. Intangible taxes were over budget $0.40 million and transfer taxes were over budget $0.22 million. Other revenues accounted for $0.10 million in budget variance related to increases in miscellaneous revenues.

Instruction makes up 68.7% of the general fund budget. This functional area had a budget variance of $3.71 million or 2.9%. The other functional area that had the most significant budget variance was transportation, with a budget variance of $.86 million or 11.0%.

Budget variances in salaries and benefits have the most significant impact on the budgeted expenditures, as personnel costs make up 89.3% of the General Fund budget. Overall, personnel costs were lower than the budget by $1.85 million. Salaries were $3.08 million below budget and benefits were $1.23 million over budget. The overall variance in personnel costs was the result of not filling all budgeted positions or the timing of replacing vacant positions. The overall variance for personnel was 1.12% of the personnel budget.

Expenditures overall were $4.79 million under budget. Therefore, the net budget variance in non-payroll costs is a favorable variance of $2.51 million. Specific notable budget variances are as follows:

- Bus fuel prices have remained relatively low over the last year; however, the School System must purchase fuel at the market price. Actual cost was approximately $0.83 million lower than budget and below the prior year cost.

- Electricity and natural gas costs were approximately $0.42 million under budget.

- The School System had several large software initiatives started in the 2015 budget and continued in 2016, a learning management system, finance/purchasing/payroll/human resources system and a transportation routing/timekeeping system. Primarily due to the timing of these initiatives, software costs were $0.16 million under budget.

- Insurance costs for the System were $0.26 million less than expected.

- Contracted service cost was approximately $0.30 million under budget. This variance was primarily caused by budgeted legal fees not being required during the fiscal year.

- Repair and maintenance of facilities was $0.31 over budget from emergency expenditures in excess of $0.43 million related to mold remediation at an elementary school.

- Expenditures recorded in other support services are primarily related to salaries funded by a source other than the School System such as booster clubs and parent teacher organizations (PTOs). As such, the School System does not budget for these expenditures. Proceeds related to these costs are recorded in other local revenue and are not budgeted also.

- In addition to budgeted expenditures the district transferred by Board approval $6.0 million for future local capital projects. In addition, the System transferred $0.96 million to a special capital projects fund for technology infrastructure improvements. This funding was previously assigned fund balance in the General Fund from federal eRate revenues.

Administration also anticipated transferring $0.40 million to other funds to make up the difference between actual cost and revenues received from other sources, primarily state and federal grants. Actual transfers were $0.06 million more than anticipated.

Capital Assets and Debt Administration

Capital assets – The School System's balance of capital assets as of June 30, 2016 totals $256,529,958, net of accumulated depreciation. Capital assets include land, land improvements, buildings, autos and trucks, other equipment and construction in progress. This balance reflects a net increase in capital assets of $17.54 million. The change in capital assets is affected by additions to capital assets, disposals of capital assets and depreciation expense.

Major capital asset related events during the year included the following:

- The School System purchased nineteen (19) buses totaling approximately $1.63 million, funded with SPLOST proceeds.

- The construction of a new transportation facility that broke ground in fiscal year 2015 was completed near the end of fiscal year 2016. This facility houses the administrative offices of the transportation department and the bus shop. The new bus shop has sixteen work bays, expanding bus maintenance capacity by 33.3%.

- Roofing and HVAC replacement projects at two elementary schools and two middle schools were completed during the year.

- Construction of a new home-side stadium press box and visitor-side bleachers was completed in late 2016 at one of the high schools.

- Construction of two middle school fieldhouses was completed during the year.

- Four elementary schools received new gym floors.

- All elementary schools received new playgrounds and/or playground equipment.

- Upgrades were made to the School System's computer network, including expansion of wireless networks in the schools.

- Technology upgrades related to direct instruction were made, included video conferencing systems, interactive flat panels and CTAE lab improvements.

- Security camera systems were installed at the elementary schools.

- A backup power generator system was installed within the technology services department to ensure reliability of the computer network.

- Major renovation projects at two high schools, two elementary schools and one middle school got underway and are expected to be completed in fiscal year 2017.

- Science lab renovations began at two high schools and are expected to be complete in fiscal year 2017.

Additional information on the School System's capital assets can be found in Note G on page 64 of this report.

Long-term debt – As of June 30, 2016, the School System had total bonded debt of $52,864,972 from two separate bond issuances. This bonded debt is payable from an ad valorem tax on all taxable property within the School District, without limit as to rate or amount.

The School System maintains an "AA-" rating from Standard & Poor's and an "Aa2" rating from Moody's Investor Services for general obligation debt, without credit enhancements as a result of the Georgia Intercept Program or bond insurance.

State statues limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the School System is $424,974,542 which is significantly in excess of the School System's outstanding general obligation debt.

Additional information on the School System's long-term debt can be found in Note H on pages 65 and 66 of this report.

Economic Factors and Next Year's Budgets and Rates

In preparing the fiscal year 2017 budget, School System administration had to consider several factors that would impact the 2017 revenues as compared to the previous year:

- School System enrollment has declined over several years but seems to be leveling off, which impacts earnings of State funding. The School System assumed a flat enrollment.

- The tax digest was expected to increase significantly at about 7.0%. Additionally, the maintenance and operations millage rate was already at the 20.00 mill maximum. The millage rate was expected to be decreased, if possible, without affecting instruction or salaries for teachers.

- The local economy has shown significant signs of improvement with new industry moving into the area and an increase in residential building. Also, several multi-use developments are in the planning stages or have been presented to local officials for approval. However, some of high density projects are moving slowly through municipal planning and zoning processes. The County has become a major player in the film industry, attracting state and outside resources.

- The State of Georgia is currently reviewing the funding for education. The governor created the Education Reform Commission to study and make recommendations for funding of education. The commission issued its' recommendations at the end of 2015. It is still unclear at this time the effect of any changes that will take place in the state's funding of education or when any legislation would be implemented.

In developing the 2017 budget, the administration faced potential increases in health insurance costs for classified employees, increase to the employer contributions for the Teachers' Retirement System (TRS), and potential changes in state revenues. However, indications of an improving economy lead the administration to believe that the School System can provide additional resources strategically in efforts to improve classroom instruction and student achievement.

The administration's main 2017 budget goals were to:

1.) maintain a full calendar for students, teachers, administration and support staff,

2.) maintain educational programs and enhance areas focused on college and career readiness,

3.) increase staffing in the classroom to impact instruction,

4.) continue support for the integration of instructional technology in the classroom, and

5.) provide a 3% cost of living increase for all employees.

The 2017 budget includes 67 additional positions in the schools that will directly affect instruction, costing nearly $3.38 million. These positions included classroom teachers, paraprofessionals and behavioral specialists. Included in these additions are 25 special education paraprofessionals that are being shifted from federal funding to local funding.

The central office and support departments were increased by eleven (11) positions to improve support in the instructional support, student services, technology services, instructional technology, finance, purchasing, and transportation areas. These positions increased the budget by $742,700.

The overall payroll budget was increased $6.6 million to account for a 3% cost of living increase, salary scale step increases, and an increase in the employer portion of health insurance for classified employees.

One major initiative that is being continued and the district feels is cost neutral is the Center of Innovation (COI) that focuses on career and technical education. The School System has partnered with a state level technical college to offer students opportunities to learn about the career aspects in emergency medical responder, patient care fundamentals, allied health, sports medicine, and culinary arts. These classes also provide students opportunities to earn college credit and industry certifications.

The School System anticipated an increase in property tax values that will increase tax revenues sufficient enough to lower the maintenance and operations millage rate from 20.00 mills to 19.75 mills. This millage rate will levy approximately $1.65 million less in tax revenues than the adopted budget. However, the Board feels that the fund balance, budgetary reserve and conservative budget projections will provide sufficient cushion in the budget to allow the System to manage administratively. The increase in the digest will also allow for the debt service millage rate to remain at 1.35 mills. The refunding of outstanding debt in 2013 has reduced the overall debt service. The School System budgeted $100,000 in SPLOST receipts to be used towards principal and interest payments.

During 2017, the School System will continue to utilize sales tax receipts from SPLOST proceeds to fund capital projects. Current projects include interactive classroom technology, computer replacements, technology upgrades, bus equipment, maintenance equipment, flexible classroom furniture, textbooks, and facility renovations. The School System is utilizing additional funding sources for some projects in conjunction with SPLOST proceeds when funds are available. The System receives funding from the state for portions of facility renovations. The System has also received grant funding from the state for technology network infrastructure improvements.

Major capital projects in planning or currently in progress include new gyms and classrooms at two elementary schools, installation of synthetic turf athletic fields, multipurpose buildings for instruction and athletics, performing arts facility additions and improvements, concessions and restrooms. In addition, a major focus has been placed on upgrading science equipment and labs over the next few years.

Capital expenditures are also planned that focus on providing students with improved technology and learning environments in the classrooms. The System is replacing and upgrading student devices including computers, tablets, notebooks, and other hand held devices. In addition, the System is implementing a "connected classroom" concept where students have access to interact through technology with teachers and other students. Along with this technology focus, the System is phasing in flexible furniture to create unique and flowing classroom spaces that integrate the technology and allow for individual, small group, or classroom environments in any classroom setting.

Overall the economic outlook for the county and local area is positive. The influx of the film industry has spurred growth and economic activity that includes new residential and mixed-use projects. The continued increase in sales tax shows that the local retail economy is showing signs of growth as well. Another factor affecting the local economic growth is in the healthcare arena with expansion of the local hospital and auxiliary services in that industry. The county has also seen an increase in activity in residential construction for both single family and multi-unit projects.

Requests for Information

This financial report is designed to provide a general overview of the School System's finances for all those with an interest in the School System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laura Brock, Coordinator of Audits and Financial Reporting, P.O. Box 879, Fayetteville, Georgia, 30214.

Basic Financial Statements

Fayette County Board of Education

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
ASSETS	
Cash	$ 16,792,821
Investments	75,512,983
Due from other governments	14,144,487
Interest receivable	2
Taxes receivable	4,393,119
Due from others	6,218
Prepaid items	201,728
Inventory	320,371
Capital assets, not being depreciated:	
Land	14,665,111
Construction in progress	17,177,429
Capital assets, net of accumulated depreciation:	
Buildings	200,100,106
Trucks and autos	10,497,202
Other equipment	14,090,110
Total assets	367,901,687
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	16,124,883
Deferred loss on refunding	4,158,071
Total deferred outflows of resources	20,282,954
LIABILITIES	
Accounts payable	12,779,647
Accrued interest	454,296
Salaries and benefits payable	24,296,472
Retainage payable	1,143,569
Unearned revenue	82,203
Noncurrent liabilities:	
Due within one year	5,276,253
Due in more than one year	
Accrued compensated absences	731,495
Claims payable	865,000
Bonds payable	47,913,467
Net pension liability	153,700,966
Total liabilities	247,243,368
DEFERRED INFLOWS OF RESOURCES	
Pensions	23,114,182
Total deferred inflows of resources	23,114,182
NET POSITION	
Net investment in capital assets	207,779,562
Restricted for:	
Capital projects	29,980,182
Debt service	56,038
Grant purposes	2,088,778
Unrestricted	(122,077,469)
TOTAL NET POSITION	$ 117,827,091

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 133,734,324	$ 398,758	$ 81,205,795	$ -	$ (52,129,771)
Support services					
Pupil services	9,528,601	-	1,522,031	-	(8,006,570)
Improvement of instructional services	4,887,298	-	975,694	-	(3,911,604)
Educational media services	3,717,116	-	2,182,364	-	(1,534,752)
Federal grants administration	194,211		194,211		
General administration	1,609,711	-	2,266,518	-	656,807
School administration	12,895,687	-	4,427,156	-	(8,468,531)
Business administration	986,533	-	7,534	-	(978,999)
Maintenance and operation of facilities	13,786,812	-	5,043,479	3,443,043	(5,300,290)
Student transportation services	9,112,882	-	1,562,345	-	(7,550,537)
Central support services	4,489,646	-	25,991	698,307	(3,765,348)
Other support services	434,780	-	280,967	-	(153,813)
Community services	2,352,200	2,518,716	267,455	-	433,971
Food services	7,386,296	3,122,497	3,757,243	-	(506,556)
Interest expense	1,920,806	-	-	-	(1,920,806)
Total governmental activities	$ 207,036,903	$ 6,039,971	$ 103,718,783	$ 4,141,350	(93,136,799)
General revenues					
Taxes					
Property taxes, levied for general purposes					87,436,569
Property taxes, levied for debt service					5,546,229
Intangible taxes, general purposes					1,700,317
Intangible taxes, debt service					119,641
Transfer taxes, general purposes					664,917
Transfer taxes, debt service					46,642
Other taxes, general purposes					16,965
Sales tax, capital outlay and debt service					22,010,037
Interest and investment earnings					265,945
Other					499,601
Total general revenues					118,306,863
Change in net position					25,170,064
Net position - beginning of year					92,657,027
Net position - end of year					$ 117,827,091

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2016

	Major Governmental Funds					
	General	Debt Service Fund	Capital Projects SPLOST I Fund	Capital Projects SPLOST II Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 2,075,462	$ 329,469	$ 2,833,590	$ 1,859,261	$ 7,120,375	$ 14,218,157
Investments	32,025,322	31,724	5,003,706	29,463,047	8,988,897	75,512,696
Due from other governments	13,111,205	-	-	-	1,033,282	14,144,487
Interest receivable	-	-	2	-	-	2
Taxes receivable	2,300,589	149,141	-	1,943,389	-	4,393,119
Due from other funds	574,298	-	257,249	-	9,527	841,074
Due from others	5,259	-		-	959	6,218
Prepaid items	4,788	-	-	-	196,940	201,728
Inventory	135,418	-	-	-	184,953	320,371
Total assets	$ 50,232,341	$ 510,334	$ 8,094,547	$ 33,265,697	$ 17,534,933	$ 109,637,852
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 2,665,524	$ -	$ 1,403,130	$ 8,587,801	$ 65,268	$ 12,721,723
Salaries and benefits payable	22,906,472	-	-	-	1,390,000	24,296,472
Due to other funds	71,106	-	-	245,562	524,406	841,074
Retainage payable	-	-	-	1,143,569	-	1,143,569
Unearned revenue	82,203	-	-	-	-	82,203
Total liabilities	25,725,305	-	1,403,130	9,976,932	1,979,674	39,085,041
Deferred Inflows						
Unavailable property tax revenue	1,195,753	105,598	-	-	-	1,301,351
Total deferred inflows	1,195,753	105,598	-	-	-	1,301,351
Fund Balances:						
Nonspendable	140,206	-	-	-	381,893	522,099
Restricted	-	404,736	6,691,417	23,288,765	2,088,778	32,473,696
Committed	-	-	-	-	2,446,594	2,446,594
Assigned	-	-	-	-	10,637,994	10,637,994
Unassigned	23,171,077	-	-	-	-	23,171,077
Total fund balances	23,311,283	404,736	6,691,417	23,288,765	15,555,259	69,251,460
Total liabilities, deferred inflows and fund balances	$ 50,232,341	$ 510,334	$ 8,094,547	$ 33,265,697	$ 17,534,933	$ 109,637,852

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	$	69,251,460
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds.		256,529,958
Property taxes receivable not collected within sixty days of year-end are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable property tax revenue in the funds.		1,301,351
Deferred losses on refunding of debt are reported in governmental activities and amortized over the life of the new debt.		4,158,071
Net pension liabilities represent benefits employees have earned upon retirement that are in excess of the pension plan's net position and are reported in governmental activities.		(153,700,966)
Pension contributions made subsequent to the measurement date are deferred outflows of resources to be used to reduce the net pension liability in the following year.		16,124,883
Items related to changes in actuarial assumptions related to the calculation of the net pension liability create deferred outflows or deferred inflows of resources that apply to a future period and are reported in governmental activities.		(23,114,182)
Internal service funds are used to charge the costs of workers' compensation claims to the individual funds. The assets and liabilities of the internal service fund are included in the statement of net position.		1,452,027
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. Long-term liabilities at year end consist of:		
Bonds payable		(52,864,972)
Accrued interest on bonds		(454,296)
Compensated absences payable		(812,748)
Unamortized premium on issuance of bonds		(43,495)
Net position of governmental activities	$	117,827,091

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended June 30, 2016

	Major Governmental Funds					
	General	Debt Service Fund	Capital Projects SPLOST I Fund	Capital Projects SPLOST II Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
State funds	$ 91,968,520	$ -	$ 2,682,090	1,459,260	$ 1,171,797	$ 97,281,667
Federal funds	-	-	-	-	9,333,571	9,333,571
Local and other funds	90,776,421	5,733,541	49,311	22,108,196	7,225,029	125,892,498
Total revenues	182,744,941	5,733,541	2,731,401	23,567,456	17,730,397	232,507,736
Expenditures						
Current						
Instruction	122,436,702	-	260,334	311,228	5,650,065	128,658,329
Support services						
Pupil services	8,818,210	-	-	-	1,156,503	9,974,713
Improvement of instructional services	4,267,577	-	-	-	576,518	4,844,095
Educational media services	2,831,713	-	-	-	75,565	2,907,278
Federal grants administration	-				194,211	194,211
General administration	1,551,959	-	-	-	98,909	1,650,868
School administration	12,359,430	-	-	-	302,258	12,661,688
Business administration	1,036,771	-	-	-	-	1,036,771
Maintenance and operation of facilities	13,650,541	-	-	-	75,565	13,726,106
Student transportation services	7,171,731	-	-	-	126,833	7,298,564
Central support services	4,001,455	-	-	-	-	4,001,455
Other support services	163,013	-	-	-	275,938	438,951
Community service	275	-	-	-	2,432,853	2,433,128
Food services	105,824	-	-	-	6,634,831	6,740,655
Capital outlay	-	-	13,231,419	21,735,577	-	34,966,996
Debt Service						
Principal retirement	-	4,189,955	-	-	-	4,189,955
Interest and fees	50	2,129,153	-	-	-	2,129,203
Total expenditures	178,395,251	6,319,108	13,491,753	22,046,805	17,600,049	237,852,966
Excess (deficiency) of revenues over (under) expenditures	4,349,690	(585,567)	(10,760,352)	1,520,651	130,348	(5,345,230)
Other financing sources (uses)						
Transfers in (out)	(8,411,713)	100,000	(100,000)	-	8,411,713	-
Total other financing sources (uses)	(8,411,713)	100,000	(100,000)	-	8,411,713	-
Net change in fund balances	(4,062,023)	(485,567)	(10,860,352)	1,520,651	8,542,061	(5,345,230)
Fund balances, beginning of year	27,373,306	890,303	17,551,769	21,768,114	7,013,198	74,596,690
Fund balances, end of year	$ 23,311,283	$ 404,736	$ 6,691,417	$ 23,288,765	$ 15,555,259	$ 69,251,460

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE SYSTEM-WIDE STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (5,345,230)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($28,927,899) exceeds depreciation ($11,383,402).		17,544,497
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, deferred losses on refundings, and similar items when debt is first issued, where these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:		
Repayment of bond principal	4,189,955	
Amortization on bond discounts and premiums	61,852	
Amortization on deferred loss on bond refunding	(449,521)	
		3,802,286
Because some property taxes will not be collected for several months after the School System's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unavailable tax revenues increased by this amount this year.		52,689
In the statement of activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation leave taken exceeded the amounts earned by this amount.		(61,326)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		596,066
Pension expense reported in the statement of activities is based on actuarially determined net pension liabilities and related deferred outflows and deferred inflows of resources. Pension contributions are reported in the governmental funds as a use of current financial resources. Contributions exceeded the actuarially determined expense by this amount.		8,658,918
Internal service funds are used to charge the costs of workers' compensation claims to the individual funds. Net income of the internal service fund is reported in the governmental activities.		(77,836)
Change in net position of governmental activities		$ 25,170,064

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

General Fund
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - (NON-GAAP BASIS)

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual (Budget basis)	Variance
Revenues				
State funds	$ 89,828,074	$ 89,828,074	$ 90,593,386	$ 765,312
Local and other funds	90,680,575	90,680,575	90,776,421	95,846
Total revenues	180,508,649	180,508,649	181,369,807	861,158
Expenditures				
Current				
Instruction	126,149,343	126,149,343	122,436,702	3,712,641
Support services				
Pupil services	8,629,092	8,629,092	8,818,210	(189,118)
Improvement of instructional services	3,770,296	3,770,296	4,267,577	(497,281)
Educational media services	3,045,669	3,045,669	2,831,713	213,956
General administration	1,662,082	1,662,082	1,551,869	110,213
School administration	12,662,020	12,662,020	12,359,430	302,590
Business administration	1,132,080	1,132,080	1,018,916	113,164
Maintenance and operation of facilities	13,574,701	13,574,701	13,383,736	190,965
Student transportation services	7,832,795	7,832,795	6,973,063	859,732
Central support services	4,011,922	4,011,922	3,983,965	27,957
Other support services	100,000	100,000	155,813	(55,813)
Community service	-	-	275	(275)
Food services	-	-	2,649	(2,649)
Debt service				
Interest and fees	-	-	50	(50)
Total expenditures	182,570,000	182,570,000	177,783,968	4,786,032
Excess (deficiency) of revenues over (under) revenues	(2,061,351)	(2,061,351)	3,585,839	5,647,190
Other financing uses				
Transfers out	1,400,000	8,355,582	8,411,713	(56,131)
Total other financing uses	1,400,000	8,355,582	8,411,713	(56,131)
Net change in fund balances	$ (3,461,351)	$ (10,416,933)	$ (4,825,874)	$ 5,591,059

The accompanying notes are an integral part of this statement.

Fayette County Board of Education

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016

	Governmental Activities-- Internal Service Workers' Compensation Fund
ASSETS	
Current Assets:	
Cash	$ 2,574,664
Investments	287
Total assets	2,574,951
LIABILITIES	
Current Liabilities:	
Accounts payable	57,924
Claims payable	200,000
Total current liabilities	257,924
Noncurrent Liabilities:	
Claims payable	865,000
Total noncurrent liabilities	865,000
Total liabilities	1,122,924
NET POSITION	
Unrestricted	1,452,027
Total net position	$ 1,452,027

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Proprietary Funds

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2016

	Governmental Activities-- Internal Service Workers' Compensation Fund
Operating revenues	
Local and other funds	$ 900,000
Total operating revenues	900,000
Operating expenses	
Administration	216,300
Claims	761,536
Total operating expenses	977,836
Change in net position	(77,836)
Net position, beginning of year	1,529,863
Net position, end of year	$ 1,452,027

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Proprietary Funds

STATEMENT OF CASH FLOWS

For the year ended June 30, 2016

	Governmental Activities-- Internal Service Workers' Compensation Fund
Cash flows from operating activities:	
Cash received from interfund services	$ 900,000
Cash paid to suppliers	(971,540)
Net cash used by operating activities	(71,540)
Net decrease in cash	(71,540)
Cash at beginning of year	2,646,204
Cash at end of year	$ 2,574,664
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (77,836)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets and liabilities:	
Accounts payable	6,296
Net cash used by operating activities	$ (71,540)

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Fiduciary Funds

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

	David Phillips Memorial Private-Purpose Trust Fund	Agency Fund Club and Class Funds
ASSETS		
Cash	$ -	$ 1,654,662
Investments	9,486	-
Total assets	9,486	1,654,662
LIABILITIES		
Due to student groups	-	1,654,662
NET POSITION		
Restricted for scholarships	$ 9,486	$ -

The accompanying notes are an integral part of this statement.

Fayette County Board of Education
Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2016

	David Phillips Memorial Private-Purpose Trust Fund
ADDITIONS	
Interest	$ 26
Total additions	26
Change in net position	26
NET POSITION, beginning of year	9,460
NET POSITION, end of year	$ 9,486

The accompanying notes are an integral part of this statement.



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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fayette County Board of Education (the "School System") have been prepared in conformity with accounting principles generally accepted in the United States of America ("USGAAP") as applicable to government units. The more significant of the School System's accounting policies are summarized below.

1. Description of System-wide Financial Statements

The system-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School System. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

2. Reporting Entity

The School System was established under the laws of the State of Georgia and operates under the guidance of a five member school board (the "Board") elected by the voters of Fayette County and a superintendent appointed by the Board. The School System is organized as a separate legal entity and has the power to levy taxes, issue bonds with voter approval, and conduct all other business pursuant to the operation of the School System. Its budget is not subject to approval by any other entity. Accordingly, the School System is a primary government and consists of all the organizations that compose its legal entity. There are no component units included in the School System's reporting entity as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61.

3. Basis of Presentation – System-wide Financial Statements

While separate system-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the system-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the system-wide financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the School System's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements

The School System reports the following major governmental funds:

The *General Fund* is the School System's primary operating fund. It accounts for all financial resources of the School System, except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service.

The *Capital Projects – SPLOST I Fund* is used to account for various projects funded by an educational special purpose local option sales tax and approved by voter referendum in 2008.

The *Capital Projects – SPLOST II Fund* is used to account for various projects funded by an educational special purpose local option sales tax and approved by voter referendum in 2012.

The School System does not report any enterprise funds.

Additionally, the School System reports the following fund types:

The *special revenue funds* account for revenue sources that are restricted or committed to expenditure for specific programs, primarily federal and state grant funded programs. These grants are awarded to the School System for the purpose of accomplishing specific educational tasks as defined in the grant agreements. These funds also contain several locally funded programs whose expenditures are limited to specific purposes. School Activity Funds are also reported as special revenue funds. The School Activity Funds are used to account for funds collected primarily through the fund raising efforts of the individual school. Each school's principal is responsible, under the authority of the School System, for collecting, controlling, disbursing and accounting for his or her school's funds. All resources of the fund, including any earnings on invested resources, may be used to support the schools' activities.

The *capital project funds* account for resources provided for the acquisition, construction or renovation of major capital facilities.

The *internal service fund* accounts for the self-insurance of workers' compensation of the School System's employees.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

4. Basis of Presentation – Fund Financial Statements - continued

The *fiduciary funds* are a classification of funds used to account for assets held on behalf of various funds, governments or individuals. The fiduciary funds include the following fund types:

The *agency fund* accounts for student club and class accounts.

The *private-purpose trust fund* accounts for resources devoted to the presentation of a scholarship awarded to a student each year. The corpus of this trust fund is to be invested and remain intact, with the investment earnings to be used to provide the scholarships.

During the course of operations the School System has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the system-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is include as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the system-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The system-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all requirements imposed by the provider have been met.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

5. Measurement Focus and Basis of Accounting - continued

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School System considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period. Additionally, the School System considers grant revenues to be available if all requirements imposed by the provider have been met, regardless of timing of the collection. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, grant revenue, state QBE ("Quality Basic Education") revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

The State of Georgia ("the State") reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State reimburses the School System over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State has a signed appropriation that includes this final amount, which represents the State's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

6. Cash and Cash Equivalents

The School System's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Official Code of Georgia Annotated ("O.C.G.A.") 45-8-14 authorizes the School System to deposit its funds in one or more solvent banks or insured federal savings and loan associations.

7. Investments

Investments made in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-bearing contract 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.

8. Inventories and Prepaid Items

Inventories consist of consumable supplies and food used in the preparation of meals reported using the first-in, first-out method (FIFO). Inventories of donated food commodities are reported at their federally assigned values. Inventories of purchased food and consumable supplies are valued at cost. The cost of such invenotires is recorded as expenditures/expenses when consumed rather than when purchased. Donated food commodities are recorded as revenue when received.

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

9. Capital Assets

Capital assets, which include property and equipment, are reported in the system-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

9. Capital Assets- continued

Land and construction in progress are not depreciated. Other property and equipment of the School System is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	25 to 50 years
Computers	5 years
Machinery and equipment	5 to 20 years
Kitchen equipment	15 to 20 years
Vehicles	10 years

10. Compensated Absences

It is the School System's policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when incurred in the system-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick and personal leave does not vest with the employee and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of resources that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to the items related to changes in net pension liability as discussed below, the School System has a deferred loss on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the items related to changes in net pension liability as discussed below, the School System has one item that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is reported only in the governmental funds balance sheet. This amount will be recognized as an inflow of resources in the period in which the amount becomes available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

11. Deferred Outflows/Inflows of Resources - continued

The School System also has deferred outflows and inflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the pension plan's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining live of the plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the School System to the pension plan before year end but subsequent to the measurement date of the School System's net pension liability are reported as deferred outflows of resources.

12. Fund Balance Policy and Flow Assumptions

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring use of resources for specific purposes. The School System itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School System's highest level of decision-making authority. The School Board is the highest level of decision-making authority for the School System that can, by a majority vote after a recommendation brought to it by the Superintendent or a member of the Board prior to year end, commit fund balance. Once approved, the limitation imposed by the vote remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School System for specific purposes but do not meet the criteria to be classified as committed. By policy, the Board has authorized the Superintendent to assign fund balance, with Board consent. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

12. Fund Balance Policy and Flow Assumptions -continued

Other categories of fund balance are:

Nonspendable: Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Fund balances are reported as restricted when there are limitations imposed on their use whether through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the criterion to be classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Sometimes the School System will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School System's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Net Position Flow Assumptions

Sometimes the School System will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the system-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are to be applied.

Based on the School System's policy on fund balance flows where restricted fund balance is depleted before using unrestricted fund balance, restricted – net position is to be depleted before unrestricted – net position is applied.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

14. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

15. 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") and the Public School Employees Retirement System ("PSERS") and additions to/deductions from TRS's and PSERS's fiduciary net position have been determined on the same basis as they were reported on by TRS and PSERS, respectively. 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.

16. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School System's internal service fund are charges to customers for services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fayette County Board of Education adopts annual budgets for its General Fund, Debt Service Fund and special revenue funds. Appropriations not spent or encumbered lapse at year end. Any outstanding encumbrances must be reappropriated in the budget of the following year. The budget process begins when the School System's administration prepares a tentative budget for the Board's approval. 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. At the next regular meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. This final budget is then submitted to the Georgia Department of Education, in accordance with provisions of the Quality Basic Education Act.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the aggregate level by fund type. Management may make transfers of appropriations within a specific fund and between funds within the same fund type.

The Statement of Revenues and Expenditures - Budget and Actual presents actual and budget data for the General Fund. To facilitate comparison with the budget, adjustments have been made to actual revenues and expenditures to reflect actual amounts on the budget basis.

The primary differences between the budget basis and accounting principles generally accepted in the United States of America ("USGAAP") are:

(a) State revenue relating to Quality Basic Education expenditures is recorded when received (budget) rather than when susceptible to accrual (USGAAP).

(b) Payments made by the State of Georgia for School System employee benefits are recognized as revenues and expenditures under USGAAP and are not recognized on the budget basis.

Adjustments necessary to convert the General Fund's net change in fund balance from the USGAAP basis to the budget basis are shown below:

USGAAP Basis Net Change in Fund Balances	$	(4,062,023)
Adjustments for:		
State QBE revenue		(763,851)
State paid employee benefit revenue		(611,283)
State paid employee benefit expenditures		611,283
Budget Basis Net Change in Fund Balances	$	(4,825,874)

NOTE C – DEPOSTS AND INVESTMENTS

Credit Risk. O.C.G.A. 36-83-4 authorizes the School System 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. The School System may invest its funds in obligations of the State of Georgia or other states, obligations issued by the United States government, obligations fully insured or guaranteed by the United States government or a United States government agency, obligations of any corporation of the United States government, prime banker's acceptances, the Georgia Fund 1 administered and regulated by the Georgia Office of the State Treasurer, repurchase agreements, and obligations of political subdivisions of the State of Georgia. The School System does not have a policy for credit risk beyond the types of investments authorized by Georgia state law.

NOTE C – DEPOSTS AND INVESTMENTS – continued

At June 30, 2016, the School System had the following investments:

Investment Type	Maturities	Rating	Fair Value
Georgia Fund 1	42 day weighted average	AAAf	$ 75,499,870
Money market mutual funds	N/A	N/A	22,599
			$ 75,522,469

Georgia Fund 1, created by O.C.G.A. 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAf rated money market funds. The pool is not registered with the Securities Exchange Commission as an investment company. The Office of the State Treasurer is the regulatory oversight agency for Georgia Fund 1. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. The pool also adjusts the value of its investments to fair market value as of year end and the School System's investment in Georgia Fund 1 is reported at fair value. The pool does not issue any legally binding guarantees to support the value of the shares. Participation in the pool is voluntary and deposits consist of funds from local governments; operating and trust funds of Georgia's state agencies; colleges and universities; and current operating funds of the State of Georgia's general fund. Investments in Georgia Fund 1 are directed toward short-term instruments such as U.S. Treasury obligations, securities issued or guaranteed as to principal and interest by the U.S. government or any of its agencies or instrumentalities, banker's acceptances and repurchase agreements. The remaining investments are reported at fair value.

Fair Value Measurements. The School System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant observable inputs. The School System has the following recurring fair value measurements as of June 30, 2016:

Money market mutual funds	$22,599	Level 2

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School System does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

Interest rate risk. 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. However, the School System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE C – DEPOSTS AND INVESTMENTS – continued

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of failure of a depository financial institution or of counterparties to investment transactions, the School System will not be able to recover deposits, investments or collateral securities that are in the possession of an outside party. The School System follows Georgia state law which requires bank balances to be covered by federal deposit insurance or by collateral held by the School System's agent in the School System's name. As of June 30, 2016, the School System was not exposed to custodial credit risk for investments. The School System does not have a policy for custodial credit risk beyond the requirements of Georgia state law.

NOTE D – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of grant reimbursements due primarily from the Georgia Department of Education.

NOTE E – TAXES RECEIVABLE

Property taxes were levied on September 15, 2015, based on property values assessed as of January 1, 2015, and were considered past due if not paid on or before November 15, 2015, at which time the applicable property is subject to lien, and penalties and interest may be assessed. State law limits the School System's tax levy for operations to 20 mills (one mill equals $1 per thousand dollars of assessed value). Taxes levied in calendar year 2015 were levied at 20.00 mills for operations and 1.35 mills for school bonds.

Tax revenues, at the fund reporting level, amounted to $89,746,279 for maintenance and operations and $5,732,312 for school bonds.

A one percent Special Purpose Local Option Sales Tax (SPLOST) is to be used for capital outlay for educational purposes and for debt service. The State of Georgia collects the tax on behalf of the School System. Collection on the tax authorized under the 2008 referendum (SPLOST I) terminated on March 31, 2014. Collection of the tax authorized under the 2012 referendum will terminate once a total of $107,000,000 has been collected or on March 31, 2019, whichever occurs first.

SPLOST tax revenues, at the fund reporting level, amounted to $22,010,037 as of June 30, 2016.

NOTE E – TAXES RECEIVABLE - continued

At June 30, 2016, taxes receivable, at the fund reporting level, consisted of the following:

- $1,301,351 (net of $670,393 in allowances for doubtful accounts) in delinquent property taxes receivable was recognized as receivable and as deferred inflows,
- $847,875 of property tax was recognized as receivable and as revenue because it was considered susceptible for accrual based on collections within 60 days of year end,
- $1,943,389 of SPLOST receipts recognized as receivables and as revenue because it was considered susceptible for accrual based on collections within 60 days of year end,
- and $300504 of intangible recording and real estate transfer taxes.

NOTE F – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2016, interfund receivables and payables consisted of the following:

	RECEIVABLE Major Fund General Fund	SPLOST I	Nonmajor Fund School Nutrition	Total
PAYABLE FUNDS				
General Fund	$ -	$ 71,106	$ -	$ 71,106
SPLOST II	59,419	186,143	-	245,562
Nonmajor Funds:				
Nutrition Service	21,086	-	-	21,086
Title I	57,737	-	14	57,751
IDEA	320,689	-	-	320,689
Vocational Grants	44,750	-	-	44,750
Title II	6,350	-	-	6,350
Title III	11,673	-	-	11,673
GOSA	52,594	-	-	52,594
Community Education	-	-	1,219	1,219
After School Program	-	-	8,294	8,294
	$ 574,298	$ 257,249	$ 9,527	$ 841,074

Interfund balances resulted from the time lag between receiving and recognizing certain revenues and meeting temporary cash flow requirements.

NOTE G – CAPITAL ASSETS

The following is a summary of capital asset activity for the fiscal year ending June 30, 2016:

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
Capital assets, not being depreciated					
Land	$ 14,665,111	$ -	$ -	$ -	$ 14,665,111
Construction in progress	12,314,303	24,597,225	-	(19,734,099)	17,177,429
Total capital assets, not being depreciated	26,979,414	24,597,225	-	(19,734,099)	31,842,540
Capital asset, being depreciated					
Buildings and improvements	324,512,858	117,135	-	14,446,942	339,076,935
Autos and trucks	23,323,478	1,750,672	(3,335,996)	-	21,738,154
Other equipment	28,792,201	2,462,867	-	5,287,157	36,542,225
Total capital assets, being depreciated	376,628,537	4,330,674	(3,335,996)	19,734,099	397,357,314
Less accumulated depreciation for:					
Buildings and improvements	(132,185,793)	(6,791,036)	-	-	(138,976,829)
Autos and trucks	(12,761,391)	(1,815,557)	3,335,996	-	(11,240,952)
Other equipment	(19,675,306)	(2,776,809)	-	-	(22,452,115)
Total accumulated depreciation	(164,622,490)	(11,383,402)	3,335,996	-	(172,669,896)
Total capital assets being depreciated, net	212,006,047	(7,052,728)	-	19,734,099	224,687,418
Governmental activities capital assets, net	$ 238,985,461	$ 17,544,497	$ -	$ -	$ 256,529,958

Depreciation expense was charged to various functions for governmental activities as follows:

Instruction	$ 6,983,705
Support services	
Pupil services	1,577
Improvement of instructional services	188,510
Educational media services	196,522
General administration	30,786
School administration	836,714
Business administration	1,823
Maintenance and operations of facilities	79,690
Student transportation services	1,806,350
Central support services	522,176
Community service	14,252
Food services	721,297
Total depreciation	$ 11,383,402

NOTE H – LONG-TERM DEBT

General Obligation Bonds

In September 2013, the School System issued $53,240,000 in Series 2013 General Obligation Bonds to advance refund a portion of its outstanding Series 2005 General Obligation Bonds and a portion of its outstanding Series 2007 General Obligation Bonds. The net proceeds of $52,901,111 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments beginning in 2017 on the Series 2005 Bonds and future debt service payments beginning in 2018 through a portion of 2026 on the Series 2007 Bonds. As a result, these portions of the Series 2005 and Series 2007 Bonds are considered defeased and the liability for these bonds has been removed from the statement of net position.

Additionally, the School System sold an unoccupied elementary school facility for $5,170,000 in fiscal year 2014. The proceeds of the sale were placed in escrow to defease the principal and interest payments of the Series 2007 Bonds due in 2026 and 2027 remaining after the transaction to advance refund the debt with the issuance of the Series 2013 Bonds. These bonds are considered to be defeased and the liability for these bonds has been removed from the statement of net position.

At June 30, 2016 $17,080,000 of the defeased bonds from Series 2007 remain outstanding. The defeased bonds from Series 2005 were called and paid in fiscal year 2016.

In March 2007, the School System issued $29,965,000 in 2007 General Obligation Bonds for the purpose of acquiring, constructing and equipping new school buildings and facilities, renovating existing facilities, and acquiring, installing and equipping system-wide technology. A portion of these bonds remain outstanding subsequent to the issuance of the advance refunding resulting from the issuance of the 2013 Bonds and the sale of property.

General obligation bonds consist of the following as of June 30, 2015:

Series	Coupon Rate	Maturities	Balance
2007	3.50% to 5.00%	2011 to 2017	$ 1,465,000
2013	2.53%	2014 to 2026	51,399,972
			$ 52,864,972

NOTE H – LONG-TERM DEBT – continued

General Obligation Bonds - continued

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Principal	Interest	Total
2017	$ 4,995,000	$ 1,362,682	$ 6,357,682
2018	5,205,000	1,211,110	6,416,110
2019	5,390,000	1,079,424	6,469,424
2020	5,590,000	943,057	6,533,057
2021	5,785,000	801,630	6,586,630
2022-2026	25,899,972	1,703,572	27,603,544
Total	$ 52,864,972	$ 9,101,475	$ 59,966,447

Changes in Long-Term Liabilities

The changes in long-term debt during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 57,054,927	$ -	$ (4,189,955)	$ 52,864,972	$ 4,995,000
Less discount on issuance of bonds	(3,394)	-	3,394	-	-
Plus premium on issuance of bonds	108,741	-	(65,246)	43,495	-
Total bonds payable	57,160,274	-	(4,251,807)	52,908,467	4,995,000
Claims payable	1,065,000	761,536	(761,536)	1,065,000	200,000
Accrued compensated absences payable	751,422	1,121,793	(1,060,467)	812,748	81,253
Net pension liability	128,176,906	40,384,477	(14,860,417)	153,700,966	-
	$ 187,153,602	$ 41,267,806	$ (20,934,227)	$ 208,496,181	$ 5,276,253

Claims payable and compensated absences are generally liquidated by the General Fund.

NOTE I - FUND BALANCES

Nonspendable – The following fund balance are nonspendable because they are allocated to:

General Fund:	
Prepaid items	$ 4,788
Inventory	135,418
Nonmajor Special Revenue Funds:	
School Nutrition Service Fund inventory	184,953
Nonmajor Capital Project Fund:	
Regular Capital Projects prepaid items	196,940
Total Nonspendable Fund Balance	$ 522,099

Restricted – The following balances are restricted for:

Debt Service Fund: used to account for tax proceeds and debt service payments on general obligation debt	$ 404,736
Capital Projects-SPLOST I Fund: used to account for sales tax proceeds collected under the 2008 SPLOST referendum and the cost of capital projects financed with those SPLOST proceeds	6,691,417
Capital Projects-SPLOST II Fund: used to account for sales tax proceeds collected under the 2012 SPLOST referendum and the cost of capital projects financed with those SPLOST proceeds	23,288,765
Nonmajor Special Revenue Funds:	
School Nutrition Services Fund – used to account for activity of the school lunch program	2,064,162
Friends Mentoring Program Fund– used to account for proceeds of grant from Department of Human Resources	21,024
Other Grants Fund– used to account for various grant awards	3,592
Total Restricted Fund Balance	$ 32,473,696

NOTE I - FUND BALANCES - continued

Committed - The following fund balances are committed to:

Nonmajor Special Revenue Funds:	
Community Education Fund – used to account for the activities of community school programs	$ 397,524
After School Program Fund – used to account for the activities of after school programs	761,687
Donations Fund – used to account for resources provided by donations	95,065
Auditorium Rentals Fund – used to account for resources generated by auditorium facility rentals	62,232
Principals' Fund – used to account for resources generated by schools for various school activities and needs	1,130,086
Total Committed Fund Balance	$ 2,446,594

Assigned – The following fund balances are assigned to:

Nonmajor Capital Project Funds:	
Regular Capital Project Fund – to account for amounts intended to be spent on capital outlay	$ 10,834,934
Total Assigned Fund Balance	$ 10,834,934

NOTE J – INTERFUND TRANSFERS

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

	TRANSFERS OUT				
	Major Funds		Nonmajor Funds		
	General Fund	SPLOST I	Community School	After School	Total
TRANSFERS IN					
Debt Service Fund	$ -	$ 100,000	$ -	$ -	$ 100,000
Nonmajor Funds:					
Regular Capital Projects	7,955,582		850,000	1,000,000	9,805,582
JR ROTC	199,411	-	-	-	199,411
Lottery	256,720	-	-	-	256,720
	$ 8,411,713	$ 100,000	$ 850,000	$ 1,000,000	$ 10,361,713

NOTE J – INTERFUND TRANSFERS - continued

As authorized by the SPLOST referendum, a portion of SPLOST receipts are to be used toward principal and interest payments on certain general obligation debt. During the year, $100,000 of SPLOST receipts was transferred to the Debt Service Fund in order to make these debt service payments.

The General Fund provides funding for various programs accounted for in other funds but which are not completely funded by state, federal or local grants or other proceeds.

NOTE K – RISK MANAGEMENT

The School System is exposed to various risks of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; job related injuries to employees; natural disasters and unemployment compensation.

Risk Pool

The School System has elected to be a member of the Georgia School Boards Association- Risk Management Fund (GSBA–RMF), an interlocal risk management agency created under Georgia law. Coverage for losses arising from certain liability and property risks to the School System is provided through a group self-insurance plan. For accounting purposes, this plan is considered to be a risk transfer pool. Under this plan, the School System is responsible for the first $10,000 of each property loss, the first $1,000 of auto physical damage loss, the first $2,500 of each auto liability claim and the first $10,000 of each school leader's liability claim. The plan assumes certain risks of the School System in excess of the stated retentions up to certain customary coverage limits. The School System is required to make a financial contribution to the plan each year in an amount that is determined on the basis of actuarial projections of losses. There has been no significant reduction in insurance coverage from the coverage maintained in the prior year. Additionally, there were no settlements in excess of the insurance coverage in any of the past three years.

Management of GSBA–RMF has informed the School System it had no outstanding liabilities within the loss retentions stated in the preceding paragraph. Management of GSBA–RMF has also informed the School System that there is a possibility of additional contribution liability in the event that the plan is terminated or the School System elects to withdraw prematurely. No amount has been recorded in financial statements due to the belief that plan termination is unlikely and withdrawal by the School System is not contemplated.

NOTE K – RISK MANAGEMENT - continued

Workers' Compensation Claims

The School System is self-insured for workers' compensation claims. The School System accounts for workers' compensation claims in an internal service fund. Workers' compensation claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School System, in consultation with its claims administrator, has accrued a liability for claims that have been incurred but not reported.

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

Year Ended June 30,	Beginning of Year Liability	Current Year Claims Accrual	Claims Paid	End of Year Liability
2016	$ 1,065,000	$ 761,536	$ 761,536	$ 1,065,000
2015	$ 1,065,000	$ 1,054,537	$ 1,054,537	$ 1,065,000

Unemployment Claims

The School System is self insured for unemployment compensation claims. These claims are accounted for in the School System's General Fund. Unemployment compensation expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the unemployment compensation liability during the last two fiscal years were as follows:

Year Ended June 30,	Beginning of Year Liability	Current Year Unemployment Accrual	Unemployment Paid	End of Year Liability
2016	$ -	$ 3,306	$ 3,306	$ -
2015	$ -	$ 2,476	$ 2,476	$ -

NOTE L – ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The School System has recognized revenue and expenditures in the General Fund for retirement contributions paid on the School System's behalf as follows:

Georgia Department of Education	
Paid to Teachers' Retirement System (TRS)	$ 252,513
Office of Treasury and Fiscal Services	
Paid to the Public School Employees' Retirement System (PSERS)	358,770
	$ 611,283

NOTE M – RETIREMENT PLANS

The School System participates in various retirement plans administered by the State of Georgia. There are two major retirement systems in which the School System participates. These systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

Teachers Retirement System (TRS)

Plan Description. All teachers of the School System as defined by O.C.G.A. 47-3-60 and certain other support personnel as defined by O.C.G.A 47-3-63 are provided a pension through the Teachers Retirement System of Georgia ("TRS"). TRS is a cost-sharing multiple employer defined benefit pension and 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 for its members. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal to 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 O.C.G.A, contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. 47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2016. The School System's contractually required contribution rate for the year ended June 30, 2016 was 14.27% of annual School System payroll.

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

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 16,124,883
2015	100%	$ 14,012,935
2014	100%	$ 12,707,938

NOTE M – RETIREMENT PLANS – continued

Public School Employees' Retirement System (PSERS)

Plan Description. Public School Employees' Retirement System of Georgia (PSERS) is a cost-sharing multiple employer defined benefit 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 Employee Retirement System ("ERS") Board of Trustees, plus two additional trustees, administer PSERS. Title 47 of 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.

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

NOTE M – RETIREMENT PLANS – continued

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

Effective July 1, 2014, the School System implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which significantly changed the School System's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

At June 30, 2016, the School System reported a liability for its proportionate share of the net pension liability for Teachers Retirement System (TRS) that reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. The amount recognized by the School System 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 System were as follows:

School System's proportionate share of the net pension liability	$ 153,700,966
State of Georgia's proportionate share of the net pension liability associated with the System	$ 2,502,827
Total	$ 156,203,793

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

At June 30, 2015, the School System's TRS proportion is 1.009596%, which was a decrease of 0.004969% from its proportion measured as of June 30, 2014.

At June 30, 2016, the School System 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 System is $1,414,807.

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

NOTE M – RETIREMENT PLANS – continued

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

For the year ended June 30, 2016, the School System recognized pension expense of $9,853,196 for the changes in the TRS net pension liability and the associated deferred outflows and inflows of resources. Additionally, the School System recognized pension expense and revenue of $173,454 for TRS and of $84,371 for PSERS for support provided by the State of Georgia for certain support personnel.

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 1,351,879
Net difference between projected and actual earnings on pension plan investments	-	12,964,838
Changes in proportion and differences between School System contributions and proportionate share of contributions	-	8,797,465
School System contributions subsequent to the measurement date	16,124,883	-
Total	$ 16,124,883	$ 23,114,182

School System contributions subsequent to the measurement date of June 30, 2015 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	TRS
2017	$ (8,891,414)
2018	(8,891,414)
2019	(8,891,424)
2020	3,656,991
2021	(96,921)
Thereafter	-

NOTE M – RETIREMENT PLANS – continued

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

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

Teachers Retirement System:

Inflation	3.0%
Salary increase	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates related to TRS 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.

Public School Employees' Retirement System:

Inflation	3.0%
Salary increase	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2014 valuations 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 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:

NOTE M – RETIREMENT PLANS – continued

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

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 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 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 expect rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount rate (7.5%)	1% Increase (8.5%)
System's proportionate share of the net pension liability	$264,123,489	$153,700,966	$62,686,532

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

NOTE M – RETIREMENT PLANS – continued

Fayette County School System Supplemental Retirement Plan

Plan Description. The Fayette County School System Supplemental Retirement Plan (the "Plan") is a single employer defined contribution plan established and administered by the Fayette County Board of Education for those employees covered by PSERS who did not elect coverage under Social Security in 2002. The Plan provides retirement benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the Board. At June 30, 2016, there were 897 plan participants.

Contributions. Under the Plan, the School System contributes 7.5% of each participant's base compensation. Participants may not make contributions to the Plan. For the fiscal year ending June 30, 2016, the School System's contribution to the Plan was approximately $86,000.

NOTE N – POSTEMPLOYMENT BENEFITS

Plan Description. The Georgia School Personnel Post-employment Health Benefit Fund ("School OPEB Fund") is a cost-sharing multiple-employer defined benefit postemployment 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 Insurance 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. Additional information about the School OPEB Fund is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This report can be obtained from the Georgia Department of Audits and Accounts.

Contributions. The contribution requirements of plan members and participating employers are established and may be amended by the Board of Community Health. 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 twenty-five percent (25%) of the cost of health insurance coverage. In accordance with the Board of Community Health 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 of Community Health may be changed at any time by resolution and does not constitute a contract or promise of any amount of subsidy.

NOTE N – POSTEMPLOYMENT BENEFITS – continued

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established by the Board of Community Health. The contribution rates are established to fund all benefits under the health insurance plans for both the 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 of Community Health for employers participating in the School OPEB Fund are as follows for the fiscal year ended June 30, 2016:

Employee Group	Months Paid	Rate per Month	Coverage Period
Certificated (teachers)	July 2015 – June 2016	$945.00	August 2015 – July 2016
Non-certificated	July 2015 – December 2015	$596.20	August 2015 – January 2016
	January 2016 – June 2016	$746.20	Februay 2016 – July 2016

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 18,895,044
2015	100%	$ 17,234,824
2014	100%	$ 17,269,168

NOTE O – NON-MONETARY TRANSACTIONS

The School System received from the United States Department of Agriculture through the Georgia Department of Education approximately $591,000 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenues when received and as expenditures when used.

NOTE P – COMMITMENTS AND CONTINGENCIES

Contracts

The School System has entered into various construction and renovation contracts that are in progress at year end. At year end, approximately $7,665,000 remains to be paid on these contracts.

Grant Programs

The School System participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Amounts received or receivable related to these grants are subject to the audit and review by grantor agencies. This could result in request for reimbursement to the grantor agency for any costs which are disallowed under the terms of the grant. The School System has recorded all such known contingent liabilities related to grant programs in the financial statements. The School System believes that any additional such disallowances, if any, will be immaterial to its overall financial position.

Litigation

The School System is engaged in other various lawsuits arising in the ordinary course of business. These lawsuits are in various stages of the litigation process, and their ultimate outcome cannot be determined currently. Management does not believe the ultimate outcome of these lawsuits will have a material impact on the School System's financial statements.



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Required Supplementary Information

Fayette County Board of Education

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Teachers Retirement System of Georgia
For the Year Ended June 30

	2016	2015
System's proportion of the net pension liability	1.009596%	1.014565%
System's proportionate share of the net pension liability	$ 153,700,966	$ 128,176,906
State of Georgia's proportionate share of the net pension liability associated with the School System	2,502,827	1,956,073
Total	$ 156,203,793	$ 130,132,979
School System's covered-employee payroll	$ 106,562,244	$ 106,658,720
School System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	144.24%	120.17%
Plan fiduciary net position as a percentage of the total pension liability	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Fayette County Board of Education

Required Supplementary Information
Schedule of Contributions
Teachers Retirement System of Georgia
For the Year Ended June 30

	2016	2015
Contractually required contribution	$ 16,124,883	$ 14,012,935
Contributions in relation to the contractually required contribution	$ 16,124,883	$ 14,012,935
Contribution deficiency (excess)	$ -	$ -
School System's covered-employee payroll	$ 112,998,480	$ 106,562,244
Contributions as a percentage of covered payroll	14.27%	13.15%
Plan fiduciary net position as a percentage of the total pension liability	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Fayette County Board of Education

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS RETIREMENT SYSTEM OF GEORGIA
For the Year Ended June 30, 2016

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 the year ended June 30, 2016 reported in that schedule:

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

Fayette County Board of Education

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Public School Employees Retirement System of Georgia
For the Year Ended June 30

	2016	2015
System's proportion of the net pension liability	0.00%	0.00%
System's proportionate share of the net pension liability	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the School System	1,414,807	1,282,001
Total	$ 1,414,807	$ 1,282,001
School System's covered-employee payroll	$ 6,227,365	$ 6,096,868
School System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Fayette County Board of Education

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
For the Year Ended June 30, 2016

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

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

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

Combining Statements and Schedules

Fayette County Board of Education

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for funds received from other governmental agencies and users that are legally restricted to be expended for specified purposes. These funds also account for receipt and expenditures of resources transferred from the General Fund when these funds are inadequate to finance the specified activities. The following funds are included in the Special Revenue Funds category:

School Nutrition Service Fund is used to account for the school breakfast and lunch programs which are funded primarily by the Federal government.

Title I Fund was established to account for federal grant funds flowing through the State of Georgia Department of Education to the School System for the purpose of providing remedial education in the areas of reading and math and of providing a special education program for children who are physically handicapped.

Individuals With Disabilities Education Act (IDEA) Fund was established to account for federal grant funds flowing through the State of Georgia Department of Education to the School System, for the purpose of providing special education programs for children in pre-kindergarten through the twelfth grade.

Vocational Grants Fund was established to account for federal grant funds flowing through the Georgia Department of Education for providing a vocational curriculum program for students.

Eisenhower Professional Development (Title II) Fund was established to account for federal grant funds flowing through the State of Georgia Department of Education to the School System, for the purpose of training teachers in the math, science, foreign language and computer science programs.

Title III Fund was established to account for federal funds flowing through the State of Georgia Department of Education for the purpose of providing programs for training teachers in new teaching methods of ESOL and providing learning materials for students.

Jr. ROTC Fund was established to account for federal funds from the Department of Defense for the purpose of training students in military protocol and serving as an incentive for students to further seek a career in the United States Air Force.

Sandy Creek GOSA Fund was established to account for state funds from the Governor's Office of Student Achievement for professional development related to computer science curricula.

Lottery Fund was established to account for state lottery funds.

Friends Mentoring Program Fund was established to account for funds flowing through the Department of Human Resources to the School System for the purpose of providing services to at risk youths to prevent juvenile delinquency and substance abuse.

Other Grants Fund was established to account for various grant awards not reported in other special revenue funds.

Community Education Fund was established to account for local fees paid by students for the Community School classes

Fayette County Board of Education

NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED

SPECIAL REVENUE FUNDS - continued

After School Program Fund was established to account for local fees paid for the after school program in place at various Fayette County Schools.

Donations Fund was established to account for donations by various businesses and individuals for various specified purposes.

Auditorium Rentals Fund was established to account for the proceeds and costs of renting auditorium facilities to various outside groups.

Principals' Fund was established for funds raised at each school for local school programs.

CAPITAL PROJECTS FUND

The Capital Projects Funds are used to account for resources provided for the acquisition or construction of major capital facilities. The School System has one non-major capital projects fund (Regular Capital Projects) that is used to account for locally funded construction and renovation projects.

Fayette County Board of Education

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds	Regular Capital Projects Fund	Total Non-Major Funds
ASSETS			
Cash	$ 5,466,521	$ 1,653,854	$ 7,120,375
Investments	4,757	8,984,140	8,988,897
Due from other governments	1,033,282	-	1,033,282
Due from other funds	9,527	-	9,527
Due from others	959	-	959
Prepaid items	-	196,940	196,940
Inventory	184,953	-	184,953
Total assets	$ 6,699,999	$ 10,834,934	$ 17,534,933
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 65,268	$ -	$ 65,268
Salaries payable	1,390,000	-	1,390,000
Due to other funds	524,406	-	524,406
Total liabilities	1,979,674	-	1,979,674
Fund balances			
Nonspendable	184,953	196,940	381,893
Restricted	2,088,778	-	2,088,778
Committed	2,446,594	-	2,446,594
Assigned	-	10,637,994	10,637,994
Total fund balances	4,720,325	10,637,994	15,555,259
Total liabilities and fund balances	$ 6,699,999	$ 10,637,994	$ 17,534,933

Fayette County Board of Education

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2016

	Special Revenue Funds	Regular Capital Projects Fund	Total Non-Major Funds
Revenues			
State funds	$ 1,171,797	$ -	$ 1,171,797
Federal funds	9,333,571	-	9,333,571
Local and other funds	7,220,957	4,072	7,225,029
Total revenues	17,726,325	4,072	17,730,397
Expenditures			
Current			
Instruction	5,650,065	-	5,650,065
Support services			
Pupil services	1,156,503	-	1,156,503
Improvement of instructional services	576,518	-	576,518
Educational media services	75,565	-	75,565
Federal grants administration	194,211	-	194,211
General administration	98,909	-	98,909
School administration	302,258	-	302,258
Maintenance and operation of facilities	75,565	-	75,565
Student transportation services	126,833	-	126,833
Other support services	275,938	-	275,938
Community service	2,432,853	-	2,432,853
Food services	6,634,831	-	6,634,831
Total expenditures	17,600,049	-	17,600,049
Excess of revenues over expenditures	126,276	4,072	130,348
Other financing sources (uses)			
Transfers in (out)	(1,393,869)	9,805,582	8,411,713
Total other financing sources (uses)	(1,393,869)	9,805,582	8,411,713
Net change in fund balances	(1,267,593)	9,809,654	8,542,061
Fund balances, beginning of year	5,987,918	1,025,280	7,013,198
Fund balances, end of year	$ 4,720,325	$ 10,834,934	$ 15,555,259

Fayette County Board of Education

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016

	School Nutrition Service	Title I	IDEA	Vocational Grants
ASSETS				
Cash	$ 2,548,017	$ 2,580	$ -	$ -
Investments	-	-	-	-
Due from other governments	-	56,846	819,745	49,124
Due from other funds	9,527	-	-	-
Due from others	-	-	-	-
Inventory	184,953	-	-	-
Total assets	$ 2,742,497	$ 59,426	$ 819,745	$ 49,124
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 28,235	$ 1,675	$ 4,240	$ 4,254
Salaries payable	444,061	-	494,816	120
Due to other funds	21,086	57,751	320,689	44,750
Total liabilities	493,382	59,426	819,745	49,124
Fund balances				
Nonspendable	184,953	-	-	-
Restricted	2,064,162	-	-	-
Committed	-	-	-	-
Total fund balances	2,249,115	-	-	-
Total liabilities and fund balances	$ 2,742,497	$ 59,426	$ 819,745	$ 49,124

Title II	Title III	JR ROTC	Sandy Creek GOSA
$ -	$ -	$ 51,723	$ -
-	-	-	-
34,852	18,232	1,731	52,752
-	-	-	-
-	-	-	-
-	-	-	-
$ 34,852	$ 18,232	$ 53,454	$ 52,752
$ 1,251	$ 750	$ -	$ 158
27,251	5,809	53,454	-
6,350	11,673	-	52,594
34,852	18,232	53,454	52,752
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 34,852	$ 18,232	$ 53,454	$ 52,752

continued

Fayette County Board of Education

COMBINING BALANCE SHEET - CONTINUED
NON-MAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

June 30, 2016

	Lottery	Friends Mentoring Program	Other Grants	Community Education
ASSETS				
Cash	$ 192,799	$ 21,024	$ 3,592	$ 422,721
Investments	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Due from others	-	-	-	-
Inventory	-	-	-	-
Total assets	$ 192,799	$ 21,024	$ 3,592	$ 422,721
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 23,978
Salaries payable	192,799	-	-	-
Due to other funds	-	-	-	1,219
Total liabilities	192,799	-	-	25,197
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	21,024	3,592	-
Committed	-	-	-	397,524
Total fund balances	-	21,024	3,592	397,524
Total liabilities and fund balances	$ 192,799	$ 21,024	$ 3,592	$ 422,721

After School Program	Donation Funds	Auditorium Rentals	Principals' Fund	Total
$ 940,712	$ 91,035	$ 62,232	$ 1,130,086	$ 5,466,521
-	4,757	-	-	4,757
-	-	-	-	1,033,282
-	-	-	-	9,527
959				959
-	-	-	-	184,953
$ 941,671	$ 95,792	$ 62,232	$ 1,130,086	$ 6,699,999
$ -	$ 727	$ -	$ -	$ 65,268
171,690	-	-	-	1,390,000
8,294	-	-	-	524,406
179,984	727	-	-	1,979,674
-	-	-	-	184,953
-	-	-	-	2,088,778
761,687	95,065	62,232	1,130,086	2,446,594
761,687	95,065	62,232	1,130,086	4,720,325
$ 941,671	$ 95,792	$ 62,232	$ 1,130,086	$ 6,699,999

Fayette County Board of Education

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Special Revenue Funds
For the year ended June 30, 2016

	School Nutrition Service	Title I	IDEA	Vocational Grants
Revenues				
State funds	$ 166,146	$ -	$ -	$ -
Federal funds	3,547,586	1,424,192	3,750,640	111,924
Local and other funds	3,122,497	-	-	-
Total revenues	6,836,229	1,424,192	3,750,640	111,924
Expenditures				
Current				
Instruction	-	730,633	2,502,478	84,445
Support services				
Pupil services	-	-	1,134,542	-
Improvement of instructional services	-	198,220	-	27,479
Educational media services	-	-	-	-
Federal grants administration	-	183,132	10,939	-
General administration	-	-	98,088	-
School administration	-	-	-	-
Maintenance and operation of facilities	-	-	-	-
Student transportation services	-	40,935	4,593	-
Other support services	-	271,272	-	-
Community service	-	-	-	-
Food services	6,634,831	-	-	-
Total expenditures	6,634,831	1,424,192	3,750,640	111,924
Excess (deficiency) of revenues over (under) expenditures	201,398	-	-	-
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	201,398	-	-	-
Fund balances, beginning of year	2,047,717	-	-	-
Fund balances, end of year	$ 2,249,115	$ -	$ -	$ -

Title II	Title III	JR ROTC	Sandy Creek GOSA
$ -	$ -	$ -	$ 52,752
263,344	108,772	127,113	-
-	-	-	-
263,344	108,772	127,113	52,752
4,305	37,714	326,524	-
-	21,961	-	-
258,899	38,690	-	52,752
-	-	-	-
140	-		
-	-	-	-
-	-	-	-
-	-	-	-
-	5,741	-	-
-	4,666	-	-
-	-	-	-
-	-	-	-
263,344	108,772	326,524	52,752
-	-	(199,411)	-
-	-	199,411	-
-	-	199,411	-
-	-	-	-
-	-	-	-
$ -	$ -	$ -	$ -

continued

Fayette County Board of Education

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
Special Revenue Funds
For the year ended June 30, 2016

	Lottery	Friends Mentoring Program	Other Grants	Community Education
Revenues				
State funds	$ 952,899	$ -	$ -	$ -
Federal funds	-	-	-	-
Local and other funds	-	2,000	-	341,151
Total revenues	952,899	2,000	-	341,151
Expenditures				
Current				
Instruction	1,208,320	-	-	-
Support services				
Pupil services	-	-	-	-
Improvement of instructional services	478	-	-	-
Educational media services	-	-	-	-
Federal grants administration	-	-	-	-
General administration	821	-	-	-
School administration	-	-	-	-
Maintenance and operation of facilities	-	-	-	-
Student transportation services	-	-	-	-
Other support services	-	-	-	-
Community service	-	1,663	112	338,225
Food services	-	-	-	-
Total expenditures	1,209,619	1,663	112	338,225
Excess (deficiency) of revenues over (under) expenditures	(256,720)	337	(112)	2,926
Other financing sources (uses)				
Transfers in (out)	256,720	-	-	(850,000)
Total other financing sources (uses)	256,720	-	-	(850,000)
Net change in fund balances	-	337	(112)	(847,074)
Fund balances, beginning of year	-	20,687	3,704	1,244,598
Fund balances, end of year	$ -	$ 21,024	$ 3,592	$ 397,524

After School Program	Donation Funds	Auditorium Rentals	Principals' Fund	Total
$ -	$ -	$ -	$ -	$ 1,171,797
-	-	-	-	9,333,571
2,134,089	36,228	43,476	1,541,516	7,220,957
2,134,089	36,228	43,476	1,541,516	17,726,325
-	-	-	755,646	5,650,065
-	-	-	-	1,156,503
-	-	-	-	576,518
-	-	-	75,565	75,565
-	-	-	-	194,211
-	-	-	-	98,909
-	-	-	302,258	302,258
-	-	-	75,565	75,565
-	-	-	75,564	126,833
-	-	-	-	275,938
1,781,853	35,970	48,336	226,694	2,432,853
-	-	-	-	6,634,831
1,781,853	35,970	48,336	1,511,292	17,600,049
352,236	258	(4,860)	30,224	126,276
(1,000,000)	-	-	-	(1,393,869)
(1,000,000)	-	-	-	(1,393,869)
(647,764)	258	(4,860)	30,224	(1,267,593)
1,409,451	94,807	67,092	1,099,862	5,987,918
$ 761,687	$ 95,065	$ 62,232	$ 1,130,086	$ 4,720,325

Fayette County Board of Education

School Nutrition Service
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
State funds	$ 150,000	$ 150,000	$ 166,146	$ 16,146
Federal funds	3,223,000	3,223,000	3,547,586	324,586
Local and other funds	3,000,000	3,000,000	3,122,497	122,497
Total revenues	6,373,000	6,373,000	6,836,229	463,229
Expenditures				
Current				
Food services	7,015,000	7,015,000	6,634,831	380,169
Total expenditures	7,015,000	7,015,000	6,634,831	380,169
Net change in fund balances	$ (642,000)	$ (642,000)	$ 201,398	$ 843,398

Fayette County Board of Education

Title I
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 1,678,983	$ 1,588,638	$ 1,424,192	$ (164,446)
Total revenues	1,678,983	1,588,638	1,424,192	(164,446)
Expenditures				
Current				
Instruction	916,446	825,976	730,633	95,343
Support services				
Pupil services	3,000	5,782	-	5,782
Improvement of instructional services	256,986	190,493	198,220	(7,727)
Federal grant administration	190,597	195,741	183,132	12,609
Student transportation services	78,020	53,772	40,935	12,837
Other support services	233,934	316,874	271,272	45,602
Total expenditures	1,678,983	1,588,638	1,424,192	164,446
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

IDEA
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 4,551,771	$ 4,106,193	$ 3,750,640	$ (355,553)
Total revenues	4,551,771	4,106,193	3,750,640	(355,553)
Expenditures				
Current				
Instruction	2,881,708	2,758,443	2,502,478	255,965
Support services				
Pupil services	1,541,653	1,213,650	1,134,542	79,108
Improvement of instructional services	13,000	5,000	-	5,000
Federal grant administration	103,960	109,500	10,939	98,561
General administration	500	6,850	98,088	(91,238)
Student transportation services	10,950	12,750	4,593	8,157
Total expenditures	4,551,771	4,106,193	3,750,640	355,553
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Vocational Grants
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 109,442	$ 111,924	$ 111,924	$ -
Total revenues	109,442	111,924	111,924	-
Expenditures				
Current				
Instruction	68,545	84,445	84,445	-
Support services				
Improvement of instructional services	40,897	27,479	27,479	-
Total expenditures	109,442	111,924	111,924	-
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Title II
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 343,583	$ 338,844	$ 263,344	$ (75,500)
Total revenues	343,583	338,844	263,344	(75,500)
Expenditures				
Current				
Instruction	-	10,000	4,305	5,695
Support services				
Improvement of instructional services	343,083	328,844	258,899	69,945
Federal grant administration	500	-	140	(140)
Total expenditures	343,583	338,844	263,344	75,500
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Title III
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 153,036	$ 124,665	$ 108,772	$ (15,893)
Total revenues	153,036	124,665	108,772	(15,893)
Expenditures				
Current				
Instruction	34,255	23,506	37,714	(14,208)
Support services				
Pupil services	52,876	31,949	21,961	9,988
Improvement of instructional services	50,289	58,827	38,690	20,137
Student transportation services	6,654	6,077	5,741	336
Other support services	8,962	4,306	4,666	(360)
Total expenditures	153,036	124,665	108,772	15,893
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

JR ROTC
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal funds	$ 135,000	$ 135,000	$ 127,113	$ (7,887)
Total revenues	135,000	135,000	127,113	(7,887)
Expenditures				
Current				
Instruction	325,000	325,000	326,524	(1,524)
Total expenditures	325,000	325,000	326,524	(1,524)
Deficiency of revenues under expenditures	(190,000)	(190,000)	(199,411)	(9,411)
Other financing sources				
Transfers in	190,000	190,000	199,411	9,411
Total other financing sources	190,000	190,000	199,411	9,411
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Sandy Creek GOSA
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
State funds	$ -	$ 25,000	$ 52,752	$ 27,752
Total revenues	-	25,000	52,752	27,752
Expenditures				
Current				
Support services				
Improvement of instructional services	-	25,000	52,752	(27,752)
Total expenditures	-	25,000	52,752	(27,752)
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Lottery
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
State funds	$ 865,000	$ 865,000	$ 952,899	$ 87,899
Total revenues	865,000	865,000	952,899	87,899
Expenditures				
Current				
Instruction	1,050,000	1,050,000	1,208,320	(158,320)
Support services				
Improvement of instructional services	-	-	478	(478)
General administration	-	-	821	(821)
Total expenditures	1,050,000	1,050,000	1,209,619	(159,619)
Deficiency of revenues under expenditures	(185,000)	(185,000)	(256,720)	(71,720)
Other financing sources				
Transfers in	185,000	185,000	256,720	71,720
Total other financing sources	185,000	185,000	256,720	71,720
Net change in fund balances	$ -	$ -	$ -	$ -

Fayette County Board of Education

Friends Mentoring Program
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ -	$ 5,000	$ 2,000	$ (3,000)
Total revenues	-	5,000	2,000	(3,000)
Expenditures				
Current				
Community service	-	5,000	1,663	3,337
Total expenditures	-	5,000	1,663	3,337
Net change in fund balances	$ -	$ -	$ 337	$ 337

Fayette County Board of Education

Other Grants
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 5,000	$ 5,000	$ -	$ (5,000)
Total revenues	5,000	5,000	-	(5,000)
Expenditures				
Current				
Community service	5,000	5,000	112	4,888
Total expenditures	5,000	5,000	112	4,888
Net change in fund balances	$ -	$ -	$ (112)	$ (112)

Fayette County Board of Education

Community Education
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 375,000	$ 375,000	$ 341,151	$ (33,849)
Total revenues	375,000	375,000	341,151	(33,849)
Expenditures				
Current				
Community service	411,230	411,230	338,225	73,005
Total expenditures	411,230	411,230	338,225	73,005
Excess (deficiency) of revenues over (under) expenditures	(36,230)	(36,230)	2,926	39,156
Other financing uses				
Transfers out	-	850,000	850,000	-
Total other financing uses	-	850,000	850,000	-
Net change in fund balances	$ (36,230)	$ (886,230)	$ (847,074)	$ 39,156

Fayette County Board of Education

After School Program
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 1,919,680	$ 1,919,680	$ 2,134,089	$ 214,409
Total revenues	1,919,680	1,919,680	2,134,089	214,409
Expenditures				
Current				
Community service	1,919,680	1,919,680	1,781,853	137,827
Total expenditures	1,919,680	1,919,680	1,781,853	137,827
Excess of revenues over expenditures	-	-	352,236	352,236
Other financing uses				
Transfers out	-	1,000,000	1,000,000	-
Total other financing uses	-	1,000,000	1,000,000	-
Net change in fund balances	$ -	$ (1,000,000)	$ (647,764)	$ 352,236

Fayette County Board of Education

Donations
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 30,000	$ 30,000	$ 36,228	$ 6,228
Total revenues	30,000	30,000	36,228	6,228
Expenditures				
Current				
Community service	30,000	30,000	35,970	(5,970)
Total expenditures	30,000	30,000	35,970	(5,970)
Net change in fund balances	$ -	$ -	$ 258	$ 258

Fayette County Board of Education

Auditorium Rentals
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 25,000	$ 25,000	$ 43,476	$ 18,476
Total revenues	25,000	25,000	43,476	18,476
Expenditures				
Current				
Community service	25,000	25,000	48,336	(23,336)
Total expenditures	25,000	25,000	48,336	(23,336)
Net change in fund balances	$ -	$ -	$ (4,860)	$ (4,860)

Fayette County Board of Education

Principals' Fund
Special Revenue Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 2,000,000	$ 2,000,000	$ 1,541,516	$ (458,484)
Total revenues	2,000,000	2,000,000	1,541,516	(458,484)
Expenditures				
Current				
Instruction	1,000,000	1,000,000	755,646	244,354
Support services				
Educational media services	100,000	100,000	75,565	24,435
School administration	400,000	400,000	302,258	97,742
Maintenance and operation of facilities	100,000	100,000	75,565	24,435
Student transportation services	100,000	100,000	75,564	24,436
Community service	300,000	300,000	226,694	73,306
Total expenditures	2,000,000	2,000,000	1,511,292	488,708
Net change in fund balances	$ -	$ -	$ 30,224	$ 30,224

Fayette County Board of Education

Debt Service Fund
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local and other funds	$ 3,905,000	$ 3,905,000	$ 5,733,541	$ 1,828,541
Total revenues	3,905,000	3,905,000	5,733,541	1,828,541
Expenditures				
Debt services				
Principal retirement	4,189,955	4,189,955	4,189,955	-
Interest and fees	2,136,933	2,136,933	2,129,153	7,780
Total expenditures	6,326,888	6,326,888	6,319,108	7,780
Deficiency of revenues under expenditures	(2,421,888)	(2,421,888)	(585,567)	1,836,321
Other financing sources				
Transfers in	3,279,733	3,279,733	100,000	(3,179,733)
Total other financing sources	3,279,733	3,279,733	100,000	(3,179,733)
Net change in fund balances	$ 857,845	$ 857,845	$ (485,567)	$ (1,343,412)

Fayette County Board of Education

AGENCY FUNDS

Agency funds are used to accumulate assets held by the School System in a trustee capacity.

Club and Class Funds – To account for monies collected at the schools in connection with student athletic, class and club activities.



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Fayette County Board of Education

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the year ended June 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash	$ 1,487,378	$ 4,520,417	$ 4,353,133	$ 1,654,662
LIABILITIES				
Due to student groups	$ 1,487,378	$ 4,520,417	$ 4,353,133	$ 1,654,662



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ADDITIONAL FINANCIAL INFORMATION

FAYETTE COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE YEAR ENDED JUNE 30, 2016

Project	Original Estimated Cost	Current Estimated Cost	Prior Years' Expenditures	Current Year's Expenditures
Debt service payments on bonded debt (Series 1999, 2001 and 2005)	$ 38,000,000	$ 25,258,911	$ 25,158,911	$ 100,000
Additions, renovations, repairs, improvements and equipment for existing school buildings and school system facilities	17,000,000	25,000,000	17,635,139	5,518,838
Acquisition of miscellaneous new equipment, fixtures and furnishings the school system, including technology infrastructure, equipment and software, safety and security equipment	47,500,000	43,947,470	32,677,259	7,486,874
Acquisition of textbooks	2,500,000	6,111,906	5,851,572	260,334
Acquisition of school buses and transportation and maintenance equipment	10,000,000	12,433,864	11,571,425	225,707
	$ 115,000,000	$ 112,752,151	$ 92,894,306	$ 13,591,753

Total expenditures	$ 13,491,753
Transfers to debt service fund	100,000
	$ 13,591,753

The amounts included in current estimated cost above, as well as prior years' and current year's expenditures include costs funded from non-SPLOST revenues. Those revenue sources include non-cash revenue related to capital lease agreements, state and federal grants, and transfers from other funds.

FAYETTE COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2012 ISSUE
FOR THE YEAR ENDED JUNE 30, 2016

Project	Original Estimated Cost	Current Estimated Cost	Prior Years' Expenditures	Current Year's Expenditures
Debt service payments on bonded debt	$ 10,000,000	$ 5,000,000	$ -	$ -
Additions, renovations, repairs, improvements and equipment for existing school buildings and school system facilities	35,000,000	40,000,000	4,395,260	20,109,928
Acquisition of miscellaneous new equipment, fixtures and furnishings for the school system, including technology infrastructure, equipment and software, safety and security equipment	42,000,000	40,000,000	-	-
Acquisition of textbooks and instructional materials	10,000,000	10,000,000	-	311,228
Acquisition of school buses and transportation and maintenance equipment	10,000,000	10,000,000	-	1,625,649
	$ 107,000,000	$ 105,000,000	$ 4,395,260	$ 22,046,805

Certain amounts reported in 2015 have been reclassified between projects.

FAYETTE COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES BY OBJECT
LOTTERY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016

Expenditures

Operating costs		
Salaries	$	861,155
Employee benefits		326,534
Supplies and materials		8,136
Supplies and materials related to technology		1,043
Expendable equipment		12,147
Books and periodicals		604
Total expenditures	$	1,209,619

FAYETTE COUNTY BOARD OF EDUCATION

QUALITY BASIC EDUCATION PROGRAM
EARNINGS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2016

Description	Allotments from Georgia Department of Education (1) (2)	Actual State Funded Expenditures		
		Salaries	Operations	Total
Kindergarten Program	$ 6,020,988	$ 6,619,577	$ 48,768	$ 6,668,345
Kindergarten Program-Early Intervention Program	618,411	1,627	4,313	5,940
Primary Grades (1-3) Program	15,734,841	17,816,382	121,914	17,938,296
Primary Grades-Early Intervention (1-3) Program	1,247,268	2,185,690	6,419	2,192,109
Upper Elementary Grades (4-5) Program	8,095,964	10,154,967	63,835	10,218,802
Upper Elem Grades-Early Intervention (4-5) Program	847,867	814,737	2,943	817,680
Middle School (6-8) Program	15,499,803	18,781,217	107,916	18,889,133
High School General Education (9-12) Program	16,750,423	25,384,632	274,669	25,659,301
Vocational Laboratory (9-12) Program	3,459,585	2,424,922	235,329	2,660,251
Students with Disabilities	18,424,898	-	-	-
Category I	-	634,747	27,629	662,376
Category II	-	730,232	7,503	737,735
Category III	-	9,128,720	157,246	9,285,966
Category IV	-	4,105,871	82,341	4,188,212
Category V	-	799,544	59,240	858,784
Gifted Student - Category VI	8,129,913	2,586,576	84,264	2,670,840
Remedial Education Program	1,270,198	331,737	4,897	336,634
Alternative Education Program	1,206,022	655,546	9,520	665,066
English Speakers of Other Languages (ESOL)	1,393,059	1,790,836	2,969	1,793,805
TOTAL DIRECT INSTRUCTIONAL FUNDS	98,699,240	104,947,560	1,301,715	106,249,275
Media Center Program	2,601,483	2,417,853	413,619	2,831,472
Staff and Professional Development	441,117	-	-	247,182
TOTAL QBE FORMULA FUNDS	$ 101,741,840	$ 107,365,413	$ 1,715,334	$ 109,327,929

(1) Comprised of gross state funds, before reduction of local five mill share.

(2) Allotments do not include the impact of the State Amended Formula Adjustment.



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STATISTICAL SECTION

This part of the Fayette County Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School System's overall financial health.

Contents **Page**

Financial Trends 128

These schedules contain trend information to help the reader understand how the School System's financial performance and well-being have changed over time.

Revenue Capacity 137

These schedules contain information to help the reader assess the School System's most significant local revenue source, the property tax.

Debt Capacity 145

These schedules present information to help the reader assess the affordability of the School System's current level of outstanding debt and the School System's ability to issue additional debt in the future.

Operating Information 150

These schedules contain service and infrastructure data to help the reader understand how the information in the School System's financial report relates to the services the School System provides and the activities it performs.

Demographic and Economic Information 162

Theses schedules offer demographic and economic indications to help the reader understand the environment within which the School System's financial activities take place.

Fayette County Board of Education
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year			
	2016	**2015 (a)**	**2014**	**2013**
Governmental Activities				
Net investment in capital assets	$ 207,779,562	$ 186,432,779	$ 168,187,655	$ 178,523,433
Restricted	32,124,998	41,198,421	41,020,287	37,659,348
Unrestricted	(122,077,469)	(134,974,173)	33,633,101	13,941,511
Total governmental activities net position	$ 117,827,091	$ 92,657,027	$ 242,841,043	$ 230,124,292

(a) Effective July 1,2014, the School System implemented GASB Statement No. 68 and Statement No. 71.

2012	2011	2010	2009	2008	2007
$ 175,064,622	$ 172,653,135	$ 169,508,268	$ 158,499,410	$ 150,461,882	$ 141,200,087
31,257,451	26,335,635	8,971,932	11,911,480	19,677,495	34,954,814
13,339,704	20,608,820	28,213,735	1,620,066	(13,255,093)	(20,464,970)
$ 219,661,777	$ 219,597,590	$ 206,693,935	$ 172,030,956	$ 156,884,284	$ 155,689,931

Fayette County Board of Education
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year			
Expenses	**2016**	**2015**	**2014**	**2013**
Governmental Activities				
Instruction	$ 133,734,324	$ 126,035,930	$ 123,283,652	$ 126,989,501
Support Services				
Pupil services	9,528,601	8,982,470	8,940,118	9,446,688
Improvement of instructional services	4,887,298	4,233,092	3,919,268	4,059,005
Educational media services	3,717,116	3,031,063	3,078,138	3,435,491
Federal administration	194,211	-	-	-
General administration	1,609,711	1,664,955	1,778,299	1,676,637
School administration	12,895,687	11,092,787	11,570,184	12,982,540
Business administration	986,533	865,120	872,724	1,067,217
Maintenance and operation of facilities	13,786,812	13,133,822	12,683,045	13,854,947
Student transportation services	9,112,882	8,620,521	8,820,745	8,687,580
Central support services	4,489,646	3,658,754	2,830,478	2,700,778
Other support services	434,780	225,350	491,443	276,311
Community services	2,352,200	2,292,410	2,137,412	2,311,865
Food services	7,386,296	7,090,152	7,495,355	7,534,165
Loss on sale of capital assets	-	171,594	-	-
Other non-instructional services	-	-	-	-
Interest expense	1,920,806	2,242,423	3,154,736	3,466,114
Total governmental activities expenses	$ 207,036,903	$ 193,340,443	$ 191,055,597	$ 198,488,839
Program Revenues				
Charges for services				
Instruction	$ 398,758	$ 390,482	$ 391,846	$ 365,145
Support services	2,518,716	2,399,442	2,238,940	2,141,197
Food services	3,122,497	3,204,349	3,565,762	3,624,379
Other non-instructional services	-	-	-	-
Operating grants and contributions	103,718,783	98,522,267	96,557,210	94,197,669
Capital grants and contributions	4,141,350	4,805,599	132,000	1,270,878
Total governmental activities program revenues	$ 113,900,104	$ 109,322,139	$ 102,885,758	$ 101,599,268
NET EXPENSE	$ (93,136,799)	$ (84,018,304)	$ (88,169,839)	$ (96,889,571)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes	$ 92,982,798	$ 87,023,400	$ 84,458,044	$ 84,722,620
Intangible taxes	1,819,958	1,533,959	1,288,192	1,813,025
Transfer taxes	711,559	518,915	427,724	346,278
Other taxes	16,965	15,647	15,611	-
State reimbursement of homestead exemption, general purpose	-	-	-	-
Sales tax, capital outlay and debt service	22,010,037	21,094,300	20,241,186	19,968,392
Interest and investment earnings	265,945	125,297	85,588	93,786
Other	499,601	485,388	420,342	671,912
Extraordinary items	-	-	(6,050,097)	-
Total governmental activities general revenues	$ 118,306,863	$ 110,796,906	$ 100,886,590	$ 107,616,013
Change in Net Positon	$ 25,170,064	$ 26,778,602	$ 12,716,751	$ 10,726,442

2012	2011	2010	2009	2008	2007
$ 138,166,002	$ 140,677,264	$ 138,121,383	$ 146,934,039	$ 150,943,576	$ 139,532,687
9,361,037	9,331,883	5,132,093	5,139,847	5,273,876	5,052,964
4,396,525	4,229,846	4,331,092	4,495,310	4,893,730	4,959,046
3,714,750	3,757,201	3,620,838	4,122,924	4,413,871	4,134,587
-	-	-	-	-	-
1,328,258	1,192,086	1,162,135	1,180,835	1,463,251	1,865,056
13,925,349	13,192,469	12,788,338	13,521,964	13,856,589	12,363,255
937,222	1,139,105	1,078,060	969,569	1,199,535	1,256,946
16,157,767	16,161,495	14,884,267	15,880,952	16,159,214	14,994,627
9,031,403	8,073,549	7,710,847	8,273,658	8,616,819	7,864,526
3,402,613	4,140,542	4,434,557	4,517,985	4,446,113	3,696,847
303,373	290,337	282,244	326,650	227,472	241,819
2,385,232	2,194,891	2,401,650	2,978,945	3,143,072	3,323,812
8,078,108	7,925,808	7,709,527	8,568,176	8,053,566	7,129,145
-	-	-	-	-	-
-	-	-	-	2,311,561	2,572,397
3,898,053	4,557,031	5,022,769	5,694,228	6,433,790	6,210,948
$ 215,085,692	$ 216,863,507	$ 208,679,800	$ 222,605,082	$ 231,436,035	$ 215,198,662
$ 455,409	$ 335,649	$ 392,228	$ 314,311	$ 200,639	$ 380,875
2,220,197	2,181,465	2,330,335	2,572,638	3,016,894	2,953,235
3,911,898	3,943,587	4,120,152	4,476,338	4,465,461	4,178,251
-	-	-	-	2,226,598	2,443,673
91,800,116	102,475,842	99,837,085	100,129,904	107,519,664	102,112,584
228,659	1,213,372	398,221	3,614,327	1,549,115	4,154,760
$ 98,616,279	$ 110,149,915	$ 107,078,021	$ 111,107,518	$ 118,978,371	$ 116,223,378
$ (116,469,413)	$ (106,713,592)	$ (101,601,779)	$ (111,497,564)	$ (112,457,664)	$ (98,975,284)
$ 94,275,592	$ 99,163,635	$ 115,268,389	$ 115,084,744	$ 104,382,015	$ 99,496,866
1,392,564	1,331,459	1,273,783	1,623,315	2,149,764	2,791,990
288,711	266,814	265,509	340,522	578,761	872,943
-	-	-	-	-	27,790
-	-	-	3,768,591	3,537,233	3,549,276
20,009,700	18,259,865	18,802,125	4,488,524	-	-
78,268	108,504	121,947	470,896	2,450,562	2,826,447
488,765	486,970	533,005	867,644	553,682	873,898
-	-	-	-	-	-
$ 116,533,600	$ 119,617,247	$ 136,264,758	$ 126,644,236	$ 113,652,017	$ 110,439,210
$ 64,187	$ 12,903,655	$ 34,662,979	$ 15,146,672	$ 1,194,353	$ 11,463,926

Fayette County Board of Education
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year			
	2016	**2015**	**2014**	**2013**
General Fund				
Nonspendable	$ 140,206	$ 4,788	$ 4,788	$ 4,788
Committed	-	989,886	791,710	580,481
Assigned	-	-	-	-
Unassigned	23,171,077	26,378,632	22,751,211	14,505,398
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	$ 23,311,283	$ 27,373,306	$ 23,547,709	$ 15,090,667
All other governmental funds				
Nonspendable	$ 381,893	$ 193,570	$ 180,376	$ 192,252
Restricted	32,473,696	42,088,724	47,746,430	41,646,462
Committed	2,446,594	3,879,580	3,620,207	3,223,019
Assigned	10,637,994	1,061,510	1,062,101	1,106,021
Reserved	-	-	-	-
Unreserved, reported in:				
Special projects funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	$ 45,940,177	$ 47,223,384	$ 52,609,114	$ 46,167,754

Note: Includes all governmental fund types.

A Reflects implementation of GASB Statement No. 54

[1] Balances previously reported as reserved fund balance related to capital project funds funded with bond proceeds and as reserved fund balance related to special revenue funds have been reclassified to unreserved classification because the funds in which the balances are accounted limit its usage. That is, the restriction on the fund balance is not narrower than the purpose of the fund itself.

[2] Increase in fund balance in this period was due to the issuance of general obligation bonds during the period for capital projects.

Fiscal Year						
2012	2011 (A)	2010	2009	2008	2007	
$ 30,575	$ 38,475	$ -	$ -	$ -	$ -	
399,052	230,102	-	-	-	-	
14,197,281	16,435,948	-	-	-	-	
2,190,268	9,632,929	-	-	-	-	
-	-	-	-	-	-	
-	-	17,288,019	4,509,616	1,678,283	6,555,409	
$ 16,817,176	$ 26,337,454	$ 17,288,019	$ 4,509,616	$ 1,678,283	$ 6,555,409	
$ 491,954	$ 259,836	$ -	$ -	$ -	$ -	
35,325,484	30,318,985	-	-	-	-	
2,630,664	2,442,754	-	-	-	-	
1,523,608	1,625,873	-	-	-	-	
-	-	3,453,437	2,635,889	2,298,020	4,629,016	
-	-	4,117,102	3,099,256	2,638,343	2,699,479	
-	-	21,596,282	14,433,786	18,850,160	34,227,555	
$ 39,971,710	$ 34,647,448	$ 29,166,821	$ 20,168,931	$ 23,786,523	$ 41,556,050	[2]

Fayette County Board of Education
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year			
	2016	**2015**	**2014**	**2013**
Revenues				
State funds	$ 97,281,667	$ 90,599,947	$ 85,914,380	$ 84,529,941
Federal funds	9,333,571	11,102,101	8,535,870	8,743,298
Local and other funds	125,892,498	119,121,400	115,419,650	116,232,262
Total revenues	232,507,736	220,823,448	209,869,900	209,505,501
Expenditures				
Current				
Instruction	128,658,329	122,793,512	115,453,676	119,740,956
Support services				
Pupil services	9,974,713	9,541,931	8,941,466	9,450,764
Improvement of instructional services	4,844,095	4,296,463	3,740,483	3,969,031
Educational media services	2,907,278	2,997,463	2,870,088	3,219,739
Federal grants administration	194,211			
General administration	1,650,868	1,702,605	1,707,173	1,646,537
School administration	12,661,688	11,260,039	10,909,670	12,555,692
Business administration	1,036,771	956,902	861,971	1,070,562
Maintenance and operation of facilities	13,726,106	13,150,553	12,393,833	12,356,626
Student transportation services	7,298,564	7,306,948	7,441,448	7,495,887
Central support services	4,001,455	3,316,811	2,570,756	2,374,312
Other support services	438,951	229,642	491,443	276,311
Community service	2,433,128	2,359,127	2,137,436	2,299,935
Food services	6,740,655	6,427,196	6,707,814	6,658,939
Other non-instructional services	-	-	-	-
Capital outlay	34,966,996	24,978,776	6,318,135	7,758,864
Debt Service				
Principal retirement	4,189,955	8,585,520	9,206,900	9,815,716
Interest and fees	2,129,203	2,480,093	3,264,945	4,346,095
Bond issuance cost	-	-	323,414	-
Total expenditures	237,852,966	222,383,581	195,340,651	205,035,966
Excess (deficiency) of revenues over (under) expenditures	(5,345,230)	(1,560,133)	14,529,249	4,469,535
Other financing sources (uses)				
Sale of assets	-	-	5,170,000	-
Issuance of bonds	-	-	-	-
Premium (discount) on issuance of bonds	-	-	-	-
Capital lease	-	-	-	-
Refunding bonds	-	-	53,240,000	-
Payment to refunded bond escrow agent	-	-	(58,040,847)	-
Total other financing sources (uses)	-	-	369,153	-
Net change in fund balances	(5,345,230)	(1,560,133)	14,898,402	4,469,535
Debt service as a percentage of noncapital expenditures	3.0%	5.5%	6.5%	7.1%

[1] Negative change in total fund balance is the result of spending proceeds of previously issued debt on large capital projects.

[2] Positive change in total fund balance is the result of the issuance of general obligation debt.

2012	2011	2010	2009	2008	2007
$ 80,886,999	$ 86,636,341	$ 77,735,483	$ 91,168,857	$ 101,587,596	$ 98,868,501
8,884,415	14,515,896	20,439,527	9,745,900	7,234,301	6,909,759
125,728,896	130,272,481	144,926,435	135,324,244	123,177,217	120,567,784
215,500,310	231,424,718	243,101,445	236,239,001	231,999,114	226,346,044
129,513,425	126,536,594	129,413,149	138,027,216	143,371,200	133,447,372
9,378,670	9,305,224	5,133,136	5,139,291	5,260,974	5,039,509
4,220,893	4,132,770	4,303,987	4,430,882	4,853,123	4,884,050
3,497,711	3,540,744	3,406,581	3,910,192	4,205,362	3,925,284
1,299,766	1,155,654	1,162,559	1,167,459	1,448,959	1,809,808
13,384,943	12,772,049	12,502,590	13,316,070	13,556,618	12,092,048
944,784	1,112,059	1,064,214	941,630	1,193,107	1,327,015
13,733,068	13,790,653	13,920,860	14,723,060	15,609,988	14,495,969
7,886,610	7,153,794	7,078,540	7,301,975	9,054,471	7,274,856
2,614,046	3,181,093	3,605,247	3,668,489	3,826,798	3,538,616
303,373	297,832	282,244	326,650	227,472	241,819
2,376,826	2,177,702	2,387,429	2,979,114	3,134,538	3,304,322
7,207,059	7,030,245	6,810,308	7,328,239	7,262,468	6,462,068
-	-	-	-	2,311,561	2,572,397
9,151,831	12,914,799	8,612,189	13,591,204	18,882,946	23,975,915
9,496,943	11,062,504	18,766,832	18,068,590	16,967,044	15,203,484
4,686,378	4,042,368	3,009,514	4,391,888	4,958,756	4,406,505
-	-	81,061	-	-	158,412
219,696,326	220,206,084	221,540,440	239,311,949	256,125,385	244,159,449
(4,196,016)	11,218,634	21,561,005	(3,072,948)	(24,126,271)	(17,813,405)
-	-	-	-	-	-
-	-	-	-	-	29,965,000
-	-	1,118,947	-	-	1,304,913
-	3,311,428	127,103	2,286,689	1,479,618	-
-	-	24,800,000	-	-	-
-	-	(25,830,762)	-	-	-
-	3,311,428	215,288	2,286,689	1,479,618	31,269,913
(4,196,016)	14,530,062	21,776,293	(786,259)	(22,646,653) [1]	13,456,508 [2]
6.6%	6.9%	10.1%	9.8%	9.2%	8.9%



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Fayette County Board of Education
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
(unaudited)

MAINTENANCE AND OPERATIONS

Fiscal Year	Assessed Valued: Real Property	Assessed Valued: Personal Property	Assessed Valued: Privately-Owned Public Utilities	Less: Freeport Homestead Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Values as a Percentage of Actual Value
2016	4,761,779	218,903	74,640	842,707	4,212,615	20.000	12,638,305	40%
2015	4,311,654	296,890	74,580	748,672	3,934,452	20.000	11,707,810	40%
2014	4,210,089	354,671	74,510	736,562	3,902,708	20.000	11,598,175	40%
2013	4,190,197	333,992	72,396	684,150	3,912,435	20.000	11,491,463	40%
2012	4,685,363	320,053	72,841	720,582	4,357,675	20.000	12,695,643	40%
2011	4,889,256	320,137	73,325	704,898	4,577,820	20.000	13,206,795	40%
2010	5,278,389	397,857	71,407	727,311	5,020,342	20.000	14,369,133	40%
2009	5,245,804	390,440	67,292	670,759	5,032,777	19.750	14,258,840	40%
2008	5,085,472	350,968	70,522	627,651	4,879,311	18.596	13,767,405	40%
2007	4,794,801	329,427	64,713	582,484	4,606,457	18.600	12,972,353	40%

DEBT SERVICE

Fiscal Year	Assessed Valued: Real Property	Assessed Valued: Personal Property	Assessed Valued: Privately-Owned Public Utilities	Less: Freeport Homestead Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Values as a Percentage of Actual Value
2016	4,761,779	218,903	74,640	805,577	4,249,745	1.350	12,638,305	40%
2015	4,311,654	296,890	74,580	711,210	3,971,914	1.450	11,707,810	40%
2014	4,210,089	354,671	74,510	696,952	3,942,318	1.450	11,598,175	40%
2013	4,190,197	333,992	72,396	642,828	3,953,757	1.450	11,491,463	40%
2012	4,685,363	320,053	72,841	677,754	4,400,503	1.650	12,695,643	40%
2011	4,889,256	320,137	73,325	660,854	4,621,864	1.650	13,206,795	40%
2010	5,278,389	397,857	71,407	682,653	5,065,000	3.420	14,369,133	40%
2009	5,514,344	390,440	67,292	625,965	5,346,111	4.170	14,930,190	40%
2008	5,326,038	350,968	70,522	582,355	5,165,173	3.550	14,368,820	40%
2007	4,794,801	329,427	64,713	537,084	4,651,857	3.550	12,972,353	40%

Source: Georgia Department of Revenue

Fayette County Board of Education
Direct and Overlapping
Property Tax Rates
Last Ten Fiscal Years
(unaudited)

	School System			County			
	Operating Millage	Debt Service Millage	Total Millage	Unincorporated Operating Millage	Incorporated Operating Millage	Fire (1) District Millage	EMS (2) District Millage
2016	20.000	1.350	21.350	5.171	5.171	3.070	0.456
2015	20.000	1.450	21.450	5.602	5.602	3.070	0.456
2014	20.000	1.450	21.450	5.714	5.714	3.070	0.456
2013	20.000	1.450	21.450	5.645	5.645	3.030	0.450
2012	20.000	1.650	21.650	5.645	5.645	2.500	0.450
2011	20.000	1.650	21.650	7.391	5.400	1.991	0.548
2010	20.000	3.420	23.420	7.391	5.400	1.991	0.548
2009	19.750	4.170	23.920	7.391	5.400	1.991	0.548
2008	18.596	3.550	22.146	5.432	5.432	2.000	0.550
2007	18.600	3.550	22.150	4.888	5.692	2.906	-

Source: Georgia Department of Revenue

Notes (1) Levied in all municipalities except Fayetteville and Peachtree City.
(2) Levied in all municipalities except Peachtree City.
(3) Previously included as a part of the unincorporated millage rate.

Overlapping Governments						
E911 (3) District Millage	City of Fayetteville Millage	City of Tyrone Millage	City of Brooks Millage	City of Peachtree City Millage	City of Peachtree City Debt Service	State Millage
0.210	3.874	2.889	0.840	6.756	0.314	0.050
0.210	3.874	2.889	0.899	6.756	0.332	0.100
0.210	3.926	2.889	0.940	6.756	0.332	0.150
0.207	3.882	2.889	0.929	6.756	0.422	0.200
0.207	3.441	2.889	0.816	6.384	0.399	0.250
-	3.240	2.889	0.789	6.384	0.399	0.250
-	2.988	2.889	0.730	5.134	0.399	0.250
-	2.988	2.889	0.730	5.120	0.411	0.250
-	2.990	2.900	0.764	4.985	0.548	0.250
-	2.990	2.900	0.794	5.533	-	0.250

Fayette County Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	M&O Tax Levy	Debt Service Tax Levy	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy	
				Amount	Percentage of Levy
2016	$ 84,252,308	$ 5,737,156	$ 89,989,464	$ 82,991,637	92.2%
2015	$ 78,689,039	$ 5,759,275	$ 84,448,314	$ 83,020,297	98.3%
2014	78,054,155	5,716,361	83,770,516	82,759,692	98.8%
2013	78,248,691	5,732,947	83,981,638	82,879,529	98.7%
2012	87,153,494	7,260,829	94,414,323	91,614,015	97.0%
2011	89,949,880	7,493,511	97,443,391	95,253,547	97.8%
2010	95,475,793	16,479,111	111,954,904	107,530,037	96.0%
2009	99,164,240	21,124,335	120,288,575	116,809,520	97.1%
2008	90,226,100	17,384,940	107,611,040	105,166,788	97.7%
2007	85,394,697	16,459,467	101,854,164	100,341,217	98.5%

Source: As reported by the Fayette County Tax Commissioner

Note Tax levy includes levy on motor vehicles.

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
$ -	$ 82,991,637	92.2%
$ 484,041	$ 83,504,338	98.9%
1,177,387	83,937,079	100.2%
1,198,847	84,078,376	100.1%
2,717,431	94,331,446	99.9%
2,078,159	97,331,706	99.9%
4,306,868	111,836,905	99.9%
3,318,934	120,128,454	99.9%
2,288,203	107,454,991	99.9%
1,447,458	101,788,675	99.9%

Fayette County Board of Education
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	Auto Title/ Ad Valorem	Intangible Tax	Transfer Tax	State Reimbursement of Homestead Exemption
2016	$ 84,025,850	$ 8,956,949	$ 1,819,958	$ 711,558	$ -
2015	77,946,865	9,076,535	1,533,959	518,915	-
2014	75,056,047	9,401,997	1,288,192	427,724	-
2013	76,450,608	8,272,012	1,813,025	346,278	-
2012	86,806,456	7,469,136	1,392,564	273,132	-
2011	91,741,352	7,422,283	1,331,459	266,814	-
2010	107,637,996	7,630,393	1,273,783	265,509	-
2009	107,123,149	7,961,595	1,623,315	340,522	3,768,591
2008	96,299,582	8,082,433	2,149,764	578,761	3,537,233
2007	91,485,816	8,011,050	2,791,990	872,943	3,549,276

Special Purpose Local Option Sales Tax	Other Taxes	Total
$ 22,010,037	$ 16,965	$ 117,541,317
21,094,300	15,647	110,186,221
20,241,186	15,611	106,430,757
19,968,392	-	106,850,315
20,009,700	15,579	115,966,567
18,259,865	-	119,021,773
18,802,125	-	135,609,806
4,488,524	-	125,305,696
-	-	110,647,773
-	27,790	106,738,865

Fayette County Board of Education
Principal Taxpayers (Top Ten)
June 30, 2016 and Nine Years Ago

Taxpayer	FY 2016 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	FY 2007 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
NCR Corporation	$ 26,701,675	1	0.53%	33,439,247	1	0.64%
Cooper Lighting	17,814,851	2	0.35%			0.00%
Coweta-Fayette EMC	15,452,757	3	0.31%	18,881,875	4	0.36%
DDRTC Fayette Pavilion I & II	14,736,312	4	0.29%			0.00%
Hoshizaka America	14,293,577	5	0.28%	9,836,819	9	0.19%
Dixie Aerospace Inc.	13,762,298	6	0.27%			0.00%
DDRTC Fayette Pavilion III & IV	12,794,056	7	0.25%			0.00%
Sany America Inc.	12,245,604	8	0.24%			0.00%
Atlanta Gas Light	12,052,468	9	0.24%	10,937,081	7	0.21%
DDRTC Fayette Pavilion I & II	11,743,628	10	0.23%			0.00%
Inland Southeast Fayette I & II			0.00%	30,711,200	2	0.59%
Matsushita Communications Corp.			0.00%	28,792,179	3	0.55%
BellSouth			0.00%	17,892,961	5	0.34%
Inland Southeast Fayette III			0.00%	16,860,864	6	0.32%
Summit Properties			0.00%	9,865,200	8	0.19%
Alcan Packaging - Atlanta			0.00%	9,063,114	10	0.17%
DDRTC Fayette Pavilion III & IV						
Other Taxpayers	4,903,724,776		97.00%	5,002,660,460		96.41%
	$ 5,055,322,002		100.00%	$ 5,188,941,000		100.00%

Source: Fayette County Tax Commissioner

Note: Amounts for FY 2016 relate to tax year 2015.

Fayette County Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income (2)	Per Capita (3)
2016	$ 52,908,467	$ -	$ -	$ 52,908,467	NA	NA
2015	57,160,274	-	-	57,160,274	0.95%	516.29
2014	65,805,944	-	-	65,805,944	1.15%	600.16
2013	66,463,730	455,000	763,755	67,682,485	1.25%	624.98
2012	74,031,558	890,000	2,860,622	77,782,180	1.46%	724.15
2011	81,352,277	1,300,000	4,910,785	87,563,062	1.71%	816.77
2010	90,578,648	1,690,000	3,329,429	95,598,077	2.00%	893.50
2009	106,793,640	2,065,000	4,649,158	113,507,798	2.41%	1,075.97
2008	123,478,790	2,420,000	3,451,059	129,349,849	2.64%	1,229.65
2007	139,238,940	2,765,000	2,893,485	144,897,425	2.93%	1,380.12

Note: Details regarding the School System's debt can be found in the notes to the basic financial statements.

(1) Presented net of original issuance discounts and premiums.
(2) Personal income data can be found in the Schedule of Demographic and Economic Statistics on page 162.
(3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 162.

NA: Personal income data and population data not available for calculation of amounts.

Fayette County Board of Education
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2016	$ 52,908,467	$ -	$ 52,908,467	0.42%	NA
2015	57,160,274	-	57,160,274	0.49%	516.29
2014	65,805,944	-	65,805,944	0.57%	600.16
2013	66,463,730	-	66,463,730	0.58%	613.73
2012	74,031,558	-	74,031,558	0.58%	689.24
2011	81,352,277	-	81,352,277	0.62%	758.83
2010	88,670,800	-	88,670,800	0.62%	828.75
2009	105,720,800	-	105,720,800	0.74%	1,002.16
2008	122,345,800	-	122,345,800	0.89%	1,163.07
2007	138,045,800	-	138,045,800	1.06%	1,314.86
2006	122,185,800	1,007,531	121,178,269	1.01%	1,164.07

Note: Details regarding the School System's outstanding debt can be found in the notes to the basic financial statements.

(1) This is the general bonded debt of governmental activities, net of original issuance discounts and premiums.

(2) This is the net position restricted for debt service principal payments.

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 137 for property tax data.

(4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 162.

NA - population data not available for calculation of per capita amount.

Fayette County Board of Education
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Peachtree City	$ 7,349,677	100%	$ 7,349,677
Fayette County	33,475,000	100%	33,475,000
Total Overlapping Debt			40,824,677
Fayette County Board of Education, direct debt			52,908,647
Total Direct and Overlapping Debt			$ 93,733,324

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the School System. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the School System's boundaries. This process recognizes that, when considering the School System's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the municipality/authority's taxable assessed value that is within the School System's boundaries and dividing it by the municipality/authority's total taxable assessed value.

Fayette County Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value 2015 tax digest	$ 4,249,745,416
Limit of bonded indebtedness, 10% of net assessed taxable property value	424,974,542
Amount of debt applicable to the debt limit	
General obligation bonds, net of original issuance discounts and premiums	52,908,467
Legal Debt Margin	$ 372,066,075

	2016	2015	2014
Debt limit	$ 424,974,542	$ 397,191,396	$ 394,231,773
Total debt applicable to limit	52,908,467	57,160,274	65,805,944
Legal debt margin	$ 372,066,075	$ 340,031,122	$ 328,425,829
Total debt applicable as a percentage of debt limit	12.4%	14.4%	16.7%

Note: Under the Constitution of the State of Georgia, the School System may not incur long-term debt in excess of ten percent of the assessed value of all taxable property within the district.

2013	2012	2011	2010	2009	2008	2007
$ 395,375,655	$ 440,050,269	$ 462,186,375	$ 506,500,006	$ 534,611,072	$ 516,517,319	$ 465,185,735
66,918,730	74,921,558	82,652,277	92,268,648	108,858,640	125,898,790	142,003,940
$ 328,456,925	$ 365,128,711	$ 379,534,098	$ 414,231,358	$ 426,825,272	$ 363,165,289	$ 323,181,795
16.9%	17.0%	17.9%	18.2%	20.4%	24.4%	30.5%

Fayette County Board of Education
Operating Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year	General Fund Expenditures	Student Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
2016	$ 178,395,251	20,238	$ 8,814.87	6.6%	1,410	14.36
2015	167,402,295	20,242	8,270.05	6.0%	1,327	15.25
2014	158,003,155	20,243	7,805.32	-5.4%	1,304	15.58
2013	167,709,003	20,318	8,254.21	-5.6%	1,423	14.41
2012	179,379,327	20,506	8,747.65	5.7%	1,483	14.24
2011	174,862,115	21,120	8,279.46	3.3%	1,483	14.62
2010	173,796,697	21,683	8,015.34	-5.3%	1,493	14.77
2009	186,618,421	22,047	8,464.57	-5.7%	1,570	14.08
2008	198,344,607	22,108	8,971.62	8.9%	1,675	13.35
2007	184,323,313	22,367	8,240.86	6.4%	1,620	13.76

Source: School System records

Fayette County Board of Education
Teacher Salaries
Last Ten Fiscal Years
(unaudited)

Fiscal Year		Minimum Salary	Maximum Salary	Statewide Base
2016		$ 36,309	$ 84,054	$ 33,424
2015		35,597	82,405	33,424
2014		34,723	80,383	33,424
2013	**(a)**	33,809	78,267	33,424
2012		34,723	80,383	33,424
2011		34,723	80,383	33,424
2010		33,161	76,766	33,424
2009		34,723	80,383	33,424
2008		33,953	78,614	32,609
2007		33,055	76,553	31,659

Source: School System records

(a) Reflects a reduced work year of 185 days

Fayette County Board of Education
School Building Information
Last Ten Years
(unaudited)

	2016	2015	2014	2013
Elementary				
Braelinn (1989)				
Square feet	70,860	70,860	70,860	70,860
Capacity	675	675	675	675
Enrollment	547	549	542	443
Brooks (1962) [1]				
Square feet	60,413	60,413	60,413	60,413
Capacity	-	-	-	525
Enrollment	-	-	-	243
Robert J. Burch (1989)				
Square feet	73,146	73,146	73,146	73,146
Capacity	675	675	675	675
Enrollment	548	583	531	557
Crabapple Lane (2004)				
Square feet	94,816	94,816	94,816	94,816
Capacity	800	800	800	800
Enrollment	652	637	637	536
East Fayette (1955)				
Square feet	53,386	53,386	53,386	53,386
Capacity	-	-	-	-
Enrollment	-	-	-	-
Fayetteville Intermediate (1974) [1]				
Square feet	72,673	72,673	72,673	72,673
Capacity	-	-	-	550
Enrollment	-	-	-	395
Fayetteville/Hood Avenue (1970) [2]				
Square feet	73,176	73,176	73,176	73,176
Capacity	575	575	575	575
Enrollment	465	483	590	370
Huddleston (1979)				
Square feet	79,694	79,694	79,694	79,694
Capacity	625	625	625	625
Enrollment	627	634	645	590
Inman (2009)				
Square feet	86,172	86,172	86,172	86,172
Capacity	663	663	663	663
Enrollment	626	585	512	467

Note (1): School facility closed as of school year 2013-2014.

Note (2): As of school year 2013-2014, Hood Avenue transitioned from a K-2 school to a K-5 school and the Board of Education renamed the building to Fayetteville Elementary School

Note: Capacity information is based on State of Georgia capacity calculations using the total number of instructional units for the facility and allowable class sizes.

2012	2011	2010	2009	2008	2007
70,860	70,860	70,860	70,860	70,860	70,860
675	675	675	675	675	675
471	493	544	568	516	504
60,413	60,413	60,413	60,413	60,413	60,413
525	525	525	525	525	525
298	307	313	315	324	326
73,146	73,146	73,146	73,146	73,146	73,146
675	675	675	675	675	675
576	634	664	701	734	726
94,816	94,816	94,816	94,816	94,816	94,816
800	800	800	800	800	800
508	535	554	565	488	560
53,386	53,386	53,386	53,386	53,386	53,386
-	-	-	-	550	550
-	-	-	-	572	586
72,673	72,673	72,673	72,673	72,673	72,673
550	550	550	550	550	550
389	421	455	469	469	486
73,176	73,176	73,176	73,176	73,176	73,176
575	575	575	575	575	575
365	394	404	417	425	438
79,694	79,694	79,694	79,694	79,694	79,694
625	625	625	625	625	625
562	565	590	633	619	624
86,172	86,172	86,172	86,172	-	-
663	663	663	663	-	-
490	507	546	539	-	-

continued

Fayette County Board of Education
School Building Information- continued
Last Ten Years
(unaudited)

	2016	2015	2014	2013
Elementary - continued				
Kedron (1995)				
Square feet	87,734	87,734	87,734	87,734
Capacity	725	725	725	725
Enrollment	593	573	582	518
Cleveland (2003)				
Square feet	94,179	94,179	94,179	94,179
Capacity	800	800	800	800
Enrollment	502	545	538	547
S. H. Minter (2003)				
Square feet	94,179	94,179	94,179	94,179
Capacity	800	800	800	800
Enrollment	743	765	772	599
North Fayette (1980)				
Square feet	75,785	75,785	75,785	75,785
Capacity	750	750	750	750
Enrollment	628	597	574	478
Oak Grove (1986)				
Square feet	71,040	71,040	71,040	71,040
Capacity	725	725	725	725
Enrollment	464	464	497	556
Peachtree City (1968)				
Square feet	62,732	62,732	62,732	62,732
Capacity	525	525	525	525
Enrollment	494	526	523	509
Peeples (1998)				
Square feet	94,655	94,655	94,655	94,655
Capacity	800	800	800	800
Enrollment	682	648	657	589
Spring Hill (1996)				
Square feet	94,655	94,655	94,655	94,655
Capacity	800	800	800	800
Enrollment	741	712	598	497
Tyrone (1980) [1]				
Square feet	59,580	59,580	59,580	59,580
Capacity	-	-	-	450
Enrollment	-	-	-	337
Middle				
Fayette (1986) [1]				
Square feet	135,649	135,649	135,649	135,649
Capacity	-	-	-	1,125
Enrollment	-	-	-	696

2012	2011	2010	2009	2008	2007
87,734	87,734	87,734	87,734	87,734	87,734
725	725	725	725	725	725
560	586	597	592	510	527
94,179	94,179	94,179	94,179	94,179	94,179
800	800	800	800	800	800
523	542	556	556	539	508
94,179	94,179	94,179	94,179	94,179	94,179
800	800	800	800	800	800
593	593	613	648	689	711
75,785	75,785	75,785	75,785	75,785	75,785
750	750	750	750	750	750
478	458	478	492	476	471
71,040	71,040	71,040	71,040	71,040	71,040
725	725	725	725	725	725
521	514	516	485	506	496
62,732	62,732	62,732	62,732	62,732	62,732
525	525	525	525	525	525
509	490	467	446	550	507
94,655	94,655	94,655	94,655	94,655	94,655
800	800	800	800	800	800
618	669	699	751	839	876
94,655	94,655	94,655	94,655	94,655	94,655
800	800	800	800	800	800
512	518	542	556	582	582
59,580	59,580	59,580	59,580	59,580	59,580
450	450	450	450	450	450
344	346	338	329	336	367
135,649	135,649	135,649	135,649	135,649	135,649
1,125	1,125	1,125	1,125	1,125	1,125
720	751	791	820	823	1,030

continued

Fayette County Board of Education
School Building Information- continued
Last Ten Years
(unaudited)

	2016	2015	2014	2013
Middle continued				
Bennett's Mill (2008)				
Square feet	158,653	158,653	158,653	158,653
Capacity	1,475	1,475	1,475	1,475
Enrollment	970	984	984	594
J. C. Booth (1979)				
Square feet	139,581	139,581	139,581	139,581
Capacity	1,175	1,175	1,175	1,175
Enrollment	1,216	1,209	1,201	1,052
Flat Rock (1989)				
Square feet	137,068	137,068	137,068	137,068
Capacity	1,012	1,012	1,012	1,012
Enrollment	721	753	820	854
Rising Starr (1996)				
Square feet	156,409	156,409	156,409	156,409
Capacity	1,175	1,175	1,175	1,175
Enrollment	973	976	965	1,035
Whitewater (1989)				
Square feet	137,879	137,879	137,879	137,879
Capacity	1,050	1,050	1,050	1,050
Enrollment	938	955	981	739
High				
Fayette County (1998*)				
Square feet	259,536	259,536	259,536	259,536
Capacity	1,725	1,725	1,725	1,725
Enrollment	1,288	1,302	1,236	1,255
McIntosh (1981)				
Square feet	273,809	273,809	270,793	270,793
Capacity	1,625	1,625	1,625	1,625
Enrollment	1,630	1,600	1,640	1,587
Sandy Creek (1990)				
Square feet	248,280	248,280	248,280	248,280
Capacity	1,625	1,625	1,625	1,625
Enrollment	1,175	1,149	1,160	1,167
Starr's Mill (1998)				
Square feet	226,980	226,980	226,980	226,980
Capacity	1,650	1,650	1,650	1,650
Enrollment	1,387	1,385	1,472	1,500
Whitewater (2004)				
Square feet	279,822	279,822	279,822	279,822
Capacity	1,475	1,475	1,475	1,475
Enrollment	1,404	1,415	1,369	1,380

2012	2011	2010	2009	2008	2007
158,653	158,653	158,653	158,653	158,653	-
1,475	1,475	1,175	1,175	1,175	-
598	607	625	569	548	-
139,581	139,581	139,581	139,581	139,581	139,581
1,175	1,175	1,175	1,175	1,175	1,175
1,025	1,021	1,018	988	994	1,200
137,068	137,068	137,068	137,068	137,068	137,068
1,012	1,012	1,012	1,012	1,012	1,012
824	839	826	840	845	926
156,409	156,409	156,409	156,409	156,409	156,409
1,175	1,175	1,175	1,175	1,175	1,175
1,039	1,039	1,103	1,077	1,058	1,091
137,879	137,879	137,879	137,879	137,879	137,879
1,050	1,050	1,050	1,050	1,050	1,050
817	818	855	907	935	1,177
259,536	259,536	259,536	259,536	259,536	259,536
1,725	1,725	1,725	1,725	1,725	1,725
1,280	1,360	1,431	1,451	1,359	1,291
270,793	270,793	270,793	270,793	270,793	270,793
1,625	1,625	1,625	1,625	1,625	1,625
1,578	1,636	1,621	1,600	1,598	1,552
248,280	248,280	248,280	248,280	248,280	248,280
1,625	1,625	1,625	1,625	1,625	1,625
1,157	1,178	1,240	1,278	1,329	1,342
226,980	226,980	226,980	226,980	226,980	226,980
1,650	1,650	1,650	1,650	1,650	1,650
1,480	1,555	1,508	1,621	1,653	1,611
279,822	279,822	279,822	279,822	279,822	279,822
1,475	1,475	1,475	1,475	1,475	1,475
1,453	1,533	1,623	1,679	1,679	1,696

Fayette County Board of Education
System Employees
Last Ten Fiscal Years
(unaudited)

	2016	2015	2014	2013	2012
Position					
Administrators	105	92	91	103	101
Teachers	1,410	1,327	1,304	1,423	1,483
Media	24	24	24	28	28
Counselors	49	48	47	57	58
Clerical	132	133	128	152	156
Paraprofessionals	307	270	211	303	296
Custodians	131	130	132	152	171
Lunchroom	122	157	157	157	178
Other Areas*	327	386	395	419	432
Total employees	2,607	2,567	2,489	2,794	2,903

Source: School System records

Note: Employee data does not include substitute teachers and is based on fulltime equivalent employment.

* Prior to 2009, Other Areas may have included Community Coaches, After School Employees, and At-Will Employees.

2011	2010	2009	2008	2007
100	100	102	102	103
1,483	1,493	1,570	1,675	1,620
28	28	36	35	36
58	58	61	65	59
157	160	162	189	169
320	320	350	356	339
171	177	178	177	184
178	174	174	174	170
420	428	456	510	570
2,915	2,938	3,088	3,283	3,250

Fayette County Board of Education
School Lunch and Breakfast Program
Last Ten Fiscal Years
(unaudited)

	2016	2015	2014	2013
Lunch Meals Served				
Free	592,273	582,919	551,946	541,183
Reduced	120,370	116,582	111,599	112,478
Paid	775,991	824,822	755,131	802,143
Total	1,488,634	1,524,323	1,418,676	1,455,804
Daily Average	8,325	8,544	8,260	8,262
Student Price	$2.55 - $2.65	$2.45 - $2.55	$2.35 - $2.45	$2.25 - $2.35
Breakfast Meals Served				
Free	167,262	157,122	148,968	133,860
Reduced	21,664	19,523	17,617	18,599
Paid	48,388	44,331	40,650	36,800
Total	237,314	220,976	207,235	189,259
Daily Average	1,345	1,260	1,231	1,101
Student Price	$1.45 - $1.50	$1.45 - $1.50	$1.45 - $1.50	$1.45 - $1.50
Total Meals Served				
Free	759,535	740,041	700,914	675,043
Reduced	142,034	136,105	129,216	131,077
Paid	824,379	869,153	795,781	838,943
Total	1,725,948	1,745,299	1,625,911	1,645,063
Daily Average	9,670	9,804	9,491	9,363

Source: School System records

2012	2011	2010	2009	2008	2007
561,152	544,183	487,840	417,595	360,542	337,321
116,127	102,357	126,018	125,967	119,440	116,103
920,006	975,988	1,063,608	1,214,298	1,309,593	1,324,475
1,597,285	1,622,528	1,677,466	1,757,860	1,789,575	1,777,899
8,899	9,150	9,449	9,861	9,966	9,913
$2.15 - $2.35	$2.10 - $2.25	$2.05 - $2.15	$2.00 - $2.10	$1.90 - $2.00	$1.90 - $2.00
116,773	112,236	101,422	80,954	71,146	59,899
15,550	14,370	17,014	14,437	15,442	11,407
29,779	33,602	27,857	29,936	27,955	24,148
162,102	160,208	146,293	125,327	114,543	95,454
923	932	853	688	688	561
$1.35 - $1.45	$1.35 - $1.45	$1.35 - $1.45	$1.35 - $1.45	$1.25	$1.25
677,925	656,419	589,262	498,549	431,688	397,220
131,677	116,727	143,032	140,404	134,882	127,510
949,785	1,009,590	1,091,465	1,244,234	1,337,548	1,348,623
1,759,387	1,782,736	1,823,759	1,883,187	1,904,118	1,873,353
9,822	10,082	10,302	10,549	10,654	10,474

Fayette County Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Estimated Population [1]	Personal Income (in $1,000) [1]	Per Capita Personal Income [1]	School Enrollment	Unemployment Rate [2]
2016	NA	NA	NA	20,238	5.2%
2015	110,714	6,018,520	54,361	20,242	5.6%
2014	109,648	5,722,608	52,191	20,243	6.7%
2013	108,295	5,394,188	49,810	20,318	7.6%
2012	107,411	5,325,750	49,583	20,506	8.2%
2011	107,207	5,125,078	47,805	21,120	8.6%
2010	106,993	4,769,927	44,582	21,683	8.3%
2009	105,493	4,717,723	44,721	22,047	9.1%
2008	105,192	4,900,826	46,589	22,108	5.0%
2007	104,989	4,939,327	47,046	22,367	4.0%

Source [1] Bureau of Economic Analysis, U.S. Department of Commerce, Table CA 1, updated November 17, 2016, with new estimates for 2015 and revised estimates for all years presented.

[2] Bureau of Labor Statistics, U.S. Department of Labor, for June of each year, updated with data extracted from BLS website on December 1, 2016

NA Data not available.

Fayette County Board of Education
Major Employers
June 30, 2016 and Nine Years Ago

	2016			2007		
Employer	**Employees**	**Rank**	**Percentage of County Employment**	**Employees**	**Rank**	**Percentage of County Employment**
Piedmont Fayette Hospital	2,000	1	4.07%	930	2	3.15%
Eaton Lighting Solutions	800	2	1.63%			
Panasonic Automotive Systems	725	3	1.47%	1,200	1	4.06%
Walmart SuperCenter	427	4	0.87%			
NCR Corp. Center of Excellence	400	5	0.81%	550	4	1.86%
Walmart, Fayetteville	400	6	0.81%			
Ply Gem Industries Inc.	300	7	0.61%			
Hoshizaki America Inc	275	8	0.56%	425	5	1.44%
Kindred Transitional Care & Rehab	210	9	0.43%			
Gerresheimer Peachtree City LP	208	10	0.42%			
Cooper Lighting				650	3	2.20%
World Airways				275	6	0.93%
TDK Components				210	7	0.71%
APAC -Georgia				200	8	0.68%
FAA Tracon				190	9	0.64%
Alenco Dennison				181	10	0.61%
Total	5,745		17.23%	4,811		16.28%

Source: Fayette County



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