Marietta city schools

BOARD OF EDUCATION
OF THE
CITY OF MARIETTA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

BOARD OF EDUCATION
OF THE
CITY OF MARIETTA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2016

Prepared by:
Erin Franklin, CPA
Director of Finance

INTRODUCTORY SECTION

(unaudited)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
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Marietta city schools
A Georgia Charter System

Grant Rivera, Ed. D.
Superintendent

January 27, 2017

To the Honorable Members of the City of Marietta Board of Education
and the Citizens of Marietta, Georgia:

The Comprehensive Annual Financial Report (CAFR) of the City of Marietta Board of Education, Georgia (the School District) for the fiscal year ended June 30, 2016, is submitted herewith. This report was prepared by the Finance Department and is intended to fulfill the requirements for audit prescribed by Georgia Statutes for local boards of education. Also, included in this CAFR is the Uniform Guidance report which is issued to fulfill Single Audit Requirements of completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Finance Department prepared this report in conformance with the standards of the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Government Finance Officers Association. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the School District. We believe the report, as presented, is accurate in all material aspects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain maximum understanding of the School District's financial affairs have been included.

Mauldin & Jenkins, LLC, have issued an unmodified ("clean") opinion on the School District's financial statements for the fiscal 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) document immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in four sections: 1) Introductory, 2) Financial, 3) Statistical, and 4) Single Audit. The Introductory section includes this transmittal letter, a list of principal officials, and an organization chart. The Financial section includes the basic financial statements as well as the unmodified opinion of independent public accountants on the basic financial statements. The Statistical section contains selected financial and demographic information, generally

presented over a multi-year basis. The Single Audit section contains federal compliance information including schedules and auditor reports required for the District to comply with the Revised Single Audit Act of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Profile of the School District

The School District's boundaries are coterminous with those of the City of Marietta, Georgia (the City). Incorporated in 1834, the City of Marietta is the county seat for Cobb County, Georgia. On June 11, 2006, the National Civic League crowned the City of Marietta one of the 10 best communities in the nation as a 2006 All-America City, the oldest and most respected community recognition award in the country. *Marietta Reads!*, the School District and City-wide effort to foster reading and literacy in the community, successfully helped the City illustrate how the program has increased student test scores and book circulation.

Marietta is the only city in Cobb County which operates its schools separately from the Cobb County School District. The Georgia General Assembly provided for the creation of the independent school system on December 29, 1890 and the School District was approved by the voters of the City of Marietta in 1892. The school bell rang for the first time on September 5, 1892, as 733 students attended class in four different locations.

The School District is an independent public Prekindergarten (PreK) through 12th grade school system and is not considered a component unit of any other government. The School District provides all basic services required by Georgia State law and Georgia Department of Education policies. These services include: regular and special educational programs at the elementary, middle and secondary levels and additional services in preschool special education.

In June, 2008, the School District became one of Georgia's first Charter School Systems. Due to its high performance and innovative practices, the district's charter was reapproved for an additional ten years in 2013. In 2008, the School District became the first International Baccalaureate (IB) World School District in Georgia, offering the IB continuum in grades K-12, one of only a few districts nationwide to do so. Other notable program services in the School District include Science, Technology, Engineering, Math (STEM) education, Choice Academies at the elementary level, an expanded governance model through local school councils, an 8th to 9th grade transition academy, emerging career pathways at the high school level, looping cohorts, teacher leadership academies, financial incentives for expanded roles in critical need areas, web based learning and assessments, 1:1 technology initiatives, community school programs and numerous others, which far exceed legal requirements.

The School District is governed by a Board of Education consisting of seven members elected by the registered voters of the City from seven wards within the City boundaries in nonpartisan elections. The Board Members serve four year terms. Each year a Board Chairman and Board Vice-Chairman are elected from the membership.

Day to day administration of the School District is the responsibility of the Superintendent, who is appointed by the Board of Education for a contract term determined by the Board. The Superintendent acts as the Secretary and Treasurer of the Board of Education, ex-officio member.

The School District serves students at small neighborhood schools while providing the dynamics of an urban school district. As of June 30, 2016, there were more than 700 certificated and 400 classified personnel servicing an active enrollment of approximately 8,900 PreK through 12th grade students in the School District's one high school, one middle school, one sixth grade academy and eight elementary schools – one of which was the first certified Science, Technology, Engineering and Math (STEM) Magnet school in Georgia. STEM programs are also available in grades 6-8. The School District also has an alternative program for grades 9-12 at the Marietta Performance Learning Center.

All of the School District's facilities have been well maintained and provide space to support the varied educational programs. A schedule of building information is provided in the statistical section of this report.

The School District has one of the highest levels of staff training and experience of any PreK-12 school system in Georgia. Over 75% of the teaching staff has obtained an education level of master's degree or higher. The School District fosters a continuing interest in professional and personal growth by providing staff development training at all levels. The high percentage of employees with advanced degrees and the high retention rate for teachers translates into a highly trained and qualified staff at every school.

The School District is accredited by the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS CASI), an accreditation division of AdvancED. The School District earned initial district accreditation as a quality school system from SACS CASI which is the highest level of accreditation that a school system can receive from this organization.

Local Economy

The City of Marietta is located in Cobb County, about 15 miles northwest of Atlanta, Georgia, the ninth largest metropolitan area in the United States. At 23 square miles, with a population of 59,000, Marietta is the county's seat and largest city. It is also one of the largest suburbs in the metropolitan Atlanta area. The region has significantly lower unemployment rates than most places in the U.S. and has led the nation in job creation several times over the last twenty years.

The business outlook for Marietta is favorable despite the economic downturn experienced by other regions of the country; in fact, there are several redevelopment projects underway in Marietta to foster small business growth and revitalize areas to create a stronger tax base. With a combined millage rate of 33.54 mills per thousand dollars of value (combined City, County and School), Marietta offers one of the lowest tax rates in the Metro Atlanta area.

Despite these considerable strengths, the School District has been challenged by a decreasing property tax base, which provides almost 55% of its total General Fund revenue. The School District's gross property tax digest decreased over 12% from fiscal year 2009 to fiscal year 2015, which was a reflection of the nationwide erosion of real estate values. However, property tax revenue is expected to increase gradually with new housing construction taking place and an increased commercial presence resulting from the City's redevelopment focus. The Atlanta Braves baseball franchise moving from Atlanta to a new stadium in Cobb County will be a boon to the local economy and will open in 2017.

The national economic downturn presented challenges to the State funding for public education in Georgia. Most of the funding reductions have occurred due to austerity or budget cuts imposed by the State. These reductions to the amounts earned by school systems based on the funding formula within State Law have extended to all systems in Georgia in order to help the State balance its budget. In the last five fiscal years, the School District has experienced over $24 million in austerity reductions due to reduced State funding. However, in 2015 and 2016, the State's education budget reduced the austerity statewide and we expect that trend to continue as the State's revenues improve.

Relevant Financial Policies

The mission of the School District is to prepare each of our students, through academic achievement, for college, career and life success. The financial policies are designed to ensure there are adequate funds to support this mission, by monitoring budgetary controls, consistently improving financial reporting, and implementing internal control systems in compliance with applicable federal and state laws and regulations.

The School Board established a fund balance policy to protect the financial condition of the School District and to meet the requirements of the Governmental Accounting Standards Board Statement 54. The policy defines the five categories of fund balance reported as nonspendable, restricted, committed, assigned and unassigned. The School Board determines the committed fund balance through board action, and delegates the assigned fund balance to the Superintendent or designee.

Long Term Financial Planning

Through conservative budgeting and closely monitoring expenditures, the School District maintained a healthy fund balance throughout the economic decline. Unassigned fund balance in the general fund exceeds policy and state requirements for budgetary and planning purposes. Throughout the economic downturn, the School District maintained its focus on student achievement and its vision to "Be the School System of Choice".

In March, 2013, the citizens of Marietta and Cobb County voted to renew a one-percent local option sales tax for education for a period of five years beginning January 1, 2014 and ending December 31, 2018. This sales tax for educational capital expenditures, in place since 1999, has allowed the School District to construct new schools, renovate and improve existing schools, improve technology and security systems, purchase buses and pay off long-term bond debt.

The School District plans capital expenditures as needs arise due to student growth and building maintenance. Enrollment forecasts, demographic studies and the age of facilities are all considered within the capital plan. Enrollment increases of approximately 2% per year are expected as residential housing increases in the City.

Strategic Initiatives

In 2012, the School District was one of five districts selected by the State of Georgia to receive funding to participate in a Race to the Top Resource Reallocation Project. The School District worked with an outside educational consulting firm to perform a "deep dig" into the School District's resources (defined broadly as time, people, and money) to determine how best to maximize them and also develop capacity at the State level.

The results of the resource project and a follow-up project funded by the State to develop a new teacher compensation model, have encouraged the District to embark on a major budgetary initiative to redesign its compensation called "Excel: Employee Advancement System" which is anticipated to be a model for the State of Georgia as it explores teacher compensation innovation. The School District will continue to invest in this new design to encourage competitive teacher salaries based on effectiveness, tuition reimbursement for advanced degrees and increased compensation for additional roles, with the ultimate goal of increased student achievement and graduation rate. Teacher salary schedules were modified for fiscal year 2016 to ensure Marietta City Schools offered the highest teacher compensation in the metro Atlanta area in an effort to hire and retain top performing teachers.

The Board of Education of the City of Marietta, Georgia will continue these strategic objectives, including highly compensated teachers, as seen in the adoption of its 2017 budget on June 21, 2016. The General Fund budget for 2017 anticipated revenues of $91,404,964 and expenditures of $95,278,276. Unreserved fund balance in the amount of $3,873,312 will be used to make up the difference. This budget reflects an increase from the 2016 budget of $5 million or 5.5%.

Closing

In closing, we wish to thank the members of the City of Marietta Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of the School District's finances. To the citizens of Marietta, please accept our gratitude for your ongoing support of our successful School District.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Finance Department. Special recognition is made to Ms. Cynthia Leatherwood, CPA, Accounting Supervisor, and Ms. Wanda Austin, Systems Accountant, for their outstanding contributions to the development of the comprehensive annual financial report. Each member of the Finance Department has our sincere appreciation for their committed service and skill in maintaining the School District's finances.

Respectfully submitted,

Grant Rivera, Ed.D.
Superintendent

Erin Franklin, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Board of Education of the City of Marietta, Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

BOARD OF EDUCATION OF THE CITY OF MARIETTA
PRINCIPAL OFFICIALS
JUNE 30, 2016

All matters relating to education and operations of the Marietta City School District are governed and controlled by the Board of Education as proven by Georgia law. The Board has the responsibility to maintain a uniform system of public schools providing quality education for all young people of the City of Marietta. With the advice of the superintendent, the Board must determine the policies and prescribe the rules and regulations for the management and administration of the school system.

Generally, the Board holds public meetings twice a month to conduct normal business with special sessions as needed. The Board is composed of seven members who are each elected for four years from one of seven geographical districts within the city. The Board elects a chairman and vice-chairman from the seven members to govern the body for a one year period.

Each board member's term ends December 31, 2017.



Mr. Alan Levine
Ward One
Board Member



Mr. Jason Waters
Ward Two
Board Chair



Mr. Randy Weiner
Ward Three
Board Vice Chair



Ms. Allison Gruehn
Ward Four
Board Member



Ms. Jeriene Bonner-Grimes
Ward Five
Board Member



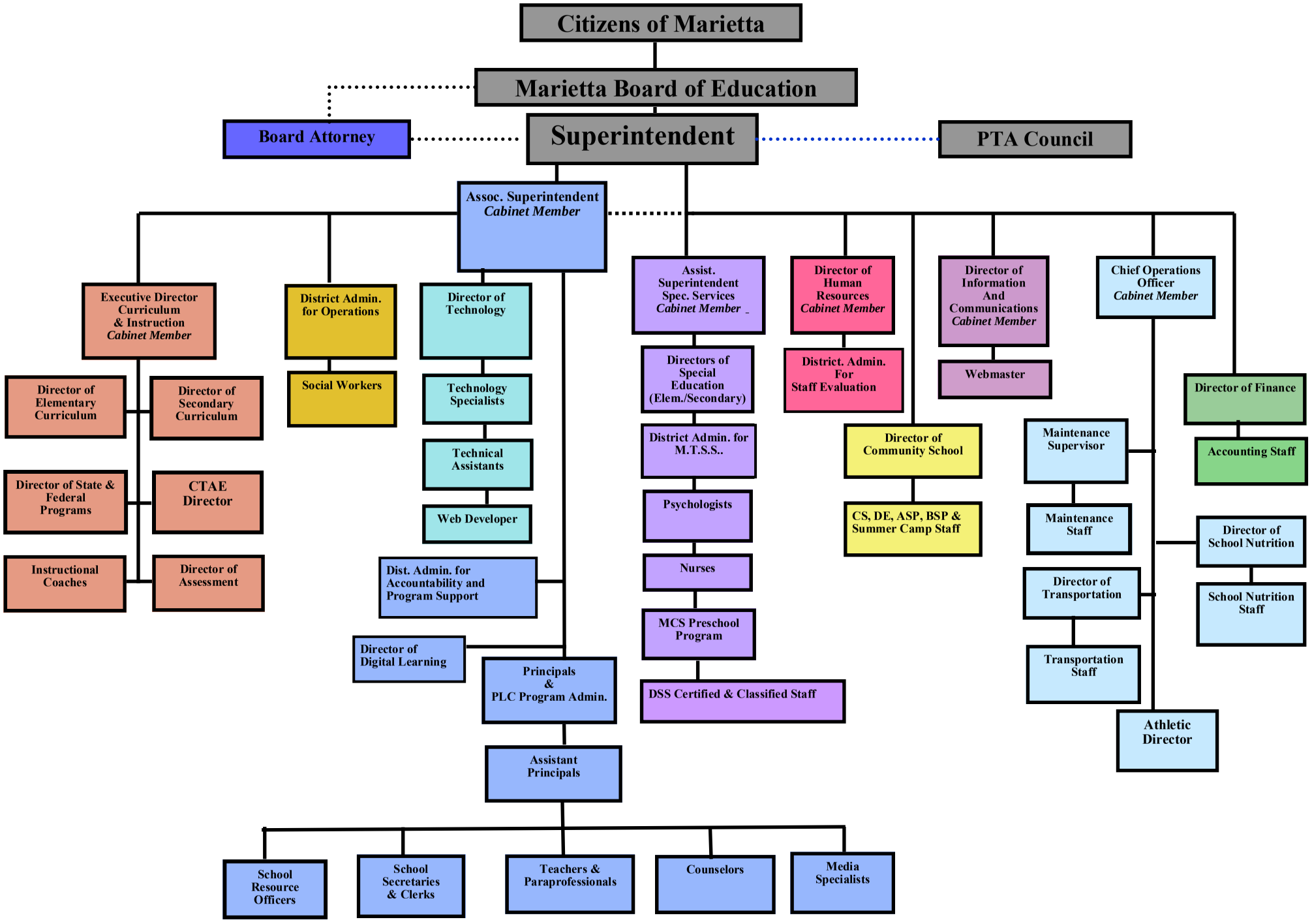
Mr. Thomas Cheater
Ward Six
Board Member



Ms. Irene Berens
Ward Seven
Board Member



Dr. Emily Lembeck
Superintendent


Citizens of Marietta
Marietta Board of Education
Board Attorney
Superintendent
PTA Council
Assoc. Superintendent
Cabinet Member
Executive Director Curriculum & Instruction
Cabinet Member
Director of Elementary Curriculum
Director of Secondary Curriculum
Director of State & Federal Programs
CTAE Director
Instructional Coaches
Director of Assessment
District Admin. for Operations
Social Workers
Director of Technology
Technology Specialists
Technical Assistants
Web Developer
Dist. Admin. for Accountability and Program Support
Director of Digital Learning
Principals & PLC Program Admin.
Assistant Principals
School Resource Officers
School Secretaries & Clerks
Teachers & Paraprofessionals
Counselors
Media Specialists
Assist. Superintendent Spec. Services
Cabinet Member
Directors of Special Education (Elem./Secondary)
District Admin. for M.T.S.S..
Psychologists
Nurses
MCS Preschool Program
DSS Certified & Classified Staff
Director of Human Resources
Cabinet Member
District. Admin. For Staff Evaluation
Director of Community School
CS, DE, ASP, BSP & Summer Camp Staff
Director of Information And Communications
Cabinet Member
Webmaster
Chief Operations Officer
Cabinet Member
Director of Finance
Accounting Staff
Maintenance Supervisor
Maintenance Staff
Director of Transportation
Transportation Staff
Director of School Nutrition
School Nutrition Staff
Athletic Director

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the Board of Education of the City of Marietta
Marietta, 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 **Board of Education of the City of Marietta**, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the City of Marietta'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 Board of Education of the City of Marietta, as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Grant Fund for the fiscal 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 4 through 12, the Schedule of Proportionate Share of the Net Pension Liability – TRS on page 49, the Schedule of Contributions – TRS on page 50, and the Schedule of Proportionate Share of the Net Pension Liability – PSERS on page 52, 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 Board of Education of the City of Marietta's basic financial statements. The statement of changes in assets and liabilities – Agency Fund, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of changes in assets and liabilities – Agency Fund, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards (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 section and statistical section 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 January 27, 2017 on our consideration of the Board of Education of the City of Marietta'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 Board of Education of the City of Marietta's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 27, 2017

Introduction

The discussion and analysis of the Board of Education of the City of Marietta's ("School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion is to look at the School District's financial performance as a whole. Readers should also review complete financial statements, with notes, to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- The District's 2016 net position increased by $5,406,520, or 11%, compared to fiscal year 2015.

- Beginning with financial statements ended June 30, 2015, GASB Statement No. 68 requires school districts to report the district's proportionate share of the collective net pension liability for each plan in which the district participates. The District's Net Pension Liability in 2016 increased from $62,881,115 in 2015 to $84,514,857 in 2016, resulting in a 22% increase in total liabilities.

- Total liabilities increased from $81,769,888 in 2015 to $100,128,143 in 2016, an increase of $18,358,255, due to the increase in the District's net pension liability of $21,633,742. Other liabilities decreased slightly by $7,153 due to a decrease in retainage payable.

- Total revenue increased from $109,893,732 in 2015 to $113,594,612 in 2016, a 3.4% increase of $3,700,880 resulting primarily from a 4% increase in operating grants and contributions and a 4.2% increase in tax revenue. Overall revenue for 2016 was $5,406,520 more than expenses.

- Total expenses increased from $98,398,893 in 2015 to $108,188,092 in 2016, an increase of 10% totaling $9,789,199.

- Instructional program expenses increased $8,283,650 from $59,747,981 in 2015 to $68,031,631 in 2016. Pupil and Instructional Services expenses increased 15.7% from $9,899,187 in 2015 to $11,452,684 in 2016. School and Administrative Services expenses, including Federal Grant Administration, increased from $8,301,838 in 2015 to $8,775,288 in 2016 primarily due to increased general and school administration expenses. Maintenance and Operations expenses decreased from $6,427,533 to $5,863,516 due to decreases in operating costs related to a settlement in 2015. Transportation expenses increased from $4,496,225 in 2015 to $4,629,613 due the increased depreciation on the new school buses. Other expenses decreased from $9,526,129 in 2015 to $9,435,360 in 2016 due primarily to the decrease in interest expense related to the outstanding notes payable.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements are comprised of three components: district-wide financial statements, fund financial statements, and notes to the financial statements.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, similar to a private-sector business.

The Statement of Net Position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over a period of time, increases or decreases in net position may serve as an indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows during future fiscal periods, for example, uncollected taxes. The District-wide financial statements are presented on pages 13 and 14.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine if there are more or less financial resources to be spent in the near future to finance educational goals and programs. The basic governmental fund financial statements, including the General Fund and Grant Fund's budgetary statements are presented on pages 15 through 19.

Fiduciary Funds

The School District is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. The other fund type, fiduciary funds, used to account for the School District's school activity accounts is presented on page 20.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 21.

Other Supplementary Information

This final section of the financial report includes the schedule of expenditures of special purpose local option sales tax proceeds and the statement of changes in assets and liabilities – agency fund on page 54.

The Statement of Net Position for 2016 has been summarized and compared with net position for 2015. (See Condensed Statement of Net Position - Table I). The School District's 2016 ending net position was $54,690,281, an 11% increase over the 2015 ending net position of $49,283,761. The implementation of GASB Statement No. 68 in 2015 requires school districts to report the district's proportionate share of the collective net pension liability for each plan in which the district participates. The increase in Long Term Liabilities in 2016 is a result of a 34%, or $21,633,742, increase in Net Pension Liability. More information regarding the District's retirement plans and net pension liability is located in Note 12 in the Notes to the Basic Financial Statements.

District-Wide Financial Analysis

Table I
Condensed Statement of Net Position

	2015	2016
Assets		
Current and Other Assets	$ 42,748,260	$ 41,307,532
Capital Assets	103,582,102	106,245,076
Total Assets	146,330,362	147,552,608
Deferred Outflows of Resources	7,704,010	15,956,429
Liabilities		
Other Liabilities	7,457,400	7,450,247
Long-Term Liabilities	74,312,488	92,677,896
Total Liabilities	81,769,888	100,128,143
Deferred Inflows of Resources	22,980,723	8,690,613
Net Position		
Net investment in Capital Assets	93,651,901	98,680,076
Restricted	4,476,094	3,439,462
Unrestricted (deficit)	(48,844,234)	(47,429,257)
Total Net Position	$ 49,283,761	$ 54,690,281

Table II
Changes in Net Position
Governmental Activities

	2015	2016
Revenues		
Program Revenues:		
Charges for Services	$ 3,670,030	$ 3,678,471
Operating Grants/Contributions	51,030,789	53,117,402
Capital Grants/Contributions	77,220	77,220
General Revenues:		
Taxes	53,955,217	56,210,305
Other	1,160,476	511,214
Total Revenues	109,893,732	113,594,612
Expenses		
Instruction	59,747,981	68,031,631
Pupil & Instructional Services	9,899,187	11,452,684
School and Administrative Services	8,301,838	8,775,288
Maintenance and Operations	6,427,533	5,863,516
Transportation	4,496,225	4,629,613
Other	9,526,129	9,435,360
Total Expenses	98,398,893	108,188,092
Change in Net Position	11,494,839	5,406,520
Net Position, beginning of year	37,788,922	49,283,761
Net Position, end of year	$ 49,283,761	$ 54,690,281

Revenues

The School District's total revenue increased 3.4% in 2016 (See Changes in Net Position - Table II). The primary increases were a result of a 4% ($2.08 million) increase in Operating Grants and Contributions and a 4.2% increase of $2,255,088 in Tax revenue. These increases were offset by a decrease in Other General Revenues by approximately $650,000.

Expenses

The School District's total expenses, which increased 10%, are primarily related to the instruction of students, providing pupil services, counseling and testing, improving instructional services and transporting students. Direct instructional costs increased 13.9% and pupil services increased 15.7%. Increases in State QBE funding and State and Federal grant funding allowed for competitive salary increases for employees. Maintenance and operation costs decreased by approximately 9%.

The Net Cost of Governmental Activities Table presents the total and net cost of six major District activities: instruction, pupil and instructional services, school and administrative services, maintenance and operations, transportation, and other. (See Net Cost of Governmental Activities Table - Table III).

Table III
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015	2016	2015	2016
Instruction	$ 59,747,981	$ 68,031,631	$ 25,589,922	$ 32,124,556
Pupil & Instructional Services	9,899,187	11,452,684	5,692,045	6,912,866
School & Administrative Services	8,301,838	8,775,288	3,917,634	4,499,817
Maintenance & Operations	6,427,533	5,863,516	3,182,065	2,593,212
Transportation	4,496,225	4,629,613	3,647,133	3,735,975
Other	9,526,129	9,435,360	1,592,055	1,448,573
Total	$ 98,398,893	$ 108,188,092	$ 43,620,854	$ 51,314,999

Net Cost of Services is the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The Net Cost shows the financial burden on the School District's taxpayers by each activity. The Total Cost of governmental services in 2016 was $108,188,092. Users of the School District's programs financed $3,678,471 of the costs. Federal and State grants, subsidized programs, and contributions financed $53,194,622 of the cost. The School District's taxpayers financed the remainder of the School District's cost, which was $51,314,999 in 2016.

The School District's Funds

The School District ended fiscal year 2016 with positive fund balances in all of its governmental funds. The combined balance of all governmental funds, $33,631,637 was a decrease of 4% from the 2015 ending balance of $35,045,335. This decrease was primarily associated with an increase in appropriations for the fiscal year 2017 budget and a decrease in the Excel Compensation reserve to offset fiscal year 2016 budgeted expenditures. At the end of 2016, the School District's General Fund balance (assigned and unassigned) was equivalent to approximately two and one half months of General Fund expenditures.

General Fund

The General Fund is the operating fund of the School District. Property taxes and other taxes account for the majority of the School District's revenues. Property tax revenues increased approximately 4% in fiscal year 2016 when compared to fiscal year 2015 due to increases in the tax digest and appraised property values. State revenue sources increased $2.6 million due to increased State funding reflected as a reduction of state austerity cuts implemented in prior years. The unassigned General Fund Balance was $11.8 million at June 30, 2016.

Grant Fund

The Grant Fund is used to account for Federal, State, and locally funded grant awards to the School District for accomplishing specific education tasks. In fiscal year 2016, grant revenues decreased $361,527, due to a decrease in State grant revenue. A one-time grant received in 2015 for the purchase of driver's education vehicles was not received in 2016.

District-wide Capital Projects Fund

The District-wide Capital Projects Fund is used to account for school construction and other improvement projects. Special Purpose Local Option Sales Tax (SPLOST) revenues and State funds account for the majority of the revenues in the Capital Projects Fund. SPLOST revenues increased by $160,981 in fiscal year 2016.

General Fund Budgetary Highlights

The fiscal year 2016 budget was developed in compliance with State Law and by balancing the challenges of projected increases in student enrollment, higher student/teacher ratios and reductions in state funding for education while maintaining an adequate fund balance reserve for financial stability.

The fiscal year 2016 General Fund budget, both revenues and expenditures, was amended during the fiscal year to reflect an increase in mid-term QBE funding from the State of Georgia. Several significant variances were noted between budgeted and actual revenues. Actual property tax receipts were approximately 3% less than projected. Actual State funds exceeded budgeted State funds by 2.8% due to the accrual of funds in June. Revenue from other local sources exceeded budgeted general fund revenue by $1,563,521 for financial reporting purposes due to revenue collected in School Based Accounts, which is not included in the General Fund budget.

One significant variance between actual and budgeted expenses occurred in Instruction. Actual expenditures were 2.6% less than budgeted expenditures which can be attributed to retiring educators. Each year's budget is planned using the current workforce and a greater number of retirees results in a younger workforce with lower salary and benefit costs.

Capital Assets and Debt Administration

Capital Assets

The School District is committed to maintaining and improving its capital assets. Capital assets increased 2.6% from $103,582,102 in 2015 to $106,245,076 in 2016, an increase of $2,662,974. (See Capital Assets, Net of Accumulated Depreciation - Table IV). The School District had capital asset additions of $8,760,130. This was offset by current year depreciation of $6,097,156. At June 30, 2016, the School District had commitments under construction contracts totaling $218,827 for renovations and improvements to existing facilities.

Table IV
Capital Assets, Net of Accumulated Depreciation

	2015	2016
Land	$ 9,695,861	$ 9,695,861
Construction in Progress	8,790,423	218,825
Buildings & Improvements	76,817,270	87,215,516
Machinery & Equipment	8,278,548	9,114,874
Total	$ 103,582,102	$ 106,245,076

More detailed information about capital assets can be found in Note 6 of the Notes to the Basic Financial Statements.

Long-Term Debt

The School District makes payments to the City of Marietta for debt issued on behalf of the school district. Principal payments of $3,160,000 were made during fiscal year 2016. As of June 30, 2016, the remaining principal balance on this debt is $7,565,000. This balance is recognized on the School District's financial statement as intergovernmental payables to the City of Marietta.

More detailed information about long-term obligations can be found in Note 9 of the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets

Marietta City School District is one of Georgia's first Charter School Systems, an International Baccalaureate World School District, and consistently ranked in the top 15% of the nation's public school systems. Marietta City Schools continues to maintain a positive financial position. The tax millage rate remained the same for 2016 after reductions in 2014 and 2015, keeping the City of Marietta among the lowest city millage rates in Metro Atlanta. The voter approved extension of the Special Purpose Local Option Sales Tax (SPLOST) allows the School District to improve existing school facilities and technology, fund ongoing capital needs and retire long-term debt payments related to school facilities. Despite the continuing financial challenges of recent years, our schools continue to meet academic challenges. In 2016, Marietta City Schools was named Georgia Charter System Innovator of the Year. This award also recognized the Graduate Marietta Student Success Center for providing student support and addressing barriers to success through academic and behavior support as well as offering community partnerships and services to meet the needs of all Marietta High School students. In 2016, Marietta High School was ranked as one of America's most challenging high schools by the Washington Post. MHS also earned recognition as an Advanced Placement Honor School for the seventh consecutive year. Marietta Middle School achieved STEM certification, making Marietta one of only four Districts in Georgia with three STEM certifications. The Board of Education of the City of Marietta was named a 2015 Georgia School Boards Association Quality School Board, recognizing exemplary school board leadership. Marietta City Schools was named a 2015 Top Workplace by the Atlanta Journal-Constitution. These honors continue to highlight the strong academic and fiscal leadership provided to the students, parents, and community of the School District.

The Board of Education of the City of Marietta, Georgia adopted its 2017 budget on June 21, 2016. The General Fund budget for 2017 anticipated revenues of $91,404,964 and expenditures of $95,278,276. Unreserved fund balance in the amount of $3,873,312 will be used to make up the difference. The approved millage rate to fund the 2017 budget is 17.97 mills. This budget reflects an increase from the 2016 budget of $5 million or 5.5%.

Contacting the School System's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the School District's finances. If you have questions about this report or need additional financial information, please contact Mrs. Erin Franklin, Director of Finance, at the Board of Education of the City of Marietta, P.O. Box 1265, Marietta, Georgia 30061. You may also e-mail your question to Mrs. Franklin at efranklin@marietta-city.org

BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 24,147,710
Investments	7,213,066
Receivables:	
Taxes, net	1,608,842
Intergovernmental	7,289,128
Other	500,273
Inventory	71,896
Prepaid items	476,617
Capital assets (nondepreciable)	9,914,686
Capital assets (depreciable, net of accumulated depreciation)	96,330,390
Total assets	147,552,608
DEFERRED OUTFLOWS OF RESOURCES	
Contributions made subsequent to the measurement date - pension	8,055,125
Changes in proportion and differences between employer contributions and employer proportionate share of contributions - pension	7,901,304
Total deferred outflows of resources	15,956,429
LIABILITIES	
Accounts payable	1,701,024
Salaries and benefits payable	5,695,689
Due to other governments	2,534
Unearned revenues	51,000
Accrued interest payable	157,604
Claims and judgements payable, due within one year	105,840
Intergovernmental payable, City of Marietta, due within one year	3,335,000
Intergovernmental payable, City of Marietta, due in more than one year	4,230,000
Net pension liability, due in more than one year	84,514,857
Compensated absences, within one year	301,136
Compensated absences, due in more than one year	33,459
Total liabilities	100,128,143
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual investment earnings - pension	7,128,917
Changes in proportion and differences between employer contributions and employer proportionate share of contributions - pension	818,344
Experience differences - pension	743,352
Total deferred inflows of resources	8,690,613
NET POSITION	
Net investment in capital assets	98,680,076
Restricted for:	
Continuation of federal programs	1,120,988
Capital projects	2,318,474
Unrestricted (deficit)	(47,429,257)
Total net position	$ 54,690,281

The accompanying notes are an integral part of these financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 68,031,631	$ 414,397	$ 35,492,678	$ -	$ (32,124,556)
Support services:					
Pupil services	4,975,068	-	714,750	-	(4,260,318)
Improvement of instructional services	5,114,642	-	2,595,133	-	(2,519,509)
Educational media services	1,362,974	-	1,229,935	-	(133,039)
Federal grant administration	266,183	-	-	-	(266,183)
General administration	1,745,685	-	1,482,259	-	(263,426)
School administration	5,976,621	-	2,736,927	-	(3,239,694)
Business administration	786,799	-	56,285	-	(730,514)
Maintenance and operation of plant	5,863,516	15,612	3,254,692	-	(2,593,212)
Student transportation services	4,629,613	118,216	698,202	77,220	(3,735,975)
Central support services	994,767	-	76,132	-	(918,635)
Other support services	438,446	-	436,121	-	(2,325)
Enterprise operation	131,483	-	-	-	(131,483)
Food services operation	5,522,210	1,091,179	4,344,288	-	(86,743)
Community service operation	1,878,038	2,039,067	-	-	161,029
Interest on long-term debt	470,416	-	-	-	(470,416)
Total governmental activities	$ 108,188,092	$ 3,678,471	$ 53,117,402	$ 77,220	(51,314,999)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					44,103,745
Sales taxes					10,080,194
Other taxes					2,026,366
Unrestricted investment earnings					173,325
Other					281,831
Gain on sale of capital assets					56,058
Total general revenues					56,721,519
Change in net position					5,406,520
Net position, beginning of year					49,283,761
Net position, end of year					$ 54,690,281

The accompanying notes are an integral part of these financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

ASSETS	General	Grant	District-wide Capital Projects	Non-major Capital Projects Fund Asset Replacement	Total Governmental Funds
Cash and cash equivalents	$ 9,810,335	$ 4,226,059	$ 7,525,942	$ 2,585,374	$ 24,147,710
Investments	7,213,066	-	-	-	7,213,066
Receivables:					
Taxes, net	723,980	-	884,862	-	1,608,842
Intergovernmental	5,932,996	1,356,132	-	-	7,289,128
Other	374,230	126,043	-	-	500,273
Due from other funds	-	-	-	688,268	688,268
Prepaid items	431,848	44,769	-	-	476,617
Inventory	-	71,896	-	-	71,896
Total assets	$ 24,486,455	$ 5,824,899	$ 8,410,804	$ 3,273,642	$ 41,995,800
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 939,086	$ 263,117	$ 498,821	$ -	$ 1,701,024
Salaries and benefits payable	5,191,664	504,025	-	-	5,695,689
Due to other funds	-	-	688,268	-	688,268
Due to other governments	-	2,534	-	-	2,534
Unearned revenue	-	-	51,000	-	51,000
Total liabilities	6,130,750	769,676	1,238,089	-	8,138,515
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	225,648	-	-	-	225,648
Total deferred inflows of resources	225,648	-	-	-	225,648
FUND BALANCES					
Nonspendable:					
Inventory	-	71,896	-	-	71,896
Prepaid items	431,848	44,769	-	-	476,617
Restricted for:					
Continuation of federal programs	-	1,120,988	-	-	1,120,988
Capital Outlay	-	-	2,318,474	-	2,318,474
Committed for:					
Local school accounts	325,171	-	-	-	325,171
Employee recognitions from donations	-	2,303	-	-	2,303
Marietta Reads	-	9,321	-	-	9,321
Special Olympics	-	304	-	-	304
Assigned for:					
Appropriation for next year's budget	3,873,312	-	-	-	3,873,312
Capital projects	-	-	4,854,241	3,273,642	8,127,883
Unemployment compensation	177,832	-	-	-	177,832
Vocational replacement	44,544	-	-	-	44,544
Worker's compensation	250,000	-	-	-	250,000
Transportation safety fund	88,079	-	-	-	88,079
Excel compensation fund	1,067,394	-	-	-	1,067,394
Graduate Marietta	61,805	-	-	-	61,805
Local funding programs	-	3,805,642	-	-	3,805,642
Unassigned	11,810,072	-	-	-	11,810,072
Total fund balances	18,130,057	5,055,223	7,172,715	3,273,642	33,631,637
Total liabilities, deferred inflows of resources, and fund balances	$ 24,486,455	$ 5,824,899	$ 8,410,804	$ 3,273,642	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					
Cost				$ 199,694,105	
Less accumulated depreciation				(93,449,029)	106,245,076
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.					225,648
The net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.					
Net pension liability				(84,514,857)	
Deferred outflows of resources - contributions subsequent to the measurement date				8,055,125	
Deferred outflows of resources - difference between employer contributions and employer's proportionate share of contributions				7,901,304	
Deferred inflows of resources - difference between employer contributions and employer's proportionate share of contributions				(818,344)	
Deferred inflows of resources - investment earnings				(7,128,917)	
Deferred inflows of resources - experience differences				(743,352)	(77,249,041)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
Intergovernmental payable				(7,565,000)	
Accrued interest				(157,604)	
Claims and judgements payable				(105,840)	
Compensated absences				(334,595)	(8,163,039)
Net position of governmental activities					$ 54,690,281

The accompanying notes are an integral part of these financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Grant	District-wide Capital Projects	Non-major Capital Projects Fund Asset Replacement	Total Governmental Funds
REVENUES					
Property taxes	$ 44,123,622	$ -	$ -	$ -	$ 44,123,622
Sales taxes	-	-	10,080,194	-	10,080,194
Other taxes	2,026,366	-	-	-	2,026,366
State funds	40,419,172	158,706	-	-	40,577,878
Federal funds	-	10,001,296	-	-	10,001,296
Charges for services	430,009	1,091,179	-	-	1,521,188
Investment earnings	153,436	7,969	17,154	3,133	181,692
Other local sources	2,135,126	2,314,159	-	-	4,449,285
Miscellaneous	222,028	152,518	25,501	-	400,047
Total revenues	89,509,759	13,725,827	10,122,849	3,133	113,361,568
EXPENDITURES					
Current:					
Instruction	58,949,576	3,395,958	1,129,814	-	63,475,348
Support services:					
Pupil services	4,661,770	230,463	3,960	-	4,896,193
Improvement of instructional services	2,915,559	2,182,170	15,715	-	5,113,444
Educational media services	1,362,974	-	-	-	1,362,974
Federal grant administration	-	266,183	-	-	266,183
General administration	1,287,223	181,618	-	-	1,468,841
School administration	5,735,093	174,903	70,656	-	5,980,652
Business administration	634,577	-	153,730	-	788,307
Maintenance and operation of plant	6,678,655	26,307	70,025	26,484	6,801,471
Student transportation services	4,601,662	217,881	1,370	-	4,820,913
Central support services	697,769	65,022	231,293	-	994,084
Other support services	-	436,121	-	-	436,121
Miscellaneous non-instructional services	-	131,483	-	-	131,483
Food services operation	58,124	5,464,086	-	-	5,522,210
Community services operation	-	1,877,802	-	-	1,877,802
Capital outlay	80,161	-	7,118,887	-	7,199,048
Debt service:					
Principal retirement	-	-	3,160,000	-	3,160,000
Interest and fees	-	-	536,250	-	536,250
Total expenditures	87,663,143	14,649,997	12,491,700	26,484	114,831,324
Excess (deficiency) of revenues over expenditures	1,846,616	(924,170)	(2,368,851)	(23,351)	(1,469,756)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	56,058	-	-	56,058
Transfers in	68,474	801,463	2,690,114	-	3,560,051
Transfers out	(2,514,323)	(1,045,728)	-	-	(3,560,051)
Total other financing sources (uses)	(2,445,849)	(188,207)	2,690,114	-	56,058
Net change in fund balances	(599,233)	(1,112,377)	321,263	(23,351)	(1,413,698)
FUND BALANCE, beginning of year	18,729,290	6,167,600	6,851,452	3,296,993	35,045,335
FUND BALANCE, end of year	$ 18,130,057	$ 5,055,223	$ 7,172,715	$ 3,273,642	$ 33,631,637

The accompanying notes are an integral part of these financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL 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		$ (1,413,698)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 8,760,130	
Depreciation expense	(6,097,156)	2,662,974
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property taxes		(19,877)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Principal payments - intergovernmental payable, City of Marietta		3,160,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	$ (8,314)	
Change in claims and judgements payable	50,814	
Pension expense	908,787	
Change in accrued interest	65,834	1,017,121
Change in net position of governmental activities		$ 5,406,520

The accompanying notes are an integral part of these financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 45,583,483	$ 45,583,483	$ 44,123,622	$ (1,459,861)
Other taxes	1,450,000	1,450,000	2,026,366	576,366
State funds	38,985,375	39,326,642	40,419,172	1,092,530
Federal funds	375,000	375,000	-	(375,000)
Charges for services	470,000	470,000	430,009	(39,991)
Investment earnings	60,000	60,000	153,436	93,436
Other local sources	395,000	571,605	2,135,126	1,563,521
Miscellaneous	-	-	222,028	222,028
Total revenues	87,318,858	87,836,730	89,509,759	1,673,029
EXPENDITURES				
Current:				
Instruction	60,403,765	60,593,765	59,029,737	1,564,028
Support services:				
Pupil services	4,486,706	4,761,611	4,661,770	99,841
Improvement of instructional services	3,252,252	4,681,161	2,915,559	1,765,602
Educational media services	1,517,506	1,517,506	1,362,974	154,532
General administration	1,207,093	1,307,093	1,287,223	19,870
School administration	5,938,574	5,938,574	5,735,093	203,481
Business administration	672,423	682,423	634,577	47,846
Maintenance and operation of plant	6,622,378	6,622,378	6,678,655	(56,277)
Student transportation services	4,546,604	4,623,824	4,601,662	22,162
Central support services	836,688	901,688	697,769	203,919
Food services operation	-	-	58,124	(58,124)
Total expenditures	89,483,989	91,630,023	87,663,143	3,966,880
Excess (deficiency) of revenues over expenditures	(2,165,131)	(3,793,293)	1,846,616	5,639,909
OTHER FINANCING SOURCES (USES)				
Transfers in	1,378,697	1,481,697	68,474	(1,413,223)
Transfers out	(793,628)	(1,085,988)	(2,514,323)	(1,428,335)
Total other financing sources (uses)	585,069	395,709	(2,445,849)	(2,841,558)
Net change in fund balances	(1,580,062)	(3,397,584)	(599,233)	2,798,351
FUND BALANCE, beginning of year	18,729,290	18,729,290	18,729,290	-
FUND BALANCE, end of year	$ 17,149,228	$ 15,331,706	$ 18,130,057	$ 2,798,351

The accompanying notes are an integral part of these financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
State funds	$ 90,500	$ 249,956	$ 158,706	$ (91,250)
Federal funds	9,970,139	10,419,597	10,001,296	(418,301)
Charges for services	1,102,000	1,102,000	1,091,179	(10,821)
Investment earnings	1,200	1,200	7,969	6,769
Other local sources	2,148,914	2,323,914	2,314,159	(9,755)
Miscellaneous	-	-	152,518	152,518
Total revenues	13,312,753	14,096,667	13,725,827	(370,840)
EXPENDITURES				
Current:				
Instruction	2,376,615	3,526,203	3,395,958	130,245
Support services:				
Pupil services	221,983	219,486	230,463	(10,977)
Improvement of instructional services	1,997,860	2,320,813	2,182,170	138,643
Federal grant administration	280,508	283,833	266,183	17,650
General administration	84,572	185,685	181,618	4,067
School administration	8,150	175,150	174,903	247
Maintenance and operation of plant	800	55,300	26,307	28,993
Student transportation services	157,725	237,972	217,881	20,091
Central support services	-	56,000	65,022	(9,022)
Other support services	488,476	490,802	436,121	54,681
Miscellaneous non-instructional services	132,000	132,000	131,483	517
Food services operation	5,956,300	5,956,300	5,464,086	492,214
Community services operation	1,834,041	1,917,041	1,877,802	39,239
Total expenditures	13,539,030	15,556,585	14,649,997	906,588
Excess (deficiency) of revenues over expenditures	(226,277)	(1,459,918)	(924,170)	535,748
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	56,058	56,058
Transfers in	797,463	797,463	801,463	4,000
Transfers out	-	(977,269)	(1,045,728)	(68,459)
Total other financing sources (uses)	797,463	(179,806)	(188,207)	(8,401)
Net change in fund balances	571,186	(1,639,724)	(1,112,377)	527,347
FUND BALANCE, beginning of year	6,167,600	6,167,600	6,167,600	-
FUND BALANCE, end of year	$ 6,738,786	$ 4,527,876	$ 5,055,223	$ 527,347

The accompanying notes are an integral part of these financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

JUNE 30, 2016

	Agency Fund
ASSETS	
Cash	$ 273,347
LIABILITIES	
Funds held for others	$ 273,347

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Board of Education of the City of Marietta ("District" or "School System") was established under the laws of the state of Georgia and operates under the guidance of a seven (7) member board elected by the voters of the City of Marietta and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes. Its budget is not subject to approval by any other entity. Accordingly, the District is a primary government and consists of all the organizations that compose its legal entity. There are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the District related to the administration and support of the District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets, amounts restricted by outside parties for specific purpose and unrestricted amounts.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

The fund financial statements provide information about the District's funds, including fiduciary funds using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities, along with deferred inflows or resources, generally are included on the balance sheet. The statement or revenues, expenditures, and changes in fund balances reports the sources (i.e., the revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between government-wide statements and the governmental fund statements. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

- *Grant Fund* is a special revenue fund and accounts for federal and state funded grants awarded to the District for accomplishing specific educational tasks and whose expenditures are restricted to specific purposes.

- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST III and SPLOST IV) to be used for the acquisition, construction or renovation of major capital facilities.

Additionally, the District reports the following non-major fund:

- The *Asset Replacement Capital Project Fund* accounts for expenditures of the District to make replacement purchases of capital assets.

The District reports the following fiduciary fund type:

- *Agency Funds* account for assets held by the District as an agent for various individual school clubs and activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental activities and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. 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 District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they collected within 120 days after year-end. Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases and bonds are reported as other financing sources.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Revenues from grants and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School System must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

The state of Georgia 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 of Georgia 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 of Georgia 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 of Georgia has a signed appropriation that includes this final amount, which represents the state of Georgia'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.

Cash and Cash Equivalents

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

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

Receivables

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

	General Fund	Grant Fund	District-wide Capital Projects	Total
Receivables:				
Taxes	$ 1,141,733	$ -	$ 884,862	$ 2,026,595
Intergovernmental	5,932,996	1,356,132	-	7,289,128
Other	374,230	126,043	-	500,273
Allowances	(417,753)	-	-	(417,753)
Net receivables	$ 7,031,206	$ 1,482,175	$ 884,862	$ 9,398,243

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The City of Marietta levied the 2015 tax digest on July 27, 2015. Taxes were due on October 31, 2015. Taxes collected within the current fiscal year or within 60 days after year-end are reported as revenue in the governmental funds for fiscal year 2016. The City of Marietta Tax Division bills and collects the property taxes for the District and remits the balance of taxes collected to the District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2016, for maintenance and operations amounted to $44,123,622.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The Board of Education of the City of Marietta is in compliance with this law. Tax millage rates levied for the 2015 tax year for the Board of Education of the City of Marietta were as follows (a mill equals $1 per thousand dollars of assessed value):

School Maintenance & Operations	17.97 mills

Sales Taxes

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $10,080,194 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Inventories

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables and Payables

During the course of its operations, the District makes transfers between funds to finance operations, provide services, acquire assets and service debt. To the extent that certain transfers between funds had not been received as of year-end, balances of interfund amounts receivable or payable have been recorded.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund loan receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to June 30, 2016, are recorded as prepaid items. The prepaid items are recognized on the consumption method.

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated acquisition cost. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$10,000	20 to 50 years
Buildings and Improvements	$10,000	20 to 50 years
Intangible Assets	$10,000	20 to 50 years
All Equipment	$10,000	5 to 15 years

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Annual employees earn vacation leave at the rate of 10 days per year for the first four years up to a maximum of 20 days after ten years being employed at the Board of Education of the City of Marietta. The maximum possible accumulation is 30 days. At termination, annual employees are paid for any accumulated vacation leave.

Annual employees can earn sick leave at the rate of one and one-half days per month up to a maximum of 100 days. Accumulated days in excess of 100 at the previous year end are paid at the beginning of each fiscal year to Public School Employee Retirement System employees. The days are paid at the rate of one-half the daily standard substitute teacher pay rate. At termination, these employees are paid for their accumulated sick leave.

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 additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

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 Public School Employees Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Payments of principal and interest and issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, deferred outflows of resources, liabilities, and deferred inflows or resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) 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 either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the approval of a formal motion and passage of a resolution. Only the Board of Education may modify or rescind the commitment, through a supplemental resolution.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent, through the Director of Finance, the authority to assign fund balances.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position **-** Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources for activities and funds which use the accrual basis of accounting. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Deferred Outflows/Inflows of Resources

In addition to liablities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of deferred inflow of resources, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The District also has deferred inflows and outflows 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. The difference between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period. Changes in the proportion and differences between the District's contributions and the District's proportionate share of contributions are deferred and amortized against pension expense over the remaining estimated service life of the active employees. Experience gains or losses related to the pension plan are deferred and amortized against pension expense over the remaining estimated service life of the active employees. Additionally, any contributions made by the District to the pension plan before year end but subsequent to the measurement date of the District's net pension liability are reported as deferred outflows of resources.

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual budget for its General Fund and Grant Fund. The budgets are prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167. After the Board of Education of the City of Marietta has tentatively adopted the budgets, such budgets are advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budgets are revised as necessary and adopted as the final budgets.

The following functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2016.

General Fund:		
Maintenance and operation of plant	$	56,277
Food services operation		58,124
Grants Fund:		
Pupil services		10,977
Central support services		9,022

Note 4: DEPOSITS AND INVESTMENTS

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than 10 days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance.

Credit risk. State statutes authorize the School District to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Operating funds of the School District are currently invested in the Georgia Fund 1; U.S. Treasuries, U.S Government agencies; or public funds money market mutual funds.

Interest rate risk. The School District 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.

The School District'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.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the School Districts investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

The certificate of deposits are reported at amortized cost for nonparticipating interest-earning investment contracts. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

At June 30, 2016, information on the credit risk and interest rate risk related to the School District's investments is disclosed as follows:

Investment	Maturities	Rating	Fair Value
Certificate of deposit	12 month CDs	n/a	$ 1,490,107
Certificate of deposit	13 - 24 month CDs	n/a	2,241,847
Certificate of deposit	25 - 36 month CDs	n/a	250,428
Certificate of deposit	37 - 48 month CDs	n/a	252,760
Certificate of deposit	49 - 60 month CDs	n/a	735,143
U.S. Government Bonds	6/21/2019	AAA	1,002,575
U.S. Government Bonds	1/29/2021	AAA	1,240,206
Georgia Fund One	56 day weighted average	n/a	6,425,679
			$ 13,638,745

Fair Value Measurements. The School District 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 unobservable inputs. The School District has the following recurring fair value measurements as of June 30, 2016:

Investment	Level 1	Fair Value
U.S. Governemnt Bonds	$ 2,242,781	$ 2,242,781
Investments not subject to level disclosure:		
Georgia Fund 1		6,425,679
Certificates of Deposit		4,970,285
		$ 13,638,745

The U.S. government bonds in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

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 District does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

Note 5: NON-MONETARY TRANSACTIONS

The District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their federally assigned value of $197,469.

Note 6: CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 9,695,861	$ -	$ -	$ -	$ 9,695,861
Construction in progress	8,790,423	3,820,795	-	(12,392,393)	218,825
Total	18,486,284	3,820,795	-	(12,392,393)	9,914,686
Capital assets, being depreciated:					
Site improvements	1,674,567	181,977	-	-	1,856,544
Buildings and improvements	146,248,438	1,551,926	-	11,908,265	159,708,629
Machinery and equipment	24,764,241	3,205,432	(239,555)	484,128	28,214,246
Total	172,687,246	4,939,335	(239,555)	12,392,393	189,779,419
Less accumulated depreciation for:					
Site improvements	(358,272)	(88,278)	-	-	(446,550)
Buildings and improvements	(70,747,463)	(3,155,644)	-	-	(73,903,107)
Machinery and equipment	(16,485,693)	(2,853,234)	239,555	-	(19,099,372)
Total	(87,591,428)	(6,097,156)	239,555	-	(93,449,029)
Total capital assets, being depreciated, net	85,095,818	(1,157,821)	-	12,392,393	96,330,390
Governmental activities capital assets, net	$ 103,582,102	$ 2,662,974	$ -	$ -	$ 106,245,076

Depreciation expense was charged to functions as follows:

Instruction	$ 5,318,259
Support services:	
Pupil services	78,875
General administration	262,932
Maintenance and operations	5,103
Pupil transportation	429,663
Food services operation	2,324
Total depreciation expense - governmental activities	$ 6,097,156

Note 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Fund	District-Wide Capital Projects Fund	$ 688,268

This balance is a result of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2016 are as follows:

Transfer in / out:

Transfer in	Transfer out	Amount
General Fund	Grants Fund	$ 68,474
District-Wide Capital Projects Fund	General Fund	1,712,860
District-Wide Capital Projects Fund	Grants Fund	977,254
Grants Fund	General Fund	801,463
		$ 3,560,051

A transfer was made to the Grant Fund as a supplemental funding source for additional instructional activities. Transfers were made to the District-Wide Capital Projects Fund as a supplemental funding source for additional capital outlay activities. Transfers were made to the General Fund for unused grant supplements.

Note 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters.

The District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions and job related illness or injuries to employees. The District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the District's insurance coverage in any of the past three years.

The District is self-insured with regard to workers compensation claims up to the first $250,000 of each workers compensation claim. The District accounts for claims within the General Fund with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Note 8: RISK MANAGEMENT (Continued)

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

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2016	$ 156,654	$ 49,731	$ 100,545	$ 105,840
2015	267,243	193,673	304,262	156,654

Note 9: LONG-TERM OBLIGATIONS

The changes in long-term debt during the fiscal year ended June 30, 2016, were as follows:

	Balance as of July 1, 2015	Increases	Decreases	Balance as of June 30, 2016	Due within one year
Intergovernmental payable					
City of Marietta	$ 10,725,000	$ -	$ 3,160,000	$ 7,565,000	$ 3,335,000
Compensated absences	326,281	308,281	299,967	334,595	301,136
Net pension liability	62,881,115	30,082,795	8,449,053	84,514,857	-
Claims and judgements payable	156,654	13,691	64,505	105,840	105,840
Long-term liabilities	$ 74,089,050	$ 30,404,767	$ 11,973,525	$ 92,520,292	$ 3,741,976

Compensated absences, the net pension liabilty, and claims and judgements payable typically have been paid from the General Fund.

In addition to appropriation of taxes and other revenues to the District from the City of Marietta, the City also services certain debt for the District as set forth below.

The note payable to the City of Marietta is related to the Series 2009A General Obligation School Refunding bonds totaling $25,270,000. The bond proceeds were used to advance refund the Series 2008 Refunding Bonds which were to be paid with 2008 SPLOST proceeds. Because the Series 2009A Bonds, when issued, will under Georgia law be construed and deemed to be issued in lieu of the Refunded 2008 Bonds, the District is required (to the extent available) to use proceeds it receives from the Sales Tax to pay a portion of the debt service on the Series 2009A Bonds. No assurance can be given, however, that Sales Tax proceeds will be available to pay a portion of the debt service on the Series 2009A Bonds, or that the District will transfer such Sales Tax proceeds, if available, to the City to be used to pay a portion of the debt service on the Series 2009A Bonds. No recourse may be had against any of the Sales Tax proceeds received by the District to pay debt service on the Series 2009A Bonds. For the fiscal year ended June 30, 2016, the District paid $3,160,000 in debt service payments related to the bonds.

Note 9: LONG-TERM OBLIGATIONS (Continued)

The intergovernmental payable currently outstanding is as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2017	$ 3,335,000	$ 378,250	$ 3,713,250
2018	3,520,000	211,500	3,731,500
2019	710,000	35,500	745,500
Total	$ 7,565,000	$ 625,250	$ 8,190,250

Note 10: SIGNIFICANT COMMITMENTS

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

Project	Amount
Roofing Projects - multiple locations	$ 175,804
Marietta High School Wall Renovation	19,548
Baseball Field Subsurface Drain Addition	23,475
	$ 218,827

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

Note 11: ON-BEHALF PAYMENTS

The District has recognized revenues and expenditures in the amount of $258,386 for retirement contributions paid on the District's behalf by the following state agencies:

Georgia Department of Education
Paid to the Teachers Retirement System
For Teachers Retirement (TRS)
In the amount of $149,760

Office of the State Treasurer of the State of Georgia
Paid to Public School Employee Retirement System
For Public School Employees Retirement (PSERS)
In the amount of $108,626

Note 12: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the state of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2016. The school district's contractually required contribution rate for the year ended June 30, 2016 was 14.27% of annual school district payroll. District contributions to TRS were $8,055,125 for the year ended June 30, 2016.

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Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (CONTINUED)

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the state of Georgia for certain public school support personnel. The amount recognized by the District as its proportionate share of the net pension liability, the related state of Georgia support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	84,514,857
State of Georgia's proportionate share of the net pension liability associated with the District		1,670,530
Total	$	86,185,387

The 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 District'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 District's proportion was 0.555142%, which was an increase of 0.057416% from its proportion measured as of June 30, 2014.

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Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (CONTINUED)

For the year ended June 30, 2016, the District recognized pension expense of $7,343,201 and revenue of $196,863 for support provided by the state of Georgia for certain support personnel. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 743,352
Net difference between projected and actual earnings on pension plan investments	-	7,128,917
Changes in proportion and differences between District contributions and proportionate share of contributions	7,901,304	818,344
District contributions subsequent to the measurement date	8,055,125	-
Total	$ 15,956,429	$ 8,690,613

District contributions subsequent to the measurement date of $8,055,125 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 ending June 30:	
2017	$ (1,846,800)
2018	(1,846,800)
2019	(1,846,806)
2020	4,410,236
2021	340,861
Total	$ (789,309)

Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (CONTINUED)

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

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

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

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

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 nominal returns, net of pension plan investment expense and the assumed rate of 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

* Excludes 3.00% assumed rate of inflation.

Note 12: RETIREMENT PLANS (Continued)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (CONTINUED)

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

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 145,232,392	$ 84,514,857	$ 34,469,161

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.

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

Note 12: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (CONTINUED)

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

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

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

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

Pension Liabilities and Pension Expense

At June 30, 2016, the District did not have a liability for a proportionate share of the net pension liability because of the related state of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the District	$ 436,926

The 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 District was based on actuarially determined contributions paid by the state during the fiscal year ended June 30, 2015.

Note 12: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (CONTINUED)

For the year ended June 30, 2016, the District recognized pension expense of $26,056 and revenue of $26,056 for support provided by the state of Georgia.

***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:

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

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

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

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

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

* Excludes 3.00% assumed rate of inflation.

Note 12: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

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

TAX SHELTERED ANNUITY (TSA)

Plan Description. The District provides retirement benefits for substantially all full-time employees through the defined contribution plan under Internal Revenue Code 403(b). Employees are eligible to participate at the date of employment.

Funding Policy. The District requires participants to contribute 3% of their gross salary, and the District contributes an additional 5.45%. Employees also have the option of contributing additional amounts up to a certain percentage of their salary. Total District and employee contributions, including voluntary contributions, were as follows:

Fiscal Year Ended June 30	District Contributions	Employee Contributions	Total Contributions
2014	$ 1,998,289	$ 2,535,955	$ 4,534,244
2015	2,333,156	2,737,347	5,070,503
2016	2,173,328	2,622,727	4,796,055

Note 13: CONTINGENCIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 14: POSTEMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POSTEMPLOYMENT HEALTH BENEFIT FUND

Plan Description. The Georgia School Personnel Postemployment 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 Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). Additional information about the School District's 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 website at www.audits.gov/SGD/CAFR.html.

Note 14: POSTEMPLOYMENT BENEFITS (Continued)

GEORGIA SCHOOL PERSONNEL POSTEMPLOYMENT HEALTH BENEFIT FUND (Continued)

Funding Policy. The contribution requirements of Plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of Plan members or beneficiaries receiving benefits vary based on Plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2013, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2013, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2013, the state provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2016:

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

July 2015 – June 2016	$945.00 per member per month

For non-certificated school personnel:

July 2015 – June 2016	$746.20 per member per month

Note 14: POSTEMPLOYMENT BENEFITS (Continued)

GEORGIA SCHOOL PERSONNEL POSTEMPLOYMENT HEALTH BENEFIT FUND (Continued)

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 9,532,450
2015	100%	8,988,910
2014	100%	8,924,633

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABLITY - TRS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2016	2015	2014
District's proportion of the net pension liability	0.555142%	0.497726%	0.505185%
District's proportionate share of the net pension liability	$ 84,514,857	$ 62,881,115	$ 88,027,880
State of Georgia's proportionate share of the net pension liability associated with the District	1,670,530	1,259,704	1,439,469
Total	$ 86,185,387	$ 64,140,819	$ 89,467,349
District's covered-employee payroll	$ 58,585,627	$ 50,777,932	$ 51,648,974
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	144.26%	123.84%	170.43%
Plan fiduciary net position as a percentage of the total pension liability	81.44%	84.03%	Not available

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - TRS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2016	2015	2014
Contractually required contributions	$ 8,360,169	$ 7,704,010	$ 6,235,530
Contributions in relation to the contractually required contributions	8,360,169	7,704,010	6,235,530
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 58,585,627	$ 58,585,627	$ 50,777,932
Contributions as a percentage of covered-employee payroll	14.270%	13.150%	12.280%

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - TRS

FOR THE FISCAL 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, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	June 30, 2014
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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABLITY - PSERS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2016	2015
District's proportion of the net pension liability	0.000%	0.000%
District's proportionate share of the net pension liability	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the District	436,926	434,323
Total	$ 436,926	$ 434,323
District's covered-employee payroll	$ 223,828	$ 222,495
District'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.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PSERS

FOR THE FISCAL 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 on December 16, 2010. The next experience investigation will be prepared for the period July 1, 2009 through June 30, 2014.

OTHER SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Project	Original and Current Estimated Cost(1)	Expended In Current Year (2)	Expended In Prior Years	Project Status
SPLOST III				
Retirement of outstanding general obligation debt of the City of Marietta previously incurred and issued with respect to capital outlay projects in the principal and interest amount of $33,416,376, comprised of portions of City of Marietta, General Obligation School Refunding Bond, Series 2008, coming due on 2009 through 2013.	$ 18,319,699	$ -	$ 18,319,699	Complete
Capital Outlay Projects as follows:	23,037,366	725,296	22,878,733	Ongoing
Making system-wide technology improvements, including, but not limited to, acquisition and installation of instructional technology and information systems hardware and associated software and infrastructure at all schools and other selected facilities.				
Replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, books, and laboratory equipment.				
Acquiring automobiles for Marietta City Schools' driver education program.				
Making additions to, renovating, upgrading, making critical infrastructure improvements, and/or equipping existing schools and other selected facilities.				
Total SPLOST III Expenditures	$ 41,357,065	$ 725,296	$ 41,198,432	

Continued

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Project	Original and Current Estimated Cost(1)	Expended In Current Year (2)	Expended In Prior Years	Project Status
SPLOST IV				
Retirement of outstanding general obligation debt of the City of Marietta to be issued in the future with respect to capital outlay projects.	$ 15,234,750	$ 3,696,250	$ 2,448,250	Ongoing
Capital Outlay Projects as follows:	40,199,519	6,650,810	9,730,730	Ongoing
Making system-wide technology improvements, including, but not limited to, acquisition and installation of instructional technology and information systems hardware and associated software and infrastructure at all schools and other selected facilities.				
Replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, books, and laboratory equipment.				
Acquiring automobiles for Marietta City Schools' driver education program.				
Making additions to, renovating, upgrading, making critical infrastructure improvements, and/or equipping existing schools and other selected facilities.				
Total SPLOST IV Expenditures	$ 55,434,269	$ 10,347,060	$ 12,178,980	
Total SPLOST Expenditures		$ 11,072,356		
Non-SPLOST Capital Projects expenditures		1,419,344		
Total District Wide Capital Project Fund Expenditures		$ 12,491,700		

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

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets - cash	$ 263,644	$ 1,356,337	$ 1,346,634	$ 273,347
Liabilities - due to others	$ 263,644	$ 1,356,337	$ 1,346,634	$ 273,347

STATISTICAL SECTION
(unaudited)

This part of the Board of Education of the City of Marietta'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 District's overall financial health.

Page

Financial Trends **57**

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

Revenue Capacity **63**

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

Debt Capacity **67**

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

Demographic and Economic Information **71**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information **73**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	$ 71,457,954	$ 78,480,206	$ 83,247,119	$ 62,810,593 (1)	$ 65,651,374	$ 69,169,095	$ 80,930,307	$ 83,630,198	$ 93,651,901	$ 98,680,076
Restricted	-	8,954,657	10,888,696	6,021,478	4,439,587	5,701,462	3,000,547	4,462,134	4,476,094	3,439,462
Unrestricted (deficit)	29,806,846	20,822,485	19,080,411	26,284,940	32,134,217	32,843,196	28,907,964	31,488,940 (2)	(48,844,234) (3)	(47,429,257)
Total governmental activities net position	$ 101,264,800	$ 108,257,348	$ 113,216,226	$ 95,117,011 (1)	$ 102,225,178	$ 107,713,753	$ 112,838,818	$ 119,581,272	$ 49,283,761	$ 54,690,281

Source: Applicable annual financial report (2007-2013) and Comprehensive Annual Financial Report (2014-2016)

(1) During the fiscal year 2010 audit a restatement was made to recognize the Intergovernmental Agreement with the Downtown Marietta Development Authority for the repayment of the 2009A Refunding Revenue Bonds

(2) Increase in net position is generated by the increase in State funding and no offsetting increase in expenditures/expenses

(3) The District implemented GASB Statement No. 68, *Accounting for Financial Reporting for Pensions - an amendment of GASB Statement No. 27,* which required the District to record the District's proportionate share of the TRS Retirement Plan. See Note 12 for further information.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Instruction	$ 58,946,081	$ 62,886,373	$ 59,023,252	$ 59,035,898	$ 59,170,060	$ 57,466,112	$ 60,159,535	$ 61,103,119	$ 59,747,981	$ 68,031,631 (7)
Support Services:										
Pupil services	2,167,478	2,303,085	4,147,152	4,118,547	4,104,680	3,999,604	3,790,540	3,844,918	3,946,704	4,975,068
Improvement of instructional services	4,478,981	3,782,715	3,737,818	3,735,270	2,944,783	3,427,756	3,652,451	4,193,354	4,647,180	5,114,642
Educational media services (1)	-	1,341,757	1,352,350	1,601,165	1,296,540	1,346,899	1,315,550	1,249,975	1,305,303	1,362,974
Federal grant administration (2)	-	-	-	-	-	202,871	212,465	223,668	243,979	266,183
General administration	2,007,891	1,605,059	1,435,123	1,537,065	1,620,516	1,385,866	1,508,421	1,751,530	1,836,384	1,745,685
School administration	5,224,810	5,780,073	5,213,558	5,072,289	5,045,336	5,183,714	5,294,373	5,444,040	5,564,286	5,976,621
Business administration	568,501	626,947	689,098	782,537	678,178	676,256	520,212	643,631	657,189	786,799
Maintenance and operation of plant	6,464,016	6,766,056	6,407,790	6,310,921	6,620,784	6,178,812	6,069,019	7,466,453 (6)	6,427,533	5,863,516
Student transportation service	4,106,906	4,578,576	4,417,627	4,115,009	4,032,538	4,048,046	4,207,392	4,565,148	4,496,225	4,629,613
Central support services	2,202,101	792,963	875,955	918,753	768,641	1,096,144	918,312	771,734	1,071,411	994,767
Other	-	272,848	293,148	425,075	186,629	377,855	318,539	303,559	385,024	438,446
Enterprise operation (3)	-	128,692	121,138	85,998	103,820	107,582	107,578	146,936	151,851	131,483
Food service operation	4,502,564	4,605,621	4,656,127	4,551,440	4,845,664	4,561,689	4,663,458	5,093,545	5,152,095	5,522,210
Community service operation	1,808,404	1,426,555	1,400,810	1,391,513	1,290,826	1,547,353	1,547,128	1,619,411	2,141,852	1,878,038
Interest on long-term debt	1,901,050	1,726,079	921,202	596,246	1,459,635	943,259	870,510	770,063	623,896	470,416
Total Expenses	94,378,783	98,623,399	94,692,148	94,277,726	94,168,630	92,549,818	95,155,483	99,191,084	98,398,893	108,188,092
Program revenues										
Governmental activities:										
Charges for services and sales:										
Instruction	228,727	317,832	166,862	438,560	396,696	437,050	490,340	605,334	456,839	414,397
School Nutrition	739,446	723,997	693,963	589,108	623,772	620,580	661,174	957,575	1,050,839	1,091,179
Community services operation	1,809,441	1,718,997	1,543,398	1,528,558	1,407,869	1,436,174	1,642,512	1,727,997	2,046,722	2,039,067
Other	126,379	-	272,828	214,092	258,666	222,281	190,458	144,077	115,630	133,828
Operating grants and contributions	43,715,970	45,887,547	40,543,630	42,707,943	43,925,279	41,156,633	41,832,195	48,508,982 (4)	51,030,789	53,117,402
Capital grants and contributions	405368.00	263,988	72,857	1,009,373	1,926,002	2,024,032	1,730,946	5,811	77,220	77,220
Total governmental activities program revenues	47,025,331	48,912,361	43,293,538	46,487,634	48,538,284	45,896,750	46,547,625	51,949,776	54,778,039	56,873,093
Net Expense	(47,353,452)	(49,711,038)	(51,398,610)	(47,790,092)	(45,630,346)	(46,653,068)	(48,607,858)	(47,241,308)	(43,620,854)	(51,314,999)
General revenues										
Governmental activities:										
Property taxes	45,540,926	45,919,667	48,733,692	47,382,737	42,510,925 (5)	41,310,204	42,834,308	42,995,232	42,408,036	44,103,745
Special purpose local option sales taxes	9,567,988	9,489,748	8,117,284	8,274,638	8,002,202	8,843,924	8,730,945	9,133,382	9,919,213	10,080,194
Other taxes	-	1,800,005	1,495,496	1,483,463	1,536,301	1,614,953	1,792,997	1,540,615	1,627,968	2,026,366
Investment earnings	2,072,911	1,595,251	526,069	114,161	77,452	57,966	104,500	45,405	88,825	173,325
Other miscellaneous revenues	-	13,915	289,947	316,654	360,010	314,596	270,173	269,128	1,071,651	337,889
Total governmental activities general revenues and other changes in net position	57,181,825	58,818,586	59,162,488	57,571,653	52,486,890	52,141,643	53,732,923	53,983,762	55,115,693	56,721,519
Change in net position	$ 9,828,373	$ 9,107,548	$ 7,763,878	$ 9,781,561	$ 6,856,544	$ 5,488,575	$ 5,125,065	$ 6,742,454	$ 11,494,839	$ 5,406,520

Source: Applicable annual financial report (2007-2013) and Comprehensive Annual Financial Report (2014-2016).

(1) Educational Media Services reported as part of Improvement of Instructional Services in 2007.
(2) Federal Grant Administration reported as part of General Administration from 2007-2011.
(3) Enterprise Operations reported as part of Community School Operations in 2007.
(4) Due to improvements in the State economy, the austerity reductions were less than anticipated and resulted in an increase in State Funding.
(5) Decrease is due to the significant decrease in assessed values.
(6) The District agreed to settle a large claim for approximately $900,000 which caused the one time increase in expenses.
(7) The District analyzed salaries and significantly increased certified salaries for competitiveness.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011 (a)	2012	2013	2014	2015	2016
General Fund										
Reserved	$ 448,000	$ 595,505	$ 491,852	$ 722,939	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	12,419,763	14,404,745	15,185,545	14,773,686	-	-	-	-	-	-
Nonspendable	-	-	-	-	227,129	182,049	253,338	319,312	563,798	431,848
Restricted	-	-	-	-	185,457	76,991	55	55	-	-
Committed	-	-	-	-	202,756	215,147	231,993	283,678	411,572	325,171
Assigned	-	-	-	-	4,004,004	4,389,816	4,354,015	3,920,438	4,637,706	5,562,966
Unassigned	-	-	-	-	15,034,840	14,840,186	13,680,179	12,904,092	13,116,214	11,810,072
Total general fund	$ 12,867,763	$ 15,000,250	$ 15,677,397	$ 15,496,625	$ 19,654,186	$ 19,704,189	$ 18,519,580	$ 17,427,575	$ 18,729,290	$ 18,130,057
All Other Governmental Funds										
Reserved										
Grant Fund	$ 11,150	$ 10,058,341	$ 6,883,995	$ 4,418,537	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, Designated, reported in:										
Special Revenue Funds	1,796,186	804,412	1,862,901	4,386,774	-	-	-	-	-	-
Capital Projects Fund	14,656,134	3,006,111	4,004,701	6,090,729	-	-	-	-	-	-
Asset Replacement Fund	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	74,414	53,213	61,217	66,326	100,913	116,665
Restricted	-	-	-	-	4,254,130	5,624,471	3,000,492	4,462,079	4,476,094	3,439,462
Committed	-	-	-	-	13,463	21,767	15,927	22,346	10,880	11,928
Assigned	-	-	-	-	12,096,039	13,126,677	10,452,254	15,577,445	11,728,158	11,933,525
Total all other governmental funds	$ 16,463,470	$ 13,868,864 (7)	$ 12,751,597	$ 14,896,040	$ 16,438,046	$ 18,826,128	$ 13,529,890 (6)	$ 20,128,196	$ 16,316,045	$ 15,501,580

(a) Implementation of GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions began July 1, 2010. Statement No. 54 provides clarification and transparency to fund balance classifications. The new standard changes overall definitions and classifications of governmental fund balance. Prior to these classifications fund balance was separated in to two groups, Reserved and Unreserved. Under GASB No. 54, the District's fund balance is classified as follows:

1) Nonspendable Fund Balance - Noncash assets, such as inventories and prepaid items.
2) Restricted Fund Balance - Funds with limitations imposed on their use by external restrictions.
3) Committed Fund Balances - Amounts that can only be used for specific purposes pursuant to formal vote of the City of Marietta Board of Education.
4) Assigned Fund Balances - Amounts designated by the Board of Education for specific purposes.
5) Unassigned Fund Balance - Residual, spendable fund balance after subtracting categories listed above.
6) The District completed several large capital projects in the 2013 fiscal year which increased capital outlays nearly $10 million from the prior year.
7) The District made an additional $3 million principal payment on the notes payable.

Source: Applicable annual financial report (2007-2013) and Comprehensive Annual Financial Report (2014-2016).

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	$ 55,110,615	$ 56,513,199	$ 57,798,855	$ 56,567,811	$ 53,324,522	$ 52,329,311	$ 53,864,586	$ 53,649,929	$ 54,008,448	$ 56,230,182
Intergovernmental	43,381,060	45,093,270	40,054,363	42,219,823	44,192,698	41,098,550	41,482,809	45,512,796	48,478,713	50,579,174
Charges for services	2,896,583	3,016,981	2,677,051	2,770,318	2,687,003	2,716,085	2,930,751	1,563,663	1,519,253	1,521,188
Investment Earnings	2,072,911	1,595,251	526,069	114,161	82,569	63,011	112,434	50,954	97,776	181,692
Other sources	747,688	816,025	852,071	805,893	2,008,949	2,391,666	2,396,304	5,125,037	4,760,530	4,849,332
Total revenues	104,208,857	107,034,726	101,908,409	102,478,006	102,295,741	98,598,623	100,786,884	105,902,379	108,864,720	113,361,568
Expenditures:										
Current:										
Instruction	56,775,879	60,878,146	56,892,212	56,223,884	57,348,653	55,755,991	58,828,062	56,767,976	59,012,935	63,475,348
Pupil services	2,084,029	2,215,330	4,047,889	4,033,340	4,020,172	3,951,896	3,701,914	3,767,051	4,003,438	4,896,193
Instructional Services	4,456,207	3,760,027	3,726,474	3,735,270	2,944,783	3,437,150	3,659,551	4,191,535	4,647,872	5,113,444
Educational media services	-	1,341,757	1,352,350	1,601,165	1,296,540	1,346,899	1,315,550	1,249,975	1,305,303	1,362,974
General administration	1,960,991	1,580,509	1,406,476	1,519,219	1,612,971	1,503,212	1,564,445	1,729,213	1,835,901	1,735,024
School administration	5,223,297	5,764,267	5,298,026	5,124,525	5,294,056	5,196,715	5,300,852	5,451,370	5,552,558	5,980,652
Business administration	568,501	626,947	689,098	782,537	672,036	681,189	525,847	641,995	655,269	788,307
Maintenance and operations	6,458,324	6,762,484	6,405,574	6,309,621	6,674,057	6,233,190	6,791,439	6,554,485	7,583,314	6,801,471
Student transportation service	3,693,048	4,174,044	4,044,821	3,800,100	3,892,134	4,196,548	4,340,546	4,300,726	4,548,643	4,820,913
Support services - central	-	792,963	875,955	918,753	764,404	1,109,431	1,524,524	775,186	1,073,464	994,084
Other support services	2,201,964	267,452	287,752	436,456	353,015	381,022	337,310	302,377	391,921	436,121
Enterprise operations	-	128,692	121,138	85,998	103,820	107,582	107,578	146,936	151,851	131,483
School nutrition	4,501,864	4,605,621	4,656,127	4,551,440	4,845,664	4,561,689	4,663,458	5,093,545	5,152,095	5,522,210
Community service operations	1,808,076	1,426,555	1,400,810	1,391,513	1,294,159	1,550,889	1,548,859	1,619,943	2,149,171	1,877,802
Capital outlay	4,061,494	5,265,075 (1)	4,071,558	6,551,447	1,793,657 (1)	2,452,710	9,363,171 (1)	4,122,917	10,522,921	7,199,048
Debt service:										
Principal	4,681,428	6,445,938	6,151,067	3,104,444	2,640,000	2,720,000	2,795,000	2,865,000	2,105,000	3,160,000
Interest	1,901,050	1,726,079	921,202	596,246	1,053,625	974,425	899,625	829,750	686,500	536,250
Total expenditures	100,376,152	107,761,886	102,348,529	100,765,958	96,603,746	96,160,538	107,267,731	100,409,980	111,378,156	114,831,324
Excess (deficiency) of revenues over expenditures	3,832,705	(727,160)	(440,120)	1,712,048	5,691,995	2,438,085	(6,480,847)	5,492,399	(2,513,436)	(1,469,756)
Other financing sources (uses)										
Proceeds from sale of capital assets		17,041	-	-	7,573	-	-	13,902	3,000	56,058
Transfers in	871,948	850,000	2,998,233	3,587,057	777,124	2,068,813	3,460,736	5,913,946	819,405	3,560,051
Transfers out	(871,948)	(850,000)	(2,998,233)	(3,587,057)	(777,124)	(2,068,813)	(3,460,736)	(5,913,946)	(819,405)	(3,560,051)
Total other financing sources (uses)	-	17,041	-	-	7,573	-	-	13,902	3,000	56,058
Net change in fund balances	$ 3,832,705	$ (710,119)	$ (440,120)	$ 1,712,048	$ 5,699,568	$ 2,438,085	$ (6,480,847)	$ 5,506,301	$ (2,510,436)	$ (1,413,698)
Debt service as a percentage of non-capital expenditures	3.8%	8.0%	7.2%	4.0%	4.0%	4.0%	4.0%	3.9%	2.5%	3.5%

Source: Applicable annual financial report (2007-2013) and Comprehensive Annual Financial Report (2014-2016).

(1) Due to funding constraints the District's capital outlay projects are typically staggered to allow for minimal financing of the projects.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

GENERAL FUND GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue Source										
Property Taxes	$ 45,542,627	$ 45,223,446	$ 48,393,881	$ 46,805,999	$ 43,581,924	$ 41,870,434	$ 43,340,644	$ 42,975,932	$ 42,461,267	$ 44,123,622
State Funds	32,267,813	33,576,293	30,153,320	29,232,725	31,747,032	30,282,747	31,429,895	35,824,838	37,814,050	40,419,172
Other Taxes	-	1,800,005	1,495,496	1,483,463	1,536,301	1,614,953	1,792,997	1,540,615	1,627,968	2,026,366
Charges for Services	228,727	523,524	330,307	438,560	534,979	536,885	490,340	605,334	468,414	430,009
Investment Earnings	1,293,030	1,100,439	390,398	82,876	57,987	44,386	85,602	32,103	70,720	153,436
Other Miscellaneous Revenues	431,358	518,402	675,288	649,257	1,826,909	2,235,814	2,237,056	3,138,476	2,433,828	2,357,154
Total Revenues	$ 79,763,555	$ 82,742,109	$ 81,438,690	$ 78,692,880	$ 79,285,132	$ 76,585,219	$ 79,376,534	$ 84,117,298	$ 84,876,247	$ 89,509,759

Source: Applicable annual financial report (2006-2013) and Comprehensive Annual Financial Report (2014-2016).

CITY OF MARIETTA BOARD OF EDUCATION

GENERAL FUND GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Function											
Current:											
Instruction	$ 52,638,994	$ 56,440,044	$ 53,159,307	$ 51,350,940	$ 50,837,828	$ 50,497,523	$ 52,917,674	$ 53,467,503	$ 55,363,421	$ 59,029,737	(1)
Pupil Services	4,562,281	4,875,093	6,840,861	6,671,166	5,847,658	6,252,634	6,512,629	7,213,557	7,950,601	8,940,303	
School & Administrative Services	6,801,062	7,203,401	6,939,412	7,043,653	6,817,711	6,993,058	6,890,507	7,209,259	7,282,569	7,656,893	
Maintenance & Operations	6,203,657	6,712,646	6,294,695	6,289,545	6,632,378	6,104,768	5,997,112	6,485,729	7,212,742	6,678,655	
Student Transportation	3,427,398	3,972,632	3,788,791	3,558,471	3,608,940	3,940,906	4,092,002	4,173,805	4,212,988	4,601,662	
Other	2,718,121	803,806	740,244	624,443	613,505	677,514	690,483	745,504	732,806	755,893	
Total Current Expenditures	$ 76,351,513	$ 80,007,622	$ 77,763,310	$ 75,538,218	$ 74,358,020	$ 74,466,403	$ 77,100,407	$ 79,295,357	$ 82,755,127	$ 87,663,143	

Source: Applicable annual financial report (2007-2013) and Comprehensive Annual Financial Report (2014-2016).

(1) The District analyzed salaries and significantly increased certified salaries for competitiveness.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CITY OF MARIETTA, GEORGIA- ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY [1]
LAST TEN FISCAL YEARS

Fiscal Year	Real & Personal Property			Public Utilities	Motor Vehicles	Exemptions	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value
	Residential	Commercial	Other						
2007	$ 1,034,195,624	$ 1,491,793,126	$ 55,909,248	$ 32,946,136	$ 149,860,880	$ (79,279,385)	$ 2,685,425,629	17.970	$ 6,713,564,073
2008	1,142,320,796	1,549,419,729	57,936,221	35,200,451	168,885,480	(70,481,451)	2,883,281,226	17.970	7,208,203,065
2009	1,163,862,637	1,699,650,941	64,619,182	30,026,547	171,741,140	(86,271,354)	3,043,629,093	17.970	7,609,072,733
2010	1,156,778,898	1,657,262,268	69,612,364	34,206,529	176,855,380	(77,654,755)	3,017,060,684	17.970	7,542,651,710
2011	1,000,600,110	1,594,093,752	68,408,162	32,552,625	176,824,760	(77,764,988)	2,794,714,421	17.970	6,986,786,053
2012	938,597,107	1,511,341,681	65,078,877	32,725,646	173,306,260	(90,772,583)	2,630,276,988	17.970	6,575,692,470
2013	881,908,736	1,527,184,515	67,630,282	30,091,324	167,482,790	(67,072,529)	2,607,225,118	19.157	6,518,062,795
2014	879,610,370	1,478,035,097	66,047,393	32,617,733	196,575,996	(82,317,947)	2,570,568,642	18.682	6,426,421,605
2015	953,712,220	1,486,271,023	67,102,798	35,430,207	165,398,610	(99,356,626)	2,608,558,232	17.970	6,521,395,580
2016	1,017,000,410	1,576,286,395	69,788,846	39,277,570	96,766,950	(100,827,641)	2,698,292,530	17.970	6,745,731,325

Property Tax Assessments are based on 40% of the appraised market value as of January 1 each year. School tax, by law, cannot be greater than 20 mills per dollar for the support and maintenance of education.
Note: The other category is comprised of historical properties, agriculture, conservation use, industrial property, brownfield property, mobile homes, and heavy equipment.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	Direct Rate			Overlapping Rates			
Fiscal Year	Marietta School Operating	Marietta School Bond	Marietta School Total	City of Marietta Operating	Cobb County	Downtown Marietta DA (1) Millage	Total Direct & Overlapping Rates
2007	17.97	1.187	19.157	4.688	7.04	2.38	33.265
2008	17.97	1.187	19.157	4.688	7.04	2.38	33.265
2009	17.97	1.187	19.157	4.688	7.04	2.38	33.265
2010	17.97	1.187	19.157	4.688	7.04	2.09	32.975
2011	17.97	1.187	19.157	5.238	7.04	2.09	33.525
2012	17.97	1.187	19.157	5.238	8.05	2.09	34.535
2013	19.157	- (2)	19.157	4.048	8.05	2.09	33.345
2014	18.682	-	18.682	4.048	7.85	2.09	32.670
2015	17.970	-	17.970	6.050	7.45	2.07	33.540
2016	17.970	-	17.970	6.050	7.45	2.07	33.540

Source: City of Marietta tax department, District Records

(1) The Downtown Marietta Development Authority is a special purpose district in the downtown business areas that assesses an additional tax levy.

(2) The District no longer needed a debt service millage as the note payable to the Downtown Marietta Development Authority was paid in full. The millage was adjusted to be M&O.

Note: School tax, by law, cannot be greater than 20 mills per dollar for the support and maintenance of education.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CITY OF MARIETTA, GEORGIA - PRINCIPAL PROPERTY TAXPAYERS
PRIOR YEAR AND NINE YEARS AGO

	2016			2007		
Employer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Kennestone Outpatient Pavillion	$ 15,536,000	1	0.60%			
Laurel Hills Apartment LLC	15,320,000	2	0.59%			
Lakeside 358 LLC	14,516,000	3	0.56%			
Bellsouth Telecom / AT&T	14,497,071	4	0.56%	$ 23,761,543	1	0.82%
C W Matthews Contracting Co.	12,926,232	5	0.50%	9,501,074	6	0.31%
Ashford Retreat LLC	10,104,128	6	0.39%			
Kennestone Physicians Center I	8,923,895	7	0.34%			
DPR Marietta Ridge LLC	8,696,520	8	0.33%			
HRTBH Wood Station LLC	8,434,960	9	0.32%			
HRTBH Knolls LLC	8,408,800	10	0.32%	10,000,003	5	0.37%
Atlanta Parkway Investment Group II				22,062,551	1	0.82%
Atlanta Parkway Investment Group I				11,680,000	2	0.43%
Bel EQR IV LP				10,134,732	3	0.38%
Sterling Town Center Apartments				10,002,221	4	0.37%
Wellstar Health System, Inc.				9,069,544	6	0.34%
Meridian Ridge Point Acquisition				9,000,000	7	0.34%
Wood Glen Apartment Associates				7,200,000	9	0.27%
	$ 117,363,606		4.50%	$ 122,411,668		4.46%

Source: City of Marietta, GA

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	$ 45,073,920	$ 44,736,675	99.25%	$ 333,709	$ 45,070,384	99.99%
2008	48,381,215	45,223,446	93.47%	3,112,928	48,336,374	99.91%
2009	51,033,228	49,796,478	97.58%	1,177,755	50,974,233	99.88%
2010	50,343,528	47,609,544	94.57%	2,595,573	50,205,117	99.73%
2011	46,166,293	40,583,775	87.91%	5,515,555	46,099,330	99.85%
2012	43,169,038	42,392,486	98.20%	729,370	43,121,856	99.89%
2013	45,507,072	45,180,644	99.28%	177,861	45,358,505	99.67%
2014	43,655,195	43,267,638	99.11%	178,569	43,446,207	99.52%
2015	43,010,798	42,759,977	99.42%	67,407	42,827,384	99.57%
2016	44,492,374	44,267,858	99.50%	-	44,267,858	99.50%

N/A - information not available for this time period

Source: District records and City of Marietta, GA tax department

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value	$ 2,685,425,629	$ 2,883,281,226	$ 3,043,629,093	$ 3,017,060,684	$ 2,794,714,421	$ 2,630,276,988	$ 2,607,225,118	$ 2,570,568,642	$ 2,608,558,232	$ 2,698,292,530
Debt Limit: 10% of assessed value	268,542,563	288,328,123	304,362,909	301,706,068	279,471,442	263,027,699	260,722,512	257,056,864	260,855,823	269,829,253
Less: Debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 268,542,563	$ 288,328,123	$ 304,362,909	$ 301,706,068	$ 279,471,442	$ 263,027,699	$ 260,722,512	$ 257,056,864	$ 260,855,823	$ 269,829,253
Margin to Limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: (1) Georgia Department of Revenue - Local Government Services Division County Digest Section

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Intergovernmental Payable to City of Marietta	Percentage of Personal Income (1)	Per Capita
2007	$ 7,677,005	0.49%	$ 126.35
2008	3,346,067	0.21%	54.12
2009 (2)	27,854,444	1.76%	448.18
2010	24,750,000	1.49%	380.84
2011	22,110,000	1.48%	390.78
2012	19,390,000	1.27%	332.94
2013	16,595,000	1.07%	282.53
2014	13,730,000	0.91%	232.04
2015	10,725,000	0.71%	179.40
2016	7,565,000	0.51%	128.07

(1) Personal Income is presented in City of Marietta, GA Demographic Statistics table

(2) Restated to include Series 2009A General Obligation School Refunding Bonds issued by the City of Marietta, GA

Source: Applicable annual financial report (2007-2013) and Comprehensive Annual Financial Report (2014-2016) and City of Marietta, GA

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Marietta Board of Education	$ 7,565,000	100%	$ 7,565,000
City of Marietta, Georgia	117,289,049	100%	117,289,049
Cobb County, Georgia	28,970,000	9.78%	2,833,266
Total overlapping debt	146,259,049		120,122,315
Total direct and overlapping debt	$ 153,824,049		$ 127,687,315

Sources: Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment. Outstanding debt data obtained from the City of Marietta.

Note: Overlapping governments are those coinciding, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes, when considering the government'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 every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

(1) The calculation for the overlapping debt was determined by allocating the percentage of Net M&O for the city versus the total for the County. This information was obtained from the City of Marietta.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

	Special Purpose Local Option Sales Tax Bonds					
				Debt Service		
Fiscal Year	Sales Tax	Less: Projects (1)	Net Available Revenue	Principal	Interest	Coverage
2007	$ 9,567,988	$ 3,494,806	$ 6,073,182	$ 2,020,000	$ 1,650,180	165%
2008	9,489,748	6,199,961	3,289,787	2,115,000	1,569,380	89%
2009	7,909,478	5,456,415	2,453,063	2,210,000	1,482,565	66%
2010	8,278,349	6,652,007	1,626,342	3,104,444	596,246	44%
2011	8,206,297	2,615,940	5,590,357	2,640,000	1,053,625	151%
2012	8,843,924	3,880,704	4,963,220	2,720,000	974,425	134%
2013	8,730,945	7,912,625	818,320	2,795,000	899,625	22%
2014	9,133,382	4,202,653	4,930,729	2,865,000	829,750	133%
2015	9,919,213	7,444,883	2,474,330	2,105,000	686,500	89%
2016	10,080,194	7,376,106	2,704,088	3,160,000	536,250	73%

Note: The Marietta Board of Education entered into a joint resolution with the City of Marietta, Georgia whereby the City issued general obligation bonds on behalf of the Board of Education to finance construction, renovations and upgrades to technology and capital equipment. Special Purpose Local Option Sales Tax (SPLOST) revenue from voter approved referendums in 2003, 2008 and 2013 is used to service the debt.

(1) This is the amount of SPLOST dollars expended on capital projects each year, per the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds in each respective year's financial statements.

Source: Applicable annual financial report (2007-2013) and Comprehensive Annual Financial Report (2014-2016).

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CITY OF MARIETTA, GEORGIA - DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income	Per Capita Income(1)	Median Age(1)	School Enrollment(2)	Unemployment Rate
2007	60,758	$ 1,566,949,000	25,790	32.8	7,598	3.90%
2008	61,829	1,567,303,000	25,349	33.7	7,718	5.20%
2009	62,150	1,585,265,000	25,507	32.2	7,569	9.50%
2010	64,988	1,663,692,000	25,600	34.6	7,588	9.70%
2011	56,579	1,489,329,000	26,323	32.6	7,774	9.90%
2012	58,238	1,529,272,000	26,259	32.8	8,205	9.70%
2013	58,738	1,555,911,000	26,489	33.7	8,395	9.20%
2014	59,172	1,507,868,000	25,483	34.0	8,832	7.80%
2015	59,781	1,503,256,000	25,146	33.8	9,006	5.70%
2016	59,067	1,475,494,000	24,980	32.9	8,932	5.00%

(1) Information obtained from City of Marietta, Georgia.

(2) Enrollment was determined in early October of each fiscal year.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

CITY OF MARIETTA, GEORGIA - PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2016			2007		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Lockheed Martin Aeronautical Systems	8,200	1	23%			
Wellstar Kennestone Hospital	4,555	2	13%	3,700	1	10%
Dobbins Air Reserve Base	4,500	3	13%			
Cobb County Public Safety	2,400	4	7%			
Cobb County Government	1,502	5	4%	1,041	9	3%
Tip Top Poultry, Inc.	1,400	6	4%	1,300	6	4%
Cobb County Board of Education	1,331	7	4%	997	10	3%
Marietta City Schools	1,235	8	4%	1,276	7	4%
Brickman Group	1,000	9	3%			
XPO Last Mile	750	10	2%			
YKK Corp of America				2,500	2	7%
Matria Healthcare				2,300	3	7%
Solvay Pharmaceuticals				1,660	4	5%
Columbian Chemical Company				1,400	5	4%
Power Industry Consultants				1,060	8	3%
	26,873		77%	17,234		50%

(1) Information obtained from City of Marietta, Georgia.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FULL TIME EQUIVALENT (FTE) POSITIONS*
LAST TEN FISCAL YEARS

Positions	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
A.L. Burruss Elementary School										
Classroom Teachers	34	35	37	32	30	31	35	37	37	37
Support Personnel	21	24	26	24	20	19	19	19	16	17
Administrators	2	2	2	2	2	2	2	2	2	3
Dunleith Elementary School										
Classroom Teachers	44	44	46	43	41	45	48	51	55	49
Support Personnel	32	36	36	32	31	30	31	28	25	23
Administrators	2	2	2	2	2	2	2	2	3	3
Hickory Hills Elementary School										
Classroom Teachers	29	24	34	35	36	35	37	42	39	37
Support Personnel	26	24	25	29	29	28	26	24	24	24
Administrators	2	2	2	2	2	2	2	2	2	3
Lockheed Elementary School										
Classroom Teachers	69	65	62	59	57	58	59	62	68	65
Support Personnel	40	37	38	34	34	37	35	29	28	24
Administrators	3	3	3	3	3	3	3	3	3	4
Marietta Centers for Advanced Academics										
Classroom Teachers	21	16	17	16	16	15	16	16	15	16
Support Personnel	14	15	12	11	13	10	10	8	10	10
Administrators	3	2	2	2	2	2	2	2	2	2
Marietta Charter School										
Classroom Teachers	12	14	17	13	13	-	-	-	-	-
Support Personnel	8	5	6	8	4	-	-	-	-	-
Administrators	2	1	1	1	1	-	-	-	-	-
Park Street Elementary School										
Classroom Teachers	61	61	52	48	46	44	45	46	42	52
Support Personnel	38	39	37	33	26	29	23	23	22	29
Administrators	2	2	2	2	2	2	2	2	2	4
Sawyer Road Elementary School										
Classroom Teachers	57	61	51	43	44	48	52	55	61	62
Support Personnel	38	38	38	32	26	26	25	27	28	24
Administrators	3	3	2	2	2	2	2	3	3	3

(continued)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FULL TIME EQUIVALENT (FTE) POSITIONS*
LAST TEN FISCAL YEARS

Positions	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
West Side Elementary School										
Classroom Teachers	33	31	36	40	38	40	35	36	37	39
Support Personnel	25	26	26	26	25	24	20	20	18	19
Administrators	2	2	2	2	2	2	2	2	2	2
Marietta Sixth Grade Academy										
Classroom Teachers	46	48	46	44	45	43	45	45	46	50
Support Personnel	28	27	28	27	26	26	22	24	26	24
Administrators	4	3	2	2	2	2	2	2	2	3
Marietta Middle School										
Classroom Teachers	82	86	83	82	78	81	84	83	83	81
Support Personnel	52	55	56	54	61	41	41	36	36	35
Administrators	5	5	4	4	4	4	4	4	4	5
Marietta High School										
Classroom Teachers	138	142	141	134	131	131	133	127	132	133
Support Personnel	68	69	65	62	52	48	51	48	50	53
Administrators	9	8	7	8	8	9	9	10	10	13
Performance Learning Center										
Classroom Teachers	9	11	9	5	5	7	7	7	7	7
Support Personnel	3	4	3	2	2	3	3	3	3	2
Administrators	2	2	2	1	1	1	1	1	1	1
Other Education Facilities										
Classroom Teachers	2	1	2	1	2	3	3	2	1	1
Support Personnel	1	-	-	1	-	-	-	-	-	-
Administrators	1	-	2	2	2	2	2	1	1	1
Central Office										
Support Personnel	31	39	39	38	36	39	46	43	47	46
Administrators	11	9	9	9	8	8	9	9	9	9

(continued)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

FULL TIME EQUIVALENT (FTE) POSITIONS*
LAST TEN FISCAL YEARS

Positions	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Maintenance Facility										
Support Personnel	9	10	10	10	10	9	10	8	8	7
Other Auxiliary Facility										
Support Personnel	32	37	32	34	32	32	30	31	33	35
Administrators	2	2	2	2	2	2	2	2	2	2
Transportation										
Support Personnel	103	101	105	104	94	93	92	100	96	96
School Board Members	7	7	7	7	7	7	7	7	7	7
	1,268	1,280	1,268	1,209	1,155	1,127	1,136	1,134	1,148	1,162

*CPI Annual School Report filed with the Department of Education (rounded by location)
Source: District Human Resources Department

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

NUMBER OF PERSONNEL AND RATIO OF PUPILS TO PROFESSIONAL PERSONNEL
LAST TEN FISCAL YEARS

Fiscal Year	Professional Personnel (1)	Other Operating Personnel (2)	Service Personnel (3)	Total Personnel	Enrollment (4)	Ratio of Pupils to Professional Personnel
2007	762	365	166	1,293	7,598	10.0: 1
2008	767	368	155	1,290	7,718	10.1 : 1
2009	761	373	154	1,288	7,569	9.9 : 1
2010	717	351	148	1,216	7,588	10.6 : 1
2011	698	329	133	1,160	7,774	11.1: 1
2012	701	340	93	1,134	8,205	11.7 : 1
2013	717	316	109	1,142	8,395	11.7: 1
2014	732	298	111	1,141	8,832	12.1 : 1
2015	751	299	108	1,158	9,006	12.0 : 1
2016	759	309	103	1,171	8,932	11.8 : 1

(1) Professional Personnel consists of all certified personnel including teachers, librarians, counselors, supervisors, consultants, coordinators, principals, assistant principals, and other leadership personnel.

(2) Other operating personnel includes, non-certified leadership personnel, classroom aides, secretarial, food service personnel, custodial, clerical employees and other technicians.

(3) Service Personnel includes bus drivers and maintenance/warehouse employees.

(4) Enrollment was determined in early October of each fiscal year.

Source: CPI Reports submitted to Department of Education

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

TEACHER'S SALARY SCHEDULE
LAST TEN FISCAL YEARS

Fiscal Year	Minimum (1)	Maximum (2)	Annual Salary Increase Approved by School Board	State-Wide Average (3)
2007	$ 38,173	$ 83,693	3.3%	$ 49,836
2008	39,123	85,754	2.5%	51,466
2009	40,101	87,523	2.5%	52,823
2010	40,101	87,523	0.0%	53,155
2011	39,619	87,523	0.0%	52,872
2012	39,144	87,523	0.0%	53,002
2013	39,144	89,273	2.0%	52,956
2014	38,500	89,273	0.0%	52,973
2015	40,500	90,180	1.0%	53,424
2016	43,050	90,069	4.2% (4)	54,215

(1) Minimum - Bachelors T-4

(2) Maximum - Doctorate T-7

(3) Georgia Governor's Office of Student Achievement

(4) Average Salary increase for Certified Positions

N/A - average was not available at time of publication

Source: District Human Resources Department

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Expenditures	Enrollment (1)	Cost Per Pupil Enrolled	Percentage of Change	Professional Personnel	Ratio of Pupils to Professional Personnel
2007	$ 100,376,152	7,598	$ 13,211	13.92%	762	10.0: 1
2008	107,761,886	7,718	13,962	5.69%	767	10.1 : 1
2009	102,348,529	7,569	13,522	-3.15%	761	9.9 : 1
2010	100,765,958	7,588	13,280	-1.79%	717	10.6 : 1
2011	96,603,746	7,774	12,427	-6.42%	698	11.1: 1
2012	96,160,538	8,205	11,720	-5.69%	701	11.7 : 1
2013	107,267,731	8,395	12,778	9.03%	717	11.7: 1
2014	100,409,980	8,832	11,369	-11.02%	732	12.1 : 1
2015	111,378,156	9,006	12,367	8.78%	751	12.0 : 1
2016	114,831,324	8,932	12,856	3.95%	759	11.8 : 1

(1) Enrollment was determined in early October of each fiscal year.

Source: District Records

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHOOL NUTRITION PROGRAM
LAST TEN FISCAL YEARS

Fiscal Year	Average # of Lunches Served Daily	Student Lunch Prices			Average # of Breakfasts Served Daily	Breakfast Sites	Free and Reduced Eligibility
		Elementary & Primary School	Middle School	High School			
2007	5,349	1.65	1.75	1.75	5,140	11	61.69%
2008	5,548	1.75	1.85	1.85	5,117	11	64.56%
2009	5,373	1.75	1.85	1.85	4,880	11	62.61%
2010	5,349	1.80	1.90	1.90	3,947	11	64.45%
2011	5,462	1.80	1.90	1.90	4,081	11	65.81%
2012	5,944	1.90	2.00	2.00	4,397	11	66.59%
2013	6,014	2.00	2.10	2.10	4,836	11	67.69%
2014	6,118	2.05	2.15	2.15	4,615	11	65.23%
2015	5,869	2.10	2.20	2.25	4,146	11	64.00%
2016	5,678	2.20	2.25	2.30	3,929	11	63.93%

N/A - information was not available for this time period

Source: District Records

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHOOL BUILDINGS
LAST TEN FISCAL YEARS

School Name	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
A.L. Burruss Elementary School										
Square Feet	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	322	347	382	357	374	389	439	469	445	497
Dunleith Elementary School										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	521	551	546	534	548	634	655	721	709	697
Hickory Hills Elementary School										
Square Feet	39,354	39,354	55,924	55,924	55,924	55,924	55,924	55,924	55,924	55,924
Capacity	450	450	525	525	525	525	525	525	525	525
Enrollment	278	253	354	369	416	446	474	487	374	404
Lockheed Elementary School										
Square Feet	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000
Capacity	875	875	875	875	875	875	875	875	875	875
Enrollment	839	785	747	807	804	86	818	860	861	823
Marietta Center for Advanced Academics										
Square Feet	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878
Capacity	400	400	400	400	400	400	400	400	400	400
Enrollment	256	248	239	259	256	271	305	319	328	324
Park Street Elementary School										
Square Feet	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	671	687	537	520	528	546	584	648	661	546
Sawyer Road Elementary School										
Square Feet	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	712	715	624	562	646	714	739	760	769	774
West Side Elementary School										
Square Feet	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,152
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	356	371	468	508	489	539	498	492	535	526
Marietta Sixth Grade Academy										
Square Feet	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Capacity	775	775	775	775	775	775	775	775	775	775
Enrollment	414	580	544	601	601	614	661	675	681	678
Marietta Middle School										
Square Feet	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,143	1,096	1,046	1,052	1,111	1,164	1,170	1,281	1,343	1,303

(continued)

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHOOL BUILDINGS
LAST TEN FISCAL YEARS

School Name	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Marietta High School										
Square Feet	365,000	365,000	365,000	365,000	365,000	365,000	365,000	390,109	390,109	390,109
Capacity	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Enrollment	2,185	2,086	2,085	2,086	2,019	2,001	2,024	2,052	2,215	2,270
Marietta Performance Learning Center										
Square Feet	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072
Capacity	115	115	115	115	115	115	115	115	115	115
Enrollment	115	104	110	75	78	100	104	104	85	90

Note: Increases in square footage are the results of renovations and additions.

Source: District Records

COMPLIANCE SECTION

MAULDIN & JENKINS

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

To the Superintendent and Members of
the Board of Education of the City of Marietta
Marietta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the City of Marietta (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 27, 2017

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Superintendent and Members of
the Board of Education of the City of Marietta
Marietta, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of the City of Marietta's (the "District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Atlanta, Georgia
January 27, 2017

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Funding Agency Program/Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
U. S. Department of Agriculture			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
National School Breakfast Program - Cash Assistance	10.553	N/A	$ 1,178,082
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	N/A	197,469
Cash Assistance (2)	10.555	N/A	2,791,907
Total Child Nutrition Cluster			4,167,458
Direct Awards			
Fresh Fruits and Vegetables Program	10.582	N/A	25,690
Total U. S. Department of Agriculture			4,193,148
U. S. Department of Education			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Title VI-B Flow Through	84.027	N/A	1,898,528
Title VI-B Preschool Grants	84.173	N/A	39,835
IDEA - Capacity Building Grant	85.027	N/A	30,000
Total Special Education Cluster			1,968,363
Title I-A Program			
Title I-A - Improving the Academic Achievement of the Disadvantaged	84.010	N/A	2,955,924
Total Title I-A Program			2,955,924

Continued

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Funding Agency Program/Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
Other Programs			
Pass-Through From Georgia Department of Education			
Vocational Education - Basic Grant	84.048	N/A	87,038
Education for Homeless Children and Youth	84.196	N/A	34,988
Title III-A, Limited English Proficient	84.365	N/A	206,350
Title II-A, Improving Teacher Quality	84.367	N/A	378,518
Title IV-B, 21st Century Community	84.287	N/A	176,967
Total U. S. Department of Education			5,808,148
Total Expenditures of Federal Awards			$ 10,001,296

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) The amounts shown for the Food Distribution Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the District during the current fiscal year.

(2) Expenditures for the fund earned on Child and Adult Care Food Program and the School Snack Program were not maintained separately and are included in the National School Lunch Program.

The District did not provide Federal Assistance to any Subrecipient.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Marietta Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

The School District did not utilize the 10% de minimis indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award* . Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal Control over major federal programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes __X__ no

Identification of major federal program:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I, Part A – Improving the Academic Achievement of the Disadvantaged

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ yes ___ no

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

2015-001 Procurement and Suspension and Debarment

Program: U.S. Department of Education – Passed through Georgia Department of Education
CFDA Program Title: Title VI-B, Special Education Cluster – CFDA #84.027 and #84.173

Criteria: Grant requirements state non-federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction that are expected to equal or exceed $25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances.

Condition: Prior to purchasing products or services that meets or exceeds $25,000; the vendor is required to specifically confirm their exclusion from the database for contracts funded by the Title VIB, Special Education Cluster or the District may elect to check the Excluded Parties List System (EPLS).

Context/Cause: The District did not have adequate controls in place to ensure that the contracts were not being awarded to a suspended or debarred party. As a result, the District did not perform the required suspension and debarment procedures prior to entering into all four of the covered transactions noted during the fiscal year ended June 30, 2015.

Status: Issue was resolved during the current year.