

WHEELER COUNTY BOARD OF EDUCATION
ALAMO, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017
(Including Independent Auditor's Reports)

WHEELER COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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GREG S. GRIFFIN
STATE AUDITOR
(404) 656-2174

April 30, 2019

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheeler County Board of Education (School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

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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 of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2017, 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 described in Note 2 to the financial statements, in 2017, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) *Statement No. 77*, *Tax Abatement Disclosures*, GASB Statement No. 80, *Blending Requirements for Certain Component Units*, and GASB Statement No. 82, *Pension Issues*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Schedule of Contributions to Retirement System, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through vii, and pages 27 through 31, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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WHEELER COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

INTRODUCTION

The discussion and analysis of the Wheeler County Board of Education's (the School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2017 and June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2017 and 2016 are as follows:

- On the government-wide financial statements, the assets and deferred outflow of resources of the School District exceeded liabilities and deferred inflow of resources by $0.7 million and $1.3 million, respectively, for the fiscal years ended June 30, 2017 and 2016. Of these amounts, $1.0 million and $1.1 million, respectively, for fiscal years 2017 and 2016 are available for spending at the School District's discretion.

- The School District had $12.2 million and $11.2 million in expenses relating to governmental activities for the fiscal years ended June 30, 2017 and June 30, 2016, respectively. Only $7.5 million and $7.1 million of the above mentioned expenses for 2017 and 2016 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $4.1 million and $3.9 million, respectively, for 2017 and 2016, along with fund balance were adequate to provide for these programs.

- The general fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of $599.4 thousand, a decrease of $406.6 thousand from the June 30, 2016 fund balance of $1.0 million.

- The Wheeler County voters passed a one percent sales tax for educational purposes (ESPLOST) for another five years (2016-2021) on March 17, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the 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 District presenting both short-term and long-term information about the overall financial status.

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2017 and 2016, the general fund, the capital projects fund, and the debt service fund represent 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 statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets and liabilities. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, are one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has one distinct type of activity:

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, capital projects fund, and debt service fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled within the financial statements.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for the fiscal years 2017 and 2016.

Table 1
Net Position

	Governmental Activities		
	Fiscal Year 2017	Fiscal Year 2016	Net Change
Assets			
Current and Other Assets	$ 2,528,159	$ 2,924,037	$ (395,878)
Capital Assets, Net	7,524,315	7,619,753	(95,438)
Total Assets	10,052,474	10,543,790	(491,316)
Deferred Outflows of Resources			
Related to Defined Benefit Pension Plans	2,547,153	827,262	1,719,891
Liabilities			
Current and Other Liabilities	11,675,820	9,020,408	2,655,412
Long-Term Liabilities	-	310,000	(310,000)
Total Liabilities	11,675,820	9,330,408	2,345,412
Deferred Inflows of Resources			
Related to Defined Benefit Pension Plans	209,148	747,574	(538,426)
Net Position			
Net Investment in Capital Assets	7,524,315	7,309,753	214,562
Restricted	445,984	464,716	(18,732)
Unrestricted (Deficit)	(7,255,640)	(6,481,399)	(774,241)
Total Net Position	$ 714,659	$ 1,293,070	$ (578,411)

The total liability effects of pensions were $7.9 million and $7.6 million, respectively, for the years ended June 30, 2017 and 2016. These liabilities exceeded the School District's unrestricted net position of $7.3 million and $6.5 million, respectively. Although this causes a large deficit balance in unrestricted net position, it should not be considered a financial weakness as these costs are spread out over multiple years well into the future.

Table 2 shows the changes in net position for fiscal years ending June 30, 2017 and June 30, 2016.

Table 2
Change in Net Position

	Governmental Activities		
	Fiscal Year 2017	Fiscal Year 2016	Net Change
Revenues			
Program Revenues:			
Charges for Services	$ 79,911	$ 82,649	$ (2,738)
Operating Grants and Contributions	7,391,309	7,039,158	352,151
Capital Grants and Contributions	77,216	-	77,216
Total Program Revenues	7,548,436	7,121,807	426,629
General Revenues:			
Taxes			
Property Taxes			
For Maintenance and Operations	2,241,179	2,054,537	186,642
For Railroad	8,038	7,797	241
Sales Taxes			
Special Purpose Local Option Sales Tax			
For Debt Services and Capital Projects	345,932	354,867	(8,935)
Other Sales Tax	14,318	9,451	4,867
Grants and Contributions not			
Restricted to Specific Programs	1,012,481	991,796	20,685
Investment Earnings	2,333	3,224	(891)
Miscellaneous	468,832	483,466	(14,634)
Total General Revenues	4,093,113	3,905,138	187,975
Total Revenues	11,641,549	11,026,945	614,604
Program Expenses:			
Instruction	6,925,497	6,133,883	791,614
Support Services			
Pupil Services	267,917	355,406	(87,489)
Improvement of Instructional Services	90,310	103,298	(12,988)
Educational Media Services	180,276	166,066	14,210
General Administration	519,370	354,379	164,991
School Administration	981,741	860,514	121,227
Business Administration	413,994	394,402	19,592
Maintenance and Operation of Plant	1,116,184	983,024	133,160
Student Transportation Services	652,069	786,330	(134,261)
Central Support Services	87,568	79,996	7,572
Other Support Services	23,338	23,338	-
Operations of Non-Instructional Services			
Enterprise Operations	157,354	193,277	(35,923)
Food Services	803,607	723,483	80,124
Interest on Short-Term and Long-Term Debt	735	10,048	(9,313)
Total Expenses	12,219,960	11,167,444	1,052,516
Decrease in Net Position	(578,411)	(140,499)	(437,912)
Net Position - Beginning of the Year	1,293,070	1,433,569	(140,499)
Net Position - End of the Year	$ 714,659	$ 1,293,070	$ (578,411)

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contribution increased $426.6 thousand for governmental activities. This increase is largely due to an increase in funds earned through the State Quality Basic Education (QBE) Funding Formula.

General revenues increased by $188 thousand during fiscal year 2017. The majority of the increase came from an increase in property tax collections. This increase is the result of the tax commissioner implementing a program with a service provider to collect past due amounts in fiscal year 2016.

The School District continues to analyze spending patterns and look for areas where reductions can be made without affecting the level of education provided. Table 3 shows the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2016
Instruction	$ 6,925,497	6,133,883	$ 2,009,107	$ 1,494,329
Support Services:				
Pupil Services	267,917	355,406	122,050	222,120
Improvement of Instructional Services	90,310	103,298	(8,085)	(11,294)
Educational Media Services	180,276	166,066	62,545	45,395
General Administration	519,370	354,379	331,353	163,531
School Administration	981,741	860,514	621,506	475,866
Business Administration	413,994	394,402	175,071	146,796
Maintenance and Operation of Plant	1,116,183	983,024	793,109	701,561
Student Transportation Services	652,069	786,330	339,237	559,060
Central Support Services	87,568	79,996	87,567	79,996
Other Support Services	23,338	23,338	23,338	23,338
Operations of Non-Instructional Services:				
Enterprise Operations	157,354	193,277	108,827	147,897
Food Services	803,607	723,483	5,163	(13,006)
Interest on Short-Term and Long-Term Debt	735	10,048	735	10,048
Total Expenses	$ 12,219,959	$ 11,167,444	$ 4,671,523	$ 4,045,637

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2017, local taxes and other general revenues were required to cover 38.2% of instruction and support activities during the fiscal year.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $12 million and total expenses and other financing uses of $12.5 million. There was a decrease in the fund balance totaling $0.5 million for the governmental funds as a whole. The $599.4 thousand fund balance in the general fund reflects that the School District continues to be able to adequately meet current costs.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2017 and 2016, the School District amended its general fund budget as needed.

During fiscal year 2017 the general fund had final actual revenues totaling $11.3 million and the final budgeted amount totaled $11.3 million. There were differences in various revenue categories between the amounts of the final actual and the final budget. The differences noted between the various categories were primarily due to property tax collections and federal grants being lower than expected and State grants and miscellaneous revenues were greater than expected.

Final actual general fund expenditures during fiscal year 2017 totaling $11.6 million represented a decrease from the final budgeted amount of $11.8 million by $0.2 million. The difference (final actual vs. final budget) was mainly due to maintenance and operations and student transportation expenditures being lower than expected.

General fund expenditures and financing uses exceeded revenues and financing sources by $0.4 million for the fiscal year 2017.

CAPITAL ASSETS

At the fiscal years ended June 30, 2017 and June 30, 2016, the School District had $7.5 million and $7.6 million, respectively, invested in capital assets in the governmental funds. Table 4 reflects a summary of these balances net of accumulated depreciation. The School District's capital assets, net of accumulated depreciation, are comprised of buildings and building improvements (90.1%), land and land improvements (1.7%), and equipment (8.2%).

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		
	Fiscal Year 2017	Fiscal Year 2016	Net Change
Land	$ 105,520	$ 105,520	$ -
Buildings and Improvements	6,781,495	6,974,386	(192,891)
Equipment	613,503	517,239	96,264
Land Improvements	23,797	22,608	1,189
Total	$ 7,524,315	$ 7,619,753	$ (95,438)

DEBT ADMINISTRATION

At June 30, 2017, the School District had no debt outstanding. This is due to the maturity and payoff of the Bond Series 2011 bond as scheduled.

CURRENT ISSUES

In fiscal year 2018, the cost of the employer portion of TRS pension as well as health insurance premiums will increase. This increase in addition to the decrease of revenue is expected to place an additional burden on finances. The School District consistently evaluates how funds can be spent smarter and more effectively to ensure that all students receive a quality education.

The School District's millage rate for fiscal years 2017 and 2016 was 15.716. The net digest was relatively flat during fiscal years 2017 and 2016. The net taxes collected on the digest for fiscal year 2017 produced approximately $2.2 million. As shown in Table 3, property tax and other general revenues are responsible for covering 38.2% of the School District's costs. It is anticipated that pressure to provide local monies to meet mandated educational requirements and operational costs will continue.

The most significant challenge facing the School District is the relative uncertainty regarding how School Districts will be funded moving forward. The General Assembly is in the process of exploring new funding formulas that would likely cement in the austerity reductions received annually and change the way personnel salaries are calculated. It is uncertain at this point what type of financial impact these changes might have on the School District's finances.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Janet Brown, Chief Financial Officer at the Wheeler County Board of Education, 18 McRae Street, Alamo, GA 30411. You may also email your questions to janet.brown@wheeler.k12.ga.us.

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WHEELER COUNTY BOARD OF EDUCATION

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WHEELER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2017

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 1,259,957.40
Receivables, Net	
Taxes	385,464.86
State Government	746,936.00
Federal Government	127,174.17
Inventories	8,626.64
Capital Assets, Non-Depreciable	105,520.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	7,418,795.05
Total Assets	10,052,474.12
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	2,547,153.00
LIABILITIES	
Accounts Payable	203,413.51
Salaries and Benefits Payable	1,185,431.35
Payroll Withholdings Payable	103,662.78
Net Pension Liability	10,183,312.00
Total Liabilities	11,675,819.64
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	209,148.00
NET POSITION	
Investment in Capital Assets	7,524,315.05
Restricted for	
Continuation of Federal Programs	177,252.87
Debt Service	15.08
Capital Projects	208,696.38
Bus Replacement	60,019.94
Unrestricted (Deficit)	(7,255,639.84)
Total Net Position	$ 714,659.48

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

WHEELER COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 6,925,497.40	$ -
Support Services		
Pupil Services	267,917.01	-
Improvement of Instructional Services	90,309.69	-
Educational Media Services	180,275.97	-
General Administration	519,370.34	-
School Administration	981,740.86	-
Business Administration	413,993.88	-
Maintenance and Operation of Plant	1,116,183.55	-
Student Transportation Services	652,069.22	-
Central Support Services	87,567.53	-
Other Support Services	23,337.60	-
Operations of Non-Instructional Services		
Enterprise Operations	157,353.94	48,527.00
Food Services	803,606.80	31,384.30
Interest on Short-Term and Long-Term Debt	735.35	-
Total Governmental Activities	$ 12,219,959.14	$ 79,911.30
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

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

EXHIBIT "B"

	PROGRAM REVENUES		NET (EXPENSES)
	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$	4,916,389.93	$ -	$ (2,009,107.47)
	145,867.46	-	(122,049.55)
	98,395.12	-	8,085.43
	117,731.00	-	(62,544.97)
	188,017.22	-	(331,353.12)
	360,234.69	-	(621,506.17)
	238,923.20	-	(175,070.68)
	323,074.08	-	(793,109.47)
	235,616.56	77,216.00	(339,236.66)
	-	-	(87,567.53)
	-	-	(23,337.60)
	-	-	(108,826.94)
	767,059.43	-	(5,163.07)
	-	-	(735.35)
$	7,391,308.69	$ 77,216.00	(4,671,523.15)
			2,241,178.93
			8,037.97
			345,931.86
			14,317.64
			1,012,481.00
			2,333.43
			468,831.71
			4,093,112.54
			(578,410.61)
			1,293,070.09
$			714,659.48

WHEELER COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,079,029.75	$ 180,912.57	$ 15.08	$ 1,259,957.40
Receivables, Net				
Taxes	356,931.05	28,533.81	-	385,464.86
State Government	746,936.00	-	-	746,936.00
Federal Government	127,174.17	-	-	127,174.17
Inventories	8,626.64	-	-	8,626.64
Total Assets	$ 2,318,697.61	$ 209,446.38	$ 15.08	$ 2,528,159.07
LIABILITIES				
Accounts Payable	$ 202,663.51	$ 750.00	$ -	$ 203,413.51
Salaries and Benefits Payable	1,185,431.35	-	-	1,185,431.35
Payroll Withholdings Payable	103,662.78	-	-	103,662.78
Total Liabilities	1,491,757.64	750.00	-	1,492,507.64
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	227,589.12	-	-	227,589.12
FUND BALANCES				
Nonspendable	8,626.64	-	-	8,626.64
Restricted	228,646.17	208,696.38	15.08	437,357.63
Assigned	84,462.25	-	-	84,462.25
Unassigned	277,615.79	-	-	277,615.79
Total Fund Balances	599,350.85	208,696.38	15.08	808,062.31
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,318,697.61	$ 209,446.38	$ 15.08	$ 2,528,159.07

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

WHEELER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")		$ 808,062.31
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	$ 105,520.00	
Buildings and improvements	10,989,358.00	
Equipment	3,238,852.65	
Land improvements	205,784.00	
Accumulated depreciation	(7,015,199.60)	7,524,315.05
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(10,183,312.00)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		2,338,005.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.		227,589.12
Net position of governmental activities (Exhibit "A")		$ 714,659.48

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

WHEELER COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 2,244,426.39	$ -	$ -	$ 2,244,426.39
Sales Taxes	14,317.64	345,931.86	-	360,249.50
State Funds	6,753,592.10	-	-	6,753,592.10
Federal Funds	1,722,313.59	-	-	1,722,313.59
Charges for Services	79,911.30	-	-	79,911.30
Investment Earnings	1,936.58	381.77	15.08	2,333.43
Miscellaneous	464,331.71	4,500.00	-	468,831.71
Total Revenues	11,280,829.31	350,813.63	15.08	11,631,658.02
EXPENDITURES				
Current				
Instruction	6,558,115.62	-	-	6,558,115.62
Support Services				
Pupil Services	258,255.90	-	-	258,255.90
Improvement of Instructional Services	89,634.45	-	-	89,634.45
Educational Media Services	165,558.91	-	-	165,558.91
General Administration	506,548.48	-	-	506,548.48
School Administration	952,515.88	-	-	952,515.88
Business Administration	403,475.73	-	-	403,475.73
Maintenance and Operation of Plant	900,920.62	224,604.09	-	1,125,524.71
Student Transportation Services	779,201.71	-	-	779,201.71
Central Support Services	47,512.26	-	-	47,512.26
Other Support Services	23,337.60	-	-	23,337.60
Enterprise Operations	157,353.94	-	-	157,353.94
Food Services Operation	791,943.47	-	-	791,943.47
Debt Services				
Principal	-	-	310,000.00	310,000.00
Interest	-	-	4,293.50	4,293.50
Total Expenditures	11,634,374.57	224,604.09	314,293.50	12,173,272.16
Revenues over (under) Expenditures	(353,545.26)	126,209.54	(314,278.42)	(541,614.14)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	314,193.31	314,193.31
Transfers Out	(53,058.89)	(261,134.42)	-	(314,193.31)
Total Other Financing Sources (Uses)	(53,058.89)	(261,134.42)	314,193.31	-
Net Change in Fund Balances	(406,604.15)	(134,924.88)	(85.11)	(541,614.14)
Fund Balances - Beginning	1,005,955.00	343,621.26	100.19	1,349,676.45
Fund Balances - Ending	$ 599,350.85	$ 208,696.38	$ 15.08	$ 808,062.31

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

WHEELER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2017

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")		$ (541,614.14)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 320,718.65	
Depreciation expense	(416,156.60)	(95,437.95)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		4,790.51
Repayment of long-term debt is reported as expenditures in governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, this amount consists of:		
Bond principal retirements		310,000.00
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Pension expense		(259,707.18)
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest on issuance of bonds		3,558.15
Change in net position of governmental activities (Exhibit "B")		$ (578,410.61)

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

WHEELER COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 15,132.93
LIABILITIES	
Funds Held for Others	$ 15,132.93

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE STATEMENTS:

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

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

1. Investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation.
2. Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net positon often has constraints on resources imposed by management which can be removed or modified.

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

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

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

FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2017, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures.* This statement requires governments that enter into tax abatement agreements to disclose the following information; (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; (2) the gross dollar amount of taxes abated during the period; and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2017, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organization Are Component Units*. The adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2017, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this statement does not have a significant impact on the School District's financial statements.

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

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

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 5,000.00 or more	20 to 80 years
Buildings and Improvements	$ 5,000.00 or more	Up to 80 years
Equipment	$ 5,000.00 or more	3 to 20 years
Construction in Progress	$ 5,000.00 or more	N/A
Intangible Assets	$ 50,000.00 or more	10 to 20 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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

PENSIONS

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

FUND BALANCES

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

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

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

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

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

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

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

USE OF ESTIMATES

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

PROPERTY TAXES

The Wheeler County Board of Commissioners adopted the property tax levy for the 2016 tax digest year (calendar year) on December 9, 2016 (levy date) based on property values as of January 1, 2016. Taxes were due on March 15, 2017 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2016 tax digest are reported as revenue in the governmental funds for fiscal year 2017. The Wheeler County Board of Commissioners bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2017, for maintenance and operations amounted to $2,095,022.46.

The tax millage rate levied for the 2016 tax year (calendar year) for the School District was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	15.716 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $141,365.96 during fiscal year ended June 30, 2017.

SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $345,931.86 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

O.C.G.A. § 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value

of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. § 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

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

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

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

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

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

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2017, the School District had deposits with a carrying amount of $1,275,090.33, and a bank balance of $1,454,386.83. The bank balances insured by Federal depository insurance were $358,507.55 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District’s name were $1,095,879.28.

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2016	Increases	Decreases	Balances June 30, 2017
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 105,520.00	$ -	$ -	$ 105,520.00
Capital Assets Being Depreciated				
Buildings and Improvements	10,989,358.00	-	-	10,989,358.00
Equipment	2,927,134.00	311,718.65	-	3,238,852.65
Land Improvements	196,784.00	9,000.00	-	205,784.00
Less Accumulated Depreciation for:				
Buildings and Improvements	4,014,972.00	192,890.89	-	4,207,862.89
Equipment	2,409,895.00	215,454.44	-	2,625,349.44
Land Improvements	174,176.00	7,811.27	-	181,987.27
Total Capital Assets, Being Depreciated, Net	7,514,233.00	(95,437.95)	-	7,418,795.05
Governmental Activity Capital Assets - Net	$ 7,619,753.00	$ (95,437.95)	$ -	$ 7,524,315.05

Current year depreciation expense by function is as follows:

Instruction		$ 264,216.81
Support Services		
Educational Media Services	$ 8,115.67	
General Administration	2,445.98	
School Administration	2,256.98	
Maintenance and Operation of Plant	10,123.06	
Student Transportation Services	86,735.67	
Central Support Services	34,704.00	144,381.36
Food Services		7,558.43
		$ 416,156.60

NOTE 6: INTERFUND TRANSFERS

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017, consisted of the following:

	Transfers From	
Transfers to	General Fund	Capital Projects Fund
Debt Service Fund	$ 53,058.89	$ 261,134.42

Transfers are used to move property tax revenues collected by the general fund and sales tax revenues collected by the capital projects fund to the debt service fund to cover outstanding debt on general obligation bonds issued in 2011.

NOTE 7: SHORT-TERM DEBT

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

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ -	$ 970,825.00	$ 970,825.00	$ -

NOTE 8: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
General Obligation Bonds	$ 310,000.00	$ -	$ 310,000.00	$ -	$ -

NOTE 9: RISK MANAGEMENT

INSURANCE

Commercial Insurance

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

The School District has elected to self-insure for losses related to natural disasters. The School District has not experienced any losses related to this risk in the past three years.

WORKERS' COMPENSATION

Georgia Education Workers' Compensation Trust

The School District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of $1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of $2.0 million. The Trust covers the first $1.0 million of each

Employers Liability claim with Safety National providing additional Employers Liability limits up to a $2.0 million per occurrence maximum. Safety National Casualty Company also provides $2.0 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

UNEMPLOYMENT COMPENSATION

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District has not experienced any claims during the last two fiscal years.

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 100,000.00

NOTE 10: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2017:

Nonspendable		
Inventories		$ 8,626.64
Restricted		
Continuation of Federal Programs	$ 168,626.23	
Bus Replacement	60,019.94	
Capital Projects	208,696.38	
Debt Service	15.08	437,357.63
Assigned		
School Activity Accounts		84,462.25
Unassigned		277,615.79
Fund Balance, June 30, 2017		$ 808,062.31

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

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

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

LITIGATION

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

NOTE 12: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

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

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2017:

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

July 1, 2016 – June 30, 2017	$945.00 per member per month

For non-certificated school personnel:

July 1, 2016 – December 31, 2016	$746.20 per member per month
January 1, 2017 – June 30, 2017	$846.20 per member per month

No additional contribution was required by the Board for fiscal year 2017 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

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

Fiscal Year	Percentage Contributed	Required Contribution
2017	100%	$ 1,273,063.99
2016	100%	$ 1,198,557.51
2015	100%	$ 1,169,902.04

NOTE 13: RETIREMENT PLANS

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

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to

contribute 6% of their annual pay during fiscal year 2017. The School District's contractually required contribution rate for the year ended June 30, 2017 was 14.27% of annual School District payroll. For the current fiscal year, employer contributions to the pension plan were $806,340.00 from the School District.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $15,287.00.

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

At June 30, 2017, the School District reported a liability of $10,183,312.00 for its proportionate share of the net pension liability for TRS.

The net pension liability for TRS was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2016.

At June 30, 2016, the School District's TRS proportion was 0.049359%, which was a decrease of 0.000991% from its proportion measured as of June 30, 2015.

At June 30, 2017, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $124,359.00.

The PSERS net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2016.

For the year ended June 30, 2017, the School District recognized pension expense of $1,063,729.00 for TRS and $20,387.00 for PSERS and revenue of $20,387.00 for PSERS. The revenue is support provided by the State of Georgia.

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 151,704.00	$ 50,357.00
Changes of assumptions	263,937.00	-
Net difference between projected and actual earnings on pension plan investments	1,288,231.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	36,941.00	158,791.00
School District contributions subsequent to the measurement date	806,340.00	-
Total	$ 2,547,153.00	$ 209,148.00

The School District contributions subsequent to the measurement date of $806,340.00 for TRS 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS
2018	$ 171,509.00
2019	$ 171,508.00
2020	$ 705,762.00
2021	$ 469,438.00
2022	$ 13,448.00

Actuarial assumptions: The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

Inflation	2.75%
Salary increases	3.25% – 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Public School Employees Retirement System:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS Target allocation	PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.50)%
Domestic large stocks	39.80%	37.20%	9.00%
Domestic mid stocks	3.70%	3.40%	12.00%
Domestic small stocks	1.50%	1.40%	13.50%
International developed market stocks	19.40%	17.80%	8.00%
International emerging market stocks	5.60%	5.20%	12.00%
Alternative	-	5.00%	10.50%
Total	100.00%	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

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

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 15,850,451.00	$ 10,183,312.00	$ 5,517,357.00

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

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WHEELER COUNTY BOARD OF EDUCATION

SCHEDULE "1"

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHERS RETIREMENT SYSTEM OF GEORGIA

FOR THE YEAR ENDED JUNE 30

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.049359%	$ 10,183,312.00	$ 5,430,477.64	187.52%	76.06%
2016	0.050350%	$ 7,665,288.00	$ 5,316,966.24	144.17%	81.44%
2015	0.050594%	$ 6,391,885.00	$ 5,160,083.63	123.87%	84.03%

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

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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liaibility associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.00%	$ -	$ 124,359.00	$ 124,359.00	$ 262,685.66	N/A	81.00%
2016	0.00%	$ -	$ 83,224.00	$ 83,224.00	$ 241,373.34	N/A	87.00%
2015	0.00%	$ -	$ 56,911.00	$ 56,911.00	$ 209,930.15	N/A	88.29%

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

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

SCHEDULE "3"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2017	$ 806,340.00	$ 806,340.00	$ -	$ 5,650,593.44	14.27%
2016	$ 774,929.18	$ 774,929.18	$ -	$ 5,430,477.64	14.27%
2015	$ 699,181.06	$ 699,181.06	$ -	$ 5,316,966.24	13.15%
2014	$ 633,658.27	$ 633,658.27	$ -	$ 5,160,083.63	12.28%
2013	$ 575,109.33	$ 575,109.33	$ -	$ 5,040,397.28	11.41%
2012	$ 517,295.87	$ 517,295.87	$ -	$ 5,032,060.99	10.28%
2011	$ 513,383.59	$ 513,383.59	$ -	$ 4,994,003.79	10.28%
2010	$ 515,955.40	$ 515,955.40	$ -	$ 5,297,283.37	9.74%
2009	$ 517,305.31	$ 517,305.31	$ -	$ 5,574,410.67	9.28%
2008	$ 538,581.01	$ 538,581.01	$ -	$ 5,803,674.68	9.28%

Teachers Retirement System

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

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

Public School Employees Retirement System

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

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females).

WHEELER COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2017

SCHEDULE "5"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 2,520,387.00	$ 2,420,387.00	$ 2,244,426.39	$ (175,960.61)
Sales Taxes	13,135.00	13,135.00	14,317.64	1,182.64
State Funds	6,620,615.00	6,697,204.05	6,753,592.10	56,388.05
Federal Funds	1,529,612.00	1,785,206.00	1,722,313.59	(62,892.41)
Charges for Services	29,177.00	74,177.00	79,911.30	5,734.30
Investment Earnings	11,273.00	11,273.00	1,936.58	(9,336.42)
Miscellaneous	215,068.00	342,568.00	464,331.71	121,763.71
Total Revenues	10,939,267.00	11,343,950.05	11,280,829.31	(63,120.74)
EXPENDITURES				
Current				
Instruction	6,990,349.00	6,467,843.50	6,558,115.62	(90,272.12)
Support Services				
Pupil Services	231,962.00	243,284.00	258,255.90	(14,971.90)
Improvement of Instructional Services	170,869.00	149,468.69	89,634.45	59,834.24
Educational Media Services	169,040.00	169,040.00	165,558.91	3,481.09
General Administration	386,289.00	383,464.00	506,548.48	(123,084.48)
School Administration	1,017,214.56	938,167.56	952,515.88	(14,348.32)
Business Administration	382,914.00	382,914.00	403,475.73	(20,561.73)
Maintenance and Operation of Plant	1,084,700.00	1,121,668.08	900,920.62	220,747.46
Student Transportation Services	867,344.00	945,010.25	779,201.71	165,808.54
Central Support Services	-	-	47,512.26	(47,512.26)
Other Support Services	23,338.00	23,338.00	23,337.60	0.40
Enterprise Operations	-	157,353.94	157,353.94	-
Food Services Operation	856,227.00	856,227.00	791,943.47	64,283.53
Total Expenditures	12,180,246.56	11,837,779.02	11,634,374.57	203,404.45
Excess of Revenues over (under) Expenditures	(1,240,979.56)	(493,828.97)	(353,545.26)	140,283.71
OTHER FINANCING SOURCES (USES)				
Other Sources	210,110.00	175,653.41		(175,653.41)
Other Uses	(210,110.00)	(228,712.30)	(53,058.89)	175,653.41
Total Other Financing Sources (Uses)	-	(53,058.89)	(53,058.89)	-
Net Change in Fund Balances	(1,240,979.56)	(546,887.86)	(406,604.15)	140,283.71
Fund Balances - Beginning	1,027,881.80	1,027,881.80	1,005,955.00	(21,926.80)
Adjustments	(2,228.22)	(12,039.00)	-	12,039.00
Fund Balances - Ending	$ (215,325.98)	$ 468,954.94	$ 599,350.85	$ 130,395.91

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

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

See notes to the basic financial statements.

WHEELER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	17175GA324N1099	$ 180,291.12
National School Lunch Program	10.555	17175GA324N1100	585,195.05
Total U. S. Department of Agriculture			765,486.17
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A150073	48,853.00
Grants to States	84.027	H027A160073	160,310.19
Preschool Grants	84.173	H173A150081	1,097.00
Preschool Grants	84.173	H173A160081	7,539.30
Total Special Education Cluster			217,799.49
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A160010	10,600.00
Improving Teacher Quality State Grants	84.367	S367A150001	16,256.00
Improving Teacher Quality State Grants	84.367	S367A160001	47,025.65
Rural Education	84.358	S358B160010	20,842.00
Striving Readers	84.371	S371C110049	185,387.12
Title I Grants to Local Educational Agencies	84.010	S010A150010	101,098.00
Title I Grants to Local Educational Agencies	84.010	S010A160010	353,763.10
Total Other Programs			734,971.87
Total U. S. Department of Education			952,771.36
Total Expenditures of Federal Awards			$ 1,718,257.53

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Wheeler County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net positions of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 277,953.05
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	215,212.00
Kindergarten Program - Early Intervention Program	123,096.00
Primary Grades (1-3) Program	638,848.00
Primary Grades - Early Intervention (1-3) Program	221,437.00
Upper Elementary Grades (4-5) Program	320,678.00
Upper Elementary Grades - Early Intervention (4-5) Program	78,767.00
Middle School (6-8) Program	543,739.00
High School General Education (9-12) Program	454,916.00
Vocational Laboratory (9-12) Program	155,156.00
Students with Disabilities	752,917.00
Gifted Student - Category VI	198,215.00
Remedial Education Program	148,525.00
Alternative Education Program	36,258.00
English Speakers of Other Languages (ESOL)	30,089.00
Media Center Program	105,283.00
20 Days Additional Instruction	31,223.00
Staff and Professional Development	19,141.00
Principal Staff and Professional Development	807.00
Indirect Cost	
Central Administration	330,928.00
School Administration	322,244.69
Facility Maintenance and Operations	253,014.00
Amended Formula Adjustment	(73,320.00)
Categorical Grants	
Pupil Transportation	
Regular	214,601.00
Nursing Services	45,000.00
Sparsity	95,054.00
Education Equalization Funding Grant	1,012,481.00
Other State Programs	
Food Services	17,384.00
Math and Science Supplements	6,068.36
Preschool Handicapped Program	14,814.00
Pupil Transportation - State Bonds	77,216.00
Technology Infrastructure	35,420.00
Vocational Education	28,487.00
Vocational Supervisors	6,653.00
Office of the State Treasurer	
Public School Employees Retirement	15,287.00
	$ 6,753,592.10

See notes to the basic financial statements.

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WHEELER COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2017

SCHEDULE "8"

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)(4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
PROJECT #1							
Ended March 31, 2016							
Adding to, renovating, repairing, improving and equipping the existing schools and facilities including, but not limited to, vocational/agricultural facilities, gymnasiums, HVAC and physical education and athletic facilities; acquiring miscellaneous new equipment, fixtures and furnishings for the School District, including textbooks, band instruments, computer technology equipment and software, interactive boards, safety and security technology, food service equipment, school buses and other vehicles; acquiring real property; and acquiring any capital property;and acquiring any capital property necessary or desirable for the foregoing purposes both real and personal.	$ 2,700,000.00	$ 2,729,064.21	$ -	$ 2,729,064.21	$ 2,729,064.21	$ -	Complete
PROJECT #2							
Runs April 1, 2016 - March 31, 2021							
(i) Adding to, renovating, repairing, improving and equipping the existing schools and facilities including, but not limited to, elementary facilities, vocational/agricultural facilities, gymnasiums, HVAC and flooring, physical education, and athletic facilities:	1,200,000.00	1,200,000.00	33,851.78	69,488.71	-	-	3/30/2021
(ii) Acquiring miscellaneous new equipment, fixtures and furnishings for the School District, including textbooks, computer technology equipment and software, interactive boards, safety/security equipment and technology, food service equipment, school buses and other vehicles:	500,000.00	500,000.00	190,002.31	28,335.00	-	-	3/30/2021
(iii) Acquiring real property;	500,000.00	500,000.00	750.00	-	-	-	3/30/2021
(iv) Acquiring any capital property; and acquiring any capital property necessary or desirable for the foregoing purposes both real and personal.	500,000.00	500,000.00	-	-	-	-	3/30/2021
TOTAL	2,700,000.00	2,700,000.00	224,604.09	97,823.71	-	-	
TOTAL PROJECT #1 AND #2	$ 5,400,000.00	$ 5,429,064.21	$ 224,604.09	$ 2,826,887.92	$ 2,729,064.21	$ -	

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

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

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

(4) In addition, to the expenditures shown above, the School District has incurred interest to provide advanced funding for the above projects as follows:

Prior Year:	$ 144,478.58
Current Year:	4,293.50
	$ 148,772.08

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

April 30, 2019

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

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

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 Wheeler County Board of Education (School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated April 30, 2019.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* as item FS 2017-001, to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item FS 2017-002, to be a significant deficiency.

Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

April 30, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the Wheeler County Board of Education (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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WHEELER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS-2015-03	Controls Over School Activity Accounts
Control Category:	Expenditures/Liabilities/Disbursements Revenue/Receivables/Receipts
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Further Action Not Warranted (1)

(1) Finding/internal control deficiencies of this nature, that are not deemed significant deficiencies or material weaknesses and do not require reporting in the audit report in accordance with *Statements on Auditing Standards* (SAS) 122 or *Governmental Auditing Standards* (Yellow Book), will be communicated in a management letter.

FS-2016-01	Controls Over School Activity Accounts
Control Category:	Expenditures/Liabilities/Disbursements Revenue/Receivables/Receipts
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Further Action Not Warranted (1)

(1) Finding/internal control deficiencies of this nature, that are not deemed significant deficiencies or material weaknesses and do not require reporting in the audit report in accordance with *Statements on Auditing Standards* (SAS) 122 or *Governmental Auditing Standards* (Yellow Book), will be communicated in a management letter.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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WHEELER COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Noncompliance material to financial statements noted: — No

Federal Awards

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS-2017-01	Internal Controls over Financial Reporting
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Deficiency Compliance Impact:	None
Repeat of Prior Year Finding	None

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

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

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

Chapter 22A *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:
The following errors and omissions were noted in the School District's financial statements, note disclosures and supplementary information presented for audit:

- Special Local Option Sales Tax accounts receivable was understated by $28,533.81 on the government-wide financial statements and the capital projects fund. Adjustments were proposed by the auditor and accepted by the School district to correct this misstatement which was material to the capital projects fund.
- Delinquent taxes were omitted from the financial statements. Accounts receivables and property tax revenue were each understated by $227,589.12 on the government-wide financial statements. Accounts receivables and unavailable revenue were each understated by $227,589.12 for the general fund. Adjustments were proposed by the auditor and accepted by the School District to correct these significant misstatements.
- Numerous other audit adjustments and reclassification entries were made to the financial statements, notes to the financial statements and schedules to correctly reflect the financial statements in accordance with Chapter 22 *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration.

Cause:
In discussing this deficiency with the School District, they stated that these issues were a result of a lack of training and attributable to the turnover of the Chief Financial Officer.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Effect or Potential Effect:
Material and significant misstatements and misclassifications were included in the financial statements presented for audit. Numerous adjustments were necessary in order for the School District's financial statements to be in conformity with generally accepted accounting principles. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operations.

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

Views of Responsible Officials:
We concur with this finding.

FS 2017-02	Maintenance of Capital Assets
Control Category:	Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	None

Description:
The School District did not adequately maintain capital assets inventory records.

Criteria:
Chapter 37 *Implementing a Capital Assets Management System* of the Financial Management for Georgia Local Units of Administration provides that School Districts must establish capital asset policies, define system requirements, implement a capital asset system, and maintain capital asset inventory records.

Condition:
A review of the School District's capital assets policies and procedures and the related capital assets records revealed the following exceptions:

- Eleven assets were not recorded in the capital assets records.
- Documentation of an annual physical inventory of capital assets was not provided.
- Procedures were not in place to periodically reconcile capital outlay expenditures to capital asset additions.
- Capital Assets, Depreciable (Net of Accumulated Depreciation) was understated by $259,095.81 due to current year additions and prior year corrections were not properly included on the government-wide statements. Adjustments were proposed by the auditor and accepted by the School District to correct these significant misstatements.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Cause:

In discussing this deficiency with the School District, they stated that these issues were a result of a lack of training and attributable to the turnover of the Chief Financial Officer.

Effect or Potential Effect:

- The failure of the School District to maintain a complete and accurate capital asset listing can lead to inaccurate internal and external reporting as well as noncompliance with generally accepted accounting principles. In addition, the lack of periodic reconciliations could result in assets being added that were not placed in the proper category and also result in assets meeting the capitalization threshold not being recorded.

Recommendation:

The School District's management should review the capital asset records and make appropriate adjustments to ensure that the capital assets are properly maintained and reported according to its approved capital asset policy.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V

MANAGEMENT'S CORRECTIVE ACTION

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Wheeler County Board of Education

18 McRae Street
Alamo, Georgia 30411
(912) 568-7198 Fax (912)-568-1985

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS-2017-001 **Internal Controls over Financial Reporting**
Control Category: Financial Reporting
Internal Control Impact: Significant Deficiency
Compliance Impact: None
Repeat of Prior Year Finding: None

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

Corrective Action Plans:
We concur with this finding. Management will review accounting procedures and controls over the financial statement reporting process and implement changes to ensure the accuracy of the financial statements.

Estimated Completion Date: Fiscal year 2018, June 30, 2018.
Contact Person: Janet Brown, CFO
Telephone: (912) 568-7198
Fax: (912) 568-1985
E-mail: Janet.Brown@wheeler.k12.ga.us

FS-2017-002 **Capital Asset Maintenance**
Control Category: Capital Assets
Internal Control Impact: Significant Deficiency
Compliance Impact: None
Repeat of Prior Year Finding: None

The School District did not have adequately maintained capital assets inventory records.

Corrective Action Plans:
We concur with this finding. Management will review controls over capital assets and make the necessary adjustments to record the assets not previously included on the capital asset records. In addition, the finance officer will review expenditures more closely to determine if capital assets have been purchased during the year and need to be included in the capital assets additions.

Estimated Completion Date: Fiscal Year 2018, June 30, 2018.

Contact Person: Janet Brown, CFO
Telephone: 912-568-7198
Fax: 912-568-1985
E-mail: Janet.Brown@wheeler.k12.ga.us

CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

No matters were reported.