ROCKDALE COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED JUNE 30, 2016

Prepared by:
Finance Department

954 North Main Street
Conyers, Georgia 30012

ROCKDALE COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of the
Rockdale County Board of Education
Conyers, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Rockdale County Board of Education** as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Rockdale County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 10) and the schedules of proportionate share of the net pension liabilities, the schedules of pension contributions, and the other post-employment benefit plan schedules of funding progress and employer contributions (on pages 57 through 64) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockdale County Board of Education's basic financial statements. The schedule of state revenue and the General Fund – Quality Basic Education Programs – allotments and expenditures by program schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;* and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are also presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The schedule of state revenue, the General Fund – Quality Basic Education Programs – allotments and expenditures by program schedule, the schedule of expenditures of federal awards and schedules of expenditures of special purpose local option sales tax proceeds (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, on our consideration of the Rockdale 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rockdale County Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 20, 2016

ROCKDALE COUNTY BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 are as follows:

- On the District-wide financial statements, the assets and deferred outflows of the School District exceeded liabilities and deferred inflow by $67.3 million. Of this amount, $20.6 million is restricted for specific purposes, $167.7million represents the net investment in capital assets and unrestricted net position is a deficit of $121.0 million, which is directly related to the School District's net pension liability.

- The School District had $177.6 million in expenses relating to governmental activities; only $101.1 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $77.1 million were adequate to provide for these programs.

- As stated above, general revenues accounted for $77.1 million or 43% of all revenues totaling $178.2 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of several parts including management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the *District-wide* and *fund financial statements*.

The District-wide financial statements include the *Statement of Net Position* and *Statement of Activities*. These statements provide information about the activities of the School District presenting both *short-term* and *long-term* information about the School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The *Governmental Funds* statements disclose how basic services are financed in the short-term as well as what remains for future spending. The *Fiduciary Funds* statement provides information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Rockdale County School District, the General Fund and District-wide Capital Projects Fund are the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

District-wide Statements

The District-wide financial statements are basically a consolidation of all of the District's operating funds into one column called *governmental activities*. In reviewing the District-wide financial statements, a reader might ask the question, are we in a better financial position than last year? The Statement of Net Position and the Statement of Activities provides the basis for answering this question. These financial use the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and any changes in those assets. The change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

The Statement of Net Position and the Statement of Activities reflects the School District's governmental activities.

Fund Financial Statements

The School District uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detail information about only the School District's significant or major funds.

Governmental Funds: Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the *modified accrual method of accounting* which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled within the financial statements.

Fiduciary Funds: The School District is the trustee, or *fiduciary*, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

ROCKDALE COUNTY BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2016 compared to fiscal year 2015.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Assets		
Current and Other Assets	$ 45,488,240	$ 57,817,838
Capital Assets, Net	167,690,630	168,303,001
Total Assets	213,178,870	226,120,839
Deferred outflows	15,032,732	11,118,842
Liabilities		
Current and Other Liabilities	19,134,225	26,201,544
Longterm Liabilities	125,499,985	103,478,806
Total Liabilities	144,634,210	129,680,350
Deferred inflows	16,270,366	40,855,499
Net Position		
Net investment in capital assets	167,690,630	168,303,001
Restricted	20,609,496	22,665,725
Unrestricted	(120,993,100)	(124,264,894)
Total Net Position	$ 67,307,026	$ 66,703,832

Total net position increased $0.6 million in fiscal year 2016.

Table 2 shows the changes in net position for fiscal year 2016 compared to the changes in net position for fiscal year 2015.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 2,620,388	$ 2,570,965
Operating Grants and Contributions	97,647,242	90,859,846
Capital Grants and Contributions	851,193	231,660
Total Program Revenues	101,118,823	93,662,471
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	47,263,925	47,179,093
Railroad Cars	11,718	11,844
Sales Taxes		
Special Purpose Local Option Sales Tax	14,578,036	14,197,974
Other Sales Tax	802,908	642,208
Grants and Contributions not		
Restricted to Specific Programs	10,213,796	6,326,166
Local school activity	2,714,664	2,530,880
Investment Earnings	143,233	337,617
Miscellaneous	1,383,369	1,445,802
Total General Revenues	77,111,649	72,671,584
Total Revenues	178,230,472	166,334,055
Program Expenses:		
Instruction	109,022,191	102,539,263
Support Services		
Pupil Services	7,246,823	7,319,884
Improvement of Instructional Services	6,387,852	4,964,545
Educational Media Services	2,439,760	2,214,892
General Administration	1,999,902	1,832,609
School Administration	10,272,611	9,863,211
Business Administration	1,924,739	1,791,304
Maintenance and Operation of Plant	13,074,388	12,871,945
Student Transportation Services	7,856,966	7,556,592
Central Support Services	3,197,829	3,031,356
Other Support Services	2,167,193	1,922,165
Operations of Non-Instructional Services		
Food Services	12,036,924	11,135,182
Total Expenses	177,627,178	167,042,948
Increase (decrease) in Net Position	$ 603,294	$ (708,893)

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2016 with fiscal year 2015. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2016	Fiscal Year 2015	**Fiscal Year 2016**	Fiscal Year 2015
Program Expenses:				
Instruction	$ 109,022,191	$ 102,539,263	$ (31,248,887)	$ (37,899,185)
Support Services				
Pupil Services	7,246,823	7,319,884	(6,239,197)	(6,123,075)
Improvement of Instructional Services	6,387,952	4,964,545	(5,186,360)	(3,447,715)
Educational Media Services	2,439,760	2,214,892	(2,330,922)	(138,642)
General Administration	1,999,902	1,832,609	240,473	481,226
School Administration	10,272,611	9,863,211	(10,272,592)	(5,951,573)
Business Administration	1,924,739	1,791,304	(1,917,253)	(1,774,137)
Maintenance and Operation of Plant	13,074,388	12,871,945	(8,769,906)	(7,948,429)
Student Transportation Services	7,856,966	7,556,592	(6,448,946)	(6,020,947)
Central Support Services	3,197,829	3,031,356	(3,165,656)	(2,989,723)
Other Support Services	2,167,193	1,922,165	(1,529,122)	(1,521,593)
Operations of Non-Instructional Services				
Food Services	12,036,924	11,135,182	(336,840)	(46,684)
Total Expenses	$ 177,627,278	$ 167,042,948	$ (77,205,208)	$ (73,380,477)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of $178,615,950 and total expenditures of $183,750,129.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law and board policy. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2016, the School District amended its general fund budget as needed. The School District uses a system-wide and site based budgeting process. This process includes input from all schools, central office departments, parents, community members and school councils. The budgeting systems are designed to control total site and program budgets but provide flexibility for site management.

The School District budget goals for fiscal year 2016 were –

- Improving Student Achievement
- Improving Communication
- Improving Safe and Orderly Schools
- Meet Strategic Plan Initiatives

For the general fund, the actual revenues of $163.2 million were over the final budgeted amounts of $162 million by $1.2 million.

The actual expenditures of $167.9 million were over the final budgeted expenditure amount of $162.4 million by $5.5 million.

General Fund revenues were less than the expenditures by $4.8 million.

CAPITAL ASSETS

At fiscal year ended June 30, 2016, the School District had $167.7 million invested in capital assets, all in governmental activities. Table 4 reflects a summary of these balances net of accumulated depreciation for fiscal year 2016 compared to fiscal year 2015 balances.

Table 4
Governmental Activities

	Governmental Activities	
	Fiscal Year 2016	Fiscal Year 2015
Land	$ 9,511,591	$ 8,590,176
Construction in progress	179,683	19,137,763
Buildings and improvements	147,019,411	133,621,408
Equipment	8,564,514	2,752,487
Land improvements	2,415,431	4,201,167
Total	$ 167,690,630	$ 168,303,001

Due to the ongoing growth in the county, the School District has numerous construction projects including new buildings, additions and renovations.

ROCKDALE COUNTY BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CURRENT ISSUES

Currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations are as follows –

- State revenues are being reduced due to budget cuts and minimal growth is expected for our local taxes.

- Capital Improvements – the School District plans capital improvements as future capital needs arise due to facility repair or maintenance needs. Specific capital expenditure plans are formalized in conjunction with anticipated SPLOST receipts and anticipated annual receipts for capital outlay funds from the State of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs and has a board as well as state approved 5 year Facilities Plan that documents our needs and plans to address them.

Despite these challenges, the School District is strong financially and we remain optimistic about the ability of the School District to maximize all of the financial resources to provide a quality education to our students.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Lee Davis, Chief Financial Officer for the Rockdale County School System, 954 North Main Street, Conyers, Georgia 30012. You may also email your questions to Mr. Davis at leedavis@rockdale.k12.ga.us.

BASIC FINANCIAL STATEMENTS

ROCKDALE COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 16,453,095
Investments	11,424,426
Receivables:	
Interest	18
Taxes	2,975,984
Accounts	350,225
Intergovernmental	13,800,072
Inventories	484,420
Capital assets, nondepreciable	9,691,274
Capital assets, depreciable (net of accumulated depreciation)	157,999,356
Total assets	213,178,870
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	15,032,732
Total deferred outflows of resources	15,032,732
LIABILITIES	
Accounts payable	2,770,134
Accrued payroll and payroll withholdings	16,001,809
Contracts payable	344,339
Retainage payable	17,943
Workers' compensation claims payable due within one year	450,000
Workers' compensation claims payable due in more than one year	525,827
Compensated absences due within one year	68,537
Compensated absences due in more than one year	113,770
Other post-employment benefit obligation	3,013,146
Net pension liability, due in more than one year	121,328,705
Total liabilities	144,634,210
DEFERRED INFLOWS OF RESOURCES	
Pensions	16,270,366
Total deferred inflows of resources	16,270,366
NET POSITION	
Investment in capital assets	167,690,630
Restricted for bus replacement	442,662
Restricted for OPEB plan	1,783,906
Restricted for capital projects	15,725,896
Restricted for program activities	2,657,032
Unrestricted	(120,993,100)
Total net position	$ 67,307,026

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

ROCKDALE COUNTY BOARD OF EDUCATION

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 109,022,191	$ 91,520	$ 77,676,970	$ 696,753	$ (30,556,948)
Pupil services	7,246,823	-	1,007,625	-	(6,239,198)
Improvement of instructional services	6,387,952	-	1,206,406	-	(5,181,546)
Educational media services	2,439,760	-	108,838	-	(2,330,922)
General administration	1,999,902	-	2,240,375	-	240,473
School administration	10,272,611	-	20	-	(10,272,591)
Business services	1,924,739	-	7,486	-	(1,917,253)
Maintenance and operations	13,074,388	-	4,304,482		(8,769,906)
Student transportation	7,856,966	-	1,253,580	154,440	(6,448,946)
Central support services	3,197,829	-	32,173	-	(3,165,656)
Other support services	2,167,193	-	638,071	-	(1,529,122)
School nutrition	12,036,924	2,528,868	9,171,216	-	(336,840)
Total governmental activities	177,627,278	2,620,388	97,647,242	851,193	(76,508,455)
General revenues:					
Property taxes					47,263,925
Sales taxes, for capital projects					14,578,036
Other sales taxes					802,908
Other taxes					11,718
Grants and contributions not restricted to specific programs					10,213,796
Local school activity					2,714,664
Unrestricted investment earnings					143,233
Miscellaneous					1,383,369
Total general revenues					77,111,649
Change in net position					603,194
Net position, beginning of year					66,703,832
Net position, end of year					$ 67,307,026

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

ROCKDALE COUNTY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

ASSETS	General	Capital Projects	Total Governmental Funds
Cash	$ 7,758,891	$ 8,694,204	$ 16,453,095
Investments	6,058,327	5,366,099	11,424,426
Receivables:			
Interest	18	-	18
Taxes	1,676,186	1,299,798	2,975,984
Accounts	350,225	-	350,225
Intergovernmental	12,962,882	837,190	13,800,072
Inventories	484,420	-	484,420
Total assets	$ 29,290,949	$ 16,197,291	$ 45,488,240
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 2,661,777	$ 108,357	$ 2,770,134
Contracts payable	-	344,339	344,339
Retainage payable	-	17,943	17,943
Accrued payroll and payroll withholdings	16,001,809	-	16,001,809
Total liabilities	18,663,586	470,639	19,134,225
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	845,601	-	845,601
Total deferred inflows of resources	845,601	-	845,601
FUND BALANCES			
Fund balances:			
Nonspendable for inventories	484,420	-	484,420
Restricted for:			
Program activities	2,172,612	-	2,172,612
Bus replacement	442,662	-	442,662
Capital projects	-	15,725,896	15,725,896
OPEB plan	4,797,052		4,797,052
Assigned:			
Capital projects	-	756	756
Self-insurance	103,326	-	103,326
School activity accounts	1,138,003	-	1,138,003
Unassigned	643,687	-	643,687
Total fund balances	9,781,762	15,726,652	25,508,414
Total liabilities, deferred inflows of resources, and fund balances	$ 29,290,949	$ 16,197,291	$ 45,488,240

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

ROCKDALE COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Amounts reported for governmental activities in the statement of net position are different from amounts reported in the balance sheet of governmental funds due to the following:

Fund balances - total governmental funds	$	25,508,414
Capital assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets		258,239,480
Accumulated depreciation		(90,548,850)
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		845,601
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Long-term liabilities at year-end consist of the following:		
Deferred outflows - pensions		15,032,732
Deferred inflows - pensions		(16,270,366)
Net pension liability		(121,328,705)
OPEB obligation		(3,013,146)
Workers' compensation claims payable		(975,827)
Compensated absences payable		(182,307)
Net position - governmental activities.	$	67,307,026

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

ROCKDALE COUNTY BOARD OF EDUCATION

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

	General	Capital Projects	Total Governmental Funds
REVENUES			
Local sources	$ 54,784,635	$ 14,578,036	$ 69,362,671
State sources	90,741,306	837,190	91,578,496
Federal sources	17,531,550	-	17,531,550
Interest income	110,225	33,008	143,233
Total revenues	163,167,716	15,448,234	178,615,950
EXPENDITURES			
Current:			
Instruction	101,315,762	-	101,315,762
Pupil services	7,234,691	-	7,234,691
Improvement of instructional services	6,600,895	-	6,600,895
Educational media services	2,428,462	-	2,428,462
General administration	2,078,013	-	2,078,013
School administration	10,763,770	-	10,763,770
Business services	1,979,236	-	1,979,236
Maintenance and operations	11,095,849	-	11,095,849
Student transportation	7,563,535	-	7,563,535
Central support services	2,847,774	-	2,847,774
Other support services	2,189,479	-	2,189,479
School nutrition	11,868,200	-	11,868,200
Capital outlay	-	15,784,463	15,784,463
Total expenditures	167,965,666	15,784,463	183,750,129
Deficiency of revenues over expenditures	(4,797,950)	(336,229)	(5,134,179)
Net change in fund balances	(4,797,950)	(336,229)	(5,134,179)
FUND BALANCE, beginning of year	14,579,712	16,062,881	30,642,593
FUND BALANCE, end of year	$ 9,781,762	$ 15,726,652	$ 25,508,414

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

ROCKDALE COUNTY BOARD OF EDUCATION

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds.	$	(5,134,179)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Total capital outlay		5,077,543
Total depreciation		(5,689,914)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(128,100)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The adjustments for these items are as follows:		
Adjustment to record pension expense and related revenue for pension special funding situation, net of fund level amounts		(257,378)
Change in net pension liability and deferred inflows and outflows related to pension activity		6,348,723
Change in workers' compensation claim liability		592,126
Change in compensated absences liability		(5,858)
Change in OPEB obligation		(199,769)
Change in net position - governmental activities.	$	603,194

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

ROCKDALE COUNTY BOARD OF EDUCATION

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Local sources	$ 53,590,855	$ 53,600,855	$ 54,784,635	$ 1,183,780
State sources	89,376,270	89,510,585	90,741,306	1,230,721
Federal sources	17,227,744	18,786,671	17,531,550	(1,255,121)
Interest income	22,000	22,000	110,225	88,225
Total revenues	160,216,869	161,920,111	163,167,716	1,247,605
EXPENDITURES				
Current:				
Instruction	94,168,813	97,476,922	101,315,762	(3,838,840)
Pupil services	5,565,055	5,500,318	7,234,691	(1,734,373)
Improvement of instructional services	8,747,019	6,538,584	6,600,895	(62,311)
Educational media services	2,152,849	2,393,808	2,428,462	(34,654)
General administration	2,217,345	2,293,123	2,078,013	215,110
School administration	10,189,281	10,200,851	10,763,770	(562,919)
Business services	2,130,084	2,168,144	1,979,236	188,908
Maintenance and operations	12,152,398	12,177,468	11,095,849	1,081,619
Student transportation	7,760,586	7,978,043	7,563,535	414,508
Central support services	2,862,780	3,426,402	2,847,774	578,628
Other support services	115,212	619,570	2,189,479	(1,569,909)
School nutrition	11,606,050	11,673,550	11,868,200	(194,650)
Total expenditures	159,667,472	162,446,783	167,965,666	(5,518,883)
Net change in fund balances	549,397	(526,672)	(4,797,950)	(4,271,278)
FUND BALANCE, beginning of year	14,579,712	14,579,712	14,579,712	-
FUND BALANCE, end of year	$ 15,129,109	$ 14,053,040	$ 9,781,762	$ (4,271,278)

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

ROCKDALE COUNTY BOARD OF EDUCATION

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash	$ 5,875	$ 433,465
Investments	66,440	-
Total assets	72,315	433,465
LIABILITIES		
Due to others	-	433,465
NET POSITION		
Held in trust for scholarships	$ 72,315	$ -

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

ROCKDALE COUNTY BOARD OF EDUCATION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private Purpose Trust Fund
ADDITIONS	
Interest Income	$ 180
Total additions	180
DEDUCTIONS	
Scholarships	5,500
Total deductions	5,500
Change in net position	(5,320)
NET POSITION, beginning of year	77,635
NET POSITION, end of year	$ 72,315

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rockdale County Board of Education (the "School System") operates under a Board/Superintendent form of government. The five-member Board is elected by the public and the Board appoints the superintendent. These five elected members have decision making authority, the power to designate management, and the ability to significantly influence operations. The Board determines the millage rate at which school taxes are levied and may incur bonded indebtedness with voter approval.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School System. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The proportionate share of the School System's net pension liability has been allocated to the pension plan based on actual contributions made to the plan during the measurement period to actuarially determine the proportionate share of each participating employer.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the School System considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School System.

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

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally, September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued, as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The School System reports the following major governmental funds:

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

The ***Capital Projects Fund*** accounts for the proceeds of a one percent Special Purpose Local Option Sales Tax as well as bond proceeds and revenues from local and state sources to be used for land and building acquisitions and construction and renovations of new educational and administrative facilities.

Additionally, the School System reports the following fund types:

The ***Private Purpose Trust Fund*** reports trust arrangements under which principal and income are accumulated and may be expended to provide college scholarships.

The ***Agency Fund*** is used to account for student club and class accounts.

Amounts reported as *program revenues* include: 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the School System's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

The School System's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

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

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds".

F. On-Behalf Payments

The State of Georgia makes certain pension plan payments on behalf of the School System for its employees. The School System records these payments as both a revenue and expenditure in the General Fund. The total of the on-behalf payments for the fiscal year ended June 30, 2016, was $469,085.

G. Inventories

Inventories are stated at cost using the first-in, first-out method. Donated food commodities are recorded at fair value. The School System utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenditures when used rather than when purchased.

H. Non-Monetary Transactions

The School System received from the United States Department of Agriculture through the Georgia Department of Education approximately $480,549 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as a revenue and an expenditure in the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (TRS), the Employees' Retirement System of Georgia (ERS) and the Public School Employees' Retirement System (PSERS) and additions to/deductions from TRS/ERS/PSERS' 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 benefit terms. Investments are reported at fair value. See also Note 9 – Retirement Plans.

J. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Property, plant and equipment are depreciated using the straight-line method over the estimated useful life of the asset. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capitalization thresholds and estimated useful lives of capital assets are as follows:

Asset	Capitalization Threshold	Years
Land	All	N/A
Land improvements	$ 25,000	20
Buildings and improvements	5,000	20 - 75
Equipment	25,000	5 - 20
Intangible assets	500,000	5 - 80

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of financial position/governmental funds balance sheet will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of resources that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Other than the items related to the changes in the net pension liability as discussed below, the School System did not have any items that qualified for reporting in this category for the year ended June 30, 2016.

In addition to liabilities, the statement of financial position/governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources.* This separate financial statement element represents an acquisition of resources that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the items related to changes in the net pension liability as discussed below, the School System has 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 reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. 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.

M. Compensated Absences

It is the School System's policy to permit employees to accumulate unused vacation and sick pay benefits. Accumulated unpaid sick leave benefits do not vest and therefore are not accrued in any fund, but are recognized as expenditures or expenses when incurred. Accumulated unpaid vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

N. Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Board of Education is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Fund balances are classified as follows:

Nonspendable: Fund balances that are not in spendable form (e.g., inventory) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).

Restricted: Fund balances that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation (e.g., grants or donations).

Committed: Fund balances that can be used only for the specific purposes determined by an approved resolution of the Rockdale County Board of Education. Commitments may be changed or lifted only by referring to formal action that imposed the original constraint on the fund (e.g., the School System's commitment in connection with future construction projects).

Assigned: Fund balances intended to be used by the School System for specific purposes. Intent can be expressed by the Rockdale County Board of Education or by a designee to whom the Rockdale County Board of Education delegates authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The School System reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

The responsibility for designating funds to specific classifications shall be as follows:

Committed: The Rockdale County Board of Education is the School System'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.

Assigned: The Rockdale County Board of Education has authorized the Superintendent and the Assistant Superintendent for Financial Services as officials authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

It is the goal of the School System to achieve and maintain an unassigned fund balance in the General Fund at fiscal year-end of not less than 5% of budgeted expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with O.C.G.A. 20-2-167(a) 5. If the unassigned fund balance at fiscal year-end falls below the goal, the School System shall develop a restoration plan to achieve and maintain the minimum fund balance.

When multiple categories of fund balance are available for expenditures (e.g., a project is being funded partly by a grant, funds set aside by the Rockdale County Board of Education, and unassigned fund balance), the School System will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used (i.e., the amount that the School System has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

O. Use of Estimates

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

NOTE 2. BUDGETARY DATA

The budget is a complete financial plan for the School System'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 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 System'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 System'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.

The Superintendent, as Treasurer of the Rockdale County Board of Education, is authorized and directed to spend funds of the School System in accordance with the annual operating budget. However, the Superintendent is authorized to spend funds for a single occurrence up to $25,000 for miscellaneous items or services not identified by a specific line item but having a general line item category. The Superintendent will report such line item transfer to the Board.

NOTE 3. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the School System to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1). The investment in Georgia Fund 1 represents the School System's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. Treasury obligations, securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market value. The regulatory oversight agency for Georgia Fund 1 is the Georgia Office of the State Treasurer. As of June 30, 2016, the School System's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment	Rating	Fair Value	Less than One Year	1-5 Years	6-10 Years
Georgia Fund 1	AAAf	$ 5,701,482	$ 5,701,482	$ -	$ -
U.S. Treasuries	AA+	94,212	94,212	-	-
I-Shares Bond Market Fund	N/A	592,206	-	592,206	-
Mutual Bond Funds	N/A	3,001,862	952,232	223,738	1,825,892
Common Stock	N/A	2,101,104	2,101,104	-	-
		$ 11,490,866	$ 8,849,030	$ 815,944	$ 1,825,892

Investments are reported in the following activities:

Governmental	$ 11,424,426
Fiduciary	66,440
	$ 11,490,866

Interest Rate Risk. The School System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2016, all of the School System's deposits were properly collateralized in accordance with state law and applicable GASB pronouncements.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment	Level 1
U.S. Treasuries	$ 94,212
I-Shares Bond Market Fund	592,206
Mutual Bond Funds	3,001,862
Common Stock	2,101,104
	$ 5,789,384
Investments not subject to level disclosure:	
Georgia Fund 1	5,701,482
Total Investments	$ 11,490,866

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

NOTE 4. RECEIVABLES

Receivables at June 30, 2016, for the School System's individual major funds are as follows:

	General	Capital Projects	Total
Interest	$ 18	$ -	$ 18
Taxes	1,676,186	1,299,798	2,975,984
Accounts	350,225	-	350,225
Intergovernmental	12,962,882	837,190	13,800,072
Net total receivable	$ 14,989,311	$ 2,136,988	$ 17,126,299

Due from other governments consists of grant reimbursements due primarily from the Georgia Department of Education. Sales taxes are collected by the state on the School System's behalf. Property taxes are collected by the Rockdale County Tax Commissioner on the School System's behalf.

NOTE 5. PROPERTY TAXES

Rockdale County bills and collects property taxes for the School System. Property taxes are levied (assessed) on all taxable real, public utility and personal property (including vehicles) located within the County as of January 1st of each year. State law limits the School System's tax levy for operations to 20 mills (one mill equals $1 per thousand dollars of assessed value). Assessed values for property tax purposes are determined by the Rockdale County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. The State of Georgia establishes values for public utilities and motor vehicles.

Real property taxes were levied on August 4, 2015, billed on September 3, 2015, and payable on or before November 15, 2015. Rockdale County may place liens on property once the related tax payments become delinquent. Liens were placed on delinquent accounts on March 31, 2016.

Vehicle personal property taxes are due upon each respective payor's date of birth on an annual basis. Beginning in April 2013, a title ad valorem tax is assessed upon sale of a vehicle, which replaces the personal property tax due annually on the payor's date of birth.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 8,590,176	$ 921,415	$ -	$ -	$ 9,511,591
Construction in progress	19,137,763	3,354,102	-	(22,312,182)	179,683
Total	27,727,939	4,275,517	-	(22,312,182)	9,691,274
Capital assets, being depreciated:					
Buildings and improvements	202,332,779	274,573	-	17,579,465	220,186,817
Land improvements	9,476,241	119,012	-	4,732,717	14,327,970
Machinery and equipment	14,529,879	408,441	(904,901)	-	14,033,419
Total	226,338,899	802,026	(904,901)	22,312,182	248,548,206
Less accumulated depreciation for:					
Buildings and improvements	(68,711,371)	(4,456,035)	-	-	(73,167,406)
Land improvements	(5,275,074)	(488,382)	-	-	(5,763,456)
Machinery and equipment	(11,777,392)	(745,497)	904,901	-	(11,617,988)
Total	(85,763,837)	(5,689,914)	904,901	-	(90,548,850)
Total capital assets, being depreciated, net	140,575,062	(4,887,888)	-	22,312,182	157,999,356
Governmental activities capital assets, net	$ 168,303,001	$ (612,371)	$ -	$ -	$ 167,690,630

Depreciation expense was charged to functions/programs of the School System as follows:

Governmental activities:	
Instruction	$ 3,933,118
Pupil services	325,742
Educational media services	99,028
School administration	70,765
Business administration	17,954
Maintenance and operations	378,938
Student transportation	616,123
Central support services	4,366
School nutrition	243,880
Total depreciation expense - governmental activities	$ 5,689,914

NOTE 7. SHORT-TERM DEBT

The School System 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 tax collections are received by the School System. 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	Additions	Reductions	Ending Balance
Tax anticipation note	$ -	$ 12,000,000	$ (12,000,000)	$ -

NOTE 8. LONG-TERM DEBT

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Workers' compensation claims	$ 1,567,953	$ 306,101	$ (898,227)	$ 975,827	$ 450,000
Compensated absences	176,449	63,870	(58,012)	182,307	68,537
OPEB obligation	2,813,377	334,514	(134,745)	3,013,146	-
Net pension liability	98,921,027	34,599,504	(12,191,826)	121,328,705	-
Governmental activities: Long-term liabilities	$ 103,478,806	$ 35,303,989	$ (13,282,810)	$ 125,499,985	$ 518,537

Workers' compensation claims payable, the other post-employment benefit obligation, and the net pension liability are liquidated primarily by the General Fund.

NOTE 9. RETIREMENT PLANS

Teachers Retirement System

Plan Description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2016. The School System's contractually required contribution rate for the year ended June 30, 2016, was 14.27% of annual School System payroll. School System contributions to TRS were $12,968,385 for the year ended June 30, 2016.

NOTE 9. RETIREMENT PLANS (CONTINUED)

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

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

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

School System's proportionate share of the net pension liability	$ 120,897,798
State of Georgia's proportionate share of the net pension liability associated with the School System	2,121,922
Total	$ 123,019,720

The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The School System's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2015. At June 30 2015, the School System's proportion was .794126%, which was an increase of 0.014485% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School System recognized pension expense of $6,902,785 and revenue of $132,506 for support provided by the State of Georgia for certain support personnel.

NOTE 9. RETIREMENT PLANS (CONTINUED)

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

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

	Deferred Outflows of Resoures	Deferred Inflows of Resoures
Differences between expected and actual experience	$ -	$ 1,063,359
Net difference between projected and actual earnings on pension plan investments	-	10,197,856
Changes in proportion and differences between School System contributions and proportionate share of	1,993,354	4,956,139
School System contributions subsequent to the measurement date	12,968,385	-
Total	$ 14,961,739	$ 16,217,354

School System contributions subsequent to the measurement date of $12,968,385 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	$ (5,971,740)
2018	(5,971,740)
2019	(5,971,748)
2020	3,646,931
2021	44,297
Thereafter	-

NOTE 9. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

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

Inflation	3%
Salary increases	3.75 - 7.00% average, including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation

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

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

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

NOTE 9. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

*Rates shown are net of the 3% assumed rate of inflation.

Discount Rate

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

NOTE 9. RETIREMENT PLANS (CONTINUED)

Sensitivity of the School System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School System's proportionate share of the net pension liability	$ 207,753,725	$ 120,897,798	$ 49,307,847

Pension Plan Fiduciary Net Position

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

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.

NOTE 9. RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

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

Contributions

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

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

Pension Liabilities and Pension Expense

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

State of Georgia's proportionate share of the net pension liability associated with the School System	$ 1,328,114

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

NOTE 9. RETIREMENT PLANS (CONTINUED)

Pension Liabilities and Pension Expense (Continued)

For the year ended June 30, 2016, the School System recognized pension expense of $79,201 and revenue of $79,201 for support provided by the State of Georgia.

Actuarial Assumptions

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

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

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

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

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

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

*Rates shown are net of the 3% assumed rate of inflation.

NOTE 9. RETIREMENT PLANS (CONTINUED)

Discount Rate

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

Employees' Retirement System (ERS)

Plan Description

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.

NOTE 9. RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

Retirement benefits paid to members are based upon the monthly average of the member's highest 4 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 System's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for Old and New Plan members and 21.69% for GSEPS members. The School System's contributions to ERS totaled $58,697 for the year ended June 30, 2016. 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.

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

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

At June 30, 2016, the School System reported a liability for its proportionate share of the net pension liability of ERS in the amount of $430,907.

NOTE 9. RETIREMENT PLANS (CONTINUED)

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

The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The School System's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2015. At June 30, 2015, the School System's proportion was 0.010636%, which was a decrease of 0.000660% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School System recognized pension expense of $36,444. At June 30, 2016, the School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,443
Net difference between projected and actual earnings on pension plan investments	-	31,091
Changes in proportion and differences between Employer contributions and proportionate share of contributions	12,296	18,478
Employer contributions subsequent to the measurement date	58,697	-
Total	$ 70,993	$ 53,012

NOTE 9. RETIREMENT PLANS (CONTINUED)

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

School System contributions subsequent to the measurement date of $58,697 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	$ (16,175)
2018	(21,165)
2019	(13,858)
2020	10,482
2021	-
Thereafter	-

Actuarial Assumptions

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

Inflation	3.00%
Salary increase	5.45 - 9.25%, including inflation
Investment rate of return	7.50%, net 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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009. The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 9. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

*Rates shown are net of the 3% assumed rate of inflation.

Discount Rate

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

Sensitivity of the School System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net pension liability	$ 610,826	$ 430,907	$ 277,519

NOTE 9. RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at www.ers.ga.gov/formspubs/formspubs.

Defined Contribution Plan

On January 1, 1983, the Rockdale County Board of Education began an employer paid 403(b) annuity plan for the group of employees covered under PSERS. Recognizing that PSERS was a limited defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected Union Mutual as the provider of this plan. For each employee covered under PSERS, the Board contributes to the plan an amount equal to 0.0565 percent of the employee's base pay.

The employee becomes vested in the plan with zero years of experience. Employees who were employed at the time the plan was implemented were vested upon enrollment. Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment.

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

Fiscal Year	Percentage Contributed	Required Contribution
2016	100%	$ 480,428
2015	100%	487,960
2014	100%	483,282

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

Georgia Retiree Health Benefit Fund

Plan Description. The School System participates in the Georgia School Personnel Post-employment Health Benefit Fund ("School OPEB Fund"), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of Georgia Department of Community Health. The School OPEB Fund provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of the State of Georgia Department of Community Health. Additional information about the School OPEB Fund is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This report can be obtained from the Georgia Department of Audits and Accounts.

Funding Policy. The contribution requirements of plan members and participating employers are established and may be amended by the Board of the State of Georgia Department of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election.

Participating state employers, including local Boards of Education, are statutorily required to contribute in accordance with the employer contribution rate established by the Board. The contribution rate is established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The combined rate for the active and retiree plans (pay-as-you go basis) for the fiscal year ended June 30, 2016, was as follows:

For certified personnel:

Period	Contribution
July 2015 - June 2016	$945.00 per member per month

For non-certified school personnel:

Period	Contribution
July 2015 - December 2015	$596.20 per member per month
January 2016 - June 2016	$746.20 per member per month

Currently, the state is requiring that local Boards of Education pay only on active employees. The School System's contribution to the health insurance plans for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014 were $18,419,190, $16,356,485 and $13,302,418, respectively, which equaled the required contribution. Currently, the State of Georgia has been making the remaining contributions to fund the pay-as-you-go financing on behalf of all local Boards of Education (see Note 1 for discussion of on-behalf payments).

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Rockdale County Board of Education Long-Term Disability, Survivors' and Retiree Medical Benefit Plan

Plan Descriptions and Membership Information. In 1983, Rockdale County Board of Education withdrew from Social Security (including Medicare) and authorized benefit replacement plans for employees. These plans included a Long-Term Disability, Survivors' and Retiree Medical Benefit Plan (the "Plan"), which is a single-employer, defined benefit plan. The Plan is administered by a trustee, SunTrust Bank, under the direction of the Rockdale County Board of Education. Plan benefits are paid from a Voluntary Employee Benefits Association (VEBA). Assets within the VEBA are not considered to be plan assets because these assets are also used to provide benefits to active employees. The Plan is considered unfunded. However, total assets within this VEBA at June 30, 2016 were $5,789,384.

Long-Term Disability Plan

The Long-Term Disability (LTD) Plan pays monthly disability income benefits after five months of continuous disability. Coverage ends at the earliest of age 65, cessation of disability, or death. The School System now purchases this coverage from an insurance provider. No active employees have been covered by this benefit since August 2000, when the School System first purchased coverage from an insurance provider. No former employees received LTD payments from the plan during the fiscal year ended June 30, 2016.

Survivors' Benefit Plan

The Survivors' Benefit Plan provides monthly income benefits to surviving spouses and children of deceased employees. A surviving spouse receives 50% of the first $750 of monthly wages plus 30% of monthly wages in excess of $750, paid for his or her lifetime or until remarried. Each surviving child receives 15% of the first $750 of monthly wages plus 5% of monthly wages in excess of $750, paid until age 19 (or, if a student, age 23). If there are more than two children, the amount each receives is proportionately reduced. The total monthly benefit is capped at $3,000. The capped benefit is offset by Social Security survivor benefits and by benefits payable from the Teachers Retirement System and the Public School Employees' Retirement System.

Retiree Medical Benefit Plan

On April 1, 1986, the School System was required to re-enter the Medicare program. The Retiree Medical Benefit Plan is available to those employees hired prior to this date who retire after attaining age 65 and have 10 years of service with the Rockdale County Board of Education. The plan benefits pay for Medicare Part A coverage for the lifetime of the retiree, unless he or she receives Medicare via other Medicare-covered employment or as the spouse of a Medicare-eligible worker. Spouses are not covered.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Rockdale County Board of Education Long-Term Disability, Survivors' and Retiree Medical Benefit Plan (Continued)

Membership consisted of the following at June 30, 2016:

	Long-term Disability Plan	Survivors' Benefit Plan	Medical Benefit Plan	Total Participants
Retirees and beneficiaries eligible for benefits	-	20	-	20
Active plan members	-	1,887	-	1,887
Total participants	-	1,907	-	1,907

Summary of Significant Accounting Policies. The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding Policy. The contribution requirements of plan members and the Rockdale County Board of Education, as employer, are established and may be amended by the Board. The Plan is substantially funded on a "pay-as-you-go" basis. That is, annual cost of providing benefits will be financed in the same year as claims occur, with no significant assets accumulating as would occur in an advance funding strategy.

*Annual OPEB Cost and Net OPEB Obligation***.** The Rockdale County Board of Education's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The ARC 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 over a period not to exceed thirty years.

As determined through actuarial studies performed for the fiscal year ending June 30, 2016, the School System's ARC was $384,677. At June 30, 2016, the Plan's Net OPEB obligation was $3,013,146.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Calculation of the Plan's OPEB obligation for the current fiscal year was as follows:

Annual required contribution	$	384,677
Interest on Net OPEB obligation		112,535
Adjustment to annual required contribution		(162,698)
Annual OPEB Cost		334,514
Employer contributions (actual benefits paid)		(134,745)
Increase in net OPEB obligation		199,769
Net OPEB obligation as of July 1, 2015		2,813,377
Net OPEB obligation as of June 30, 2016	$	3,013,146

The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net obligation for the Plan for the current fiscal year was as follows:

Annual OPEB Cost and Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 334,514	$ 134,745	40.3%	$ 3,013,146

Funded Status and Funding Progress

Actuarial Valuation Ending	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2016	$ -	$ 4,707,472	4,707,472	0.0%	$ 79,871,802	5.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress,

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

presented as required supplementary information following the notes to the financial statements, is designed to present trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions is designed to present trend information about the amounts contributed to the plan by the School System in comparison to the ARC. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Projected post-retirement benefits were determined for all participants based on estimated salaries and services at the projected event date. The actuarial accrued liability is equal to the actuarial present value of the projected benefits calculated with service as of the current fiscal year. The normal cost is equal to the difference between the actuarial present value of the projected benefits calculated with service counted for up to one additional year, less the value with service counted to the current year.

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	30 years; open
Remaining amortization period	30 years
Asset valuation method	No assets; plan unfunded
Inflation rate	2.25%
Salary increases	4.00%
Investment rate of return	4.00%

In previous years, management included an OPEB trust fund which reflected the current year activity related to individuals receiving benefits, while the related assets to fund those activities were presented as part of the General Fund. In the current year, management has elected to reflect the current year activity within the General Fund, which is the fund providing the resources to finance the OPEB plan.

NOTE 11. RISK MANAGEMENT

The School System is exposed to various risks of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; natural disaster; Workers' Compensation; unemployment compensation; and dental benefits. The School System is self-insured for workers' compensation and unemployment compensation. The School System purchases commercial insurance for all other risks of loss. The School System has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three years.

Workers' Compensation

The School System is partially self-insured for Workers' Compensation claims of its employees. Claims exceeding $400,000 per occurrence are covered through a private insurance carrier. The School System is liable for any other claims filed. The School System has entered into a contract with a third party to administer the program. Activity is accounted for in the General Fund.

Unemployment Compensation

The School System is self-insured for Unemployment Compensation claims of its employees. Activity is accounted for in the General Fund.

Changes in the balances of claims liabilities for the years June 30, 2015 and June 30, 2016 for which the School System is self-insured are as follows:

Workers' Compensation	June 30, 2016	June 30, 2015
Unpaid claims, beginning of fiscal year	$ 1,567,953	$ 1,411,604
Incurred claims (including IBNRs)	(145,279)	723,613
Claim payments and changes in estimates	(446,847)	(567,264)
Unpaid claims, end of fiscal year	$ 975,827	$ 1,567,953

Unemployment Compensation	June 30, 2016	June 30, 2015
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims (including IBNRs)	10,587	12,428
Claim payments and changes in estimates	(10,587)	(12,428)
Unpaid claims, end of fiscal year	$ -	$ -

NOTE 12. COMMITMENTS AND CONTINGENCIES

In addition to the liabilities enumerated in the balance, at June 30, 2016, the School System has contractual commitments on uncompleted contracts of approximately $1,420,272.

The School System is involved in a number of legal matters which either have or could result in litigation. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School System's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School System.

The School System participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School System has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2016 may be impaired. In the opinion of the School System, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 13. SUBSEQUENT EVENT

Tax Anticipation Note

On July 29, 2016, the School System borrowed $12,000,000 in the form of a tax anticipation note for cash flow purposes. The interest rate on the tax anticipation note was 2.54%. The note had a maturity date of December 30, 2016 and was paid in full on December 16, 2016.

ROCKDALE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
School System's proportion of the net pension liability	0.794126%	0.779641%
School System's proportionate share of the net pension liability	$ 120,897,798	98,497,357
State of Georgia's proportionate share of the net pension liability associated with the School System	2,121,922	1,711,358
Total	$ 123,019,720	100,208,715
School System's covered-employee payroll	$ 83,881,658	79,538,860
School System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	144.13%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	81.44%	84.03%

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

ROCKDALE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2016

		2016	2015
Contractually required contribuitions	$	12,968,385	11,030,438
Contributions in relation to the contractually required contribution		12,968,385	11,030,438
Contribution deficiency (excess)		-	-
School System's covered-employee payroll	$	90,878,662	83,881,658
Contributions as a percentage of covered-employee payroll		14.27%	13.15%

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

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 and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

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

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

ROCKDALE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
School System's proportion of the net pension liability	0.00%	0.00%
School System's proportionate share of the net pension liability	-	-
State of Georgia's proportionate share of the net pension liability associated with the School System	$ 1,328,114	1,051,360
Total	$ 1,328,114	1,051,360
School System's covered-employee payroll	$ 5,027,927	5,076,450
School System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	87.00%	88.29%

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

ROCKDALE COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

Changes of Assumptions

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

ROCKDALE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

		2016	2015
School System's proportion of the net pension liability		0.010636%	0.011296%
School System's proportionate share of the net pension liability	$	430,907	423,670
School System's covered-employee payroll	$	253,256	254,355
School System's proportionate share of the net pension liability as a percentage of its covered-employee payroll		170.15%	166.57%
Plan fiduciary net position as a percentage of the total pension liability		76.20%	77.99%

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

ROCKDALE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

		2016	2015
Contractually required contribuitions	$	58,697	55,615
Contributions in relation to the contractually required contribution		58,697	55,615
Contribution deficiency (excess)		-	-
School System's covered-employee payroll	$	237,447	253,256
Contributions as a percentage of covered-employee payroll		24.72%	21.96%

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

ROCKDALE COUNTY BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

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

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	5.45% - 9.25% for FY 2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

ROCKDALE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST-EMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2016

Schedule of Funding Progress

Actuarial Valuation Ending	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2016	$ -	$ 4,707,402	$ 4,707,402	0.0%	$ 79,871,802	5.9%
2015	-	5,298,029	5,298,029	0.0%	83,713,055	6.3%
2014	-	5,551,946	5,551,946	0.0%	83,967,253	6.6%
2013	-	6,876,666	6,876,666	0.0%	106,247,846	6.5%
2012	-	6,883,077	6,883,077	0.0%	105,429,410	6.5%

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 334,514	$ 134,745	40.3%	$ 3,013,046
2015	331,845	405,484	122.2%	2,813,377
2014	426,757	175,952	41.2%	2,887,016
2013	616,783	173,558	28.1%	2,636,211
2012	633,596	164,696	26.0%	2,192,986

ROCKDALE COUNTY BOARD OF EDUCATION

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

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
(1) The cost of:					
(a) acquiring land for future schools and instructional and administrative technology improvements for existing and new schools, and	$ 12,125,000	$ 14,225,000	$ 11,079,206	$ 921,415	$ 12,000,621
(b) adding to, renovating, repairing, improving, and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefore, both real and personal.	72,675,000	64,975,000	38,885,719	3,083,030	41,968,749
(2) The cost of:					
(a) acquiring school buses,	3,000,000	3,000,000	2,742,407	-	2,742,407
(b) adding to, renovating, repairing, improving and equipping existing athletic facilities and other facilities useful or desirable in connection therewith, and acquiring any necessary property therefore, both real and personal.	7,000,000	12,000,000	11,250,318	24,900	11,275,218
Totals	$ 94,800,000	$ 94,200,000	$ 63,957,650	$ 4,029,345	$ 67,986,995

Reconciliation to total expenditures, Capital Projects Fund	
SPLOST III	4,029,345
SPLOST IV	11,755,118
Total expenditures, Capital Projects Fund	$ 15,784,463

ROCKDALE COUNTY BOARD OF EDUCATION

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

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
(1) The cost of acquiring safety and security technology improvements for existing and new schools, other facilities and school buses and fleet vehicles.	$ 4,975,000	$ 4,975,000	$ 109,373	$ 508,008	$ 617,381
(2) The cost of acquiring instructional and administrative technology improvements for existing and new schools and other facilities (including, without limitation, laptop and other individual student devices).	20,000,000	20,000,000	7,198,452	8,551,886	15,750,338
(3) The cost of:					
(a) acquiring, constructing, and equipping two new elementary schools,	32,000,000	32,000,000	7,710	13,052	20,762
(b) adding to, renovating, repairing, improving, and equipping existing school buildings, existing athletic facilities and other buildings and facilities useful or desirable in connection therewith,	20,810,000	20,810,000	3,833,193	2,475,428	6,308,621
(c) acquiring band instruments and band uniforms,	1,000,000	1,000,000	476,978	150,693	627,671
(d) renovation of an existing school building into an administration building, and	1,000,000	1,000,000	-	-	-
(e) acquiring land for future schools; and acquiring any necessary property both real and personal.	2,400,000	2,400,000	-	-	-
(4) The cost of acquiring school buses and fleet vehicles.	1,415,000	1,415,000	103,779	56,051	159,830
Totals	$ 83,600,000	$ 83,600,000	$ 11,729,485	$ 11,755,118	$ 23,484,603

ROCKDALE COUNTY BOARD OF EDUCATION

SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

AGENCY/FUNDING	Governmental Funds		Total
	General	Capital Projects	
Grants			
Bright From the Start:			
Georgia Department of Early Care and Learning:			
Pre-kindergarten program	$ 1,240,875	$ -	$ 1,240,875
Georgia Department of Education:			
Quality Basic Education:			
Direction instructional cost:			
Kindergarten	4,404,942	-	4,404,942
Kindergarten - early intervention program	1,055,559	-	1,055,559
Primary grades	12,708,782	-	12,708,782
Primary grades - early intervention program	1,752,880	-	1,752,880
Upper elementary grades	5,540,720	-	5,540,720
Upper elementary grades - early intervention program	1,026,895	-	1,026,895
Middle school	10,455,972	-	10,455,972
High school general education	11,040,664	-	11,040,664
Vocational laboratory	2,741,573	-	2,741,573
Students with disabilities	10,422,487	-	10,422,487
Gifted students	4,874,729	-	4,874,729
Remedial education	528,589	-	528,589
Alternative education	806,994	-	806,994
English speakers of other languages (ESOL)	1,055,599	-	1,055,599
Media center	1,864,786	-	1,864,786
Twenty days additional instruction	577,619	-	577,619
Staff and professional development	308,957	-	308,957
Indirect cost:			
Central administration	1,875,467	-	1,875,467
School administration	3,452,268	-	3,452,268
Facility maintenance and operations	4,278,389	-	4,278,389
Amended formula adjustment	(4,306,150)	-	(4,306,150)
Principal staff and professional development	4,769	-	4,769.00
Categorical grants:			
Pupil transportation:			
Regular	1,116,547	-	1,116,547
Bonds	154,440	-	154,440
Nursing services	304,702	-	304,702
Vocational supervisor	27,167	-	27,167
Education equalization funding	10,213,796	-	10,213,796
Other state programs:			
Food services	243,776	-	243,776
Math and science supplements	181,645	-	181,645
Preschool handicapped	236,048	-	236,048
Teachers' retirement	176,102	-	176,102
Tuition for multi-handicapped children	-	-	0
Vocational education	80,735	-	80,735
Georgia State Financing and Investing Commission:			
Reimbursement on construction projects	-	837,190	837,190
Office of the State Treasurer:			
Public school employees' retirement	292,983	-	292,983
	$ 90,741,306	$ 837,190	$ 91,578,496

ROCKDALE COUNTY BOARD OF EDUCATION

GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)
ALLOTMENTS AND EXPENDITURES - BY PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Description	Allotments from Georgia Department of Education (1) (2)	Eligible QBE Program Costs		
		Salaries	Operations	Total
Direction instructional programs:				
Kindergarten	$ 5,120,380	$ 6,252,020	$ 93,437	$ 6,345,457
Kindergarten - early intervention program	1,120,692	193,668	-	193,668
Primary grades	14,316,985	14,912,970	301,754	15,214,724
Primary grades - early intervention program	1,954,732	1,850,185	393	1,850,578
Upper elementary grades	6,294,752	9,138,807	115,980	9,254,787
Upper elementary grades - early intervention program	1,092,396	750,531	1,449	751,980
Middle school	11,790,826	14,355,182	226,064	14,581,246
High school general education	12,463,617	21,159,661	541,889	21,701,550
Vocational laboratory	3,066,910	527,924	119,656	647,580
Students with disabilities	11,798,779	-	-	-
Category I	-	540,986	9,861	550,847
Category II	-	855,490	1,515	857,005
Category III	-	8,912,530	42,761	8,955,291
Category IV	-	635,243	-	635,243
Category V	-	205,836	-	205,836
Gifted students	5,494,781	1,199,717	24,269	1,223,986
Remedial education	589,741	-	2,020	2,020
Alternative education	910,844	775,490	1,955	777,445
English speakers of other languages (ESOL)	1,197,073	2,051,384	14,761	2,066,145
Total, direction instructional programs	77,212,508	84,317,624	1,497,764	85,815,388
Media center	2,106,657	1,566,180	190,481	1,756,661
Staff and professional development	351,006	110,874	203,950	314,824
Total QBE formula funds	$ 79,670,171	$ 85,994,678	$ 1,892,195	$ 87,886,873

(1) Comprised of state funds plus local five mill share

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

COMPLIANCE SECTION

MAULDIN & JENKINS

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

To the Superintendent and Members of the
Rockdale County Board of Education
Conyers, Georgia

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 the Rockdale County Board of Education as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Rockdale County Board of Education's basic financial statements and have issued our report thereon dated December 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rockdale 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 Rockdale County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Rockdale County Board of Education's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rockdale 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.*

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 20, 2016

MAULDIN & JENKINS

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

To the Superintendent and Members of the
Rockdale County Board of Education
Conyers, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Rockdale County Board of Education's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Rockdale County Board of Education's major federal programs for the year ended June 30, 2016. Rockdale 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 federal statutes, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Rockdale 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rockdale 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 Rockdale County Board of Education's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Rockdale 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 the Rockdale 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rockdale 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 20, 2016

ROCKDALE COUNTY BOARD OF EDUCATION

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE:		
Passed through from Georgia Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$ 2,432,383
National School Lunch Program	10.555	6,367,552
Total Child Nutrition Cluster		8,799,935
Fresh Fruit and Vegetable Program	10.582	65,119
Total U.S. Department of Agriculture		8,865,054
U. S. DEPARTMENT OF DEFENSE:		
Direct Federal Award		
Junior ROTC	12.unknown	192,919
U. S. DEPARTMENT OF EDUCATION:		
Passed through from Georgia Department of Education:		
Title I, Part A	84.010	3,764,854
Title II, Part A - Improving Teacher Quality	84.367	365,082
Title III - Limited English Proficient	84.365	77,016
Special Education Cluster:		
IDEA Flowthrough	84.027	2,902,631
IDEA Preschool	84.173	72,113
Total Special Education Cluster		2,974,744
Vocational Education - Basic Grants to States	84.048	138,589
Education for Homeless Children and Youth	84.196	38,645
Striving Readers	84.371	700,926
Total U.S. Department of Education		8,059,856
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Passed through from Bright from the Start:		
Georgia Department of Early Care and Learning		
Child Care and Development Block Grant Cluster	93.575	350,727
Passed through from Georgia Department of Education:		
Substance Abuse and Mental Health Services Project of		
Regional and National Significance	93.243	31,395
Passed through from Georgia Department of Human Services:		
Title IV-B Sub-Part II, Promoting Safe and Stable Families		
Caseworker Visit	93.556	31,599
Total U.S. Department of Health and Human Services		413,721
Total Expenditures of Federal Awards		$ 17,531,550

ROCKDALE COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rockdale County Board of Education and is presented on the accrual basis of accounting.

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

NOTE 2. DONATED COMMODITIES

The Child Nutrition Cluster includes $$480,549 of non-cash expenditures in the form of donated food commodities.

NOTE 3. DE MINIMIS COST RATE

The School System elected not to use the ten percent de minimis cost rate for the year ended June 30, 2016.

ROCKDALE COUNTY BOARD OF EDUCATION

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

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes __X__ None reported
Noncompliance material to financial statements noted?	___ Yes __X__ No

Federal Awards

Internal Control over major programs: Material weaknesses identified?	___ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes __X__ None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes __X__ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
	U.S. Department of Agriculture:
	School Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program

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

ROCKDALE COUNTY BOARD OF EDUCATION

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

B. FINDINGS: FINANCIAL STATEMENTS AUDIT

None Reported.

C. FINDINGS: FEDERAL PROGRAMS AUDIT

None Reported.

ROCKDALE COUNTY BOARD OF EDUCATION

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

2015-001. Recording of Workers' Compensation Claims Payable

Criteria: The government-wide statements use the economic resources measurement focus, which requires the reporting of assets and liabilities, including liabilities associated with the School System's self-insurance activities.

Condition: The School System is self-insured for workers' compensation, and activities associated with workers' compensation insurance are accounted for in the General Fund. As such, any liability associated with workers' compensation claims, including estimated claims incurred but not reported (IBNR) and all known case reserves, should be recorded in the government-wide financial statements. As of June 30, 2014, no liability was recorded.

Auditee Response/Status: Resolved.