BASIC FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ROME CITY SCHOOLS
(A component unit of the City of Rome, Georgia)

June 30, 2015

Rome City Schools
(A component unit of the City of Rome, Georgia)
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Rome City Schools
(A component unit of the City of Rome, Georgia)
LIST OF PRINCIPAL OFFICIALS

June 30, 2015

BOARD MEMBERS

Ms. Chery Huffman	Chairperson
Ms. Faith Collins	Vice Chairperson
Ms. Elaina Beeman	Member
Dr. Richard Dixon	Member
Dr. Bruce Jones	Member
Ms. Judy Sims	Member
Mr. Dale Swann	Member

EXECUTIVE STAFF

Michael L. Buck, Ph.D.	Superintendent

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the City of Rome Board of Education
Rome, 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 Rome City Schools, a component unit of the City of Rome, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Rome City Schools' 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 Rome City Schools, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes L and O, the Rome City Schools implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the Rome City Schools' net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

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 11, budgetary comparison information on pages 43 through 46, the schedule of proportionate share of net pension liability Teachers Retirement System of Georgia on page 39, the schedule of contributions Teachers Retirement System of Georgia on page 40, and the schedule of proportionate share of net pension liability Public Schools Employees Retirement System of Georgia on page 41 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 Rome City Schools' basic financial statements. The combining and individual non-major fund financial statements and schedules, schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governmentas, and Non-Profit Organizations, the Schedule of Special Purpose Local Option Sales Tax Expenditures, as required by the Official Code of Georgia 48-8-121, and the List of Principal Officials, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules, schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Schedule of Special Purpose Local Option Sales Tax Expenditures, as required by the Official Code of Georgia 48-8-121 (collectively "the supplementary information") is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

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

The List of Principal Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Governement Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2016, on our consideration of the Rome City Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rome City Schools' internal control over financial reporting and compliance.



Atlanta, Georgia
June 23, 2016

Rome City Schools
(A component unit of the City of Rome, Georgia)
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

INTRODUCTION

Our discussion and analysis of the Rome City Schools ("School System")'s financial performance provides an overview of the School System's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School System's financial performance as a whole; readers should also review the basic financial statements and the accompanying notes to enhance their understanding of the School System's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2015 are as follows:

- Rome City Schools implemented Governmental Accounting Standards Board (GASB) Statements No. 68 and 71 related to the recognition of pension expense and liabilities on the government wide basic financial statements. (See Notes L and O to the basic financial statements) As a result, a restatement to reduce net position by $41,920,780 was required. The positive net position of $27,386,338 previously reported was reduced to a deficit net position of $14,534,442 at June 30, 2014. Net position for 2015 increased $4,770,715 prior to considering the results of a contribution to the City of Rome which then pushed the total deficit net position of $24,105,235.
- Government wide revenues increased $3,187,216 and fund level revenues increased $3,082,488.
- The General Fund had decrease in fund balance of $270,747.
- The School System's General Fund had a favorable operating budget variance of $1,765,250.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include two levels of statements that present different views of the School System. These include the government-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the School System, reporting the School System'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 fund financial statements reflect the School System's major funds. In the case of Rome City Schools, the General Fund, Special Purpose Local Option Sales Tax (SPLOST) Fund, and School Food Services 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.

Government-Wide Statements

The Government-wide financial statements are basically a consolidation of all of the School System's operating funds into one column called governmental activities. In reviewing the Government-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 provide the basis for answering this question. These financial statements include all the School System's assets and liabilities and uses 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 System's net position and any changes in net position. The change in net position is important because it tells the reader that, for the School System as a whole, the financial position of the School System has improved or diminished. The causes of this change may be the results of many factors, including those not under the School System'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 System's governmental activities.

Fund Financial Statements

The School System 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 System's significant or major funds.

Governmental Funds - Most of the School System's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal 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 System'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 in the financial statements.

Governmental funds are also divided into major and non-major categories. The School System has designated the following governmental funds as major funds:

The *General Fund* is the School System's primary operating fund. The General Fund is used to account for all financial transactions of the School System except those required to be accounted for in another fund.

The *SPLOST Fund* was established to account for expenditures which include but are not limited to construction and renovation of schools using Special Purpose Local Option Sales Tax funds.

The *School Food Services Fund* is used to account for the school breakfast and lunch programs which are funded primarily by the Federal government.

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of the School System's financial position. At June 30, 2015 the School System's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $24,105,235.

Table 1 below is a summary of the School System's net position. In evaluating the School System's deficit net position, it is important to understand the impact of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* (See Notes L and O to the Basic Financial Statements). Effective with the implementation of these statements, the net position of the School System was reduced by $41,920,780, from a positive net position of $27,386,338 at June 30, 2014 to a deficit net position of $14,534,442. Table I on the following page compares net position for 2015 and 2014.

Table 1
Net Position

	Governmental Activities 2015	Governmental Activities 2014 (Restated)	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Assets				
Current and other assets	$ 21,314,418	$ 27,092,151	$ (5,777,733)	(21.33) %
Capital assets, net	5,767,165	10,305,440	(4,538,275)	(44.04)
Total Assets	27,081,583	37,397,591	(10,316,008)	(27.58)
Deferred outflow of resources	4,324,678	3,285,632	1,039,046	31.62 %
Liabilities				
Current and other liabilities	8,827,166	8,011,253	815,913	10.18
Long-Term liabilities	2,000,000	2,000,000	-	-
Net Pension Liability	33,133,344	45,206,412	(12,073,068)	(26.71)
Total Liabilities	43,960,510	55,217,665	(11,257,155)	(20.39)
Deferred inflow of resources	11,550,986	-	11,550,986	100.00 %
Net position (deficit)				
Net investment in capital assets	3,767,165	8,305,440	(4,538,275)	(54.64)
Restricted	3,743,320	10,418,851	(6,675,531)	(64.07)
Unrestricted (deficit)	(31,615,720)	(33,258,733)	1,643,013	(4.94)
Total Net Position (deficit)	**$ (24,105,235)**	**$ (14,534,442)**	**$ (9,570,793)**	65.85 **%**

Table 2 below reflects the operating activities of the School System as a whole. Net position for 2015 increased by $4,770,715 (without regard to the special item of $14,341,508), as compared to the prior fiscal year increase of $6,006,795. Total revenues increased by $3,187,216 (5.38%) and total expenses increased by $4,423,296 or 8.31%. Operating grants and contribution revenue as well as capital grants and contributions increased $2,858,538 (8.23%) and $937,111 (100%), respectively as state and federal funding increased along with improvements in the economy. Property tax revenues decreased $543,846 or 2.91% due to reduction in City appropriations. Special local option sales taxes increased $277,859 (5.99%) due to improvements in the local economy

Overall program expenses increased $4,423,296 or 8.31%. Instruction expenses, the Systems largest expense, were $36,735,340, an increase of $2,096,608 or 6.05%; Pupil services increased $320,760 or 25.83%; Improvement in instruction increased $231,654 or 10.23%; School administration expenses increased $435,025 or 17.25%; Maintenance and operation expenses increased $629,306 or 15.78%; Food services increased $531,160 or 13.44%. These increases are primarily related to the increases in revenue as the economy improves and management reduces the effects of certain austerity measures undertaken during the recession.

Table 2
Change in Net Position

	Governmental Activities 2015	Governmental Activities 2014 (Restated)	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Program Revenues				
Charges for Services	$ 741,484	$ 1,024,438	$ (282,954)	(27.62) %
Operating Grants and Contributions	37,577,619	34,719,081	2,858,538	8.23
Capital Grants and Contributions	937,111	-	937,111	100.00
	39,256,214	35,743,519	3,512,695	9.83
General Revenues				
Property Taxes	18,163,557	18,707,403	(543,846)	(2.91)
Special Local Option Sales Taxes	4,916,461	4,638,602	277,859	5.99
Interest on Investments	71,038	78,700	(7,662)	(9.74)
Other	48	51,878	(51,830)	(99.91)
	23,151,104	23,476,583	(325,479)	(1.39)
Total Revenues	62,407,318	59,220,102	3,187,216	5.38
Program Expenses				
Instruction	36,735,340	34,638,732	2,096,608	6.05
Support Services				
Pupil Services	1,562,350	1,241,590	320,760	25.83
Improvement of Instruction	2,495,050	2,263,396	231,654	10.23
Educational and Media Services	987,889	991,679	(3,790)	(0.38)
General Administration	843,623	875,837	(32,214)	(3.68)
School Administration	2,956,270	2,521,245	435,025	17.25
Business Administration	394,422	304,050	90,372	29.72
Maintenance and Operation	4,618,481	3,989,175	629,306	15.78
Student Transportation	2,194,783	2,040,985	153,798	7.54
Central Support Services	246,154	232,608	13,546	5.82
Other Support Services	120,039	150,091	(30,052)	(20.02)
Food Services	4,482,202	3,951,042	531,160	13.44
Other Non Instructional Services	-	12,877	(12,877)	(100.00)
Total Expenses	57,636,603	53,213,307	4,423,296	8.31
Change in Net Position Before Special Item	4,770,715	6,006,795	(1,236,080)	(20.58)
Special Item	(14,341,508)	-	(14,341,508)	100.00
Change in Net Position	(9,570,793)	-	(9,570,793)	100.00
Net Position (deficit) - Beginning of Year	(14,534,442)	27,386,338	(41,920,780)	(153.07)
Restatement for Implementation of GASB 68/71	-	(41,920,780)	41,920,780	(100.00)
Net Position (deficit) - End of Year	$ (24,105,235)	$ (14,534,442)	$ (9,570,793)	65.85 %

COMPARISON OF FUND LEVEL FINANCIAL STATEMENTS

The Statement of Revenues, Expenditures and Changes in Fund Balances is prepared on the modified accrual basis of accounting. Table 3 below uses that information to compare operating results for fiscal years 2015 and 2014.

Table 3
Comparison of Operating Results
2015 vs 2014

	2015	2014	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Revenues				
State Funds	$ 28,919,920	$ 24,830,943	$ 4,088,977	16.47 %
Federal Funds	8,990,085	9,690,277	(700,192)	(7.23)
Local and Other Funds	24,390,074	24,696,371	(306,297)	(1.24)
Total Revenues	62,300,079	59,217,591	3,082,488	5.21
Expenditures				
Instruction	36,843,016	34,625,061	2,217,955	6.41
Support Services	15,995,271	14,347,419	1,647,852	11.49
Food Services	4,348,923	3,850,457	498,466	12.95
Other Non Instructional Services	13,533	12,877	656	5.09
Capital Outlay	11,687,277	6,500,142	5,187,135	79.80
Total Expenditures	68,888,020	59,335,956	9,552,064	16.10
Deficiency of Expenditures under Revenues	$ (6,587,941)	$ (118,365)	(6,469,576)	5,465.78 %
Total Other Financing Sources	48	2,511	(2,463)	(98.09)
Net Change in Fund Balance	(6,587,893)	(115,854)	(6,472,039)	5,586.38
Fund Balance, Beginning of Year	19,136,821	19,252,675	(115,854)	(0.60)
Fund Balance, End of the Year	$ 12,548,928	$ 19,136,821	$ (6,587,893)	(34.43) %

All revenue categories increased along with improvements in the general and local economies. Operating expenditures such as instruction, support services and food services increased along with increases in revenues and reduction in austerity measures undertaken during the recession. Capital outlay increased $5,187,135 because of construction activities on the new Anna K Davie School and other SPLOST related expenditures.

General Fund Budgeting Highlights

The School System's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2015, there were no amendments to the General Fund budget. The School System uses site-based budgeting as a part of the budget process. The budgeting systems are designed to control total site budgets but provide flexibility for the site management.

Following is a comparison of budget to actual expenditures for the General Fund:

Table 4
Budget Comparison - General Fund

	Original and Final Budget	Actual (Budget Basis)	Variances Favorable (Unfavorable)
Revenues			
State funds	$ 25,522,910	$ 26,875,602	$ 1,352,692
Federal funds	315,000	397,337	82,337
Local	18,406,492	18,645,283	238,791
Total revenues	44,244,402	45,918,222	1,673,820
Expenditures			
Current			
Instruction	33,187,477	32,539,436	648,041
Support services	13,092,922	13,430,262	(337,340)
Capital outlay	-	123,326	(123,326)
Total expenditures	46,280,399	46,093,024	187,375
Excess (deficiency) of revenues over (under) expenditures	(2,035,997)	(174,802)	1,861,195
Other financing sources (uses)			
Transfers out	-	(95,993)	(95,993)
Proceeds from sale of capital assets	-	48	48
Total other financing sources (uses)	-	(95,945)	(95,945)
Net change in fund balance	(2,035,997)	(270,747)	1,765,250
Fund balance, beginning of the year	8,717,970	8,717,970	-
Fund balance, end of the year	$ 6,681,973	$ 8,447,223	$ 1,765,250

Management remained very conservative in their budgeting process as a result of economic trends over the past few fiscal years. As a result, State revenues were $1,352,692 better than budgeted; Federal revenues were $82,337 better than budgeted; and Local revenues were $238,791 better than budgeted. Overall, the School system had a $1,765,250 positive operating budget variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2015, the School System had $5,767,165 invested in capital assets, all in governmental activities. Capital assets decreased $4,538,275 (net) over the balance at June 30, 2014 as a result of purchases of new assets of $10,440,920, depreciation of assets of $725,746, and the $14,341,508 transfer of assets to the City of Rome. Table 5 reflects a summary of these balances net of accumulated depreciation.

Table 5
Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities Fiscal Year **2015**	Governmental Activities Fiscal Year **2014**	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Land	$ 157,048	$ 1,783,902	$ (1,626,854)	(91.20) %
Construction in Progress	-	6,170,668	(6,170,668)	(100.00)
Buildings and improvements	1,686,837	1,280,687	406,150	31.71
Equipmenet	3,393,106	664,603	2,728,503	410.55
Vehides	530,174	405,580	124,594	30.72
	$ 5,767,165	$ 10,305,440	$ (4,538,275)	(44.04) %

With the exception of the administration and maintenance buildings as well as any construction in progress not transferred as of June 30, 2015, title to all land and buildings belongs to the City of Rome. The School System recently completed construction of the new Anna K. Davie School, which was transferred to the City as of June 30, 2015, as well as other projects funded by special local option sales tax (SPLOST). As a result, projects which were in progress at the end of 2014 were transferred to other capital asset categories. Construction in progress decreased $6,170,668 as a result of the completion of projects; and increases noted in all other categories are primarily the result of the expenditure of SPLOST related funds. It is expected that title to all land and buildings associated with these project will be transferred to the City.

For more detail on the School System's capital assets, see Note F to the financial statements.

Debt

Substantially all buildings and land are owned by the City of Rome and the School System cannot issue bonds, therefore, all bonded debt related to building and facilities are on the City's books. However, the School System is responsible for reimbursing the City, using SPLOST proceeds, all principal and interest related to bonded debt on school facilities. As of June 30, 2015, there is no unfunded bonded debt.

In July 2004, the School System became liable for $2,000,000 in Quality Zone Academy Bonds (QZAB) which are interest free and mature on July 15, 2018. The proceeds of these bonds were used for various school renovation and construction projects. Beginning July 15, 2005, the School System made the first of five annual installments of $257,531 which will be invested into a sinking fund which will be used to retire the bonds at maturity. All required payments have been made from current Special Purpose Local Options Sales Tax proceeds.

For more detail on the School System's long-term debt, see Note G to the financial statements.

CURRENT ISSUES

Currently known facts, decisions or conditions that are expected to have a significant effect on financial positions or results of operations.

- Given current disruptions in the Federal, State and local economy, the School System is taking measures to manage expenses in light of continued reduced levels in State and Federal funding as well as local option sales taxes and property taxes.

CONTACTING THE SCHOOL SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School System's finances and to show the School System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Louis Byars, of Rome City Schools, 508 East Second Street, Rome, Georgia 30181-3112. Telephone 706-236-5050. E-mail: lbyars@rcs.rom.ga.us

Rome City Schools
(A component unit of the City of Rome, Georgia)

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities
ASSETS	
Current Assets	
Cash	$ 14,658,940
Due from other governments	6,604,366
Inventory	51,112
Total current assets	21,314,418
Capital assets, net of accumulated depreciation	
Land	157,048
Buildings and improvements	1,686,837
Computers and equipment	3,393,106
Vehicles	530,174
Total capital assets	5,767,165
Total assets	27,081,583
DEFERRED OUTFLOWS OF RESOURCES	
Employer contributions subsequent to the measurement date	3,923,441
Difference between employer contributions and employer proportionate share of contributions	401,237
Total deferred outflows of resources	4,324,678
LIABILITIES	
Current Liabilities	
Accounts payable	2,452,082
Salaries and benefits payable	6,313,408
Compensated absences payable	61,676
Total current liabilities	8,827,166
Long Term Liabilities, net of current portion	
Bonds Payable	2,000,000
Net Pension Liability	33,133,344
Total long term liabilities, net of current portion	35,133,344
Total liabilities	43,960,510
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual investment earnings	11,550,986
Total deferred inflows of resources	11,550,986
NET POSITION (DEFICIT)	
Net investment in capital assets	3,767,165
Restricted for:	
Construction of facilities	446,456
Food services	1,522,207
Other purposes	1,774,657
Unrestricted (deficit)	(31,615,720)
TOTAL NET POSITION (DEFICIT)	$ (24,105,235)

The accompanying notes are an integral part of this statement.

Rome City Schools
(A component unit of the City of Rome, Georgia)
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Functions/Program Activities	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue: Governmental Activities
Governmental Activities:					
Instruction	$ 36,735,340	$ 671,391	$ 25,391,031	$ 242,707	$ (10,430,211)
Support services					
Pupil services	1,562,350	-	309,872	31,255	(1,221,223)
Improvement of instructional services	2,495,050	-	2,191,234	3,676	(300,140)
Educational media services	987,889	-	817,196	-	(170,693)
General administration	843,623	-	953,435	7,997	117,809
School administration	2,956,270	-	1,548,096	-	(1,408,174)
Business administration	394,422	-	6,760	-	(387,662)
Maintenance and operation of facilities	4,618,481	-	1,881,581	352,163	(2,384,737)
Student transportation services	2,194,783	-	372,163	127,219	(1,695,401)
Central support services	246,154	-	5,848	-	(240,306)
Other support services	120,039	-	120,039	-	-
Food service operation	4,482,202	70,093	3,980,364	172,094	(259,651)
Total governmental activities	57,636,603	741,484	37,577,619	937,111	(18,380,389)
Total School System	$ 57,636,603	$ 741,484	$ 37,577,619	$ 937,111	$ (18,380,389)

General revenues:	
Taxes	
Property taxes, levied for general purposes	18,163,557
Special local option sales taxes, levied for capital projects and debt service	4,916,461
Interest and investment earnings	71,038
Gain on sale of capital assets	48
Change in net position before special item	4,770,715
Special item, contribution to City of Rome	(14,341,508)
Change in net position	(9,570,793)
Net position (deficit) - beginning of year as restated	(14,534,442)
Net position (deficit) - end of year	$ (24,105,235)

The accompanying notes are an integral part of this statement.

Rome City Schools
(A component unit of the City of Rome, Georgia)

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2015

	General	SPLOST	School Food Services	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 8,272,766	$ 2,342,594	$ 1,864,049	$ 2,179,531	$ 14,658,940
Due from other governments	5,707,541	20,564	89,451	786,810	6,604,366
Due from other funds	208,017	-	-	-	208,017
Inventory	-	-	51,112	-	51,112
Total assets	$ 14,188,324	$ 2,363,158	$ 2,004,612	$ 2,966,341	$ 21,522,435
Liabilities					
Accounts payable	$ 306,260	$ 1,916,702	$ 201,796	$ 27,324	$ 2,452,082
Salaries and benefits payable	5,434,841	-	229,497	649,070	6,313,408
Due to other funds	-	-	-	208,017	208,017
Total liabilities	5,741,101	1,916,702	431,293	884,411	8,973,507
Fund Balances					
Nonspendable:					
Inventory	-	-	51,112	-	51,112
Restricted For:					
Food services	-	-	1,522,207	-	1,522,207
School construction	-	446,456	-	-	446,456
Debt service	-	-	-	1,774,657	1,774,657
Committed:					
School activities	-	-	-	307,273	307,273
Unassigned	8,447,223	-	-	-	8,447,223
Total fund balances	8,447,223	446,456	1,573,319	2,081,930	12,548,928
Total liabilities and fund balances	$ 14,188,324	$ 2,363,158	$ 2,004,612	$ 2,966,341	$ 21,522,435

The accompanying notes are an integral part of this statement.

Rome City Schools
(A component Unit of the City of Rome, Georgia)

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

June 30, 2015

Total fund balances - governmental funds	$	12,548,928
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		5,767,165
Long-term liabilities, specifically compensated absences and bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Bonds payable		(2,000,000)
Compensated absences payable		(61,676)
The net pension liability and related pension items are not a financial liability and deferred items in governmental fund activities and are therefore not reported in governmental funds.		
Net pension liability		(33,133,344)
Deferred outflows of resources - employer contributions subsequent to the measurement date		3,923,441
Deferred outflows of resources - difference between employer contributions and employer proportionate share of contributions		401,237
Deferred inflows of resources - net difference between projected and actual investment earnings		(11,550,986)
Total net position - governmental activities	$	(24,105,235)

The accompanying notes are an integral part of this statement.

Rome City Schools
(A component unit of the City of Rome, Georgia)

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

For the Fiscal Year Ended June 30, 2015

	General	SPLOST	School Food Services	Other Governmental Funds	Total Governmental Funds
Revenues					
State funds	$ 27,282,857	$ 937,110	$ 94,096	$ 605,857	$ 28,919,920
Federal funds	397,337	-	3,841,077	4,751,671	8,990,085
Local and other funds	18,751,827	4,918,552	75,078	644,617	24,390,074
Total revenues	46,432,021	5,855,662	4,010,251	6,002,145	62,300,079
Expenditures					
Current:					
Instruction	33,053,235	148,896	-	3,640,885	36,843,016
Support services:					
Pupil services	1,477,366	-	-	60,778	1,538,144
Improvement of instructional services	622,377	-	-	1,872,352	2,494,729
Educational media services	946,878	-	-	38,485	985,363
General administration	788,860	-	-	42,817	831,677
School administration	2,801,566	2,138	-	152,566	2,956,270
Business administration	394,422	-	-	-	394,422
Maintenance and operation of facilities	4,122,589	209,626	-	-	4,332,215
Student transportation services	1,962,725	24,500	-	109,033	2,096,258
Central support services	246,154	-	-	-	246,154
Other support services	-	-	-	120,039	120,039
Food service operation	55,717	-	4,293,206	-	4,348,923
Other non-instructional expenses	11,608	1,925	-	-	13,533
Capital outlay	123,326	11,286,024	277,927	-	11,687,277
Total expenditures	46,606,823	11,673,109	4,571,133	6,036,955	68,888,020

Continued on next page

Rome City Schools
(A component unit of the City of Rome, Georgia)

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

Fiscal Year Ended June 30, 2015

	General	SPLOST	School Food Services	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	(174,802)	(5,817,447)	(560,882)	(34,810)	(6,587,941)
Other financing sources (uses)					
Transfers in	-	-	-	95,993	95,993
Transfers out	(95,993)	-	-	-	(95,993)
Proceeds from sale of capital assets	48	-	-	-	48
Total other financing sources	(95,945)	-	-	95,993	48
Net change in fund balance	(270,747)	(5,817,447)	(560,882)	61,183	(6,587,893)
Fund balance, beginning of year,	8,717,970	6,263,903	2,134,201	2,020,747	19,136,821
Fund balance, end of year	$ 8,447,223	$ 446,456	$ 1,573,319	$ 2,081,930	$ 12,548,928

The accompanying notes are an integral part of this statement.

Rome City Schools
(A component unit of the City of Rome, Georgia)

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2015

Net change in fund balances - total governmental funds	$	(6,587,893)
Amounts reported for governmental activities in the statement of activities are different because:		
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences payable		(5,753)
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 capital outlay exceeded depreciation in the current period.		9,803,233
In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.		1,561,128
Governmental funds do not report capital assets. The transfer of capital assets to another entity does not require the use of current financial resources. Therefore, this is the amount of the transfer of capital assets to the City of Rome, which is classified as a special item in the Statement of Activities.		(14,341,508)
Change in net position of governmental activities	$	(9,570,793)

The accompanying notes are an integral part of this statement.

Rome City Schools
(A component unit of the City of Rome, Georgia

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2015

Assets	
Cash	$ 167,769
Liabilities	
Due to student groups	$ 167,769

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Rome City Schools (the "School System") have been prepared in conformity with accounting principles generally accepted in the United States of America ("USGAAP") as applicable to governmental units. The more significant of the School System's accounting principles are summarized below.

1. Reporting Entity

The accompanying basic financial statements report all activities of Rome City Schools. The School System is the basic level of government which has oversight responsibility and control over all activities related to public school education in the City of Rome, Georgia. The School System receives funding from local, State and Federal government sources and must comply with the requirements of these funding sources. The School System's fiscal year is July 1 to June 30, as required by State law. All activities of the School System are included in the accompanying financial statements. Rome City Schools is reported as a component unit in the City of Rome, Georgia's Comprehensive Annual Financial Report (CAFR) since the City has certain financial responsibilities for the School System. The CAFR should be read in conjunction with these statements.

All bonded debt attributable to the School System is reported as long-term debt in the Statement of Net Position of the City of Rome, Georgia Comprehensive Annual Financial Report, since the bonds are in the name of the City and the City is contractually liable for their payment. Property taxes levied by the City are used to repay the debt.

The City of Rome School Building Authority (the "Authority") is included as a blended component unit of the School System. The Authority is fiscally dependent on Rome City Schools and provides services exclusively to the School System. The Authority is reported as a special revenue fund.

The accounting policies of the School System conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the School System's significant policies.

2. 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, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The School System does not consider any of its activities to be business-type activities.

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 customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements report on all the non-fiduciary activities of the primary government and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City bills all property taxes and provides an allocation of the taxes to the School System monthly regardless of actual collections by the City. The School System recognizes this allocation as revenue as collected which would be for the year it was intended to fund. Grants and similar items are recognized as revenue when all requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within one fiscal year 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.

Sales taxes, grant revenue, State Quality Basic Education (QBE) revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period, if availability criteria has been met. All other revenue items are considered to be measurable and available only when cash is received by the School System.

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

The School System reports the following as major governmental funds:

The *General Fund* is the School System's primary operating fund. The General Fund is used to account for all financial transactions of the School System except those required to be accounted for in another fund.

The *SPLOST Fund* was established to account for expenditures which include but are not limited construction and renovation of schools using Special Purpose Local Option Sales Tax funds. These funds are restricted by the SPLOST referendum.

The *School Food Services Fund* is used to account for the school breakfast and lunch programs which are funded and restricted primarily by the Federal government.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

Additionally, the School System reports the following fund types:

The *Special Revenue Funds* are used to account for Federal and State funded grants which are restricted by the Federal and State government. These grants are awarded to the School System for the purpose of accomplishing specific educational tasks as defined in the grant agreements. These funds also contain several locally funded programs whose expenditures are limited and committed to specified purposes.

Fiduciary Funds include *Agency Funds* which are used to account for the student club and class accounts.

The effect of interfund activity has been eliminated from the government-wide financial statements.

4. Inventories

Inventories are recorded using the consumption method and are valued at cost by the first-in, first-out method of accounting. Donated food commodities are presented at fair value.

5. Capital Assets

Capital assets, which include property, plant, equipment and buildings are reported in the governmental activities in the government-wide statement of net position and depreciated over their estimated useful lives in the government-wide statement of activities. Capital assets are defined by the School System as assets with a useful life of more than two years having an aggregate purchase price of $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Assets which are fully depreciated and no longer in use are removed from the books.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Legal title to most of the land, buildings, and building improvements used by the schools are in the name of the City of Rome, Georgia; therefore, the related amounts are not reported in the accompanying financial statements.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Vehicles	7
Office and computer equipment	5

6. Accumulated Compensated Absences

The accumulated vacation leave that is due and payable with expendable available resources is reported as an expenditure and liability of the General and Special Revenue Funds. During 2013, the School System changed its policy in regards to accumulated vacation leave. The revised policy states that administrative personnel who have unused vacation time at June 30, have until July 31 to take such vacation, otherwise it is forfeited after July 31.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The School System has two items that qualify for reporting in this category. The Governmental Activities report (1) a deferred outflow of resources for the School System's actual contributions to the pension plan during the fiscal year ended June 30, 2015 which is subsequent to the measurement date and will be applied to the net pension liability in fiscal year 2016; and (2) a deferred outflow of resources for the difference between the School System's actual contributions towards the pension plan and the School System's proportionate share of contributions, which will be amortized over the remaining service period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School System has one item that qualifies for reporting in this category which occur only in the governmental activities. The Governmental Activities report a deferred inflow of resources for the net difference between projected and actual investment earnings on the pension assets, which will be amortized over a five year period.

8. Long-Term Debt and Obligations

Long-term debt and obligations are recognized as a liability in fund financial statements only when due. For other long-term debt and obligations, only that portion due and expected to be financed from expendable available financial resources is reported as a fund liability in the fund financial statements. The total of such obligations is reported in the government wide financial statements.

9. Fund Equity / Net Position

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to the maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Members of the School System ("the Board") or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Commited*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board through the adoption of a resolution. Only the Board may modify or rescind the commitment through a majority vote.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board has authorized the Board's Superintendent and Finance Director to assign fund balances.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

- Committed
- Assigned
- Unassigned

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

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

10. Interfund Transactions

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

11. Use of Estimates in the Preparation of Financial Statements

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, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

12. Pensions

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

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

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this $9,803,233 difference are as follows:

Capital outlay	$ 10,528,979
Depreciation expense	(725,746)
Net adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net position of governmental activities*	$ 9,803,233

NOTE C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The budget for Rome City Schools is prepared in accordance with provisions of the State Quality Basic Education Act, OCGA Section 20-2-167. After the Board of Education has tentatively adopted the annual appropriated budget, such budget is advertised twice in a newspaper of general circulation in the locality. At the next regular meeting of the Board of Education after advertisement, the Board of Education revises the budget as necessary and adopts the final school budget.

Encumbrances represent obligations to purchase goods or services as documented by purchase orders or contracts. Appropriations lapse at fiscal year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent fiscal year's budget. There were no outstanding encumbrances at June 30, 2015.

NOTE D – DEPOSITS

The School System's cash includes interest bearing checking accounts and savings accounts. Official Code of Georgia Annotated Section 45-8-14 authorizes the School System to deposit its funds in one or more solvent banks or insured Federal savings and loan associations. 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 or 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, 2015, the School System's bank balances were fully insured and collateralized.

NOTE E - DUE FROM OTHER GOVERNMENTS

Accounts receivable consists of grant reimbursements due from Federal, State or other grantors, and from the City of Rome for expenditures made but not yet reimbursed. The following is a summary of accounts receivable at June 30, 2015:

Georgia Department of Education	$ 5,796,992
City of Rome, Georgia	786,810
Georgia Department of Revenue	20,564
	$ 6,604,366

NOTE F - CAPITAL ASSETS

The School System's policy is to capitalize assets with a minimum aggregate purchase price of $5,000 and to write off fully depreciated assets which are no longer in use. The following is a summary of changes in capital assets:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets being depreciated				
Land	$ 1,783,902	$ 157,049	$ 1,783,903	$ 157,048
Construction in Progress	6,170,668	6,370,681	12,541,349	-
Buildings and improvements	2,315,633	13,018,494	12,554,829	2,779,298
Computers and equipment	3,153,241	3,302,525	120,481	6,335,285
Vehicles	1,588,102	221,579	67,241	1,742,440
Total capital assets being depreciated	15,011,546	23,070,328	27,067,803	11,014,071
Less accumulated depreciation for				
Buildings and improvements	(1,034,946)	(175,220)	117,705	(1,327,871)
Computers and equipment	(2,488,638)	(453,541)	-	(2,942,179)
Vehicles	(1,182,522)	(96,985)	67,241	(1,346,748)
Total accumulated depreciation	(4,706,106)	(725,746)	184,946	(5,616,798)
Total capital assets, net	$ 10,305,440	$ 22,344,582	$ 27,252,749	$ 5,397,273

Depreciation expense was charged to functions as follows:

Instruction	$ 190,812
Pupil services	24,205
General administration	6,193
Maintenance and operations	272,733
Transportation	98,524
School food services	133,279
	$ 725,746

Legal title to most land, buildings and building improvements used by the schools are in the name of the City of Rome, Georgia. Therefore, a net of $14,351,508 of capital assets have been transferred to the City of Rome and has not been included in the capital assets reported in the above table. This amount is reported as a special item in the statement of activities.

NOTE G- LONG-TERM DEBT AND OBLIGATIONS

The changes in Long-Term Debt and Obligations during the fiscal year were as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Construction Bonds	$ 2,000,000	$ -	$ -	$ 2,000,000	$ -
Compensated Absences	55,923	142,893	137,140	61,676	61,676
Net Pension Liability	45,206,412	2,763,550	14,836,618	33,133,344	-
Total	$ 47,262,335	$ 2,906,443	$ 14,973,758	$ 35,195,020	$ 61,676

Through an agency agreement (See Note M), the School System became liable for $2,000,000 of Quality Zone Academy Bonds which are interest free and mature on July 15, 2018. Beginning July 15, 2005, the School System made the first of five annual installments of $257,531 which are invested into a sinking fund which will be used to retire the bonds at maturity. Payments for this debt have been made from current Special Purpose Local Option Sales Tax proceeds. In addition, repayment of this debt is guaranteed by the full faith and credit and taxing power of the City of Rome and the School System. The beginning balance for Long-Term Debt and Obligations has been restated as a result of the implementation of GASB Statement No. 68 and 71. For further discussion, see Note O.

NOTE H - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at June 30, 2015 are as follows:

	Receivable	Payable
General Fund	$ 208,017	$ -
Special Revenue Funds:		
Title I	-	94,764
Title II	-	5,566
Title III	-	64,020
JPTA	-	24,793
RT3 - SLO	-	4,650
Vocational Education	-	14,224
	$ 208,017	$ 208,017

The purpose of interfund receivables and payables is to meet temporary cash flow requirements and timing between receiving and recognizing certain revenues.

There were no transfers between funds required in the current year.

NOTE I - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The School System has recognized revenues and expenditures in the General Fund in the amount of $123,810 for health insurance and retirement contributions paid on the School System's behalf as follows:

Paid by the Office of State Treasurer to the Teachers Retirement System for Teachers Retirement (TRS) in the amount $54,598

Paid by the Office of State Treasurer to the Public School Employees Retirement System for Public School Employees Retirement (PSERS) in the amount $69,212.

NOTE J - RISK MANAGEMENT

The School System is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The School System has a private insurance carrier to cover any claims that exceed money held in the fund. The School System purchases commercial insurance for all other risks of loss. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years. There was no significant reduction in insurance coverage from last fiscal year.

NOTE K - NON-MONETARY TRANSACTIONS

The School System received from the United States Department of Agriculture through the Georgia Department of Education $208,797 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenues.

NOTE L - RETIREMENT PLAN

GENERAL INFORMATION ABOUT THE TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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 2015. The School System's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of annual School System payroll. School System contributions to TRS were $3,923,441 for the year ended June 30, 2015.

NOTE L - RETIREMENT PLAN – 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* as well as 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 these new standards.

At June 30, 2015, 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 amount recognized by the School System as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School System were as follows:

District's proportionate share of the net pension liability	$	33,133,344
State of Georgia's proportionate share of the net pension liability associated with the District		560,177
Total	$	33,693,521

The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The School System's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2014. At June 30 2014, the School System's proportion was 0.262262%, which was an increase of 0.002826% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School System recognized pension expense of $2,362,313 and revenue of $81,959 for support provided by the State of Georgia for certain support personnel. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	$ -	$ 11,550,986
Changes in proportion and differences between District contributions and proportionate share of contributions	401,237	-
District contributions subsequent to the measurement date	3,923,441	-
Total	$ 4,324,678	$ 11,550,986

NOTE L - RETIREMENT PLAN - 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 $3,923,441 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	$	(2,796,556)
2017		(2,796,556)
2018		(2,796,556)
2019		(2,796,558)
2020		36,477
Total	$	(11,149,749)

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

Inflation	3.00%
Salary increases	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

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

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 L - RETIREMENT PLAN - CONTINUED

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (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 3.00% assumed rate of inflation

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer and 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%)
District's proportionate share of the net pension liability	$ 61,060,308	$ 33,133,344	$ 10,136,070

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

NOTE L - RETIREMENT PLAN - CONTINUED

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

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

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

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

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

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

Pension Liabilities and Pension Expense

At June 30, 2015, the School System did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School System is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the School System	$ 290,547

The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The 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, 2014.

NOTE L - RETIREMENT PLAN - CONTINUED

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

For the year ended June 30, 2015, the School System recognized pension expense of $25,232 and revenue of $25,232 for support provided by the State of Georgia.

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

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

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

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

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

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

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

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

NOTE M – AGENCY AGREEMENT

In May of 2004, the School Building Authority was created by an act of the General Assembly of the State of Georgia. This Authority is a separate legal entity whose sole purpose was to issue Quality Zone Academy Bonds for the School System.

In June 2004, the City of Rome, through the City of Rome School Building Authority, entered into an agency agreement with the School System.

This agency agreement authorizes the School System as the agent of the Building Authority for the specific purpose of constructing the school improvement projects as outlined in the agreement. The School System will become liable for $2,000,000 of Quality Zone Academy Bonds which are interest free and mature on July 15, 2018. Beginning July 15, 2005, the School System made the first of five annual installments of $257,531 which are invested into a sinking fund which will be used to retire the bonds at maturity. Payments for this debt have been made from current Special Purpose Local Option Sales Tax proceeds. In addition, repayment of this debt is guaranteed by the full faith and credit and taxing power of the City of Rome and the School System.

NOTE N – POSTEMPLOYMENT BENEFITS

Georgia Retiree Health Benefit Fund

Plan Description. The School System contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. GRHBF 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 Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

Funding Policy. The contribution requirements of the Plan members and participating employers are established and may be amended by the Board of Community Health. Contributions of Plan members or beneficiaries receiving benefits vary based on Plan election, dependent coverage, and Medicare eligibility and election. On average, Plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2015, were as follows:

Certified employees	
July 1, 2014 – June 30, 2015	$945.00 per month
Non-Certificated Employees	
July 1, 2014 – June 30, 2015	$596.20 per month

No additional contribution was required by the Board of Community Health for fiscal year ended June 30, 2015, nor contributed to GRHBF to prefund retire benefits. Such additional contribution amounts are determined annually by the Board of Community Health in accordance with the State plan for other post-employment benefits and are subject to appropriation.

The School System's contributions, which equaled the required contribution, to the health insurance plans was $5,174,530; $5,209,433; and $4,844,551 for the fiscal years ended June 30, 2015, 2014, and 2013, respectively.

NOTE O – CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, the School System is required to change its accounting treatment of pension liabilities and the related pension expense. The new standards require that the School System's proportionate share of the Net Pension Liability be recorded on the Statement of Net Position.

Therefore, in conjunction with the implementation of Statement No. 68 and Statement No. 71, the following restatement was required to the beginning net position of the Governmental Activities to properly recognize the School System's Net Pension Liability and related deferred outflows of resources for contributions subsequent to the measurement date as of the end of the prior period:

	Governmental Activities
Net position, as previously reported	$ 27,386,338
Restatement for implementation of GASB Statement No. 68 and 71:	
Net pension liability as of June 30, 2014	(45,206,412)
Deferred outflows of resources - contributions	3,285,632
Net position, as restated	$ (14,534,442)

REQUIRED SUPPLEMENTARY INFORMATION

Rome City Schools
(A component unit of the City of Rome, Georgia)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND

For the Fiscal Year Ended June 30, 2015

	Original and Final Budget	Actual Per Inc. Stm (Budget Basis)	Variances
REVENUES			
State funds	$ 25,522,910	$ 26,875,602	$ 1,352,692
Federal funds	315,000	397,337	82,337
Local	18,406,492	18,645,283	238,791
Total revenues	44,244,402	45,918,222	1,673,820
EXPENDITURES			
Current			
Instruction	33,187,477	32,539,436	648,041
Support services			
Pupil services	1,325,283	1,477,366	(152,083)
Improvement of instructional services	664,618	622,377	42,241
Educational media services	1,076,129	946,878	129,251
General administration	716,485	788,860	(72,375)
School administration	2,781,379	2,801,566	(20,187)
Business administration	412,917	394,422	18,495
Maintenance and operation of facilities	3,986,271	4,122,589	(136,318)
Student transportation services	1,888,635	1,962,725	(74,090)
Central support services	241,205	246,154	(4,949)
Other non-instructional services	-	11,608	(11,608)
Food service operation	-	55,717	(55,717)
Capital outlay	-	123,326	(123,326)
Total expenditures	46,280,399	46,093,024	187,375
Excess (deficiency) of revenues over (under) expenditures	(2,035,997)	(174,802)	1,861,195
Other financing sources (uses)			
Transfers out	-	(95,993)	(95,993)
Proceeds from sale of capital assets	-	48	48
Total other financing sources (uses)	-	(95,945)	(95,945)
Net change in fund balance	(2,035,997)	(270,747)	1,765,250

Rome City Schools
(A component unit of the City of Rome, Georgia)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BASIS)
SCHOOL FOOD SERVICE FUND

For the Fiscal Year Ended June 30, 2015

	Original and Final Budget	Actual (Budget Basis)	Variances
Revenues			
State funds	$ 92,000	$ 94,096	$ 2,096
Federal funds	3,504,523	3,841,077	336,554
Local	231,500	75,078	(156,422)
Total revenues	3,828,023	4,010,251	182,228
Expenditures			
Current			
Food service operation	4,692,689	4,571,133	121,556
Total expenditures	4,692,689	4,571,133	121,556
Net change in fund balance	(864,666)	(560,882)	303,784
Fund balance beginning of the year,	2,134,201	2,134,201	-
Fund balance, end of the year	$ 1,269,535	$ 1,573,319	$ 303,784

Rome City Schools

(A component unit of the City of Rome, Georgia)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABLITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA

For the Fiscal Year Ended June 30, 2015

		2015
District's proportion of the net pension liability		0.262262%
District's proportionate share of the net pension liability	$	33,133,344
State of Georgia's proportionate share of the net pension liability associated with the District		560,177
Total	$	33,693,521
District's covered-employee payroll	$	27,211,010
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		121.76%
Plan fiduciary net position as a percentage of the total pension liability		84.03%

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

SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	2015	2014
Contractually required contributions	$ 3,923,441	$ 3,285,632
Contributions in relation to the contractually required contributions	3,923,441	3,285,632
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	29,836,054	27,211,010
Contributions as a percentage of covered-employee payroll	13.15%	12.07%

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

Rome City Schools

(A component unit of the City of Rome, Georgia)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABLITY
PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	2015
District's proportion of the net pension liability	0.000000%
District's proportionate share of the net pension liability	$ -
State of Georgia's proportionate share of the net pension liability associated with the District	290,547
Total	$ 290,547
District's covered-employee payroll	$ 1,165,742
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	88.29%

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

Rome City Schools
(A component unit of the City of Rome, Georgia)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2015

NOTE A – BUDGET RECONCILIATION

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

The primary differences between the School System's budget basis and generally accepted accounting principles are:

(a) Salaries and employee benefits paid to teachers under contract are recorded when paid (budget) rather than when the liability is incurred (USGAAP).

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

(c) Certain transfers among funds are recorded when paid (budget) rather than when susceptible to accrual (USGAAP).

(d) Payments made by the State on behalf of the School System are not budgeted.

(e) City revenue is budgeted on a cash basis rather than when susceptible to accrual (USGAAP).

Adjustments necessary to convert the General Fund's excess of expenditures over revenues and other sources and other uses from the USGAAP basis to the budget basis are as follows:

USGAAP basis expenditure over revenues	$	(2,035,997)
Adjustments for:		
Salaries and employee benefits		513,799
State revenue		(407,255)
City revenue		(106,544)
	$	(2,035,997)

The following departments in the following funds exceeded their budget:

	General	
Support Services:		
Pupil services	$	152,083
General Administration		72,375
School Administration		20,187
Maintenance and operation of facilities		136,318
Student transportaion services		74,090
Central support services		4,949
Other non-instructional services services		11,608
Food service operation		55,717
Capital outlay		123,326

Rome City Schools

(A component unit of the City of Rome, Georgia)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

NOTE B - PENSIONS

Teachers Retirement System of Georgia:

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

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

Valuation date	June 30, 2012
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	3.75 – 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Public Schools Employees Retirement System of Georgia:

***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.

SUPPLEMENTAL INFORMATION

Rome City Schools
(A component unit of the City of Rome, Georgia)
NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental funds include special revenue funds which are used to account for funds received from other governmental agencies that are legally restricted or committed to be expended for specified purposes. These funds also account for resources transferred from the General Fund when these funds are inadequate to finance the specified activities. The following special revenue funds are included in the Nonmajor governmental fund category:

LOTTERY FUND was established to account for the State categorical grant funds received from the State of Georgia Lottery, for the purpose of providing various educational needs for schools in the State of Georgia.

FEDERAL PROGRAMS FUNDS

Education for Economic Security Act (Title II) Fund was established to account for Federal categorical grant funds flowing through the State of Georgia Department of Education, for the purpose of training teachers in the math, science, foreign language and computer science programs.

The Title I Fund is used to account for federal grant funds for the purpose of improving teaching and learning of children who are at risk of not meeting academic standards and who reside in areas with higher concentrations of children from lower income families.

Title III Fund was established to improve the education of limited English proficient children and youths by helping them learn English and meet challenging State academic content and student academic achievement standards. The program also provides enhanced instructional opportunities for immigrant children and youths.

Title VIB Special Education Fund includes funds from the Individuals with Disabilities Education Act – Part B – Special Education Grants to States for the purpose of providing special education programs for children in pre-kindergarten through the twelfth grade.

Job Training Partnership Act (JTPA) Fund was established to account for Federal categorical grant funds flowing through the Department of Education and Department of Labor, State of Georgia, for the purpose of providing vocational training to post-secondary students.

Vocational Education Fund was established to account for Federal categorical grant funds flowing through the State Department of Education, for the purpose of providing vocational education training to high school students.

RT3-SLO was established to account for Federal funds received from the Race to the Top grant, which has provided discretionary funding to increase the post graduate opportunities available to students.

ROTC Fund was established to account for Federal funds received for the purpose of providing a ROTC program to high school students.

GLRS Fund was established to account for grant funds received from the Georgia Learning Resources Service.

Principals Fund was established to account for revenues and expenditures of funds which belong primarily to the schools and their student bodies, but are supervised and audited by the School System's Finance Department.

School Building Authority was created by the General Assembly of the State of Georgia to issue Quality Zone Academy Bonds for the School System.

Rome City Schools
(A component unit of the City of Rome, Georgia)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds						
ASSETS	**Lottery**	**Title I**	**Education for Economic Security Act (Title II)**	**Title III**	**Title VIB Special Education**	**JTPA**	**Vocational Education**
Cash	$ 95,152	$ 960	$ -	$ -	$ 1,489	$ -	$ -
Due from other governments	-	468,164	46,831	72,220	153,415	24,793	16,737
Total assets	$ 95,152	$ 469,124	$ 46,831	$ 72,220	$ 154,904	$ 24,793	$ 16,737
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts payable	$ 181	$ 14,396	$ -	$ 5,192	$ 5,042	$ -	$ 2,513
Salaries and benefits payable	94,971	359,964	41,265	3,008	149,862	-	-
Due to other funds	-	94,764	5,566	64,020	-	24,793	14,224
Total Liabilities	95,152	469,124	46,831	72,220	154,904	24,793	16,737
Fund balances							
Restricted for debt service	-	-	-	-	-	-	-
Committed for school activities	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-
Total liabilities and fund equity	$ 95,152	$ 469,124	$ 46,831	$ 72,220	$ 154,904	$ 24,793	$ 16,737

continued on next page

Rome City Schools
(A component unit of the City of Rome, Georgia)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds - continued					
ASSETS	**RT3 - SLO**	**ROTC**	**GLRS**	**Principals**	**School Building Authority**	**Total**
Cash	$ -	$ -	$ -	$ 307,273	$ 1,774,657	$ 2,179,531
Due from other governments	4,650	-	-	-	-	786,810
Total assets	$ 4,650	$ -	$ -	$ 307,273	$ 1,774,657	$ 2,966,341
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 27,324
Salaries and benefits payable	-	-	-	-	-	649,070
Due to other funds	4,650	-	-	-	-	208,017
Total Liabilities	4,650	-	-	-	-	884,411
Fund balances						
Restricted for debt service	-	-	-	-	1,774,657	1,774,657
Committed for school activities	-	-	-	307,273	-	307,273
Total fund balances	-	-	-	307,273	1,774,657	2,081,930
Total liabilities and fund equity	$ 4,650	$ -	$ -	$ 307,273	$ 1,774,657	$ 2,966,341

Rome City Schools

(A component unit of the City of Rome, Georgia)

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

For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds						
	Lottery	Title I	Education for Economic Security Act Title II	Title III	Title VIB Special Education	JTPA	Vocational Education
Revenues							
State funds	$ 605,857	$ -	$ -	$ -	$ -	$ -	$ -
Federal funds	-	2,958,305	294,682	144,416	1,148,226	69,542	74,710
Local and other funds	-	-	-	-	-	-	-
Total revenues	605,857	2,958,305	294,682	144,416	1,148,226	69,542	74,710
Expenditures							
Current							
Instruction	622,793	1,110,687	-	118,778	937,077	69,542	61,685
Support services:							
Pupil services	-	-	-	8,150	52,628	-	-
Improvement of instructional services	3,958	1,491,443	291,979	13,368	61,238	-	10,366
Educational media services	-	38,485	-	-	-	-	-
Federal grant administration	-	149,907	-	-	-	-	2,659
General administration	-	39,274	2,703	840	-	-	-
Student transportation services	-	8,470	-	3,280	97,283	-	-
Other support services	-	120,039	-	-	-	-	-
Total expenditures	626,751	2,958,305	294,682	144,416	1,148,226	69,542	74,710
Excess (deficiency) of revenues over (under) expenditures	(20,894)	-	-	-	-	-	-
Other financing sources							
Transfers in	20,894	-	-	-	-	-	-
Total other financing sources	20,894	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -

continued on next page

Rome City Schools

(A component unit of the City of Rome, Georgia)

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

For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds - continued					
	RT3 - SLO	ROTC	GLRS	Principals	School Building Authority	Total
Revenues						
State funds	$ -	$ -	$ -	$ -	$ -	$ 605,857
Federal funds	4,650	57,140	-	-	-	4,751,671
Local and other funds	-	-	-	575,669	68,948	644,617
Total revenues	4,650	57,140	-	575,669	68,948	6,002,145
Expenditures						
Current						
Instruction	4,650	132,239	1,309	582,125	-	3,640,885
Support services:						
Pupil services	-	-	-	-	-	60,778
Improvement of instructional services	-	-	-	-	-	1,872,352
Educational media services	-	-	-	-	-	38,485
School administration	-	-	-	-	-	152,566
General administration	-	-	-	-	-	42,817
Student transportation services	-	-	-	-	-	109,033
Other support services	-	-	-	-	-	120,039
Total expenditures	4,650	132,239	1,309	582,125	-	6,036,955
Excess (deficiency) of revenues over (under) expenditures	-	(75,099)	(1,309)	(6,456)	68,948	(34,810)
Other financing sources						
Transfers in	-	75,099	-	-	-	95,993
Total other financing sources	-	75,099	-	-	-	95,993
Net change in fund balance	-	-	(1,309)	(6,456)	68,948	61,183
Fund balance, beginning of year	-	-	1,309	313,729	1,705,709	2,020,747
Fund balance, end of year	$ -	$ -	$ -	$ 307,273	$ 1,774,657	$ 2,081,930

Rome City Schools

(A component unit of the City of Rome, Georgia)

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX EXPENDITURES

For the Fiscal Year Ended June 30, 2015

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN PRIOR YEARS (3)	AMOUNT EXPENDED IN CURRENT YEAR (3)	TOTAL
SPLOST III Projects					
(1) Construct, replace, add to, renovate, remove, repair, improve and equip existing school buildings and facilities useful or desireable in connection therewith;	$ 1,467,642	$ 1,467,642	$ 50,922	$ -	$ 50,922
(2) Construct and equip a new Anna K. Davie Elementary	6,049,500	6,049,500	2,182,985	5,032,702	7,215,687
(3) Additional Classrooms	16,763,892	18,427,035	16,877,054	-	16,877,054
(4) Acquire system wide technology improvements and equipment	5,882,736	4,219,593	278,135	-	278,135
SPLOST IV Projects					
(1) Construct and equip the Early Childhoold Center of Anna K. Davis Elementary	1,000,000	3,000,000	-	2,044,599	2,044,599
(2) Acquire, construct and equip security improvements at all schools within the Rome Schools System	2,500,000	2,500,000	-	452,545	452,545
(3) Acquire system-wide technology improvements and equipment including 21st Century Classroom equipment to enhance digital learning experience for students	7,500,000	7,500,000	-	1,711,159	1,711,159
(4) Construct, replace, add to, renovate, remove, repair, improve and equip existing school buildings	14,000,000	12,000,000	-	2,036,350	2,036,350
(5) Acquire school buses and other school-related vehicles and transportation facilities	500,000	500,000	-	238,706	238,706
(6) Acquire the necessary property therefor, both real and personal	500,000	500,000	-	157,048	157,048
(7) Legal and administrative costs	40,000	40,000	-	-	-
Total SPLOST Projects	$ 56,203,770	$ 56,203,770	$ 19,389,096	$ 11,673,109	$ 31,062,205

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

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

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 City of Rome Board of Education
Rome, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Rome City Schools** (the "School System"), a component unit of the City of Rome, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Rome City Schools' basic financial statements, and have issued our report thereon dated June 23, 3016. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools System'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 and 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.



Atlanta, Georgia
June 23, 2016

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Rome City Schools', a component unit of the City of Rome, Georgia, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Rome City Schools' major federal programs for the year ended June 30, 2015. The Rome City Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Rome City Schools 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 Rome City Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rome City Schools' internal control over compliance.

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

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

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



Atlanta, Georgia
June 23, 2016

ROME CITY SCHOOLS

(A component unit of the City of Rome, Georgia)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE:		
Passed through Georgia Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553	$ 1,030,068
National School Lunch Program:		
Cash Assistance	10.555	2,582,971
Non-cash assistance (Commodities)	10.555	208,797
School Snack Program	10.555	19,241
Total Child Nutrition Cluster		3,841,077
Total U. S. Department of Agriculture		3,841,077
U. S. DEPARTMENT OF DEFENSE		
Junior R.O.T.C.	Unknown	57,141
Total U. S. Department of Defense		57,141
U. S. DEPARTMENT OF LABOR		
Passed through Atlanta Regional Commission:		
WIA Youth Activities	17.259	69,542
Total U. S. Department of Labor		69,542
U. S. DEPARTMENT OF EDUCATION:		
Passed through Georgia Department of Education:		
Striving Readers Grant	84.371	273,006
Title I Programs - Local Education Agency	84.010	2,690,964
Title I Programs - School Improvement	84.010	-
Title I Cluster		2,690,964
Title VI-B Preschool	84.173	39,468
Title VI-B Flowthrough	84.027	1,108,757
IDEA Cluster		1,148,225
Title II - Improving Teacher Quality	84.367	294,682

(Continued)

ROME CITY SCHOOLS

(A component unit of the City of Rome, Georgia)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Expenditures
U. S. DEPARTMENT OF EDUCATION (Continued):		
Passed through Georgia Department of Education (continued):		
Title III - Part A	84.365	$ 144,415
		144,415
Vocational Education - High School Program	84.048	74,710
		74,710
Total U. S. Department of Education		4,626,002
Total Expenditures of Federal Awards		$ 8,593,762

See notes to the Schedule of Expenditures of Federal Awards

ROME CITY SCHOOLS
(A component unit of the City of Rome, Georgia)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

NOTE 1 BASIS OF PRESENTATION

The Schedule of Expenditures of Federal awards includes the Federal grant activity of the Rome City Schools and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 FOOD DONATION (COMMODITIES) PROGRAM

The amounts shown for the Food Donation Program (Non-cash assistance commodities) on the Schedule of Expenditures of Federal Awards represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the School System during the current fiscal year.

ROME CITY SCHOOLS
(A Component Unit of the City of Rome)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies?	_____ 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 OMB Circular A-133, Section 510(a)?	_____ yes __X__ no
Identification of major programs:	

Name of Federal Program or Cluster	CFDA Number
Child Nutrition Grant	10.553 & 10.555
IDEA Cluster	84.027 & 84.173

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	_____ yes __X__ no

ROME CITY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section II – Financial Statement Findings and Responses

None noted

Section III – Federal Award Findings and Questioned Costs

None noted

ROME CITY SCHOOLS

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section IV – Status of Prior Audit Findings

None noted.