

MERIWETHER COUNTY BOARD OF EDUCATION
GREENVILLE, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016
(Including Independent Auditor's Reports)

MERIWETHER COUNTY BOARD OF EDUCATION

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MERIWETHER COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

August 2, 2019

Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Meriwether County Board of Education

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

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

Emphasis of Matter

As described in Note 2 to the financial statements, in 2016, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68,* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedules of Proportionate Share of the Net Pension Liability, Schedules of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages 31 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, consisting of Schedules 8 through 10, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2019, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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MERIWETHER COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 1,606,928.48
Receivables, Net	
Taxes	1,628,788.21
State Government	1,999,573.63
Federal Government	662,489.36
Local	109,578.35
Other	68,933.38
Inventories	120,744.82
Capital Assets, Non-Depreciable	531,808.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	34,500,537.09
Total Assets	41,229,381.32
DEFERRED OUTFLOWS OF RESOURCES	
Related to Deferred Charge on Debt Refunding	267,742.00
Related to Defined Benefit Pension Plans	2,282,218.00
Total Deferred Outflows of Resources	2,549,960.00
LIABILITIES	
Accounts Payable	356,880.03
Salaries and Benefits Payable	3,034,099.18
Payroll Withholdings Payable	160,882.42
Short-Term Debt	1,000,000.00
Interest Payable	132,628.25
Net Pension Liability	23,589,041.00
Long-Term Liabilities	
Due Within One Year	2,032,470.69
Due in More Than One Year	12,530,653.33
Total Liabilities	42,836,654.90
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	3,359,564.00
NET POSITION	
Net Investment in Capital Assets	20,798,812.90
Restricted for	
Continuation of Federal Programs	333,209.03
Debt Service	1,316,582.51
Unrestricted (Deficit)	(24,865,482.02)
Total Net Position	$ (2,416,877.58)

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

MERIWETHER COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES				
Instruction	$ 19,388,490.48	$ 10,357.00	$ 14,261,565.35	$ (5,116,568.13)
Support Services				
Pupil Services	940,277.06	-	53,801.00	(886,476.06)
Improvement of Instructional Services	1,017,222.04	-	227,537.35	(789,684.69)
Educational Media Services	328,389.74	-	303,466.00	(24,923.74)
General Administration	994,569.65	-	501,791.40	(492,778.25)
School Administration	1,833,722.19	-	834,424.00	(999,298.19)
Business Administration	397,569.83	-	532.98	(397,036.85)
Maintenance and Operation of Plant	2,100,603.07	-	698,116.67	(1,402,486.40)
Student Transportation Services	2,265,028.25	-	821,545.96	(1,443,482.29)
Central Support Services	185,041.98	-	-	(185,041.98)
Other Support Services	210,198.30	-	-	(210,198.30)
Operations of Non-Instructional Services				
Food Services	1,769,601.47	30,481.16	1,871,746.24	132,625.93
Interest on Short-Term and Long-Term Debt	541,585.30	-	-	(541,585.30)
Total Governmental Activities	$ 31,972,299.36	$ 40,838.16	$ 19,574,526.95	(12,356,934.25)
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				9,240,456.05
For Debt Services				333,093.04
Railroad Cars				67,386.54
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Debt Services				1,560,948.26
Other Sales Tax				105,559.91
Grants and Contributions not Restricted to Specific Programs				670,850.00
Investment Earnings				2,725.10
Miscellaneous				416,809.36
Total General Revenues				12,397,828.26
Change in Net Position				40,894.01
Net Position - Beginning of Year				(2,457,771.59)
Net Position - End of Year				$ (2,416,877.58)

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

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

EXHIBIT "C"

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 357,049.36	$ 1,249,879.12	$ 1,606,928.48
Receivables, Net			
Taxes	1,429,456.57	199,331.64	1,628,788.21
State Government	1,999,573.63	-	1,999,573.63
Federal Government	662,489.36	-	662,489.36
Local	109,578.35	-	109,578.35
Other	68,933.38	-	68,933.38
Inventories	120,744.82	-	120,744.82
Total Assets	$ 4,747,825.47	$ 1,449,210.76	$ 6,197,036.23
LIABILITIES			
Accounts Payable	$ 356,880.03	$ -	$ 356,880.03
Short Term Debt	1,000,000.00	-	1,000,000.00
Salaries and Benefits Payable	3,034,099.18	-	3,034,099.18
Payroll Withholdings Payable	160,882.42	-	160,882.42
Total Liabilities	4,551,861.63	-	4,551,861.63
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	896,294.65	42,695.83	938,990.48
FUND BALANCES			
Nonspendable	120,744.82	-	120,744.82
Restricted	268,181.77	1,406,514.93	1,674,696.70
Unassigned	(1,089,257.40)	-	(1,089,257.40)
Total Fund Balances	(700,330.81)	1,406,514.93	706,184.12
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,747,825.47	$ 1,449,210.76	$ 6,197,036.23

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

MERIWETHER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")		$ 706,184.12
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	$ 531,808.00	
Land improvements	4,324,837.92	
Buildings and improvements	51,822,279.68	
Equipment	6,424,700.56	
Accumulated depreciation	(28,071,281.07)	35,032,345.09
Some liabilities, including net pension obligations, are not due and payable in the current period, and, therefore, are not reported in the funds.		
Net pension liability		(23,589,041.00)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		(1,077,346.00)
Taxes that are not available to pay for current period expenditures are deferred in the funds.		938,990.48
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Bonds payable	$ (4,585,000.00)	
Accrued interest	(132,628.25)	
Intergovernmental agreement payable	(9,525,000.00)	
Deferred amount on refunding	267,742.00	
Compensated absences payable	(61,849.83)	
Capital leases payable	(391,274.19)	(14,428,010.27)
Net position of governmental activities (Exhibit "A")		$ (2,416,877.58)

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

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

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
REVENUES			
Property Taxes	$ 9,270,618.74	$ 336,281.73	$ 9,606,900.47
Sales Taxes	105,559.91	1,560,948.26	1,666,508.17
State Funds	16,343,454.86	-	16,343,454.86
Federal Funds	4,041,008.04	-	4,041,008.04
Charges for Services	40,838.16	-	40,838.16
Investment Earnings	708.13	2,016.97	2,725.10
Miscellaneous	416,809.36	-	416,809.36
Total Revenues	30,218,997.20	1,899,246.96	32,118,244.16
EXPENDITURES			
Current			
Instruction	18,492,637.57	-	18,492,637.57
Support Services			
Pupil Services	981,264.11	-	981,264.11
Improvement of Instructional Services	1,043,422.79	-	1,043,422.79
Educational Media Services	339,826.57	-	339,826.57
General Administration	997,502.58	-	997,502.58
School Administration	1,923,675.89	-	1,923,675.89
Business Administration	381,733.66	20.27	381,753.93
Maintenance and Operation of Plant	2,121,154.27	-	2,121,154.27
Student Transportation Services	2,110,892.04	-	2,110,892.04
Central Support Services	188,888.91	-	188,888.91
Other Support Services	211,341.97	-	211,341.97
Food Services Operation	1,785,335.61	-	1,785,335.61
Debt Services			
Principal	85,866.41	1,465,133.59	1,551,000.00
Interest	65,596.00	486,981.60	552,577.60
Total Expenditures	30,729,138.38	1,952,135.46	32,681,273.84
Net Change in Fund Balances	(510,141.18)	(52,888.50)	(563,029.68)
Fund Balances - Beginning	(190,189.63)	1,459,403.43	1,269,213.80
Fund Balances - Ending	$ (700,330.81)	$ 1,406,514.93	$ 706,184.12

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

MERIWETHER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2016

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")		$ (563,029.68)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense		(2,089,605.02)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		34,035.16
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. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Intergovernmental agreement payments	$ 1,231,000.00	
Amortization of deferred gain on refunding of bonds	(26,121.00)	
Bond principal retirements	320,000.00	
Capital lease payments	124,604.78	1,649,483.78
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Pension expense		1,011,514.27
Federal grants that were not available to pay prior year expenditures and were deferred in the funds		(21,620.68)
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	$ 9,123.88	
Accrued interest	10,992.30	20,116.18
Change in net position of governmental activities (Exhibit "B")		$ 40,894.01

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 59,955.26
LIABILITIES	
Funds Held for Others	$ 59,955.26

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

BASIS OF PRESENTATION

The School District's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements. The government-wide statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

GOVERNMENT-WIDE STATEMENTS:

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

The Statement of Net Position presents the School District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

1. Net investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

2. Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net positon often has constraints on resources imposed by management which can be removed or modified.

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

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

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

FUND FINANCIAL STATEMENTS:

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- Agency funds are used to report resources held by the School District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

BASIS OF ACCOUNTING

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

In fiscal year 2016, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68*, Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2016, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants.* This statement addresses accounting and financial reporting for certain external investment pools and pool participants. If an external investment pool meets the criteria in this statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. The School District participates in an external investment pool, the State of Georgia local government investment pool (Georgia Fund 1), which does not meet the criteria of this statement. Therefore, the investment in this pool is measured at fair value as provided in paragraph 11 of GASB Statement No. 31, as amended.

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

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

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	$ 5,000.00	N/A
Land Improvements	$ 5,000.00	20 years
Buildings and Improvements	$ 5,000.00	7 to 40 years
Equipment	$ 5,000.00	5 to 15 years
Intangible Assets	$ 500,000.00	Individually determined

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

COMPENSATED ABSENCES

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Vacation leave of 12 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does

not exceed 10 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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

LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School District recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

Restricted consists of resources that can be used only for specific purposes pursuant constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

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

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

Unassigned consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

USE OF ESTIMATES

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

PROPERTY TAXES

The Meriwether County Board of Commissioners adopted the property tax levy for the 2015 tax digest year (calendar year) on September 8, 2015 (levy date) based on property values as of January 1, 2015. Taxes were due on December 20, 2015 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2015 tax digest are reported as revenue in the governmental funds for fiscal year 2016. The Meriwether County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2016, for maintenance and operations amounted to $8,598,582.78 and for school bonds amounted to $336,281.73.

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

School Operations	18.575	mills
School Bonds	0.680	mills
	19.255	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $604,649.42 during fiscal year ended June 30, 2016.

SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $1,560,948.26 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

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

The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

COLLATERALIZATION OF DEPOSITS

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

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

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

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

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

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

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2016, School District had deposits with a carrying amount of $523,839.17, and a bank balance of $1,266,658.47. The bank balances insured by Federal depository insurance were $383,825.90 and the bank balances collateralized with securities held by the pledging financial institution or by the pledging financial institution's trust department or agent in the School District's name were $262,208.19.

At June 30, 2016, $620,624.38 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	620,624.38
Uninsured with collateral held by the pledging financial institution		-
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School District's name		-
Total	$	620,624.38

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $1,143,044.57 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share, which approximates fair value. The pool is an AAAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2016, was 42 days.

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

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2015	Increases	Decreases	Balances June 30, 2016
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 531,808.00	$ -	$ -	$ 531,808.00
Capital Assets Being Depreciated				
Buildings and Improvements	51,822,279.68	-	-	51,822,279.68
Equipment	6,424,700.56	-	796,289.00	5,628,411.56
Land Improvements	4,324,837.92	-	-	4,324,837.92
Less Accumulated Depreciation for:				
Buildings and Improvements	18,481,757.78	1,445,699.16	-	19,927,456.94
Equipment	4,821,824.48	427,663.97	796,289.00	4,453,199.45
Land Improvements	2,678,093.79	216,241.89	-	2,894,335.68
Total Capital Assets, Being Depreciated, Net	36,590,142.11	(2,089,605.02)	-	34,500,537.09
Governmental Activity Capital Assets - Net	$ 37,121,950.11	$ (2,089,605.02)	$ -	$ 35,032,345.09

Current year depreciation expense by function is as follows:

Instruction		$ 1,678,485.58
Support Services		
General Administration	$ 23,537.34	
Maintenance and Operation of Plant	26,854.76	
Student Transportation Services	342,753.05	393,145.15
Food Services		17,974.29
		$ 2,089,605.02

NOTE 6: SHORT-TERM DEBT

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

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ -	$ 4,500,000.00	$ 3,500,000.00	$ 1,000,000.00

NOTE 7: LONG-TERM LIABILITIES

The changes in long-term liabilities during the fiscal year for governmental activities, were as follows:

	Governmental Activities				
	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
General Obligation Bonds	$ 4,905,000.00	$ -	$ 320,000.00	$ 4,585,000.00	$ 335,000.00
Intergovernmental Agreement	10,756,000.00	-	1,231,000.00	9,525,000.00	1,570,000.00
Capital Leases	515,878.97	-	124,604.78	391,274.19	127,470.69
Compensated Absences(1)	70,973.71	-	9,123.88	61,849.83	-
	$ 16,247,852.68	$ -	$ 1,684,728.66	$ 14,563,124.02	$ 2,032,470.69

(1) The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.

GENERAL OBLIGATION DEBT OUTSTANDING

The School District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved property taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2004	3.84%	11/3/2014	10/1/2026	$ 5,000,000.00	$ 3,105,000.00
General Government - Series 2007	3.70% - 4.10%	5/9/2007	10/1/2026	2,200,000.00	1,480,000.00
				$ 7,200,000.00	$ 4,585,000.00

The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable:

	General Obligation Debt	
Fiscal Year Ended June 30:	Principal	Interest
2017	$ 335,000.00	$ 172,267.00
2018	350,000.00	159,103.75
2019	365,000.00	145,274.00
2020	380,000.00	130,774.00
2021	395,000.00	115,690.00
2022 - 2026	2,250,000.00	328,241.00
2027	510,000.00	10,000.00
Total Principal and Interest	$ 4,585,000.00	$ 1,061,349.75

INTERGOVERNMENTAL AGREEMENT

The Meriwether County Board of Education entered into a contract with the Meriwether County Public Facilities Authority (Authority) dated October 1, 1999, for the issuance of bonds to provide funds for the financing of the construction and renovation of various school facilities owned by the School District and capital outlay projects of the School District. Under the terms of the contract, the Meriwether County Public Facilities Authority (Authority) issued $8,810,000.00 less issuance costs of $229,391.00 in bonds on behalf of the School District. On January 4, 2006, the Authority issued refunding bonds in the amount of $8,160,000.00, (less issuance costs of $171,600.00) to refund a portion of the October 1, 1999, issue due from October 1, 2010, through October 1, 2026.

On July 20, 2010, the Authority issued QSCB bonds in the amount of $1,240,000.00 (less issuance costs of $49,500.00) on behalf of the School District.

Additionally, on September 19, 2013, the Meriwether County Public Facilities Authority, issued $4,200,000.00 of Revenue bonds on behalf of the School District to refund $3,885,000.00 of School District General Obligation Debt associated with the Series 2005 bond issue.

The School District has contractually agreed to make semi-annual payments to the Authority sufficient to retire principal and interest on the aforementioned outstanding bonds. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. As part of the intergovernmental agreement, the School District transferred all rights, claims, and title to Greenville High School to the Meriwether County Public Facilities Authority. At the conclusion of the intergovernmental agreement the School District has the option to repurchase Greenville High School at the bargain purchase price of $10.00. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contracts.

Debt currently outstanding under this agreement is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Refunding - Series 2006	4.21%	1/4/2006	10/1/2026	$ 8,160,000.00	$ 5,720,000.00
General Government - QSCB - Series 2010	5.29%	7/20/2010	4/1/2020	1,240,000.00	1,240,000.00
Authority Revenue Bonds - Series 2013	1.77%	9/19/2013	10/1/2018	4,200,000.00	2,565,000.00
				$ 13,600,000.00	$ 9,525,000.00

The following is a schedule of total intergovernmental agreement payments:

Fiscal Year Ended June 30:	Intergovernmental Agreements		Deferred Amount on Refunding
	Principal	Interest	
2017	$ 1,570,000.00	$ 335,533.50	$ 26,121.00
2018	1,600,000.00	302,535.00	26,121.00
2019	1,635,000.00	268,534.25	26,121.00
2020	785,000.00	241,258.25	26,121.00
2021	495,000.00	155,243.75	26,121.00
2022 - 2026	2,805,000.00	438,997.75	130,605.00
2027	635,000.00	13,366.75	6,532.00
Total Principal and Interest	$ 9,525,000.00	$ 1,755,469.25	$ 267,742.00

CAPITAL LEASES

The School District has acquired buses under the provisions of a long-term lease agreement classified as a capital lease for accounting purposes because it provides for a bargain purchase option or a transfer of ownership by the end of the lease term.

The following assets were acquired through the capital lease and are reflected in the capital asset note at fiscal year-end:

	Governmental Funds
Equipment	$ 651,200.00
Less: Accumulated Depreciation	86,826.67
	$ 564,373.33

Capital lease currently outstanding is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
School Buses Lease	2.30%	2/10/2015	3/25/2019	$ 651,200.00	$ 391,274.19

The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2017	$ 127,470.69	$ 8,999.31
2018	130,402.52	6,067.48
2019	133,400.98	3,069.02
Total Principal and Interest	$ 391,274.19	$ 18,135.81

COMPENSATED ABSENCES

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

NOTE 8: RISK MANAGEMENT

INSURANCE

Commercial Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. Except as describe below, the School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District has elected to self-insure for losses related to risks for sexual harassment and discrimination. The School District has not experienced any losses related to these risks in the past three years.

UNEMPLOYMENT COMPENSATION

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2015	$ -	$ 5,588.00	$ 5,588.00	$ -
2016	$ -	$ 3,893.00	$ 3,893.00	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 50,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

FUND BALANCES		
Nonspendable		
Inventories		$ 120,744.82
Restricted		
Continuation of Federal Programs	$ 268,181.77	
Debt Service	1,406,514.93	1,674,696.70
Unassigned		(1,089,257.40)
Fund Balance, June 30, 2016		$ 706,184.12

NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

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

LITIGATION

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to have a material adverse effect on the financial condition of the School District.

NOTE 11: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

Plan Description. The Georgia School Personnel Post-Employment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). Additional information about the School OPEB Fund is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This report can be obtained from the Georgia Department of Audits and Accounts at www.audits.ga.gov/SGD/CAFR.html.

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

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

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

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

July 1, 2015 – June 30, 2016 $945.00 per member per month

For non-certificated school personnel:

July 1, 2015 – June 30, 2016 $746.20 per member per month

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 3,820,466.20
2015	100%	$ 3,713,538.76
2014	100%	$ 3,716,446.45

NOTE 12: RETIREMENT PLANS

The School District participates in various retirement plans administered by the State of Georgia, as further explained below.

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2016. The School District's contractually required contribution rate for the year ended June 30, 2016 was 14.27% of annual School District payroll, of which 13.94% of payroll was required from the School District and .33% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $2,223,622.00 and $60,593.27 from the School District and the State, respectively.

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

Contributions: Member contributions under the old plan are 4% of annual compensation, up to $4,200.00, plus 6% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $33,813.00 for the current fiscal year.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $78,792.00.

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

At June 30, 2016, the School District reported a liability of $23,589,041.00 for its proportionate share of the net pension liability for TRS ($23,352,561.00) and ERS ($236,480.00).

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

At June 30, 2015, the School District's TRS proportion was 0.153393%, which was a decrease of 0.001932% from its proportion measured as of June 30, 2014. At June 30, 2015, the School District's ERS proportion was 0.005837%, which was an increase of 0.000352% from its proportion measured as of June 30, 2014.

At June 30, 2016, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $367,572.00.

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

For the year ended June 30, 2016, the School District recognized pension expense of $1,193,910.00 for TRS, $27,164.00 for ERS and $21,920.00 for PSERS and revenue of $21,920.00 for PSERS. The revenue is support provided by the State of Georgia.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 205,398.00	$ -	$ 1,889.00
Net difference between projected and actual earnings on pension plan investments	-	1,969,813.00	-	17,062.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	1,165,402.00	14,783.00	-
School District contributions subsequent to the measurement date	2,233,622.00	-	33,813.00	-
Total	$ 2,233,622.00	$ 3,340,613.00	$ 48,596.00	$ 18,951.00

The School District contributions subsequent to the measurement date of $2,233,622.00 for TRS and $33,813.00 for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2017	$ (1,291,478.00)	$ 2,633.00
2018	$ (1,291,478.00)	$ (4,950.00)
2019	$ (1,291,480.00)	$ (7,605.00)
2020	$ 556,262.00	$ 5,754.00
2021	$ (22,439.00)	$ -

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

Teachers Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

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

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

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

Discount rate: The discount rate used to measure the total TRS, ERS and PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 40,129,611.00	$ 23,352,561.00	$ 9,524,280.00

Employees' Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 335,219.00	$ 236,480.00	$ 152,301.00

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

NOTE 13: DEFICIT FUND BALANCE OF INDIVIUDAL FUNDS

The fund reporting a deficit fund balance at the fiscal year end, is as follows:

Fund Type/Fund Name	Deficit Balance
General Fund	$ (700,330.81)

The Board intends to resolve the deficit in the general fund by more closely monitoring expenditures in subsequent periods.

NOTE 14: SUBSEQUENT EVENTS

Tax Anticipation Note

On June 21, 2016, the School District issued a total of $4,500,000.00 on a short-term Tax Anticipation Note from the local bank for cash flow purposes. The School District made 5 draws totaling $3,500,000.00 on this note on June 30, 2016, July 28, 2016, September 14, 2016, September 29, 2016, and November 7, 2016. The note was repaid by the School District on December 30, 2016 with interest of $21,911.11.

Bond Refinance

Subsequent to fiscal year end, the School District issued revenue refunding bonds on August 15, 2017 in the amount of $2,385,000.00. The purpose of the funds was (a) to refund all of the (1) outstanding principal amounts of the $2,200,000.00 in original aggregate principal amount Meriwether County School District General Obligation Bonds, Series 2007 (the "Series 2007 Bonds), and (2) $4,200,000.00 in original aggregate principal amount Meriwether County Public Facilities Authority Revenue Bonds, Series 2013 (the "Series 2013 Bonds", and, together with the Series 2007 Bonds, the "Refunded Bonds") and (b) pay off all expenses incident to accomplishing the foregoing.

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

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.153393%	$ 23,352,561.00	$ -	$ 23,352,561.00	$ 16,450,395.67	141.96%	81.44%
2015	0.155325%	$ 19,623,265.00	$ -	$ 19,623,265.00	$ 15,845,252.04	123.84%	84.03%

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

MERIWETHER COUNTY BOARD OF EDUCATION

SCHEDULE "2"

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

FOR THE YEAR ENDED JUNE 30

Year Ended	School District's proportion of the net pension liability	School District's proportion of the net pension liability	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.005837%	$ 236,480.00	$ 137,120.67	172.46%	76.20%
2015	0.005485%	$ 205,721.00	$ 127,806.77	160.96%	77.99%

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

MERIWETHER COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

SCHEDULE "3"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.00%	$ -	$ 367,572.00	$ 367,572.00	$ 1,187,773.95	N/A	87.00%
2015	0.00%	$ -	$ 317,505.00	$ 317,505.00	$ 1,253,284.68	N/A	88.29%

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

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	$ 2,233,622.00	$ 2,233,622.00	$ -	$ 16,017,416.29	13.94%
2015	$ 2,163,227.03	$ 2,163,227.03	$ -	$ 16,450,395.67	13.15%
2014	$ 1,945,796.95	$ 1,945,796.95	$ -	$ 15,845,252.04	12.28%

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

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2016	$ 33,813.00	$ 33,813.00	$ -	$ 136,783.98	24.72%
2015	$ 30,111.70	$ 30,111.70	$ -	$ 137,120.67	21.96%
2014	$ 23,593.13	$ 23,593.13	$ -	$ 127,806.77	18.46%

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

Teachers Retirement System

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

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

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

Employees' Retirement System

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

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

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	5.45% - 9.25%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Public School Employees Retirement System

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

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

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

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

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 9,039,764.00	$ 9,039,764.00	$ 9,270,618.74	$ 230,854.74
Sales Taxes	70,000.00	70,000.00	105,559.91	35,559.91
State Funds	16,189,352.00	16,189,352.00	16,343,454.86	154,102.86
Federal Funds	4,636,462.00	4,636,462.00	4,041,008.04	(595,453.96)
Charges for Services	592,000.00	592,000.00	40,838.16	(551,161.84)
Investment Earnings	750.00	750.00	708.13	(41.87)
Miscellaneous	225,500.00	225,500.00	416,809.36	191,309.36
Total Revenues	30,753,828.00	30,753,828.00	30,218,997.20	(534,830.80)
EXPENDITURES				
Current				
Instruction	17,834,544.00	17,834,544.00	18,492,637.57	(658,093.57)
Support Services				
Pupil Services	1,057,181.00	1,057,181.00	981,264.11	75,916.89
Improvement of Instructional Services	1,004,133.00	1,004,133.00	1,043,422.79	(39,289.79)
Educational Media Services	307,501.00	307,501.00	339,826.57	(32,325.57)
General Administration	787,823.00	849,948.00	997,502.58	(147,554.58)
School Administration	1,890,284.00	1,890,284.00	1,923,675.89	(33,391.89)
Business Administration	204,557.00	204,557.00	381,733.66	(177,176.66)
Maintenance and Operation of Plant	2,203,119.00	2,203,119.00	2,121,154.27	81,964.73
Student Transportation Services	2,772,229.00	2,772,229.00	2,110,892.04	661,336.96
Central Support Services	202,428.00	140,303.00	188,888.91	(48,585.91)
Other Support Services	183,433.00	183,433.00	211,341.97	(27,908.97)
Food Services Operation	2,241,000.00	2,241,000.00	1,785,335.61	455,664.39
Debt Service	65,596.00	65,596.00	151,462.41	(85,866.41)
Total Expenditures	30,753,828.00	30,753,828.00	30,729,138.38	24,689.62
Net Change in Fund Balances	-	-	(510,141.18)	(510,141.18)
Fund Balances - Beginning	73,383.19	(43,178.87)	(190,189.63)	(147,010.76)
Adjustments	-	(44,975.38)	-	44,975.38
Fund Balances - Ending	$ 73,383.19	$ (88,154.25)	$ (700,330.81)	$ (612,176.56)

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

See notes to the basic financial statements.

MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	16165GA324N1099	$ 461,986.48
National School Lunch Program	10.555	16165GA324N1099	1,191,417.97
Total Child Nutrition Cluster			1,653,404.45
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	16145GA324L1603	20,569.00
Total U. S. Department of Agriculture			1,673,973.45
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A150073	877,219.62
Preschool Grants	84.173	H173A150081	57,757.17
Total Special Education Cluster			934,976.79
Other Programs			
Pass-Through From Georgia Department of Education			
ARRA - Race-to-the-Top Incentive Grants	84.395	S412A130039	87,500.63
Career and Technical Education - Basic Grants to States	84.048	V048A150010	30,690.31
Improving Teacher Quality State Grants	84.367	S367A150001	205,051.29
Title I Grants to Local Educational Agencies	84.010	S010A150010	1,575,631.25
Total Other Programs			1,898,873.48
Total U. S. Department of Education			2,833,850.27
Total Expenditures of Federal Awards			$ 4,507,823.72

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Meriwether County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* , or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* , wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 690,884.18
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	950,727.00
Kindergarten Program - Early Intervention Program	163,072.00
Primary Grades (1-3) Program	1,969,071.00
Primary Grades - Early Intervention (1-3) Program	385,154.00
Upper Elementary Grades (4-5) Program	768,625.00
Upper Elementary Grades - Early Intervention (4-5) Program	325,475.00
Middle Grades (6-8) Program	1,647,085.00
High School General Education (9-12) Program	1,647,049.00
Vocational Laboratory (9-12) Program	311,226.00
Students with Disabilities	3,213,690.00
Gifted Student - Category VI	348,315.00
Remedial Education Program	36,155.00
Alternative Education Program	127,169.00
English Speakers of Other Languages (ESOL)	(3,759.00)
Media Center Program	303,466.00
20 Days Additional Instruction	90,869.00
Staff and Professional Development	53,523.00
Principal Staff and Professional Development	1,796.00
Indirect Cost	
Central Administration	480,711.00
School Administration	834,424.00
Facility Maintenance and Operations	691,519.00
Mid-term Adjustment Hold-Harmless	(39,642.00)
Amended Formula Adjustment	(634,760.00)
Categorical Grants	
Pupil Transportation	
Regular	811,909.00
Nursing Services	53,801.00
Education Equalization Funding Grant	670,850.00
Other State Programs	
Food Services	51,550.00
Math and Science Supplements	37,982.78
Preschool Handicapped Program	68,818.63
Residential Treatment Centers Grant	47,995.00
Rule 10 Special Education State Grant	90,000.00
Teachers Retirement	60,593.27
Vocational Education	9,319.00
Office of the State Treasurer	
Public School Employees Retirement	78,792.00
	$ 16,343,454.86

See notes to the basic financial statements.

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MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2016

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST II							
(i) Paying a portion of the principal of and interest on the Series 2004 Bonds, the maximum amount of debt to be paid will not exceed $1,680,200.00 as set forth in the School District Resolution.	$ 1,680,200.00	$ 1,680,200.00	$ 338,360.00	$ 741,952.00	$ -	$ -	10/1/2017
(ii) Paying a portion of the principal of and interest on the Series 2005 Bonds Restructured to Series 2013, the maximum amount of debt to be paid will not exceed $5,415,652.25 as set forth in the School District	5,415,652.25	4,879,267.70	878,710.60	2,252,324.35	-	-	10/1/2017
(iii) Paying a portion of the principal of and interest on the Series 2006 Bonds, the maximum amount of debt to be paid will not exceed $3,261,255.25 as set forth in the School District Resolution.	3,261,255.25	3,261,255.25	654,337.25	1,491,171.25	-	-	10/1/2017
(iv) Paying a portion of the principal of and interest on the Series 2007 Bonds, the maximum amount of debt to be paid will not exceed $836,425.00 as set forth in the School District Resolution.	836,425.00	836,425.00	166,493.75	502,576.25	-	-	10/1/2017
(v) Paying a portion of the principal of and interest on the Series 2010 Bonds, the maximum amount of debt to be paid will not exceed $310,000.00 as set forth in the School District Resolution.	310,000.00	310,000.00	65,596.00	196,788.00	-	-	10/1/2017
(vi) Paying for system-wide technology upgrades, and renovations and improvements to existing school facilities, the amount of debt to be paid will not exceed $306,157.50 as set forth in the School District Resolution.	306,157.50	306,157.50	-	-	-	-	10/1/2017
	$ 11,809,690.00	$ 11,273,305.45	$ 2,103,497.60	$ 5,184,811.85	$ -	$ -	

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

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

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

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

August 2, 2019

Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Meriwether County Board of Education

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

INDEPENDENT AUDITOR'S REPORT

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meriwether County Board of Education (School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 2, 2019.

Internal Control Over Financial Reporting

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

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

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

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combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items FS 2016-001 and FS 2016-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items FS 2016-003 and FS 2016-004 to be significant deficiencies.

Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

August 2, 2019

Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Meriwether County Board of Education

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program

We have audited Meriwether County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster (CFDA 10.553, 10.555)

As described in the accompanying Schedule of Findings and Questioned Costs, the School District did not comply with requirements regarding Child Nutrition Cluster (CFDA 10.553, 10.555) as described in item FA 2016-002 for Equipment and Real Property Management. Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster (CFDA 10.553, 10.555)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster (CFDA 10.553, 10.555) for the year ended June 30, 2016.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2016.

Other Matters

The School District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item FA 2016-002 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item FA 2016-001 to be a significant deficiency.

The School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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MERIWETHER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS-6991-13-01	**Inadequate Controls Over School Activity Accounts**
Control Category:	Accounting Controls (Overall) Expenditures/Liabilities/Disbursements Revenues/Receivables/Receipts General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Unresolved

Meriwether County Board of Education has established and implemented policies and procedures to ensure compliance over school activity accounts. This was implemented in fiscal year 2017.

FS-6991-13-02	**Inadequate Controls Over Financial Reporting**
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Unresolved

The Board will implement procedures to ensure that all required activity in the form of journal entries are in the financial statements. Management will ensure that the financial statements are in accordance with Chapter II – 2- *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration. Additionally, financial statements will be prepared in accordance with generally accepted accounting principles.

FS-6991-13-03	**Inadequate Controls Over Employee Compensation**
Control Category:	Employee Compensation
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Unresolved

Meriwether County Board of Education has implemented policies and procedures to ensure that salaries and salary schedules have been documented and approved by the Board. This has been implemented beginning fiscal year 2018.

MERIWETHER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2014-001	**Inadequate Controls Over School Activity Accounts**
Control Category:	Accounting Controls (Overall) Expenditures/Liabilities/Disbursements Revenues/Receivables/Receipts General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Unresolved

Management has reviewed the design and implementation of internal control procedures and has created a new school accounting manual to ensure adequate controls over school activity accounts.

FS 2014-002	**Inadequate Controls Over Financial Reporting**
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Unresolved

The Board will implement procedures to ensure that all required activity in the form of journal entries are in the financial statements. Management will ensure that the financial statements are in accordance with Chapter II – 2- *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration. Additionally, financial statements will be prepared in accordance with generally accepted accounting principles.

FS 2014-003	**Inadequate Controls Over Employee Compensation**
Control Category:	Employee Compensation
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Unresolved

Meriwether County Board of Education has implemented policies and procedures to ensure that salaries and salary schedules have been documented and approved by the Board. This has been implemented beginning fiscal year 2018.

FS 2014-005	**Deficit Fund Balance**
Control Category:	Budget Preparation/Execution
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Unresolved

The Board adopts a balanced budget yearly. Financial reduction measures have been taken for fiscal year 2018 to help ensure that expenditures do not exceed available resources.

MERIWETHER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-001 **Inadequate Controls Over Financial Reporting**
Control Category: Financial Reporting
Internal Control Impact: Material Weakness
Compliance Impact: None

Finding Status: Unresolved

The Board will implement procedures to ensure that all required activity in the form of journal entries are in the financial statements. Management will ensure that the financial statements are in accordance with Chapter II – 2 *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration. Additionally, financial statements will be prepared in accordance with generally accepted accounting principles.

FS 2015-002 **Deficit Fund Balance**
Control Category: Budget Preparation/Execution
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance

Finding Status: Unresolved

Financial reduction measures have been taken for fiscal year 2018 to help ensure that expenditures do not exceed available resources.

FS 2015-003 **Internal Control Procedures**
Control Category: Cash and Cash Equivalents
Capital Assets
General Ledger
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Finding Status: Unresolved

The Board will implement procedures to ensure that there are adequate internal controls over cash and cash equivalents, capital assets, and general ledger.

FS 2015-004 **Inadequate Controls Over Employee Compensation**
Control Category: Employee Compensation
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Finding Status: Unresolved

Meriwether County Board of Education has implemented policies and procedures to ensure that salaries and salary schedules have been documented and approved by the Board. This has been implemented beginning fiscal year 2018.

MERIWETHER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-005	**Inadequate Controls Over School Activity Accounts**
Control Category:	Cash and Cash Equivalents Investments Expenditures/Liabilities/Disbursements Accounting Controls (Overall) General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Unresolved

Management has reviewed the design and implementation of internal control procedures and has created a new school accounting manual to ensure adequate controls over school activity accounts.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue:
Governmental Activities; General Fund; Debt Service Fund; Aggregate Remaining Fund Information — Unmodified

Internal control over financial reporting:
- Material weaknesses identified? — Yes
- Significant deficiencies identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — Yes
- Significant deficiency identified? — Yes

Type of auditor's report issued on compliance for major programs:
Unmodified for all major programs except for Child Nutrition Cluster (CFDA 10.553, 10.555), which was qualified.

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: $750,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2016-001	Internal Controls at the Central Office
Control Category:	Accounting Controls (Overall) Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements Employee Compensation General Ledger Capital Assets
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2015-003, FS 2015-004, FS 2014-003, FS-6991-13-03

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

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

Condition:
Accounting Controls (Overall)

- The School District did not have adequate logical access controls in place to ensure only appropriate users have access to their significant financial application. For the financial application, we noted several users with access rights that exceeded their need to complete their assigned job functions. Further, the access granted did not adequately separate the functions of initiating, authorizing, and recording transactions, reconciliations and maintaining the custody of assets. We noted there was no documentation of periodic review of user access rights for the financial accounting system, the student information system and the school food service point of sale system. Inadequate password parameters were also noted for the financial application, as well as the school food service point of sale system.
- The School District did not have a Disaster Recovery Policy in place for the year under audit.
- The School District did not complete a risk assessment related to Information Technology Risks for the year under review.

Cash and Cash Equivalents

- The School District did not have adequate internal controls in place to ensure that the bank reconciliation process was separate from the record keeping function.
- Nine bank reconciliations were either not performed, not documented or not reviewed.
- Timely bank reconciliation approvals were not performed for three of the bank reconciliations that were reviewed.
- The School District did not have adequate procedures in place to monitor the cash by bank and fund activity.
- One bank account was noted under the School District's federal employer identification number that does not belong to the School District.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Capital Assets

- There was no physical inventory performed during the fiscal year under review. The School District was unable to provide a date for when the last physical inventory was performed.
- The School District did not properly report the disposition of sixteen assets totaling $796,289.00.
- A listing by asset was not able to be provided to support the current year depreciation expense or the allocation of depreciation by function.
- Two assets totaling $54,046.00 identified as not being properly capitalized in fiscal year 2015 were still not properly capitalized and added to the fiscal year 2016 capital asset listing.

Revenue/Receivables/Receipts

- Federal programs are not properly maintained by the School District. There does not appear to be adequate oversight over the grants resulting in significant variances when compared to the amounts paid by the grantor agencies.
- The School District could not provide a detailed listing of account receivable.

Expenditures/Liabilities/Disbursements

- Our examination thirty-one expenditures revealed the following deficiencies:
    - Two invoices were not included in the voucher package.
    - Thirteen expenditures did not show evidence of proper approval prior to purchase.
    - Two expenditures did not have evidence to support goods were received from the vendor prior to payment.
    - Two expenditures totaling $47,398.75 were not properly capitalized.
    - Five expenditures totaling $76,509.00 were not properly recorded as prepaid assets.
- The School District could not provide a detailed listing of accounts payable.
- A review of internal control procedures revealed the School District did not ensure debt service payments were properly approved prior to payment.

Employee Compensation

- Our review of twelve employees' salaries revealed the following deficiencies:
    - Overpayments totaling $8,989.26 were noted for three employees due to salaries not being calculated correctly, and furlough days not being deducted as approved by the Board.
    - Technology related salaries totaling $196,689.49 could not be traced to an approved pay scale or supporting documentation.
    - The School District did not have adequate procedures in place to ensure that salaries and benefits payable were properly reviewed and approved.

General Ledger

- A review of internal control procedures revealed the School District did not ensure journal entries were properly documented and approved.
- Our review of thirty-four journal entries revealed the following deficiencies:
    - Fifteen journal entries did not have proper approval.
    - Twenty-seven journal entries were not adequately documented. Twenty of these journal entries were undocumented journal entries that were made to the School District's cash account.
    - Six journal entries did not have evidence of the preparer.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

- As a result of the inadequate oversight over the federal programs, the School District reported a deficit fund balance of $422,333.06 in the Title I fund and $188,495.16 in the Special Education Fund.

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

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

Recommendation:
The School District should review accounting procedures in place and design and implement procedures relative to the above control categories to strengthen the internal controls over the accounting functions. Management should ensure that proper separation of duties exists. In the case when management determines that separation of duties is not cost beneficial, management should implement compensating controls that assist in assuring that transactions are properly processed and reported.

Views of Responsible Officials:
We concur with this finding.

FS 2016-002	Internal Control Procedures over School Activity Accounts
Control Category:	Cash and Cash Equivalents
	Revenues/Receivables/Receipts
	Expenditures/Liabilities/Disbursements
	Funds Held for Others
	General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2015-005, FS 2014-001, FS-6991-13-01

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

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

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Condition:

Cash and Cash Equivalents

- The key accounting functions of journal entry preparation and bank reconciliation were not adequately separated.
- Bank reconciliations did not contain sufficient evidence to support that the reconciliations were performed and reviewed in a timely manner.
- Bank reconciliations were not performed for one scholarship account, which the School District holds in a custodial capacity.

Revenue/Receivables/Receipts

- The key accounting functions of receipt preparation, record keeping and bank reconciliation were not adequately separated.
- Our examination of twelve receipts revealed eight receipts did not have any supporting documentation.

Expenditures/Liabilities/Disbursements

- The key accounting functions of check preparation, record keeping and bank reconciliation were not adequately separated.
- Our examination of twelve expenditures revealed the following discrepancies:
  - Eleven purchase orders were signed but not dated by the principal.
  - One expenditure had no supporting documentation.
  - Five expenditures did not contain sufficient evidence of the proper level of approval being obtained prior to the purchase order being executed.

Funds Held for Others

- Six agency funds had deficit fund balances totaling $6,709.50.

General Ledger

- The School District did not record the current year financial activity related to the school activity accounts. As a result, the current year revenues and the current year expenditures for the governmental funds were understated by $466,521.11 and $472,012.95, respectively. Agency fund activity was understated by $6,248.12.

Cause:

In discussing these deficiencies with the School District, they stated that the cause was a direct result of the lack of formal policies and procedures regarding school activity accounts.

Effect or Potential Effect:

Failure to maintain adequate internal controls over school activity accounts increases the risk that misstatements could occur in the financial statements due to errors or fraud and not be detected in a timely manner.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Recommendation:
The School District should establish control procedures to ensure that the key accounting functions of receipt preparation, check preparation, bank reconciliation and record keeping are separated. In the case when management determines separation of duties is not cost beneficial, management should implement compensating controls that assist in assuring that transactions are properly processed and reported. In addition, the School District should implement procedures to ensure that receipts are adequately documented and recorded in the financial records. The School District should also establish a monitoring process to provide reasonable assurance that transactions are processed according to established procedures.

Views of Responsible Officials:
We concur with this finding.

FS 2016-003	Internal Controls over Financial Reporting
Control Category:	Financial Reporting
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2015-001, FS 2014-002, FS-6991-13-02

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

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

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

Chapter II 2 *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:
- Deferred inflows and deferred outflows were not booked correctly on the government wide statements. A misclassification in the amount of $264,568.00 was noted between deferred inflows and deferred outflows related to defined benefit pension plans. An adjustment to the financial statements was proposed by the auditors and accepted by the School District.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

- Net position on the government-wide statements was misclassified by $55,717.56 between restricted and unrestricted. This balance represents fuel inventories that the School District was unable to document. An adjustment to the financial statements was proposed by the auditors and accepted by the School District.
- Fund balance on the governmental fund statements was misclassified by $78,768.48 between assigned and unassigned. An adjustment to the financial statements was proposed by the auditors and accepted by the School District.
- Current year activity for the agency funds was not booked on the financial statements. An adjustment to the financial statements in the amount of $6,248.12 was proposed by the auditors and accepted by the School District.
- Numerous errors were noted with the cash note reported by the School District, including carrying amount, bank balance, FDIC insured balances, and collateral balances. Adjustments to the notes to the financial statements were proposed by the auditors and accepted by the School District.
- Other immaterial audit adjustments and reclassifications were proposed by the auditors and accepted by the client to properly present the School District's financial statements, note disclosures, and supplemental information.

Cause:
In discussing the deficiency with the School District, it appears the errors occurred due to oversights during the financial statement preparation and review process.

Effect or Potential Effect:
Significant misstatements and misclassifications were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operations.

Recommendation:
The School District should strengthen their internal controls and preparation and review procedures over financial reporting to ensure that the financial statements, including disclosures and schedules, presented for audit are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of GAAP, the applicable GASB pronouncements, and knowledge of the School District's activities and operations. The School District should consider implementing the use of a review checklist to assist in the review process over the financial statements.

Views of Responsible Officials:
We concur with this finding.

FS 2016-004	Budget Deficit, Deficit Fund Balance
Control Category:	Budget Preparation/Execution
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Repeat of Prior Year Finding:	FS 2015-002, FS 2014-005

Description:
At June 30, 2016, the School District reported a deficit unassigned fund balance in the general fund. In addition, the School District did not adopt a balanced general fund budget for fiscal year 2016. Furthermore, the School District failed to comply with the Official Code of Georgia Annotated §20-2-67 as result of their deficit fund balance at June 30, 2015.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Criteria:

Chapter II - 8 *Governmental Fund Deficits* of the Financial Management for Georgia Local Units of Administration states in part: "The seriousness of fund balance deficits cannot be overstated. The Georgia Department of Education requires those LUAs with deficit governmental fund balances to meet certain reporting requirements."

Chapter IV - 2, *Preparing Operating Budgets* of the Financial Management for Georgia Local Units of Administration states in part: "The budget must be balanced for all budgeted funds. Total anticipated revenues should equal total estimated expenditures. In the event anticipated revenues are insufficient to fund anticipated essential expenditures, a portion of the unassigned fund balance from previous years must be used to fund the shortfall. In the event there is insufficient unassigned fund balance from previous years to fund anticipated expenditures, then such expenditures must be reduced to equal anticipated revenues plus available unassigned fund balance."

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

The School District is required to comply with the Official Code of Georgia Annotated §20-2-67(b) which states: "The superintendent shall submit to the Department of Education a response to the findings and a corrective action plan as defined by rules and regulations adopted by the State Board of Education designed to correct the financial irregularities or budget deficits for the school or school system. From the time such irregularity or budget deficit is discovered until the time it is eliminated, the local school superintendent shall present to each member of the local board of education for his or her review and written acknowledgment a monthly report containing all anticipated expenditures by budget function for such school or school system during the current month. The report shall be presented to local board members on or before the tenth business day of each month. Each monthly report shall be signed by each member of that local school board and recorded and retained in the minutes of the meeting of the local board of education."

Condition:

The School District reported a deficit unassigned fund balance of $700,330.81 in the general fund. In addition, the School District's final budget for the general fund was not balanced. Total anticipated revenues and beginning fund balance did not exceed or equal total estimated expenditures. Furthermore, the School District did not comply with the monthly reporting requirements as set forth in the Official Code of Georgia Annotated §20-2-67.

Cause:

In discussing this deficiency with the School District, management indicated that the economic downturn depleted their fund balance. In addition, they did not use effective budgeting techniques to ensure the budget is properly balanced. The School District was also unaware of the reporting requirements of the Official Code of Georgia Annotated §20-2-67.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Effect or Potential Effect:
The unassigned fund balance of the general fund was not sufficient to meet the fund's obligations at June 30, 2016. Ineffective budgeting techniques in the final budget resulted in a budget deficit of $88,154,25 and noncompliance with Chapter IV – 2 of the Financial Management for Georgia Local Units of Administration. This also resulted in the School District's noncompliance with the financial reporting requirements of the Official Code of Georgia Annotated §20-2-67.

Recommendation:
The School District should establish policies and procedures to enforce the successful implementation of their deficit reduction plan to ensure that expenditures do not exceed availability of resources so that in future periods the School District does not report a deficit fund balance. In addition, appropriate procedures should be implemented to ensure that the adopted budget for each budgeted funds is balanced as required. The School District should also establish policies and procedures to ensure that the financial reporting requirements of the Official Code of Georgia Annotated §20-2-67 are being met.

Views of Responsible Officials:
We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2016-001	Improve Controls Procedures over the Expenditure Process
Compliance Requirement:	Activities Allowed or Unallowed
	Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Child Nutrition Cluster (CFDA 10.553 and 10.555)
Federal Award Number:	16165GA324N1099
Questioned Costs:	None Identified

Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Title I Grants to Local Educational Agencies (CFDA 84.010)
Federal Award Number:	S010A150010
Questioned Costs:	None Identified

Description:
A review of expenditures charged to the Child Nutrition Cluster and the Title I Grants to Education Agencies program revealed that internal control procedures were not in place to ensure that expenditures were reviewed appropriately for allowability.

Criteria:
2 CFR 200.403 states in part that "costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles… (c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity… (g) Be adequately documented…"

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

In addition, 2 CFR 200.303 states in part that "the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award… (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards…"

Condition:

A random sample of 25 Child Nutrition Cluster and 31 Title I Grants to Local Education Agencies program expenditure voucher packages was selected for testing using a non-statistical sampling approach. These items were reviewed to determine if expenditures were reviewed and approved appropriately. The following deficiencies were noted:

- It was noted that 18 Child Nutrition Cluster expenditures were not properly approved.
- it was noted that 10 Title I Grants to Local Educational Agencies program expenditures were not properly approved.

Cause:

In discussing this deficiency with the School District, they stated these issues were a result of turnover within the Central Office.

Effect or Potential Effect:

Failure to ensure that expenditures are reviewed appropriately could result in the expenditure of Federal funds for unauthorized purposes and the return of grant funds associated with these unallowable expenditures. Additionally, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

Recommendation:

Management should evaluate and improve the School District's policies and procedures for reviewing Federal programs expenditures to ensure that these funds are expended for allowable purposes. In addition, management should develop and implement a monitoring process to ensure that these procedures are operating appropriately.

Views of Responsible Officials:

We concur with this finding.

FA 2016-002	Improve Controls over Equipment
Compliance Requirement:	Equipment and Real Property Management
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Child Nutrition Cluster (CFDA 10.553 and 10.555)
Federal Award Number:	16165GA324N1099
Questioned Costs:	None Identified

Description:

The policies and procedures of the School District did not provide adequate internal controls over equipment and real property management as it relates to the Child Nutrition Cluster.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Criteria:

2 CFR 200.313(d)(1) states, "Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property." In addition, 2 CFR 200.313(d)(2) states, "A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

Condition:

The School District did not maintain an equipment listing for the Child Nutrition Cluster. In addition, a physical inventory of equipment was not performed in the last two years.

Cause:

In discussing this deficiency with the School District, they indicated that the Child Nutrition staff had not effectively implemented federal regulations as they pertain to equipment and real property management.

Effect or Potential Effect:

Failure to maintain a complete and accurate equipment listing and reconcile results of the physical inventory performed to the property records exposes the School District to unnecessary risk of error and misuse of equipment and/or Federal funds. Additionally, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

Recommendation:

The School District should develop and maintain an equipment listing that reflects all required information, including a description, an identifying number, the source of funding, the title holder, the acquisition date, the cost, the percentage of federal participation in the project costs, the location, the use and condition, and any ultimate disposal data for each piece of equipment. In addition, management should implement controls to ensure that a physical inventory of equipment is performed at least once every two years.

Views of Responsible Officials:

We concur with this finding.

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SECTION V

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR FINDINGS

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MERIWETHER TOGETHER
MERIWETHER COUNTY SCHOOLS
AIM HIGH. ACHIEVE. GRADUATE. SUCCEED.

Dr. Robert Griffin, Superintendent

Bradley Smith, Chairman | Bob M. Patterson, Vice Chair | Leon Coverson | Willie A. Hinton, Jr. | Rebecca "Kay" King

MERIWETHER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2016

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2016-001	Internal Controls at the Central Office
Control Categories:	Accounting Controls (Overall)
	Cash and Cash Equivalents
	Revenues/Receivables/Receipts
	Expenditures/Liabilities/Disbursements
	Employee Compensation
	General Ledger
	Capital Assets
Internal Control Impact:	Material Weakness
Compliance Impact:	None

The accounting procedures of the School District were insufficient to provide adequate internal controls at the Central Office.

Corrective Action Plans: The School District has hired a new Chief Financial Officer to oversee the accounting procedures and ensure that internal controls are in place. In addition, the School District will review the current accounting procedures and controls and will implement procedures to help strengthen the internal controls.

Estimated Completion Date: 9/30/19

Contact Person: Tomecka Woody, Chief Financial Officer
Telephone: (706) 441-0601
E-mail: Tomecka.woody@mcssga.org

FS 2016-002	Internal Control Procedures over Student Activity Accounts
Control Categories:	Cash and Cash Equivalents
	Revenues/Receivables/Receipts
	Expenditures/Liabilities/Disbursements
	Funds Held for Others
	General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None

The Meriwether County School District does not discriminate on the basis of race, color, religion, national origin, age, disability, or sex in its employment practices, student programs and dealings with the public. It is the policy of the Board of Education to comply fully with the requirements of Title VI, Title IX, Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act and all accompanying regulations.

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

Corrective Action Plans: The School District has hired a new Chief Financial Officer to oversee the accounting procedures and ensure that internal controls are in place. In addition, the School District has implemented procedures to conduct quarterly audits of school records to ensure accounting functions are met for the School Activity Accounts.

Estimated Completion Date: Completed

Contact Person: Tomecka Woody, Chief Financial Officer
Telephone: (706) 441-0601
E-mail: Tomecka.woody@mcssga.org

FS 2016-003	Internal Controls over Financial Reporting
Control Category:	Financial Reporting
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None

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

Corrective Action Plans: The School District has hired a new Chief Financial Officer to oversee the accounting procedures and ensure that internal controls are in place. In addition, the School District will review the current accounting procedures and controls and will implement procedures to help strengthen the internal controls.

Estimated Completion Date: 9/30/19

Contact Person: Tomecka Woody, Chief Financial Officer
Telephone: (706) 441-0601
E-mail: Tomecka.woody@mcssga.org

FS 2016-004	Budget Deficit, Deficit Fund Balance
Control Category:	Budget Preparation/Execution
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance

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At June 30, 2016, the School District reported a deficit unassigned fund balance in the general fund. In addition, the School District did not adopt a balanced general fund budget for fiscal year 2016. Furthermore, the School District failed to comply with the Official Code of Georgia Annotated §20-2-67(b) as result of their deficit fund balance at June 30, 2015.

Corrective Action Plans: The School District has hired a new Chief Financial Officer to oversee the accounting procedures and ensure that budgeting preparations are performed adequately. The School District has made several cuts in spending and payroll to better align revenue with expenses and eliminate the general fund deficit.

Estimated Completion Date: Completed

Contact Person: Tomecka Woody, Chief Financial Officer
Telephone: (706) 441-0601
E-mail: Tomecka.woody@mcssga.org

CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

FA 2016-001	Improve Internal Control Procedures over the Expenditure Process
Control Category:	Activities Allowed/Unallowed
	Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance

A review of expenditures charged to the Child Nutrition Cluster and the Title I Grants to Education Agencies program revealed that internal control procedures were not in place to ensure that expenditures were reviewed appropriately for allowability.

Corrective Action Plans: The School District has hired a new Chief Financial Officer to oversee the accounting procedures and ensure that internal controls are in place. In addition, the School District has implemented purchasing and approval procedures to ensure that expenditures are reviewed appropriately for allowability.

Estimated Completion Date: Completed

Contact Person: Tomecka Woody, Chief Financial Officer
Telephone: (706) 441-0601
E-mail: Tomecka.woody@mcssga.org

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Dr. Robert Griffin, Superintendent

MERIWETHER COUNTY SCHOOLS

MERIWETHER TOGETHER

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Bradley Smith, Chairman | Bob M. Patterson, Vice Chair | Leon Coverson | Willie A. Hinton, Jr. | Rebecca "Kay" King

FA 2016-002	Improve Controls over Equipment
Control Category:	Equipment and Real Property Management
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance

The policies and procedures of the School District did not provide adequate internal controls over equipment and real property management as it relates to the Child Nutrition Cluster.

Corrective Action Plans: The School District has hired a new Chief Financial Officer to oversee the accounting procedures and ensure that internal controls are in place. In addition, the School District has implemented purchasing and approval procedures to adequately manage equipment and real property.

Estimated Completion Date: Completed

Contact Person: Tomecka Woody, Chief Financial Officer
Telephone: (706) 441-0601
E-mail: Tomecka.woody@mcssga.org

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