

MERIWETHER COUNTY BOARD OF EDUCATION
GREENVILLE, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015
(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

February 27, 2018

Honorable Nathan Deal, Governor
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

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Meriwether County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through H), which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 Meriwether County Board of Education, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2015, the Meriwether County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The School District restated beginning Net Position for the cumulative effect of these accounting changes. Our 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 opinion on the basic financial statements is 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 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2018, on our consideration of the Meriwether County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meriwether County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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MERIWETHER COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 2,416,455.13
Accounts Receivable, Net	
Taxes	1,577,644.96
State Government	1,883,801.20
Federal Government	495,511.39
Local	67,267.15
Other	90,239.42
Inventories	150,791.37
Prepaid Items	14,364.40
Capital Assets, Non-Depreciable	531,808.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	36,590,142.11
Total Assets	43,818,025.13
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding of Debt	293,863.00
Related to Defined Benefit Pension Plans	2,206,478.73
Total Deferred Outflows of Resources	2,500,341.73
LIABILITIES	
Accounts Payable	438,941.62
Salaries and Benefits Payable	3,354,546.56
Payroll Withholdings Payable	706,797.04
Interest Payable	143,620.55
Long-Term Liabilities	
Due Within One Year	1,675,604.78
Due in More Than One Year	14,572,247.90
Net Pension Liability	19,828,986.00
Total Liabilities	40,720,744.45
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	8,055,394.00
NET POSITION	
Net Investment in Capital Assets	21,238,934.14
Restricted for	
Continuation of Federal Programs	191,188.84
Debt Service	1,361,667.40
Unrestricted (Deficit)	-25,249,561.97
Total Net Position	$ -2,457,771.59

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, 2015

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
Instruction	$ 19,779,023.09	$ 215,401.34	$ 13,736,264.11	$ -5,827,357.64
Support Services				
Pupil Services	1,122,246.98		188,592.41	-933,654.57
Improvement of Instructional Services	916,743.94		626,469.12	-290,274.82
Educational Media Services	298,906.28		317,859.43	18,953.15
General Administration	800,953.30		624,473.09	-176,480.21
School Administration	1,875,687.97		848,801.35	-1,026,886.62
Business Administration	193,940.66		685.41	-193,255.25
Maintenance and Operation of Plant	2,269,733.86		729,828.43	-1,539,905.43
Student Transportation Services	2,577,641.86		854,013.39	-1,723,628.47
Central Support Services	132,811.00		270.40	-132,540.60
Other Support Services	184,136.63		93,483.19	-90,653.44
Operations of Non-Instructional Services				
Enterprise Operations	288,814.66	156,942.25		-131,872.41
Food Services	1,837,213.20	33,238.52	1,957,244.96	153,270.28
Interest on Short-Term and Long-Term Debt	611,165.65			-611,165.65
Total Governmental Activities	$ 32,889,019.08	$ 405,582.11	$ 19,977,985.29	-12,505,451.68
General Revenues				
Taxes				
Property Taxes				
For Maintenance and Operations				9,470,460.00
For Debt Services				344,465.64
Railroad Cars				66,295.88
Sales Taxes				
Special Purpose Local Option Sales Tax				
For Debt Services				1,626,901.86
Other Sales Tax				94,991.22
Grants and Contributions not				
Restricted to Specific Programs				956,031.00
Investment Earnings				2,140.45
Miscellaneous				411,212.83
Total General Revenues				12,972,498.88
Change in Net Position				467,047.20
Net Position - Beginning of Year, Restated				-2,924,818.79
Net Position - End of Year				$ -2,457,771.59

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

MERIWETHER COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2015

EXHIBIT "C"

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 1,110,395.73	$ 1,306,059.40	$ 2,416,455.13
Accounts Receivable, Net			
Taxes	1,378,416.41	199,228.55	1,577,644.96
State Government	1,883,801.20		1,883,801.20
Federal Government	495,511.39		495,511.39
Local	67,267.15		67,267.15
Other	90,239.42		90,239.42
Inventories	150,791.37		150,791.37
Prepaid Items	14,364.40		14,364.40
Total Assets	$ 5,190,787.07	$ 1,505,287.95	$ 6,696,075.02
LIABILITIES			
Accounts Payable	$ 438,941.62		$ 438,941.62
Salaries and Benefits Payable	3,354,546.56		3,354,546.56
Payroll Withholdings Payable	706,797.04		706,797.04
Total Liabilities	4,500,285.22		4,500,285.22
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Federal Grants	21,620.68		21,620.68
Unavailable Revenue - Property Taxes	859,070.80	$ 45,884.52	904,955.32
Total Deferred Inflows of Resources	880,691.48	45,884.52	926,576.00
FUND BALANCES			
Nonspendable	165,155.77		165,155.77
Restricted	96,115.03	1,459,403.43	1,555,518.46
Unassigned (Deficit)	-451,460.43		-451,460.43
Total Fund Balances	-190,189.63	1,459,403.43	1,269,213.80
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,190,787.07	$ 1,505,287.95	$ 6,696,075.02

The notes to the basic 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, 2015

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C")		$ 1,269,213.80
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 531,808.00	
Land Improvements	4,324,837.92	
Buildings and Improvements	51,822,279.68	
Equipment	6,424,700.56	
Accumulated Depreciation	-25,981,676.05	
Total Capital Assets		37,121,950.11
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		-19,828,986.00
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		-5,848,915.27
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		904,955.32
Georgia Department of Education grants that are not available to pay current period expenditures are deferred in the funds.		21,620.68
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These consist of:		
Bonds Payable	$ -4,905,000.00	
Accrued Interest Payable	-143,620.55	
Capital Leases Payable	-515,878.97	
Compensated Absences Payable	-70,973.71	
Deferred Amount on Refunding	293,863.00	
Intergovernmental Contract	-10,756,000.00	
Total Long-Term Liabilities		-16,097,610.23
Net Position of Governmental Activities (Exhibit "A")		$ -2,457,771.59

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 BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT "E"

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
REVENUES			
Property Taxes	$ 9,391,952.85	$ 346,725.62	$ 9,738,678.47
Sales Taxes	94,991.22	1,626,901.86	1,721,893.08
State Funds	16,290,905.38		16,290,905.38
Federal Funds	5,029,850.72		5,029,850.72
Charges for Services	405,582.11		405,582.11
Investment Earnings	941.62	1,198.83	2,140.45
Miscellaneous	411,212.83		411,212.83
Total Revenues	31,625,436.73	1,974,826.31	33,600,263.04
EXPENDITURES			
Current			
Instruction	19,064,050.23		19,064,050.23
Support Services			
Pupil Services	1,165,579.24		1,165,579.24
Improvement of Instructional Services	939,264.62		939,264.62
Educational Media Services	310,816.26		310,816.26
General Administration	793,787.01		793,787.01
School Administration	1,969,369.40		1,969,369.40
Business Administration	203,072.34		203,072.34
Maintenance and Operation of Plant	2,272,345.07		2,272,345.07
Student Transportation Services	2,958,160.93		2,958,160.93
Central Support Services	136,817.08		136,817.08
Other Support Services	185,327.63		185,327.63
Enterprise Operations	288,814.66		288,814.66
Food Services Operation	1,903,309.52		1,903,309.52
Debt Services			
Principal	135,321.03	1,499,000.00	1,634,321.03
Interest	65,596.00	530,011.10	595,607.10
Total Expenditures	32,391,631.02	2,029,011.10	34,420,642.12
Excess of Revenues over (under) Expenditures	-766,194.29	-54,184.79	-820,379.08
OTHER FINANCING SOURCES			
Capital Leases	651,200.00		651,200.00
Net Change in Fund Balances	-114,994.29	-54,184.79	-169,179.08
Fund Balances - Beginning	-75,195.34	1,513,588.22	1,438,392.88
Fund Balances - Ending	$ -190,189.63	$ 1,459,403.43	$ 1,269,213.80

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, 2015

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E")		$ -169,179.08
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 715,884.32	
Depreciation Expense	-1,936,741.35	
Excess of Capital Outlay over Depreciation Expense		-1,220,857.03
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		-5,800.00
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		142,543.05
Federal Revenue reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		-332,583.81
Bond issuance costs, deferred gains on refunding bonds and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:		
Amortization of Deferred Loss on Refunding of Bonds		-26,121.00
Some of the Capital Assets acquired this year were financed with capital leases. In Governmental Funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a Long-Term Liability.		-651,200.00
Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond Principal Retirements	$ 305,000.00	
Capital Lease Payments	135,321.03	
Intergovernmental Contract Repayments	1,194,000.00	
Total Long-Term Debt Repayments		1,634,321.03
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. The net of these adjustments are:		
Accrued Interest	$ 10,562.45	
Compensated Absences	-6,701.14	
Pension Expense	1,092,062.73	
Total Additional Expenditures		1,095,924.04
Change in Net Position of Governmental Activities (Exhibit "B")		$ 467,047.20

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 51,911.86
Investments	10,304.01
Total Assets	$ 62,215.87
LIABILITIES	
Funds Held for Others	$ 62,215.87

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 school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

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

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts and reports for all financial resources not accounted for and reported in another fund.
- Debt Service Fund accounts for and reports financial resources including Education Special Purpose Option Sales Tax (ESPLOST) 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 account for assets held by the School District as an agent for various funds, clubs, governments or individuals.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental 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, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2015, the School District made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, net position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of $26,769,964.00. This change is in accordance with generally accepted accounting procedures.

Net Position, July 1, 2014, as previously reported		$ 23,845,145.21
Prior Period adjustment - Implementation of GASB No. 68:		
Net Pension Liability (measurement date)		
TRS	$ -28,493,861.00	
ERS	-244,816.00	-28,738,677.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS	$ 1,945,914.00	
ERS	22,799.00	1,968,713.00
Net Position, July 1, 2014, as restated		$ -2,924,818.79

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

(1) Obligations issued by the State of Georgia or by other states,

(2) Obligations issued by the United States government,

(3) Obligations fully insured or guaranteed by the United States government or a United States government agency,

(4) Obligations of any corporation of the United States government,

(5) Prime banker's acceptances,

(6) The local government investment pool (Georgia Fund 1) administered by the State of Georgia, Office of State Treasurer,

(7) Repurchase agreements, and

(8) Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Meriwether County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on September 9, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 20, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The 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, 2015, for maintenance and operations amounted to $8,838,232.25 and for school bonds amounted to $346,725.62.

Tax millage rates levied for the 2014 tax year (calendar year) for the Meriwether County Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	18.551	mills
School Bonds	0.679	mills
	19.230	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $487,424.72 during the fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $1,626,901.86 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

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

PREPAID ITEMS

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

CAPITAL ASSETS

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

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

	Capitalization Policy	Estimated Useful Life
Land	$ 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

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

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 20 years.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

plan, as discussed in Note 15 - Retirement Plans. Additionally, the School District has reported the deferred charge on refunded debt resulting from the difference in the carrying value of the refunded debt and its reacquisition price is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 15 - Retirement Plans. This item is reported only in the District-wide Statement of Net Position. Additionally, the School District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reporting only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

COMPENSATED ABSENCES

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

Vacation leave of 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.

GENERAL OBLIGATION BONDS

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

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

PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), the Employees' retirement System of Georgia (ERS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from aforementioned retirement systems fiduciary net position have been determined on the same basis as they are reported by TRS/ERS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 15 – Retirement Plans.

NET POSITION

The School District's net position in the District-wide Statements are classified as follows:

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

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

Unrestricted Net Position - Unrestricted net position is the amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension Liability of $19,828,986.00 which is required for financial reporting.

FUND BALANCES

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

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

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

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

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

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

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

Nonspendable		
Inventories	$ 150,791.37	
Prepaid Assets	14,364.40	$ 165,155.77
Restricted		
Continuation of Federal Programs	$ 96,115.03	
Debt Service	1,459,403.43	1,555,518.46
Unassigned		-451,460.43
Fund Balance, June 30, 2014		$ 1,269,213.80

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end in compliance with Official code of Georgia Annotated Section 20-2-167(a) 5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

DEFICIT FUND BALANCES

The fund reporting a deficit fund balance at June 30, 2015, is as follows:

Fund Type/Fund Name	Deficit Balance
Governmental Funds	
General Fund	
Unassigned	$ -451,460.43

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general 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 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 Official Code of Georgia Annotated Section 20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

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

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

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

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

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2015, the School District had deposits with a carrying amount of $2,478,671.00, which includes $10,304.01 in Certificates of Deposit that are reported as Investments, and a bank balance of $2,552,133.06. The bank balances insured by Federal depository insurance were $651,870.86, and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were $948,351.50.

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

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

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

Custodial Credit Risk Category	Bank Balance
1	$ 0.00
2	0.00
3	951,910.70
Total	$ 951,910.70

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $951,910.70 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, 2015, was 56 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: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 531,808.00	$ 0.00	$ 0.00	$ 531,808.00
Capital Assets Being Depreciated				
Building and Building Improvements	51,828,079.68		5,800.00	51,822,279.68
Equipment	5,717,805.24	715,884.32	8,989.00	6,424,700.56
Land Improvements	4,324,837.92			4,324,837.92
Less Accumulated Depreciation for:				
Building and Building Improvements	17,154,834.36	1,326,923.42		18,481,757.78
Equipment	4,437,237.45	393,576.03	8,989.00	4,821,824.48
Land Improvements	2,461,851.89	216,241.90		2,678,093.79
Total Capital Assets Being Depreciated, Net	37,816,799.14	(1,220,857.03)	5,800.00	36,590,142.11
Governmental Activity Capital Assets - Net	$ 38,348,607.14	$ (1,220,857.03)	$ 5,800.00	$ 37,121,950.11

Capital assets being acquired under an intergovernmental agreement as of June 30, 2015, are as follows:

Intergovernmental Agreement:	
Buildings and Improvements	$ 8,648,096.00
Land	90,010.00
Less: Accumulated Depreciation	3,356,572.56
	$ 5,381,533.44

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

	Governmental Funds
Equipment	$ 651,200.00
Less: Accumulated Depreciation	-21,706.64
	$ 629,493.36

Current year depreciation expense by function is as follows:

Instruction		$ 1,561,111.52
Support Services		
General Administration	$ 27,413.25	
Maintenance and Operation of Plant	26,854.77	
Student Transportation Services	306,962.21	361,230.23
Food Services		14,399.60
		$ 1,936,741.35

NOTE 7: RISK MANAGEMENT

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

The School District has obtained commercial insurance for risk of loss associated with motor vehicles. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

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

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2014	$ 0.00	$ 12,930.00	$ 12,930.00	$ 0.00
2015	$ 0.00	$ 5,588.00	$ 5,588.00	$ 0.00

The School District participates in the Georgia School Boards Association Workers' Compensation Fund, a public entity risk pool organized on July 1, 1992, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand loss per occurrence, up to $2.0 million. In addition to the $550 thousand per occurrence retention, the Fund also retains an additional $150 thousand per year corridor retention.

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

Position Covered	Amount
Superintendent	$ 50,000.00

NOTE 8: 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 percent of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ 0.00	$ 3,000,000.00	$ 3,000,000.00	$ 0.00

NOTE 9: LONG-TERM DEBT

CAPITAL LEASES

The Meriwether County Board of Education entered into an agreement dated February 10, 2015, with Santander Bank for the Lease-Purchase of 8 buses. Under the terms of the agreement, the School District will make annual payments through March 25, 2019. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

COMPENSATED ABSENCES

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

INTERGOVERNMENTAL CONTRACT

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.

The debt at June 30, 2015, associated with these agreements is as follows:

Purpose	Interest Rates	Amount
General Government - Refunding - Series 2006	4.21%	$ 6,125,000.00
General Government QSCB - Series 2010	5.29%	1,240,000.00
Authority Revenue Bonds - Series 2013 Working Group	1.77%	3,391,000.00
		$ 10,756,000.00

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government - Series 2004	3.84%	$ 3,320,000.00
General Government - Series 2007	3.70% - 4.10%	1,585,000.00
		$ 4,905,000.00

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

	Governmental Activities				
	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
Intergovernmental Agreement	$ 11,950,000.00		$ 1,194,000.00	$ 10,756,000.00	$ 1,231,000.00
G.O. Bonds	5,210,000.00		305,000.00	4,905,000.00	320,000.00
Capital Leases	0.00	$ 651,200.00	135,321.03	515,878.97	124,604.78
Compensated Absences (1)	64,272.57	6,701.14		70,973.71	
	$ 17,224,272.57	$ 657,901.14	$ 1,634,321.03	$ 16,247,852.68	$ 1,675,604.78

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

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

	Capital Leases		General Obligation Debt	
	Principal	Interest	Principal	Interest
Fiscal Year Ended June 30:				
2016	$ 124,604.78	$ 11,865.22	$ 320,000.00	$ 184,853.75
2017	127,470.69	8,999.31	335,000.00	172,267.00
2018	130,402.52	6,067.48	350,000.00	159,103.75
2019	133,400.98	3,069.02	365,000.00	145,274.00
2020			380,000.00	130,774.00
2021 - 2025			2,155,000.00	414,321.50
2026 - 2028			1,000,000.00	39,609.50
Total Principal and Interest	$ 515,878.97	$ 30,001.03	$ 4,905,000.00	$ 1,246,203.50

	Intergovernmental Agreements		Deferred Amount
	Principal	Interest	on Refunding
Fiscal Year Ended June 30:			
2016	$ 1,231,000.00	$ 367,643.85	$ 26,121.00
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 - 2025	2,690,000.00	554,667.50	130,605.00
2026 - 2028	1,245,000.00	52,940.75	32,653.00
Total Principal and Interest	$ 10,756,000.00	$ 2,123,113.10	$ 293,863.00

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $81,729.00 for retirement contributions paid on the School District's behalf by the following State Agencies.

Office of the State Treasurer
Paid to the Public School Employees Retirement System
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $81,729.00

Funds paid on behalf of the School District are reported in governmental funds. See Note – 15 Retirement Plans for the State support related to the Net Pension Liability.

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 12: RELATED PARTY TRANSACTIONS

The School District purchased various office supplies (binders, labels, note pads, toner, file folders, tape) from Once Source totaling $317.60 during fiscal year 2015. The owner of One Source is a Board member.

NOTE 13: SUBSEQUENT EVENTS

Subsequent to fiscal year-end, the School District issued a total of $4,000,000.00 on a short-term Tax Anticipation Note from the local bank for cash flow purposes. The School District made 4 draws totaling $3,500,000.00 on this note on July 16, 2015, August 13, 2015, September 1, 2015, and October 9, 2015, respectively. The note was repaid by the School District on December 30, 2015 with interest of $22,312.21.

Subsequent to fiscal year-end, the School District also 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, and September 29, 2016, and November 7, 2016, respectively. The note was repaid by the School District on December 30, 2016 with interest of $21,911.11.

NOTE 14: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

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

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

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

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

For non-certificated school personnel:

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	$ 3,713,538.76
2014	100%	$ 3,716,446.45
2013	100%	$ 3,306,982.40

NOTE 15: RETIREMENT PLANS

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

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the District as defined in §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. 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 2015. The school district's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of annual school district payroll.

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	$ 2,163,227.03
2014	100%	$ 1,945,796.95
2013	100%	$ 1,882,222.45

EMPLOYEES RETIREMENT SYSTEM

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

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

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

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

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	$ 30,111.70
2014	100%	$ 23,593.13
2013	100%	$ 25,072.36

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

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

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

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

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

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

At June 30, 2015, the School District reported a liability of $19,828,986.00 for its proportionate share of the Net Pension Liability for TRS ($19,623,265.00) and ERS ($205,721.00).

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

At June 30, 2014, the School District's TRS proportion was 0.155325%, which was a decrease of 0.008199% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.005485%, which was an increase of 0.000440% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the PSERS Net Pension Liability associated with the School District is $ 317,505.00.

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

For the year ended June 30, 2015, the School District recognized pension expense of $1,080,502.00 for TRS, $20,774.00 for ERS and $27,573.00 for PSERS, and revenue of $27,573.00 for PSERS. The revenue is support provided by the State of Georgia.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		$ 6,841,086.00		$ 50,210.00
Changes in proportion and differences between School District contributions and proportionate share of contributions		1,164,098.00	$ 13,140.00	
School District contributions subsequent to the measurement date	$ 2,163,227.03		30,111.70	
Total	$ 2,163,227.03	$ 8,005,184.00	$ 43,251.70	$ 50,210.00

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

Year Ended June 30:	TRS	ERS
2016	$ -1,974,839.00	$ -4,340.00
2017	$ -1,974,839.00	$ -7,625.00
2018	$ -1,974,839.00	$ -12,553.00
2019	$ -1,974,840.00	$ -12,552.00
2020	$ -105,827.00	$

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

Teachers Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

Public School Employees' Retirement System:

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

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

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

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

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

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

Discount rate: The discount rate used to measure the total TRS, ERS and PSERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and

PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	$ 36,163,045.00	$ 19,623,265.00	$ 6,003,100.00

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	$ 299,983.00	$ 205,721.00	$ 125,483.00

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.

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, 2015

SCHEDULE "1"

		2015
School District's proportion of the Net Pension Liability		0.155325%
School District's proportionate share of the Net Pension Liability	$	19,623,265.00
School District's covered-employee payroll	$	15,845,252.04
School District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll		123.84%
Plan fiduciary net position as a percentage of the total pension liability		84.03%

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

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

SCHEDULE "2"

		2015
School District's proportion of the Net Pension Liability		0.005485%
School District's proportionate share of the Net Pension Liability	$	205,721.00
School District's covered-employee payroll	$	127,806.77
School District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll		160.96%
Plan fiduciary net position as a percentage of the total pension liability		77.99%

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

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

	2015	2014	2013
Contractually required contribution	$ 2,163,227.03	$ 1,945,796.95	$ 1,882,222.45
Contributions in relation to the contractually required contribution	2,163,227.03	1,945,796.95	1,882,222.45
Contribution deficiency (excess)	$ 0.00	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 16,450,395.67	$ 15,845,252.04	$ 16,496,252.85
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

This schedule is intended to show information for 10 years. The School District is only able to display six years of information. Additional years will be displayed as they become available.

2012	2011	2010
$ 1,797,763.93	$ 1,762,220.80	$ 1,789,865.36
1,797,763.93	1,762,220.80	1,789,865.36
$ 0.00	$ 0.00	$ 0.00
$ 17,487,975.97	$ 17,142,225.68	$ 18,376,441.07
10.28%	10.28%	9.74%

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

SCHEDULE "4"

	2015	2014
Contractually required contribution	$ 30,111.70	$ 23,593.13
Contributions in relation to the contractually required contribution	30,111.70	23,593.13
Contribution deficiency (excess)	$ 0.00	$ 0.00
School District's covered-employee payroll	$ 137,120.67	$ 127,806.77
Contributions as a percentage of covered-employee payroll	21.96%	18.46%

This schedule is intended to show information for 10 years. The School District is only able to display two years of information. 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, 2015 reported in that schedule:

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

Employees' Retirement System

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

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

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

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

SCHEDULE "6"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 9,978,357.00	$ 9,978,357.00	$ 9,391,952.85	$ -586,404.15
Sales Taxes	76,000.00	76,000.00	94,991.22	18,991.22
State Funds	15,951,872.00	15,951,872.00	16,290,905.38	339,033.38
Federal Funds	4,767,948.00	4,767,873.00	5,029,850.72	261,977.72
Charges for Services	108,000.00	108,000.00	405,582.11	297,582.11
Investment Earnings	1,000.00	1,000.00	941.62	-58.38
Miscellaneous	886,500.00	886,500.00	411,212.83	-475,287.17
Total Revenues	31,769,677.00	31,769,602.00	31,625,436.73	-144,165.27
EXPENDITURES				
Current				
Instruction	19,037,004.00	18,933,332.00	19,064,050.23	-130,718.23
Support Services				
Pupil Services	1,082,356.00	1,203,811.00	1,165,579.24	38,231.76
Improvement of Instructional Services	990,158.00	1,012,873.00	939,264.62	73,608.38
Educational Media Services	355,610.00	316,500.00	310,816.26	5,683.74
General Administration	921,246.00	746,407.00	793,787.01	-47,380.01
School Administration	1,964,300.00	1,983,500.00	1,969,369.40	14,130.60
Business Administration	196,233.00	207,000.00	203,072.34	3,927.66
Maintenance and Operation of Plant	2,164,801.00	2,248,000.00	2,272,345.07	-24,345.07
Student Transportation Services	2,387,465.00	2,445,800.00	2,958,160.93	-512,360.93
Central Support Services	214,539.00	214,788.00	136,817.08	77,970.92
Other Support Services	193,369.00	194,995.00	185,327.63	9,667.37
Enterprise Operations			288,814.66	-288,814.66
Food Services Operation	2,197,000.00	2,197,000.00	1,903,309.52	293,690.48
Debt Service				
Principal			135,321.03	-135,321.03
Interest	65,596.00	65,596.00	65,596.00	0.00
Total Expenditures	31,769,677.00	31,769,602.00	32,391,631.02	-622,029.02
Excess of Revenues over (under) Expenditures	0.00	0.00	-766,194.29	-766,194.29
OTHER FINANCING SOURCES				
Other Sources			651,200.00	651,200.00
Net Change in Fund Balances	0.00	0.00	-114,994.29	-114,994.29
Fund Balances - Beginning	126,563.36	126,563.36	-75,195.34	-201,758.70
Fund Balances - Ending	$ 126,563.36	$ 126,563.36	$ -190,189.63	$ -316,752.99

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts. The principal accounts had actual revenues of $518,958.58 and actual expenditures of $504,900.33.

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, 2015

SCHEDULE "7"

FUNDING AGENCY / PROGRAM/GRANT		CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	
Agriculture, U. S. Department of					
Child Nutrition Cluster					
Pass-Through From Georgia Department of Education					
Food Services					
School Breakfast Program	*	10.553	N/A	(2)	
National School Lunch Program	*	10.555	N/A	$ 1,786,241.02	(1)
Total Child Nutrition Cluster				1,786,241.02	
Other Programs					
Pass-Through From Georgia Department of Education					
Food Services					
Child Nutrition Discretionary Grants Limited Availability		10.579	N/A	35,004.31	
Fresh Fruit and Vegetable Program		10.582	N/A	19,839.51	
Total Other Programs				54,843.82	
Total U. S. Department of Agriculture				1,841,084.84	
Education, U. S. Department of					
School Improvement Grants Cluster					
Pass-Through From Georgia Department of Education					
ARRA - School Improvement Grants		84.388	N/A	163,037.90	
Special Education Cluster					
Pass-Through From Georgia Department of Education					
Special Education					
Grants to States	*	84.027	N/A	840,058.00	
Preschool Grants	*	84.173	N/A	58,511.00	
Total Special Education Cluster				898,569.00	
Other Programs					
Pass-Through From Georgia Department of Education					
ARRA - Race-to-the-Top Incentive Grants		84.395	N/A	58,058.15	
Career and Technical Education - Basic Grants to States		84.048	N/A	31,322.12	
English Language Acquisition Grants		84.365	N/A	774.75	
Improving Teacher Quality State Grants		84.367	N/A	177,973.19	
Title I Grants to Local Educational Agencies		84.010	N/A	1,489,276.77	
Total Other Programs				1,757,404.98	
Total U. S. Department of Education				2,819,011.88	
Total Expenditures of Federal Awards				$ 4,660,096.72	

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $129,361.73.

(2) Expenditures for the funds earned on the School Breakfast Program ($476,231.45) were not maintained separately and are included in the 2015 National School Lunch Program.

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

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

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

See notes to the basic financial statements.

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

SCHEDULE "8"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 747,575.98
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	1,048,146.00
Kindergarten Program - Early Intervention Program	104,228.00
Primary Grades (1-3) Program	2,205,284.00
Primary Grades - Early Intervention (1-3) Program	346,646.00
Upper Elementary Grades (4-5) Program	882,645.00
Upper Elementary Grades - Early Intervention (4-5) Program	210,257.00
Middle School (6-8) Program	1,742,116.00
High School General Education (9-12) Program	1,701,473.00
Vocational Laboratory (9-12) Program	408,176.00
Students with Disabilities	2,998,919.00
Gifted Student - Category VI	128,566.00
Remedial Education Program	32,404.00
Alternative Education Program	132,823.00
Media Center Program	314,562.00
20 Days Additional Instruction	96,371.00
Staff and Professional Development	53,851.00
Principal Staff and Professional Development	1,991.00
Indirect Cost	
Central Administration	465,787.00
School Administration	839,996.00
Facility Maintenance and Operations	713,649.00
Mid-term Adjustment Hold-Harmless	207,249.00
Amended Formula Adjustment	-1,331,937.00
Categorical Grants	
Pupil Transportation	
Regular	821,551.00
Nursing Services	55,360.00
Education Equalization Funding Grant	956,031.00
Other State Programs	
Food Services	52,366.00
Math and Science Supplements	16,463.44
Preschool Handicapped Program	44,921.00
Residential Treatment Centers Grant	63,533.00
Rule 10 Special Education State Grant	90,000.00
Teacher of the Year	1,014.25
Vocational Education	12,159.00
Office of State Treasurer	
Public School Employees Retirement	81,729.00
CONTRACT	
Human Resources, Georgia Department of	
Family Connection	44,999.71
	$ 16,290,905.38

See notes to the basic financial statements.

MERIWETHER COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
JUNE 30, 2015

SCHEDULE "9"

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							
(iii) 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	$ 336,424.00	$ 405,528.00	$ 0.00	$ 0.00	6/30/2017
(iv) Paying a portion of the principal of and interest on the Series 2005 Bonds, the maximum amount of debt to be paid will not exceed $5,415,652.25 as set forth in the School District Resolution.	5,415,652.25	5,415,652.25	876,180.35	1,376,144.00			10/1/2018
(v) 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	650,966.75	840,204.50			6/30/2017
(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	165,440.00	337,136.25			6/30/2017
(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	131,192.00			6/30/2017
(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					6/30/2017
Total SPLOST II	$ 11,809,690.00	$ 11,809,690.00	$ 2,094,607.10	$ 3,090,204.75	$ 0.00	$ 0.00	

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

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

(3) The voters of 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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MERIWETHER COUNTY BOARD OF EDUCATION
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAM (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAMS
YEAR ENDED JUNE 30, 2015

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	$ 1,227,236.00	$ 1,729,576.21	$ 33,326.73	$ 1,762,902.94
Kindergarten Early Intervention Program	122,531.00	86,126.05		86,126.05
Primary Grades (1-3) Program	2,571,429.00	2,564,605.14	21,819.71	2,586,424.85
Primary Grades-Early Intervention (1-3) Program	408,768.00	193,128.78		193,128.78
Upper Elementary Grades (4-5) Program	1,041,447.00	1,305,719.13	5,547.10	1,311,266.23
Upper Elementary Grades-Early Intervention (4-5) Program	254,054.00	75,983.32		75,983.32
Middle School (6-8) Program	2,063,614.00	2,215,242.64	10,553.97	2,225,796.61
High School General Education (9-12) Program	1,979,606.00	2,804,190.21	159,196.60	2,963,386.81
Vocational Laboratory (9-12) Program	478,381.00	359,075.17	35,481.43	394,556.60
Students with Disabilities	3,486,736.00			
Category I		778,412.32		778,412.32
Category II		511,062.53		511,062.53
Category III		2,059,717.56	402.38	2,060,119.94
Category IV		202,144.26		202,144.26
Category V		74,221.84		74,221.84
Gifted Student - Category VI	134,554.00		1,950.37	1,950.37
Remedial Education Program	42,023.00			
Alternative Education Program	154,664.00	129,288.28	7,140.17	136,428.45
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	13,965,043.00	15,088,493.44	275,418.46	15,363,911.90
Media Center Program	368,626.00	279,552.85	14,927.41	294,480.26
Staff and Professional Development	63,233.00	137,580.91		137,580.91
TOTAL QBE FORMULA FUNDS	$ 14,396,902.00	$ 15,505,627.20	$ 290,345.87	$ 15,795,973.07

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

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

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

February 27, 2018

Honorable Nathan Deal, Governor
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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ladies and Gentlemen:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meriwether County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Meriwether County Board of Education's basic financial statements and have issued our report thereon dated February 27, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item FS 2015-001 to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items FS 2015-002, FS 2015-003, FS 2015-004, and FS 2015-005, to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Meriwether County Board of Education in a separate letter dated February 27, 2018.

Meriwether County Board of Education's Response to Findings

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

Purpose of this Report

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

Respectfully,



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

February 27, 2018

Honorable Nathan Deal, Governor
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 ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully,



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, 2015

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

FS-6991-13-01	Unresolved - See Corrective Action/Responses
FS-6991-13-02	Unresolved - See Corrective Action/Responses
FS-6991-13-03	Unresolved - See Corrective Action/Responses
FS-6991-13-04	Previously Reported Corrective Action Implemented
FS 2014-001	Unresolved - See Corrective Action/Responses
FS 2014-002	Unresolved - See Corrective Action/Responses
FS 2014-003	Unresolved - See Corrective Action/Responses
FS 2014-004	Previously Reported Corrective Action Implemented
FS 2014-005	Unresolved - See Corrective Action/Responses

CORRECTIVE ACTION/RESPONSES

SCHOOL ACTIVITY ACCOUNTS
Inadequate Controls over School Activity Accounts
Finding Control Number: FS-6991-13-01

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.

FINANCIAL REPORTING
Inadequate Controls over Financial Reporting
Finding Control Number: FS-6991-13-02

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.

EMPLOYEE COMPENSATION
Inadequate Controls over Employee Compensation
Finding Control Number: FS-6991-13-03

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.

SCHOOL ACTIVITY ACCOUNTS
Inadequate Controls over School Activity Accounts
Finding Control Number: FS 2014-001

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.

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

FINANCIAL REPORTING
Inadequate Controls over Financial Reporting
Finding Control Number: FS 2014-002

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

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.

EMPLOYEE COMPENSATION
Inadequate Controls over Employee Compensation
Finding Control Number: FS 2014-003

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.

DEFICIT FUND BALANCE
Budget Preparation/Execution
Finding Control Number: FS 2014-005

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.

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, 2015

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 weakness identified? — Yes
- Significant deficiencies identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-001	Internal Controls over Financial Reporting Process
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2014-002, FS-6991-13-02, FS-6991-12-01

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

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

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

Chapter 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:
The following errors and omissions were noted in the School District's financial statements presented for audit:

- A material audit adjustment totaling $12,563.59 was proposed and accepted by the School District to correctly present cash and cash equivalents and funds held for others in the agency fund on the fiduciary funds statements.
- An audit adjustment totaling $651,200.00 was proposed and accepted by the School District to correctly present the School District's lease expenditures in the general fund on the governmental fund financial statements. An audit adjustment totaling $515,873.97 was proposed and accepted by the School District to correctly present lease expenditures on the government-wide financial statements.
- Significant adjustments were made to properly present the Notes to the Basic Financial Statements.
- Numerous other immaterial audit adjustments and reclassifications were proposed and accepted by the School District 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 review process.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Effect or Potential Effect:
Material and significant misstatements 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, presented for audit are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of GAAP, the applicable GASB pronouncements and knowledge of the School District's activities and operations. The School District should also consider implementing the use of a review checklist to assist in the review process over the financial statements.

Views from Responsible Officials and Corrective Action:
The School District 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
Repeat of Prior Year Finding:	FS 2014-005

Description:
The School District reported a deficit unassigned fund balance in the general fund at June 30, 2015.

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

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

Condition:
The School District reported a deficit unassigned fund balance of $451,460.43 in the general fund at June 30, 2015.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Cause:
In discussing this deficiency with the School District, management indicated that the economic downturn depleted their fund balance.

Effect or Potential Effect:
The unassigned fund balance of the general fund was not sufficient to meet the fund's obligations at June 30, 2015.

Recommendation:
The School District should establish policies and procedures 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.

Views from Responsible Officials and Corrective Action:
The School District 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.

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

Description:
The accounting procedures of the School District were insufficient to provide adequate internal controls over several control categories.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance transactions are properly documented and approved in accordance with State law, procedures established by the Georgia Department of Education, and the School District's policies and procedures.

Condition:
Cash and Cash Equivalents:

- A separation of duties issue in the cash maintenance process was noted. Finance personnel had the ability to complete bank reconciliations, record and process revenue, and record journal entries.
- Bank reconciliations did not contain sufficient evidence to determine that they were prepared and reviewed in a timely manner.
- Bank reconciliations were not completed on a monthly basis for some of the School District accounts.
- Undocumented journal entries were made throughout the fiscal year in order to force cash to reconcile.
- The School District did not have adequate procedures in place to monitor cash by bank and fund report.
- Two bank accounts were noted under the Board's federal employer identification number that do not belong to the School District.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Capital Assets:

- The physical inventory performed did not contain evidence to support when the inventory was performed. In addition, not all capital asset were located in the inventory process as the asset listing utilized in the physical inventory was not complete.
- A listing by asset was not able to be provided to support the current year depreciation expense or the allocation of depreciation expense by function.
- The School District did not have procedures in place at year-end to ensure that all acquired capital assets were appropriately reported.

- The School District did not perform an impairment calculation for the former Greenville Middle School building

General Ledger:
A review of journal entries revealed the following:

- No evidence of supervisory review or approval was available for any journal entries tested.
- Eleven out 35 journal entries reviewed did not have supporting documentation on file.

Cause:
In discussing these deficiencies with the School District, they stated that the cause was 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 controls categories to strengthen the internal controls over the accounting function.

Views from Responsible Officials and Corrective Action:
The School District will implement procedures to ensure that all required activity in the form of journal entries are in the financial statements and have supporting backup and appropriate approvals. In addition, the School District is reviewing the overall accounting controls and designing and strengthening the controls as applicable.

FS 2015-004	Internal Controls over Employee Compensation Process
Control Category:	Employee Compensation
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2014-003, FS-6991-13-03

Description:
The accounting procedures of the School District were insufficient to provide for adequate internal controls over employee compensation.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Criteria:

The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance employees are paid according to the certificate level included on approved contracts or approved salary schedules and documentation is maintained to support the salary payments.

Condition:

Based on a review of employees' payroll records the following deficiencies were noted:

- The School District did not have adequate procedures in place to ensure employee compensation expenditures were properly documented, calculated and approved prior to disbursement.
- The School District did not have Board approved salary schedule for numerous positions.
- One employee's salary could not be traced to an approved pay scale or supporting documentation.
- Nine of the 13 employees selected in a sample were paid supplements totaling $10,043.33, which were not approved by the Board.
- Fifteen of the 29 employees identified as individually significant items received additional compensation totaling $87,676.05, which was not approved by the Board.
- One employee was noted as being in violation of the overtime pay eligibility established under the *Fair Labor Standards Act.*

Cause:

In discussing these deficiencies with the School District, they indicated that formal procedures had not been implemented to ensure salary amounts were supported by adequate documentation.

Effect or Potential Effect:

The failure to maintain adequate internal controls over employee compensation increases the risk that misstatements could occur in the financial statements due to error or fraud.

Recommendation:

The School District should implement policies and procedures to ensure normal business procedures are followed for all salaries, which includes ensuring salaries are paid according to approved salary schedules and adequate documentation is maintained to support the salary payments.

Views from Responsible Officials and Corrective Action:

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.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-005	Accounting Controls over School Activity
Control Category:	Cash and Cash Equivalents Investments Expenditures/Liabilities/Disbursements Accounting Controls (Overall) General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	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.

Official Code of Georgia Annotated (O.C.G.A.) §20-2-962 requires the principal of each public school to make a quarterly report to the local board of education immediately upon the end of each quarter of the fiscal year, and include all receipts and expenditures of the past quarter.

Condition:
Cash and Cash Equivalents

- Bank reconciliations did not contain sufficient evidence to support that the reconciliations were performed and reviewed in a timely manner.
- The bank reconciliation function was not separated from record keeping, revenue receipting function, and voucher payment function.
- Bank reconciliations were not performed for one scholarship account, which the School District holds in a custodial capacity

Investments

- The School District did not have controls in place to ensure that investments were properly recorded on the financial statements.

Expenditures/Liabilities/Disbursements

- Internal controls were not in place throughout for school activity account expenditures. Eleven of the sampled twelve vouchers did not contain sufficient evidence of the proper level of approval being obtained prior to the purchase order being executed.

Accounting Controls (Overall)

- Documentation to support that all school activity accounts were reported on at least a quarterly basis could not be provided.
- The School District did not have proper internal controls in place to verify the system generated year-end entry to record the school activity account transactions was accurate and complete.

General Ledger

- Agency Funds reported deficit balances of $1,658.45 for two clubs. Governmental funds were used to cover these deficits.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

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 error or fraud.

Recommendation:
The School District should revise and implement internal controls to ensure proper separation of duties is established, accounting processes are adequately monitored, school activity accounts are properly classified, and agency fund accounts are properly documented.

Views from Responsible Officials and Corrective Action:
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.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.