



**THOMAS COUNTY BOARD OF EDUCATION
THOMASVILLE, GEORGIA**

**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
JUNE 30, 2015**

(Including Independent Auditor's Reports)

THOMAS COUNTY BOARD OF EDUCATION

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SECTION I
FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
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Greg S. Griffin
STATE AUDITOR
(404) 656-2174

March 16, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Thomas County Board of Education

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities each major fund, and the aggregate remaining fund information of the Thomas County Board of Education, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2015, the Thomas County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The School District restated beginning Net Position for the cumulative effect of these accounting changes. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Schedules of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through xi, and pages 33 through 37 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thomas County Board of Education's basic financial statements. The accompanying supplementary information, consisting of Schedules 5 through 8, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The

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Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2016, on our consideration of the Thomas County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Thomas County Board of Education's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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2015ARL-11

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THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of Thomas County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Board'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 Board's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❑ By far the single most impact on the District's financial performance was the recording of the system's portion of net position liability as required under GASB 68 and 71. The District participates in a cost-sharing multiple-employer defined benefit pension plan for the majority of its employees. The Statement of Net Position reflects the District's proportionate share of the pension plan liability in the amount of \$31.5 million. The effect of this accounting change caused unrestricted net position to decrease from \$3.7 million in 2014 to a deficit of \$35.8 million. See the Notes to the Basic Financial Statements for more information on the net pension liability.
- ❑ On the District-wide financial statements, the assets and deferred outflows of the Board exceeded liabilities and deferred inflows by \$30.5 million, a decrease of \$37.9 million over fiscal year 2014. This substantial decrease is primarily due to the recording of the GASB 68 Net Pension Liability. The \$30.5 million consists of 60.1 million Invested in Capital Assets, \$6.1 million of Restricted Net Position, and a deficit Unrestricted Net Position of -\$35.7 million.
- ❑ The Board had \$55.2 million in expenses relating to governmental activities; only \$36.8 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$21.4 million were adequate to provide for these programs.
- ❑ As stated above, general revenues accounted for \$21.4 million or 37 percent of all revenues totaling \$58.2 million. Program specific revenues in the form of charges for services, grants and contributions accounted for \$36.8 million or 63 percent of total revenues.
- ❑ Among major funds, the General Fund had \$53.6 million in revenue and \$53.0 million in expenditures, plus \$0.1 million in other uses. The General Fund's balance increased to \$8.5 million from \$8.0 million. The primary reason for this increase was additional state revenue generated by student enrollment growth.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Thomas County Board of Education as a financial whole, or as an entire operating entity.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Board's most significant funds. In the case of the Thomas County Board of Education, the General Fund is by far the most significant fund.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Reporting the Board as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Board to provide programs and activities for the schools, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all *assets* and *liabilities* using the economic resources focus and *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Board's *Net Position* and changes in those assets. This change in Net Position is important because it tells the reader that, for the Board as a whole, the *financial position* of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Board's property tax base, facility conditions, required educational programs and other factors.

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

- Governmental Activities - All of the Board'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.

Reporting the Board's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the General Fund, Capital Projects Fund, and the Debt Service Fund.

Governmental Funds Most of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the current financial resources measurement focus and the *modified accrual* accounting method, 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 Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are adequate 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* is reconciled in the financial statements.

Fiduciary Funds The Board is the trustee, or *fiduciary*, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The 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 district excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The Board as a Whole

The perspective of the Statement of Net Position is of the Board as a whole. Table 1 provides a summary of the Board's Net Position for fiscal year 2015, and the comparative amounts for fiscal year 2014.

**Table 1
Net Position**

| | Governmental Activities | |
|--|-------------------------|------------------------|
| | Fiscal Year 2015 | Fiscal Year 2014(1) |
| Assets | | |
| Current and Other Assets | \$ 21,248,805 | \$ 26,322,593 |
| Capital Assets, Net | 68,210,065 | 67,476,350 |
| Total Assets | 89,458,870 | 93,798,943 |
| Deferred Outflows of Resources | | |
| Related to Defined Benefit Pension Plans | 3,540,447 | 0 |
| Liabilities | | |
| Current and Other Liabilities | 6,957,156 | 6,936,247 |
| Long-Term Liabilities | 12,594,857 | 18,461,167 |
| Net Pension Liability | 31,533,162 | |
| Total Liabilities | 51,085,175 | 25,397,414 |
| Deferred Inflows of Resources | | |
| Related to Defined Benefit Pension Plans | 11,424,750 | 0 |
| Net Position | | |
| Net Investment in Capital Assets | 60,143,148 | 55,593,235 |
| Restricted | 6,124,429 | 9,102,167 |
| Unrestricted | -35,778,185 | 3,706,127 |
| Total Net Position | \$ 30,489,392 | \$ 68,401,529 |

(1) Fiscal year 2014 balances do not reflect the effects of the Restatement of Net Position.

See Note 2 in the Notes to the Basic Financial Statements for additional information.

Total Net Position decreased by \$37.9 million in fiscal year 2015 due to the required recording of GASB 68 pension liability. Current assets decreased by \$5.1 million and Capital Assets increased by \$0.7 million in fiscal year 2015. The decrease in current assets is primarily due to continued use of the \$16.0 million in SPLOST bonds that were sold at the end of fiscal year 2012, and the use of cash to retire \$2.5 million of long-term debt. Net capital assets increased because capital projects completed during the year exceeded the annual charge for depreciation.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Table 2 shows the changes in net position for fiscal year 2015 compared to changes in net position for fiscal year 2014.

Table 2
Change in Net Position

| | Governmental Activities | |
|---|-------------------------|------------------------|
| | Fiscal Year 2015 | Fiscal Year 2014(1) |
| Revenues | | |
| Program Revenues: | | |
| Charges for Services and Sales | \$ 449,337 | \$ 472,317 |
| Operating Grants and Contributions | 36,075,993 | 34,034,190 |
| Capital Grants and Contributions | 245,943 | 376,794 |
| Total Program Revenues | <u>36,771,273</u> | <u>34,883,301</u> |
| General Revenues: | | |
| Taxes | | |
| Property Taxes | | |
| For Maintenance and Operations | 13,380,216 | 13,907,947 |
| Sales Taxes | | |
| Special Purpose Local Option Sales Tax | | |
| For Debt Service and Capital Projects | 4,452,959 | 4,306,627 |
| Other Sales Tax | 188,472 | 176,047 |
| Grants and Contributions not | | |
| Restricted to Specific Programs | 1,594,883 | 1,549,550 |
| Investment Earnings | 111,714 | 99,617 |
| Miscellaneous | 1,720,909 | 1,426,993 |
| Total General Revenues | <u>21,449,153</u> | <u>21,466,781</u> |
| Total Revenues | <u>58,220,426</u> | <u>56,350,082</u> |
| Program Expenses: | | |
| Instruction | 33,593,394 | 32,451,532 |
| Support Services | | |
| Pupil Services | 2,732,855 | 2,645,063 |
| Improvement of Instructional Services | 2,554,446 | 2,395,669 |
| Educational Media Services | 684,833 | 665,118 |
| General Administration | 804,826 | 806,576 |
| School Administration | 2,770,951 | 2,666,487 |
| Business Administration | 441,016 | 425,151 |
| Maintenance and Operation of Plant | 4,169,013 | 3,680,341 |
| Student Transportation Services | 2,754,141 | 2,643,430 |
| Central Support Services | 386,961 | 373,351 |
| Other Support Services | 141,587 | 171,315 |
| Operations of Non-Instructional Services | | |
| Enterprise Operations | 311,199 | 275,883 |
| Food Services | 3,674,392 | 3,524,211 |
| Interest on Short-Term and Long-Term Debt | 218,374 | 413,098 |
| Total Expenses | <u>55,237,988</u> | <u>53,137,225</u> |
| Increase in Net Position | <u>\$ 2,982,438</u> | <u>\$ 3,212,857</u> |

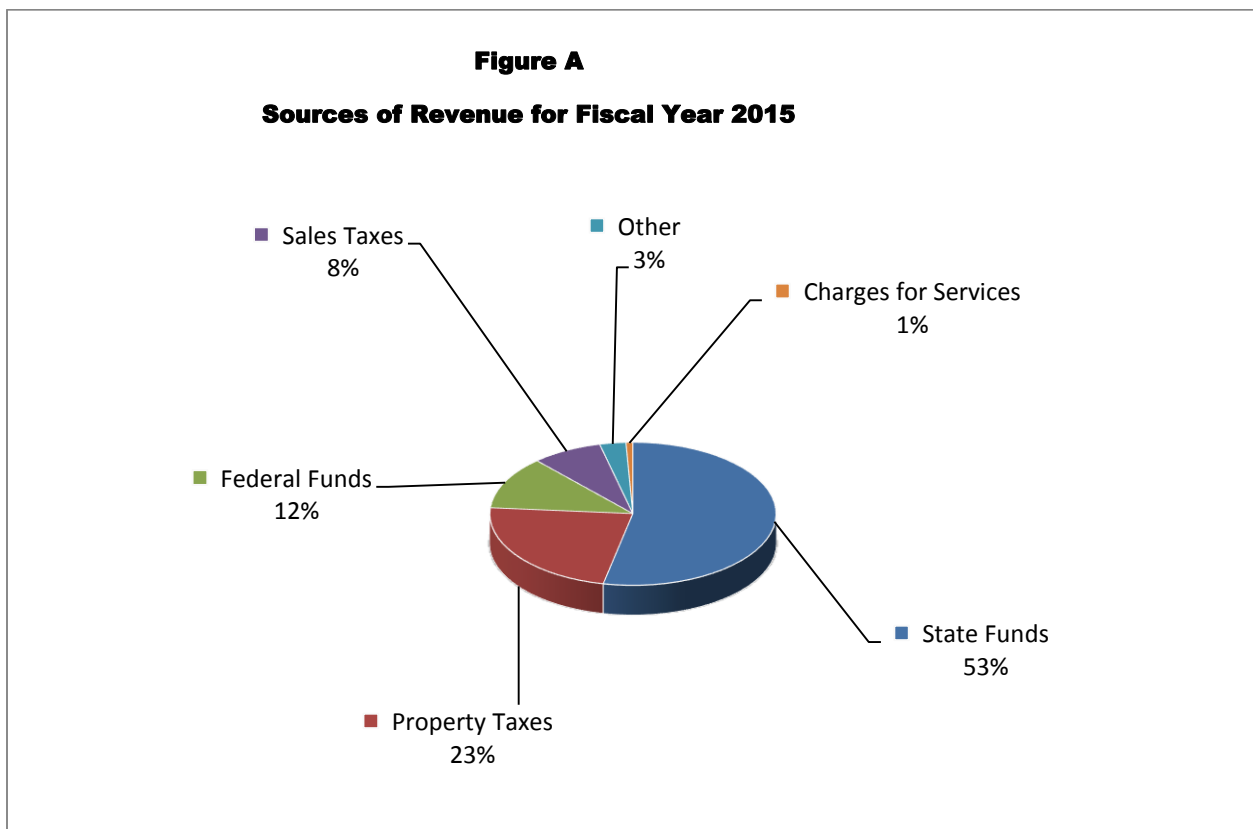
(1) Fiscal year 2014 balances do not reflect the effects of the Restatement of Net Position.
See Note 2 in the Notes to the Basic Financial Statements for additional information.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

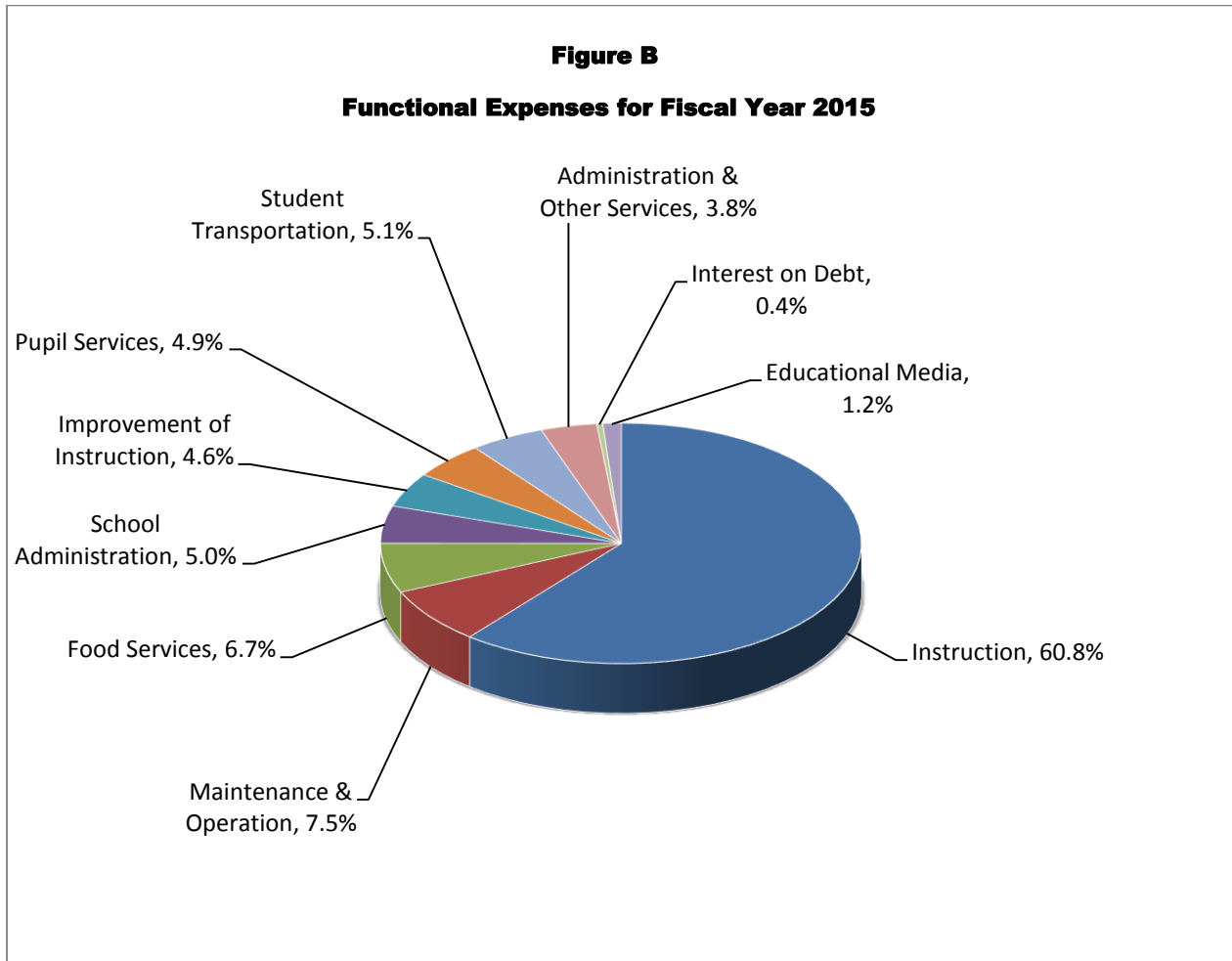
Operating Grants and Contributions increased by \$2.0 million due to additional state education funding received by the school system as a result of enrollment growth and additional state funding from the restoration of austerity cuts by the state of Georgia.

Program expenses were \$2.1 million more than the prior year, as expenditures normally increase each year due to employees advancing a step on the salary scale. In addition, the District reduced furlough days in 2015 from the number in 2014.

Figure A shows the funding sources for the governmental fund revenues. State grants comprise 53 percent of the Board's revenues, a 1 percent increase from 2014. Property taxes make up 23 percent of the total funding, a 1 percent decrease from 2014, while an additional 12 percent is received from federal sources, the same percentage as the prior year.



THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015



As shown in Figure B, Instruction comprised 60.8 percent of governmental program expenses, while nine additional areas comprise the other 39.2 percent of expenditures for fiscal year 2015. Administration and Other Services (3.8 percent) consists of the central office, business and warehouse, athletics and other operations of the School District. Areas with the most direct impact on student instruction comprise 71.5 percent of the expenses, which included instruction, pupil services, improvement of instruction, and media services. The total for this same category for 2014 was 71.9 percent, which shows consistency in the District's expenditure levels.

All of the percentages in the graph above are similar to the percentages from 2014, with the biggest change occurring in instruction, which decreased to 60.8% from 61.1% of the total of functional expenses due to cost increases in other functions such as transportation (additional bus routes added) and maintenance & operations (utility cost increases).

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. In other words, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Table 3
Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|---|------------------------|----------------------|----------------------|----------------------|
| | Fiscal | Fiscal | Fiscal | Fiscal |
| | Year 2015 | Year 2014(1) | Year 2015 | Year 2014(1) |
| Instruction | \$ 33,593,394 | \$ 32,451,532 | \$ 8,346,391 | \$ 9,243,889 |
| Support Services: | | | | |
| Pupil Services | 2,732,855 | 2,645,063 | 1,945,289 | 1,810,043 |
| Improvement of Instructional Services | 2,554,446 | 2,395,669 | 1,182,521 | 1,008,037 |
| Educational Media Services | 684,833 | 665,118 | 43,225 | 23,366 |
| General Administration | 804,826 | 806,576 | -250,134 | -255,772 |
| School Administration | 2,770,951 | 2,666,487 | 1,434,006 | 1,396,568 |
| Business Administration | 441,016 | 425,151 | 441,016 | 425,151 |
| Maintenance and Operation of Plant | 4,169,013 | 3,680,341 | 2,559,849 | 2,086,493 |
| Student Transportation Services | 2,754,141 | 2,643,430 | 1,727,067 | 1,530,902 |
| Central Support Services | 386,961 | 373,351 | 386,778 | 368,712 |
| Other Support Services | 141,587 | 171,315 | -6,966 | |
| Operations of Non-Instructional Services: | | | | |
| Enterprise Operations | 311,199 | 275,883 | 155,905 | 96,010 |
| Food Services | 3,674,392 | 3,524,211 | 283,395 | 107,426 |
| Interest on Short-Term and Long-Term Debt | 218,374 | 413,098 | 218,374 | 413,098 |
| Total Expenses | <u>\$ 55,237,988</u> | <u>\$ 53,137,225</u> | <u>\$ 18,466,716</u> | <u>\$ 18,253,923</u> |

(1) Fiscal year 2014 balances do not reflect the effects of the Restatement of Net Position.

See Note 2 in the Notes to the Basic Financial Statements for additional information.

Although *program revenues* make up a majority of the funding, the Board is dependent upon tax revenues for governmental activities. Over 34.9 percent of instruction and support activities are supported through taxes and other general revenues, an increase of 1.1 percent from 2014. For non-instructional activities and interest expense the general revenue support is 15.6 percent, compared to 14.6 percent for 2014.

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$58.2 million, expenditures and other financing uses of \$63.5 million. There was a decrease in the fund balance totaling \$5.3 million for the governmental funds as a whole, which is attributed to capital project spending of previous year's fund balance and the retirement of long-term debt. This was offset by the general fund increase from enrollment growth as the general fund balance increased \$0.5 million. The net decrease in fund balance of the capital projects fund alone was \$4.2 million, which was due to the continued expenditures on projects from the SPLOST bond proceeds received in fiscal year 2012. The debt service fund balance decreased \$1.6 million as a result of the retirement of long-term debt.

The significant amount of fund balance in the general fund (\$8.5 million) continues to reflect that the Board was able to adequately meet current costs.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

General Fund Budgeting Highlights

The Board's budget is prepared in accordance with Georgia law. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2015, the Board amended its General Fund budget as needed. The Board uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budgeted *revenues and other financing sources* of \$52.9 million was higher than the original budgeted amount of \$51.0 million by \$1.9 million. The actual revenues and other financing sources of \$53.6 million exceeded the amended budgeted amount by \$0.7 million, and this is attributed to student activity account revenue of \$0.7 million that is not budgeted each year.

The final budgeted *expenditures and other financing uses* of \$53.3 million was higher than the original budgeted amount of \$51.5 by \$1.8 million. The actual expenditures and other financing uses of \$53.1 million was \$0.2 million less than the final amended budget. Budgeted revenues were amended during the year to account for additional state formula earnings earned by increased enrollment. Budgeted expenditures were amended for additional maintenance costs, including utilities, and additional food costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015 the Board had \$68.2 million invested in capital assets, net of depreciation, all in governmental activities. Table 4 shows fiscal year 2015 balances and comparative 2014 amounts.

Table 4
Capital Assets
(Net of Depreciation)

| | Governmental Activities | |
|-------------------------------------|-------------------------|---------------|
| | Fiscal | Fiscal |
| | Year 2015 | Year 2014 |
| Land | \$ 2,028,867 | \$ 2,028,867 |
| Construction In Progress | 513,217 | 1,708,381 |
| Buildings and Building Improvements | 57,093,061 | 55,070,272 |
| Equipment | 5,370,305 | 5,228,784 |
| Land Improvements | 3,204,615 | 3,440,046 |
| Total | \$ 68,210,065 | \$ 67,476,350 |

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The construction in progress balance at June 30, 2015 consists of the following projects:

- Cross Creek HVAC and Renovation Project
- Cross Creek 2015 Improvement Project
- Hand in Hand 2015 Improvement Project
- Thomas County Middle School 2015 Improvement Project
- Thomas County Central High School 2015 Improvement Project
- Garrison Pilcher 2015 Improvement Project
- Board of Education Office Renovation Project

Debt

Long-term debt of the School System decreased by \$5.9 million from the amount from the prior fiscal year.

As of June 30, 2015, the Board had \$10.6 million in bonds outstanding with \$3.2 million of principal due within one year.

The Board had \$1.7 million in Intergovernmental Agreements outstanding as of June 30, 2015, with no principal payments due within one year. This debt consists of one bond (without required annual payments) that matures in 2018 and the District annually invests \$93,120 in a guaranteed investment contract that will have a sufficient balance to retire the debt at maturity.

Table 5 summarizes the long-term debt outstanding at June 30, 2015, with comparative amounts for fiscal year 2014.

**Table 5
Debt**

| | Governmental Activities | |
|------------------------------|-------------------------|---------------------|
| | Fiscal Year 2015 | Fiscal Year 2014 |
| General Obligation Bonds | \$ 10,623,095 | \$ 14,062,857 |
| Intergovernmental Agreements | 1,715,000 | 4,200,000 |
| Compensated Absences | 256,762 | 198,310 |
| Total | \$ 12,594,857 | \$ 18,461,167 |

At June 30, 2015, the Board's overall legal bonding authority was \$88.8 million based on the assessed value of taxable property as of January 1, 2015, with bonds and Intergovernmental Agreements outstanding of \$12.3 million. The Board has a legal debt margin of \$76.5 million at June 30, 2015. The Board's bonds have assigned ratings of "AA+" by Standards and Poor's based on the Boards participation in the Georgia state intercept program. Standard and Poor's assigned an underlying rating of "A+" for the School District's Bonds.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Current Issues

The Thomas County School System consists of 6 campuses located in Thomas County, which had an estimated population of 44,869 in 2013, compared to 42,815 in 2000. The University of Georgia estimates the County's population to grow to 47,579 in 2030, an increase of only 6 percent, or approximately 0.3 percent annually. This indicates that the County has a low population growth outlook, much lower than the state as a whole. Historically, the County grew 4.4 percent during the 10 year period from 2000 to 2009, compared to 16.9 percent for the state of Georgia during the same 10 year period. The County's 2013 population ranked 45th out of 159 counties in the state.

Current student enrollment in the system is approximately 5,799 students in grades PreK-12, an increase of 2.6% over the previous year. As of 2013, Thomas County's population included 16.3 percent in the 65 plus age group, compared to 12.0 percent in the state as a whole. This larger retirement age of citizens may be a factor in our stable student counts and slow growth.

The School Board's third Education Special Purpose Local Option Sales Tax (ESPLOST) began January 1, 2013. The current monthly average collection is \$369,000, which is slightly higher than the average of \$362,000 from calendar year 2014. Due to the loss of sales tax on vehicles beginning April, 2013, and the new agriculture tax exemption, ESPLOST revenue growth has been flat in 2015. This lack of growth will limit our capital spending over the next few years.

Thomas County's largest employer is Archbold Memorial Hospital, with 2,650 employees. The Thomas County Board of Education is the second largest employer with approximately 800 employees. The largest private employer is Flowers Foods of Thomasville, Inc., with employment of approximately 500.

The population growth of Thomas County is somewhat limited by the existence of many plantations in the county, and the absence of substantial commercial property. Much of the land in the southern part of Thomas County, which borders Florida and is in close proximity to Tallahassee, is undeveloped timber land. In fact, several of the County's ten largest taxpayers are plantation owners, and another one is a lumber processor. In 2013, 56 percent of all land in Thomas County was classified as forest land, according to the University of Georgia, compared to 51 percent in 1982. The majority of commercial property in Thomas County is not in the County School District, but is located in the Thomasville Independent City School District. This is a limiting factor in the tax digest growth for the Thomas County School System.

The median household income as of 2012 was \$35,909 per year. The per capita income was \$35,250 in 2012, ranking 21st out of 159 counties in Georgia. A reason for this relatively high per capital income is due to the large medical community in Thomasville. According to the University of Georgia, as of 2010 Thomas County had 164 physicians, which ranks 4th in Georgia in physicians rate per county resident.

The School District remains in excellent financial condition. Enrollment increases and increased state funding have increased reserves. Furlough days have been eliminated and several grants have been awarded to the School District that will secure instructional resources and provide additional technology infrastructure and devices.

THOMAS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joey N. Holland, CPA, Assistant Superintendent of Finance, at the Thomas County Board of Education, 200 North Pinetree Boulevard, Thomasville, Georgia 31792. You may also email your questions to hollandj@rose.net.

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THOMAS COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

| | | GOVERNMENTAL ACTIVITIES |
|---|----|----------------------------|
| <u>ASSETS</u> | | |
| Cash and Cash Equivalents | \$ | 13,262,756.76 |
| Investments | | 1,990,923.57 |
| Accounts Receivable, Net | | |
| Taxes | | 1,015,064.51 |
| State Government | | 4,023,742.03 |
| Federal Government | | 681,829.50 |
| Local | | 13,318.35 |
| Other | | 1,422.80 |
| Inventories | | 259,747.04 |
| Capital Assets, Non-Depreciable | | 2,542,083.93 |
| Capital Assets, Depreciable (Net of Accumulated Depreciation) | | 65,667,981.26 |
| Total Assets | | 89,458,869.75 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Related to Defined Benefit Pension Plans | | 3,540,446.82 |
| <u>LIABILITIES</u> | | |
| Accounts Payable | | 1,112,208.87 |
| Salaries and Benefits Payable | | 5,686,768.11 |
| Interest Payable | | 121,336.11 |
| Retainages Payable | | 36,843.00 |
| Long-Term Liabilities | | |
| Due Within One Year | | 3,574,962.93 |
| Due in More Than One Year | | 9,019,893.98 |
| Net Pension Liability | | 31,533,162.00 |
| Total Liabilities | | 51,085,175.00 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Related to Defined Benefit Pension Plans | | 11,424,750.00 |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | | 60,143,147.50 |
| Restricted for | | |
| Continuation of Federal Programs | | 1,133,954.19 |
| Debt Service | | 4,736,527.67 |
| Capital Projects | | 111,932.89 |
| Charter School | | 142,014.55 |
| Unrestricted (Deficit) | | -35,778,185.23 |
| Total Net Position | \$ | 30,489,391.57 |

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

THOMAS COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| | EXPENSES | CHARGES FOR SERVICES |
|--|------------------|----------------------|
| <u>GOVERNMENTAL ACTIVITIES</u> | | |
| Instruction | \$ 33,593,394.03 | \$ 65,438.01 |
| Support Services | | |
| Pupil Services | 2,732,854.87 | |
| Improvement of Instructional Services | 2,554,446.38 | |
| Educational Media Services | 684,833.44 | |
| General Administration | 804,825.80 | |
| School Administration | 2,770,951.29 | |
| Business Administration | 441,016.17 | |
| Maintenance and Operation of Plant | 4,169,012.60 | |
| Student Transportation Services | 2,754,140.63 | |
| Central Support Services | 386,961.13 | |
| Other Support Services | 141,586.97 | |
| Operations of Non-Instructional Services | | |
| Enterprise Operations | 311,199.24 | 155,294.74 |
| Food Services | 3,674,391.63 | 228,603.82 |
| Interest on Short-Term and Long-Term Debt | 218,374.38 | |
| | \$ 55,237,988.56 | \$ 449,336.57 |
| | | |
| General Revenues | | |
| Taxes | | |
| Property Taxes | | |
| For Maintenance and Operations | | |
| Railroad Cars | | |
| Sales Taxes | | |
| Special Purpose Local Option Sales Tax | | |
| For Debt Services | | |
| 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, Restated | | |
| | | |
| 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 |
| \$ 25,012,841.79 | \$ 168,722.95 | \$ | -8,346,391.28 |
| 787,566.19 | | | -1,945,288.68 |
| 1,371,925.97 | | | -1,182,520.41 |
| 641,608.00 | | | -43,225.44 |
| 1,054,959.68 | | | 250,133.88 |
| 1,336,945.15 | | | -1,434,006.14 |
| | | | -441,016.17 |
| 1,609,163.82 | | | -2,559,848.78 |
| 949,853.20 | 77,220.00 | | -1,727,067.43 |
| 182.79 | | | -386,778.34 |
| 148,553.30 | | | 6,966.33 |
| | | | -155,904.50 |
| 3,162,392.85 | | | -283,394.96 |
| | | | -218,374.38 |
| <u>\$ 36,075,992.74</u> | <u>\$ 245,942.95</u> | | <u>-18,466,716.30</u> |
| | | | 13,352,959.39 |
| | | | 27,256.77 |
| | | | 4,452,959.32 |
| | | | 188,472.29 |
| | | | 1,594,883.00 |
| | | | 111,714.47 |
| | | | <u>1,720,909.40</u> |
| | | | <u>21,449,154.64</u> |
| | | | 2,982,438.34 |
| | | | <u>27,506,953.23</u> |
| | | \$ | <u>30,489,391.57</u> |

THOMAS COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT "C"

| | GENERAL FUND | DISTRICT- WIDE CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL |
|---|------------------|--|-------------------------|------------------|
| <u>ASSETS</u> | | | | |
| Cash and Cash Equivalents | \$ 9,361,099.53 | \$ 745,451.63 | \$ 3,156,205.60 | \$ 13,262,756.76 |
| Investments | | 668,592.90 | 1,322,330.67 | 1,990,923.57 |
| Accounts Receivable, Net | | | | |
| Taxes | 635,737.00 | | 379,327.51 | 1,015,064.51 |
| State Government | 4,023,742.03 | | | 4,023,742.03 |
| Federal Government | 681,829.50 | | | 681,829.50 |
| Local | 13,318.35 | | | 13,318.35 |
| Other | 1,422.80 | | | 1,422.80 |
| Inventories | 259,747.04 | | | 259,747.04 |
| | | | | |
| Total Assets | \$ 14,976,896.25 | \$ 1,414,044.53 | \$ 4,857,863.78 | \$ 21,248,804.56 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 586,857.98 | \$ 525,350.89 | \$ 0.00 | \$ 1,112,208.87 |
| Salaries and Benefits Payable | 5,686,768.11 | | | 5,686,768.11 |
| Retainages Payable | | 36,843.00 | | 36,843.00 |
| Total Liabilities | 6,273,626.09 | 562,193.89 | 0.00 | 6,835,819.98 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable Revenue - Property Taxes | 179,194.00 | 0.00 | 0.00 | 179,194.00 |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 259,747.04 | | | 259,747.04 |
| Restricted | 1,167,125.06 | 111,932.89 | 4,857,863.78 | 6,136,921.73 |
| Committed | 77,340.33 | | | 77,340.33 |
| Assigned | 630,524.84 | 739,917.75 | | 1,370,442.59 |
| Unassigned | 6,389,338.89 | | | 6,389,338.89 |
| Total Fund Balances | 8,524,076.16 | 851,850.64 | 4,857,863.78 | 14,233,790.58 |
| | | | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 14,976,896.25 | \$ 1,414,044.53 | \$ 4,857,863.78 | \$ 21,248,804.56 |

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

THOMAS COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 14,233,790.58

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:

| | | | |
|--------------------------|----|---------------|---------------|
| Land | \$ | 2,028,867.16 | |
| Construction in Progress | | 513,216.77 | |
| Land Improvements | | 3,204,615.12 | |
| Buildings | | 57,093,060.79 | |
| Equipment | | 5,370,305.35 | |
| Total Capital Assets | | 68,210,065.19 | 68,210,065.19 |

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | | |
|-----------------------|--|----------------|--|
| Net Pension Liability | | -31,533,162.00 | |
|-----------------------|--|----------------|--|

Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

-7,884,303.18

Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.

| | | | |
|----------------|--|------------|--|
| Property Taxes | | 179,194.00 | |
|----------------|--|------------|--|

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These consist of:

| | | | |
|--------------------------------------|----|----------------|----------------|
| Bonds Payable | \$ | -9,785,000.00 | |
| Accrued Interest Payable | | -121,336.11 | |
| Intergovernmental Agreements Payable | | -1,715,000.00 | |
| Compensated Absences Payable | | -256,761.71 | |
| Bond Premiums, Net of Amortization | | -838,095.20 | |
| Total Long-Term Liabilities | | -12,716,193.02 | -12,716,193.02 |

Net Position of Governmental Activities (Exhibit "A") \$ 30,489,391.57

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

THOMAS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT "E"

| | GENERAL FUND | DISTRICT- WIDE CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL |
|--|------------------------|--|-------------------------|-------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 13,267,206.16 | | | \$ 13,267,206.16 |
| Sales Taxes | 188,472.29 | | \$ 4,452,959.32 | 4,641,431.61 |
| State Funds | 31,020,120.32 | | | 31,020,120.32 |
| Federal Funds | 6,972,584.29 | | | 6,972,584.29 |
| Charges for Services | 449,336.57 | | | 449,336.57 |
| Investment Earnings | 48,244.02 | \$ 2,813.82 | 60,656.63 | 111,714.47 |
| Miscellaneous | 1,647,430.04 | | | 1,647,430.04 |
| Total Revenues | 53,593,393.69 | 2,813.82 | 4,513,615.95 | 58,109,823.46 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 32,609,179.01 | 547,596.61 | | 33,156,775.62 |
| Support Services | | | | |
| Pupil Services | 2,532,530.72 | 61,829.51 | | 2,594,360.23 |
| Improvement of Instructional Services | 2,598,650.69 | 34,222.83 | | 2,632,873.52 |
| Educational Media Services | 600,983.62 | | | 600,983.62 |
| General Administration | 710,841.33 | 3,949.57 | | 714,790.90 |
| School Administration | 2,720,615.62 | 1,647.12 | | 2,722,262.74 |
| Business Administration | 437,363.94 | 5,300.00 | | 442,663.94 |
| Maintenance and Operation of Plant | 3,747,425.64 | 466,578.08 | | 4,214,003.72 |
| Student Transportation Services | 2,593,875.57 | 137,782.67 | | 2,731,658.24 |
| Central Support Services | 287,742.70 | | | 287,742.70 |
| Other Support Services | 148,553.30 | | | 148,553.30 |
| Enterprise Operations | 301,411.64 | 17,288.78 | | 318,700.42 |
| Food Services Operation | 3,711,187.40 | | | 3,711,187.40 |
| Capital Outlay | | 2,897,838.10 | | 2,897,838.10 |
| Debt Services | | | | |
| Principal | | | 5,620,000.00 | 5,620,000.00 |
| Interest | | | 605,222.00 | 605,222.00 |
| Total Expenditures | 53,000,361.18 | 4,174,033.27 | 6,225,222.00 | 63,399,616.45 |
| Excess of Revenues over (under) Expenditures | 593,032.51 | -4,171,219.45 | -1,711,606.05 | -5,289,792.99 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | | 20,198.01 | 93,120.00 | 113,318.01 |
| Transfers Out | -93,120.00 | | -20,198.01 | -113,318.01 |
| Total Other Financing Sources (Uses) | -93,120.00 | 20,198.01 | 72,921.99 | 0.00 |
| Net Change in Fund Balances | 499,912.51 | -4,151,021.44 | -1,638,684.06 | -5,289,792.99 |
| Fund Balances - Beginning | 8,024,163.65 | 5,002,872.08 | 6,496,547.84 | 19,523,583.57 |
| Fund Balances - Ending | \$ 8,524,076.16 | \$ 851,850.64 | \$ 4,857,863.78 | \$ 14,233,790.58 |

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

THOMAS COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2015

EXHIBIT "F"

Total Net Change in Fund Balances - Governmental Funds (Exhibit "E") \$ -5,289,792.99

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|--|-----------------|------------|
| Capital Outlay | \$ 3,644,290.02 | |
| Depreciation Expense | -2,815,274.85 | |
| Excess of Capital Outlay over Depreciation Expense | | 829,015.17 |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. -95,300.28

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 113,010.00

Bond issuance costs, deferred gains on refundings and similar items when debt is first issued are reported as an expenditure in Governmental Funds, but are reported as deferred charges on the Statement of Net Position and amortized over the term of the debt, using the straight-line method. The details of this difference in the current period are as follows:

| | | |
|------------------------------|--|------------|
| Amortization of Bond Premium | | 304,761.89 |
|------------------------------|--|------------|

Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position. In the current year, these amounts consist of:

| | | |
|---------------------------------|-----------------|--------------|
| Bond Principal Retirements | \$ 3,135,000.00 | |
| Intergovernmental Agreements | 2,485,000.00 | |
| Total Long-Term Debt Repayments | | 5,620,000.00 |

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. The net adjustments consist of:

| | | |
|---------------------------------------|--------------|--------------|
| Accrued Interest on Issuance of Bonds | \$ 82,085.73 | |
| Compensated Absences | -58,452.00 | |
| Pension Expense | 1,477,110.82 | |
| Total Additional Expenditures | | 1,500,744.55 |

Change in Net Position of Governmental Activities (Exhibit "B") \$ 2,982,438.34

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

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

EXHIBIT "G"

| | PRIVATE PURPOSE TRUSTS | AGENCY FUNDS |
|------------------------------------|------------------------------|-----------------|
| <u>ASSETS</u> | | |
| Cash and Cash Equivalents | \$ 16,583.28 | \$ 46,223.43 |
| | | |
| <u>LIABILITIES</u> | | |
| Funds Held for Others | | \$ 46,223.43 |
| | | |
| <u>NET POSITION</u> | | |
| Held in Trust for Private Purposes | \$ 16,583.28 | |
| | | |

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

THOMAS COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT "H"

| | <u>PRIVATE PURPOSE TRUSTS</u> |
|--------------------------|---------------------------------------|
| <u>ADDITIONS</u> | |
| Contributions | |
| Donors | \$ 1,000.00 |
| Investment Earnings | |
| Interest | <u>98.90</u> |
| Total Additions | <u>1,098.90</u> |
| <u>DEDUCTIONS</u> | |
| Scholarships | <u>2,000.00</u> |
| Change in Net Position | -901.10 |
| Net Position - Beginning | <u>17,484.38</u> |
| Net Position - Ending | <u>\$ 16,583.28</u> |

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

BLENDED COMPONENT UNIT

The Bishop Hall Charter School, Incorporated, (Charter School) is responsible for the public education of all students attending its school. The Charter School was created through a contract between the School District and the Charter School whereby all State funding associated with the students attending the Charter School and certain specified local funds are turned over to the Charter School to cover the cost of its operations. The financial statements of the Charter School have been blended with the School District's general fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

District-wide Statements:

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

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

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

Fund Financial Statements:

The fund financial statements provide information about the School District's funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds.

The School District reports the following major governmental funds:

- 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.

- District-wide Capital Projects Fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

- Private Purpose Trust funds report trust arrangements under which principal and income benefit a scholarship program that aids in defraying college educational expenses of graduates of Thomas County Central High School.
- Agency funds account for assets held by the School District as an agent for various funds, clubs or individuals.

BASIS OF ACCOUNTING

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

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

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

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

RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2015, the School District made several prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, which require the restatement of the June 30, 2014, net position in Governmental Activities. The result is a decrease in Net Position at July 1, 2014 of \$40,894,576.00. This change is in accordance with generally accepted accounting principles.

| | | |
|---|----|----------------|
| Net Position, July 1, 2014, as previously reported | \$ | 68,401,529.23 |
| | | |
| Prior Period Adjustment - Implementation of GASB 68 | | |
| Net Pension Liability (measurement date) | | |
| TRS | | -44,021,520.00 |
| | | |
| Deferred Outflows - School District's contributions | | |
| made during fiscal year 2014 | | |
| TRS | | 3,126,944.00 |
| | | |
| Net Position, July 1, 2014, as restated | \$ | 27,506,953.23 |

NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

1. Obligations issued by the State of Georgia or by other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime banker's acceptances,
6. The local government investment pool (Georgia Fund 1) administered by the State of Georgia, Office of the State Treasurer,
7. Repurchase agreements, and
8. Obligations of other political subdivisions of the State of Georgia.

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

RECEIVABLES

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

PROPERTY TAXES

The Thomas County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on August 13, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on November 15, 2014 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2014 tax digest are reported as revenue in the governmental funds for fiscal year 2015. The Thomas County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to \$12,877,334.69.

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The tax millage rate levied for the 2014 tax year (calendar year) for the Thomas County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

| | |
|-------------------|---------------------|
| School Operations | <u>14.696</u> mills |
|-------------------|---------------------|

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$362,614.70 during fiscal year ended June 30, 2015.

SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$4,452,959.32 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Supplies Inventories

Inventories of consumable supplies are reported on the Balance Sheet at average cost. The School District uses the consumption method to account for the inventories. The consumable supplies inventories are recorded as an asset when purchased and expenditures are recorded as the inventory items are used.

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 (weighted average). 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

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

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

| | | Capitalization Policy | Estimated Useful Life |
|----------------------------|----|--------------------------|--------------------------|
| Land | | All | N/A |
| Land Improvements | | All | 15 to 30 years |
| Buildings and Improvements | \$ | 5,000.00 | 20 to 80 years |
| Equipment | \$ | 5,000.00 | 5 to 40 years |
| Intangible Assets | \$ | 50,000.00 | 10 to 20 years |

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School District has reported deferred outflows of resources related to a defined benefit pension plan, as discussed in Note 14 – Retirement Plans.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School District has reported deferred inflows of resources related to a defined benefit pension plan, as discussed in Note 14 – Retirement Plans. This item is reported only in the District-wide Statement of Net Position. The School District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

COMPENSATED ABSENCES

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

Vacation leave of 10 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis and 5 days awarded to personnel employed on a 11 ½ month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 5 days.

GENERAL OBLIGATION BONDS

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

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

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS), the Public School Employees' Retirement System (PSERS) and additions to/deductions from TRS/PSERS's fiduciary net position have been determined on the same basis as they are reported by TRS/PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 14 - Retirement Plans.

NET POSITION

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

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

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

Unrestricted Net Position - Unrestricted Net Position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Net Investment of Capital Assets and Restricted Net Position. Included in the net deficit reported is the School District's Net Pension liability of \$31,533,162.00 which is required for financial reporting.

FUND BALANCES

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

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

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

Committed - Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify,

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or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

| | | | |
|----------------------------------|-----------------|----|---------------|
| Nonspendable | | | |
| Inventories | | \$ | 259,747.04 |
| Restricted | | | |
| Continuation of Federal Programs | \$ 1,025,110.51 | | |
| Capital Projects | 111,932.89 | | |
| Debt Service | 4,857,863.78 | | |
| Charter School | 142,014.55 | | 6,136,921.73 |
| Committed | | | |
| Innovative Instructional Project | | | 77,340.33 |
| Assigned | | | |
| Local Capital Outlay Projects | 739,917.75 | | |
| School Activity Accounts | 345,298.58 | | |
| Self- Insurance | 285,226.26 | | 1,370,442.59 |
| Unassigned | | | 6,389,338.89 |
| Fund Balance, June 30, 2015 | | \$ | 14,233,790.58 |

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year end of not less than 5% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

USE OF ESTIMATES

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

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, 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, except the various

school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

See Schedule 4 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation,
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

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CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2015, the School District had deposits with a carrying amount of \$13,325,563.47 and a bank balance of \$14,981,485.40. The bank balances insured by Federal depository insurance were \$3,986,034.98 and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were \$1,104,387.72.

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

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

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

| Custodial Credit Risk Category | Bank Balance |
|-----------------------------------|-----------------|
| 1 | \$ 0.00 |
| 2 | 0.00 |
| 3 | 9,891,062.70 |
| Total | \$ 9,891,062.70 |

CATEGORIZATION OF INVESTMENTS

At June 30, 2015, the carrying value of the School District's total investment was \$1,990,923.57. The School District's investments as of June 30, 2015, are presented below. All investments are presented by investment type and debt securities are presented by maturity.

| Investment Type | Fair Value | Investment Maturity Less than 1 Year |
|---------------------------|-----------------|---|
| Debt Securities | | |
| U. S. Treasuries | \$ 474.37 | \$ 474.37 |
| U. S. Agencies | | |
| Implicitly Guaranteed | 1,321,854.58 | 1,321,854.58 |
| | 1,322,328.95 | \$ 1,322,328.95 |
| Investment Pools | | |
| Office of State Treasurer | | |
| Georgia Fund 1 | 668,594.62 | |
| Total Investments | \$ 1,990,923.57 | |

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

The Primary Liquidity Portfolio consists of Georgia Fund 1 which is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share. The pool is an AAf rated investment pool by Standard and Poor's. The weighted average maturity for Georgia Fund 1 on June 30, 2015, was 56 days.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2015, \$1,322,328.95 of the School District's applicable investments were (1) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the name of the School District and (2) uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the School District's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have a formal policy for managing custodial credit risk.

The investments subject to credit quality risk are reflected below:

| Rated Debt Investments | Fair Value | Quality Ratings |
|---------------------------|-----------------|-----------------|
| | | Unrated |
| Debt Securities | | |
| U. S. Treasuries | \$ 474.37 | \$ 474.37 |
| U. S. Agencies | | |
| Implicitly Guaranteed | 1,321,854.58 | 1,321,854.58 |
| Totals by Quality Ratings | \$ 1,322,328.95 | \$ 1,322,328.95 |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in Federal Home Loan Bank Debt Securities. This investment is 66% of the School District's total investments.

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NOTE 5: NON-MONETARY TRANSACTIONS

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

NOTE 6: CAPITAL ASSETS

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

| | Balances July 1, 2014 | Increases | Decreases | Transfers | Balances June 30, 2015 |
|---|--------------------------|----------------------|---------------------|----------------------|---------------------------|
| Governmental Activities | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 2,028,867.16 | | \$ 0.00 | | \$ 2,028,867.16 |
| Construction in Progress | 1,708,381.09 | \$ 2,897,838.10 | | \$ -4,093,002.42 | 513,216.77 |
| Total Capital Assets Not Being Depreciated | 3,737,248.25 | 2,897,838.10 | 0.00 | -4,093,002.42 | 2,542,083.93 |
| Capital Assets Being Depreciated | | | | | |
| Buildings and Improvements | 75,389,404.55 | | 98,906.25 | 4,078,890.10 | 79,369,388.40 |
| Equipment | 10,409,240.84 | 746,451.92 | 452,466.83 | | 10,703,225.93 |
| Land Improvements | 6,270,188.86 | | 36,306.00 | 14,112.32 | 6,247,995.18 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | 20,319,132.50 | 2,001,547.45 | 44,352.34 | | 22,276,327.61 |
| Equipment | 5,180,456.42 | 564,184.62 | 411,720.46 | | 5,332,920.58 |
| Land Improvements | 2,830,143.28 | 249,542.78 | 36,306.00 | | 3,043,380.06 |
| Total Capital Assets, Being Depreciated, Net | 63,739,102.05 | -2,068,822.93 | 95,300.28 | 4,093,002.42 | 65,667,981.26 |
| Governmental Activity Capital Assets - Net | \$ 67,476,350.30 | \$ 829,015.17 | \$ 95,300.28 | \$ 0.00 | \$ 68,210,065.19 |

Current year depreciation expense by function is as follows:

| | | |
|--|---------------|------------------------|
| Instruction | | \$ 1,611,779.40 |
| Support Services | | |
| Pupil Services | \$ 266,083.51 | |
| Improvements of Instructional Services | 19,113.10 | |
| Educational Media Services | 103,805.33 | |
| General Administration | 18,540.52 | |
| School Administration | 114,085.40 | |
| Business Administration | 7,311.16 | |
| Maintenance and Operation of Plant | 118,911.07 | |
| Student Transportation Services | 316,078.07 | |
| Central Support Services | 102,341.57 | 1,066,269.73 |
| Food Services | | 137,225.72 |
| | | \$ 2,815,274.85 |

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NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015, consisted of the following:

| <u>Transfer to</u> | Transfers From | |
|---|-----------------|----------------------|
| | General Fund | Debt Service Fund |
| District-wide Capital Projects Debt Service Fund | \$ 93,120.00 | \$ 20,198.01 |
| Total | \$ 93,120.00 | \$ 20,198.01 |

Transfers are used to move property tax revenues collected by the General Fund to cover required deposits into the Qualified Zone Academy Bonds sinking fund account maintained in the Debt Service Fund. In addition, transfers are used to move excess sales tax proceeds collected by the Debt Service Fund to the Capital Projects Fund as a funding source for capital construction projects.

NOTE 8: RISK MANAGEMENT

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

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

The School District is self-insured with regard to unemployment compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

| | Beginning of Year Liability | Claims and Changes in Estimates | Claims Paid | End of Year Liability |
|------|--------------------------------|---------------------------------------|----------------|--------------------------|
| 2014 | \$ 0.00 | \$ 1,128.00 | \$ 1,128.00 | \$ 0.00 |
| 2015 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |

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

| <u>Position Covered</u> | <u>Amount</u> |
|-------------------------|---------------|
| Superintendent | \$ 100,000.00 |
| All Employees | \$ 100,000.00 |

NOTE 9: LONG-TERM LIABILITIES

INTERGOVERNMENTAL CONTRACT

The Thomas County Board of Education entered into a contract with the South Georgia Governmental Services Authority, dated June 6, 2003, for the issuance of Revenue Bonds (Thomas County School District QZAB Projects), Series 2003A, to provide funds to renovate, repair and equip Garrison-Pilcher and Cross Creek Elementary School in the School District. Under the terms of the contract, the South Georgia Governmental Services Authority issued \$1,715,000.00 in Revenue bonds on behalf of the School District.

The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contracts, the School District will exercise its power of taxation to extent necessary to pay the amounts required to be paid by the contracts. The School District funds a guaranteed investment contract with an annual deposit of \$93,120.00 that is designed to fully pay the Revenue bond upon maturity in 2018.

COMPENSATED ABSENCES

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

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

| Purpose | Interest Rates | Amount |
|----------------------------------|----------------|-----------------|
| General Government - Series 2012 | 2.0% - 5.0% | \$ 9,785,000.00 |

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

| | Governmental Activities | | | | |
|-----------------------------|-------------------------|---------------|-----------------|--------------------------|------------------------|
| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 | Due Within One Year |
| G.O. Bonds | \$ 12,920,000.00 | | \$ 3,135,000.00 | \$ 9,785,000.00 | \$ 3,190,000.00 |
| Compensated Absences | 198,309.71 | \$ 165,351.92 | 106,899.92 | 256,761.71 | 80,201.04 |
| Intergovernmental Agreement | 4,200,000.00 | | 2,485,000.00 | 1,715,000.00 | |
| Bond Premiums Amortized | 1,142,857.09 | | 304,761.89 | 838,095.20 | 304,761.89 |
| | \$ 18,461,166.80 | \$ 165,351.92 | \$ 6,031,661.81 | \$ 12,594,856.91 | \$ 3,574,962.93 |

THOMAS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

EXHIBIT "I"

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

| <u>Fiscal Year Ended June 30:</u> | Intergovernmental Agreement | | |
|-----------------------------------|-----------------------------|---------------|---------------|
| | Principal | Interest | |
| 2018 | \$ 1,715,000.00 | \$ 0.00 | |
| | | | |
| <u>Fiscal Year Ended June 30:</u> | General Obligation Debt | | Unamortized |
| | Principal | Interest | Bond Premium |
| 2016 | \$ 3,190,000.00 | \$ 361,000.00 | \$ 304,761.89 |
| 2017 | 3,255,000.00 | 297,200.00 | 304,761.89 |
| 2018 | 3,340,000.00 | 167,000.00 | 228,571.42 |
| | | | |
| Total Principal and Interest | \$ 9,785,000.00 | \$ 825,200.00 | \$ 838,095.20 |

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$122,707.92 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
 Paid to the Teachers' Retirement System of Georgia
 For Teachers' Retirement System (TRS) Employer's Cost
 In the amount of \$35,087.92

Office of the State Treasurer
 Paid to the Public School Employees' Retirement System
 For Public School Employees' Retirement (PSERS) Employer's Cost
 In the amount of \$87,620.00

Funds paid on behalf of the School District are reported in governmental funds. See Note 14 - Retirement Plans for the State support related to the Net Pension Liability.

NOTE 11: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2015:

| Project | Unearned Executed Contracts |
|---|-----------------------------------|
| Cross Creek HVAC Replacement and Renovation | \$ 35,125.21 |

The amount described in this note is not reflected in the basic financial statements.

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 13: POST-EMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

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

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

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

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

For non-certificated school personnel:

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

THOMAS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

EXHIBIT "I"

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

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

| Fiscal Year | Percentage Contributed | Required Contribution |
|-------------|---------------------------|--------------------------|
| 2015 | 100% | \$ 5,965,633.80 |
| 2014 | 100% | \$ 5,630,240.40 |
| 2013 | 100% | \$ 5,050,733.72 |

NOTE 14: RETIREMENT PLANS

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

TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the School District as defined in §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided 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. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2015. The school district's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of annual school district payroll. Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

THOMAS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

EXHIBIT "I"

| Fiscal Year | Percentage Contributed | Required Contribution |
|-------------|---------------------------|--------------------------|
| 2015 | 100% | \$ 3,565,588.36 |
| 2014 | 100% | \$ 3,125,924.58 |
| 2013 | 100% | \$ 2,897,320.70 |

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

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

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

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

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

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

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

At June 30, 2015, the School District reported a liability of \$31,533,162.00 for its proportionate share of the net pension liability for TRS.

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

THOMAS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

EXHIBIT "I"

| | | |
|--|----|----------------------|
| School District's proportionate share of the net pension liability | \$ | 31,533,162.00 |
| State of Georgia's proportionate share of the net pension liability associated with the School District | | <u>268,592.00</u> |
| Total | \$ | <u>31,801,754.00</u> |

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

At June 30, 2014, the School District's TRS proportion was 0.249596%, which was a decrease of 0.003040% from its proportion measured as of June 30, 2013.

At June 30, 2015, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is \$365,430.00.

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

For the year ended June 30, 2015, the School District recognized pension expense of \$2,063,336.00 for TRS and \$31,735.00 for PSERS and revenue of \$15,087.00 for TRS and \$31,735.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

| | TRS | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on pension plan investments | | \$ 10,993,129.00 |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | | 431,621.00 |
| School District contributions subsequent to the measurement date | \$ <u>3,540,446.82</u> | |
| Total | \$ <u>3,540,446.82</u> | \$ <u>11,424,750.00</u> |

THOMAS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

EXHIBIT "I"

Thomas County Board of Education contributions subsequent to the measurement date of June 30, 2014 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | TRS |
|---------------------|------------------|
| 2016 | \$ -2,846,377.00 |
| 2017 | \$ -2,846,377.00 |
| 2018 | \$ -2,846,377.00 |
| 2019 | \$ -2,846,380.00 |
| 2020 | \$ -39,239.00 |

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

Teachers' Retirement System:

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

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

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

Public School Employees' Retirement System:

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

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

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

The long-term expected rate of return on TRS 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:

THOMAS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015

EXHIBIT "I"

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return * |
|---------------------------------------|----------------------|---|
| Fixed Income | 30.00% | 3.00% |
| Domestic large stocks | 39.70% | 6.50% |
| Domestic mid stocks | 3.70% | 10.00% |
| Domestic small stocks | 1.60% | 13.00% |
| International developed market stocks | 18.90% | 6.50% |
| International emerging market stocks | 6.10% | 11.00% |
| | <u>100.00%</u> | |

* Rates shown are net of the 3.00% 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 Thomas County Board of Education's proportionate share of the net pension liability to changes in the discount rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers' Retirement System:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---------------------------|-------------------------------------|---------------------------|
| School District's proportionate share of the net pension liability | \$ 58,111,387.00 | \$ 31,533,162.00 | \$ 9,646,546.00 |

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 www.ers.ga.gov/formspubs/formspubs.

NOTE 15: SUBSEQUENT EVENTS

On March 1, 2016, the voters of Thomas County approved the continuation of the Education Special Purpose Local Option Sales Tax of one percent to be imposed on all sales and uses in Thomas County for a period of time not to exceed 20 calendar quarters to raise not more than \$28,140,000.00. The proceeds are to be used as stated on the Official Ballot of Thomas County as follows:

“For the purposes of renovations, new construction, improvements to and equipment for Hand-in-Hand Schools Primary, Garrison Pilcher Elementary, Cross Creek Elementary, Thomas County Middle, and Thomas County Central High Schools; renovations and/or new construction of facilities for specials schools and programs including Bishop Hall Charter School, GNETS/Pathways, the PREP Academy, the Renaissance Center, and Science, Technology, Engineering, and Math programs; renovation or new construction of facilities for central services including physical plant, administrative and support buildings, maintenance facilities, central storage facilities and warehousing; renovations, additions, and/or modifications to classrooms, multi-purpose rooms, storage areas, lab spaces, playgrounds, and other facilities to support new programs and to accommodate growth in enrollment; acquisition of school buses, maintenance and fleet vehicles, system-wide communication to include all buses, maintenance vehicles, the board of education office, and all schools, improvements to bus parking area including fuel pumps and tanks, HVAC system, improvements and tools/equipment to the bus garage; acquisition of system-wide classroom and administrative technology including computers, printers and other technology and upgrades to camera, telephone, intercom, security and fire alarm systems; new textbooks and/or new/upgraded digital content; renovations, construction and/or improvements to athletic facilities and equipment to include new baseball/softball fields, new lighting, construction of new dugouts, new tickets booths for softball and baseball games, a support/storage building, seating at baseball and soccer fields, football stadium improvements, new scoreboards and improvements to athletic fields; drainage improvements; support facilities; other equipment; and landscaping; and property acquisitions.”

This vote also approved the issuance of general obligation debt of the Thomas County School District in the principal amount of \$16,500,000.00 for the above capital outlay purposes.

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

SCHEDULE "1"

| | 2015 |
|---|------------------|
| School District's proportion of the net pension liability | 0.249596% |
| School District's proportionate share of the net pension liability | \$ 31,533,162.00 |
| State of Georgia's proportionate share of the net pension liability associated with the School District | 268,592.00 |
| Total | \$ 31,801,754.00 |
| School District's covered-employee payroll | \$ 25,455,411.89 |
| School District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 123.88% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.03% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
 Schedule includes all significant plans and funds administered by Thomas County Board of Education

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|------------------|
| Contractually required contribution | \$ 3,565,588.36 | \$ 3,125,924.58 | \$ 2,897,320.70 |
| Contributions in relation to the contractually required contribution | \$ 3,565,588.36 | \$ 3,125,924.58 | \$ 2,897,320.70 |
| Contribution deficiency (excess) | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| School District's covered-employee payroll | \$ 27,114,740.38 | \$ 25,455,411.89 | \$ 25,392,819.46 |
| Contributions as a percentage of covered-employee payroll | 13.15% | 12.28% | 11.41% |

| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|----|---------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 2,660,780.35 | \$ 2,768,105.23 | \$ 2,684,387.87 | \$ 2,810,669.75 | \$ 2,778,686.37 | \$ 2,663,307.42 | \$ 2,439,408.00 |
| \$ | 2,660,780.35 | \$ 2,768,105.23 | \$ 2,684,387.87 | \$ 2,810,669.75 | \$ 2,778,686.37 | \$ 2,663,307.42 | \$ 2,439,408.00 |
| \$ | 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| \$ | 25,883,077.33 | \$ 26,927,093.68 | \$ 27,560,450.41 | \$ 30,287,389.55 | \$ 29,942,741.06 | \$ 28,699,433.41 | \$ 26,400,519.48 |
| | 10.28% | 10.28% | 9.74% | 9.28% | 9.28% | 9.28% | 9.24% |

Teachers' Retirement System

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

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

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

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

SCHEDULE "4"

| | NONAPPROPRIATED BUDGETS | | ACTUAL AMOUNTS | VARIANCE OVER/UNDER |
|--|-------------------------|------------------------|------------------------|------------------------|
| | ORIGINAL (1) | FINAL (1) | | |
| REVENUES | | | | |
| Property Taxes | \$ 12,775,000.00 | \$ 13,000,000.00 | \$ 13,267,206.16 | \$ 267,206.16 |
| Sales Taxes | 152,000.00 | 195,000.00 | 188,472.29 | -6,527.71 |
| State Funds | 29,826,992.00 | 30,427,180.00 | 31,020,120.32 | 592,940.32 |
| Federal Funds | 7,155,533.00 | 7,887,277.00 | 6,972,584.29 | -914,692.71 |
| Charges for Services | 367,300.00 | 355,000.00 | 449,336.57 | 94,336.57 |
| Investment Earnings | 16,000.00 | 39,000.00 | 48,244.02 | 9,244.02 |
| Miscellaneous | 711,349.00 | 966,849.00 | 1,647,430.04 | 680,581.04 |
| Total Revenues | 51,004,174.00 | 52,870,306.00 | 53,593,393.69 | 723,087.69 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 32,105,546.00 | 32,982,423.00 | 32,609,179.01 | 373,243.99 |
| Support Services | | | | |
| Pupil Services | 2,441,798.00 | 2,375,286.00 | 2,532,530.72 | -157,244.72 |
| Improvement of Instructional Services | 2,528,526.00 | 2,828,955.00 | 2,598,650.69 | 230,304.31 |
| Educational Media Services | 582,735.00 | 601,378.00 | 600,983.62 | 394.38 |
| General Administration | 508,829.00 | 488,042.00 | 710,841.33 | -222,799.33 |
| School Administration | 2,512,566.00 | 2,593,600.00 | 2,720,615.62 | -127,015.62 |
| Business Administration | 430,362.00 | 436,962.00 | 437,363.94 | -401.94 |
| Maintenance and Operation of Plant | 3,566,050.00 | 3,781,419.00 | 3,747,425.64 | 33,993.36 |
| Student Transportation Services | 2,510,693.00 | 2,623,888.00 | 2,593,875.57 | 30,012.43 |
| Central Support Services | 268,323.00 | 284,100.00 | 287,742.70 | -3,642.70 |
| Other Support Services | 178,774.00 | 171,502.00 | 148,553.30 | 22,948.70 |
| Enterprise Operations | | | 301,411.64 | -301,411.64 |
| Food Services Operation | 3,738,040.00 | 4,016,448.00 | 3,711,187.40 | 305,260.60 |
| Total Expenditures | 51,372,242.00 | 53,184,003.00 | 53,000,361.18 | 183,641.82 |
| Excess of Revenues over (under) Expenditures | -368,068.00 | -313,697.00 | 593,032.51 | 906,729.51 |
| OTHER FINANCING USES | | | | |
| Other Uses | -93,120.00 | -93,120.00 | -93,120.00 | 0.00 |
| Net Change in Fund Balances | -461,188.00 | -406,817.00 | 499,912.51 | 906,729.51 |
| Fund Balances - Beginning | 8,024,163.65 | 8,024,163.65 | 8,024,163.65 | 0.00 |
| Fund Balances - Ending | \$ 7,562,975.65 | \$ 7,617,346.65 | \$ 8,524,076.16 | \$ 906,729.51 |

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

- (1) Original and Final Budget amounts do not include budgeted revenues (\$896,889.10) or expenditures (\$876,984.64) of the various principal accounts.

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.

THOMAS COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2015

SCHEDULE "5"

| FUNDING AGENCY PROGRAM/GRANT | CFDA NUMBER | PASS- THROUGH ENTITY ID NUMBER | EXPENDITURES IN PERIOD |
|---|----------------|--|-------------------------------|
| Agriculture, U. S. Department of | | | |
| Child Nutrition Cluster | | | |
| Pass-Through From Georgia Department of Education | | | |
| Food Services | | | |
| School Breakfast Program | * 10.553 | N/A | (2) |
| National School Lunch Program | * 10.555 | N/A | \$ <u>3,517,925.43</u> (1) |
| Other Programs | | | |
| Pass-Through From Georgia Department of Education | | | |
| Food Services | | | |
| Fresh Fruit and Vegetable Program | 10.582 | N/A | <u>65,036.66</u> |
| Total U. S. Department of Agriculture | | | <u>3,582,962.09</u> |
| Education, U. S. Department of | | | |
| Special Education Cluster | | | |
| Pass-Through From Georgia Department of Education | | | |
| Special Education | | | |
| Grants to States | 84.027 | N/A | 1,462,799.97 |
| Preschool Grants | 84.173 | N/A | <u>44,261.00</u> |
| Total Special Education Cluster | | | <u>1,507,060.97</u> |
| Other Programs | | | |
| Pass-Through From Georgia Department of Education | | | |
| ARRA - Race-to-the-Top Incentive Grants | * 84.395 | N/A | 97,296.34 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 48,329.00 |
| Education for Homeless Children and Youth | 84.196 | N/A | 33,372.00 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 231,400.84 |
| Mathematics and Science Partnerships | 84.366 | N/A | 45,532.11 |
| Migrant Education - State Grant Program | 84.011 | N/A | 67,334.75 |
| Rural Education | 84.358 | N/A | 109,092.71 |
| Title I Grants to Local Educational Agencies | * 84.010 | N/A | 1,298,885.79 |
| Pass-Through From Georgia Department of Community Affairs | | | |
| Governor's Office of Student Achievement | | | |
| ARRA - Race-to-the-Top Incentive Grants | * 84.395 | N/A | 429,739.65 |
| Pass-Through From Southwest Georgia Regional Educational | | | |
| Service Agency | | | |
| English Language Acquisition Grants | 84.365 | N/A | <u>9,575.90</u> |
| Total Other Programs | | | <u>2,370,559.09</u> |
| Total U. S. Department of Education | | | <u>3,877,620.06</u> |
| Health and Human Services, U. S. Department of | | | |
| Pass-Through From Georgia Department of Public Health | | | |
| Preventive Health and Health Services Block Grant | 93.991 | N/A | <u>3,000.00</u> |
| Labor, U. S. Department of | | | |
| Workforce Investment Act Cluster | | | |
| Pass-Through From Georgia Department of Labor | | | |
| Workforce Investment Act Youth Activities | 17.259 | N/A | <u>30,122.67</u> |
| Total Expenditures of Federal Awards | | | \$ <u><u>7,493,704.82</u></u> |

N/A = Not Available

THOMAS COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

SCHEDULE "5"

Notes to the Schedule of Expenditures of Federal Awards.

- (1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of \$159,789.36.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$926,973.35) were not maintained separately and are included in the 2015 National School Lunch Program.

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

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

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

See notes to the basic financial statements.

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

SCHEDULE "6"

| <u>AGENCY/FUNDING</u> | <u>GOVERNMENTAL FUND TYPE GENERAL FUND</u> |
|--|--|
| GRANTS | |
| Bright From the Start: | |
| Georgia Department of Early Care and Learning | |
| Pre-Kindergarten Program | \$ 1,056,842.37 |
| Education, Georgia Department of | |
| Quality Basic Education | |
| Direct Instructional Cost | |
| Kindergarten Program | 1,297,497.00 |
| Kindergarten Program - Early Intervention Program | 318,409.00 |
| Primary Grades (1-3) Program | 2,946,987.00 |
| Primary Grades - Early Intervention (1-3) Program | 1,007,408.00 |
| Upper Elementary Grades (4-5) Program | 1,321,519.00 |
| Upper Elementary Grades - Early Intervention (4-5) Program | 563,185.00 |
| Middle School (6-8) Program | 3,086,346.00 |
| High School General Education (9-12) Program | 2,745,602.00 |
| Vocational Laboratory (9-12) Program | 1,219,270.00 |
| Students with Disabilities | 6,260,500.00 |
| Gifted Student - Category VI | 1,488,581.00 |
| Remedial Education Program | 500,875.00 |
| Alternative Education Program | 231,761.00 |
| English Speakers of Other Languages (ESOL) | 82,812.00 |
| Media Center Program | 561,606.00 |
| 20 Days Additional Instruction | 163,908.00 |
| Staff and Professional Development | 112,193.00 |
| Indirect Cost | |
| Central Administration | 854,770.00 |
| School Administration | 1,126,236.00 |
| Facility Maintenance and Operations | 1,397,923.00 |
| Principal Staff and Professional Development | 1,752.00 |
| Amended Formula Adjustment | -2,425,592.00 |
| Categorical Grants | |
| Pupil Transportation | |
| Regular | 812,186.00 |
| Nursing Services | 94,530.00 |
| Education Equalization Funding Grant | 1,594,883.00 |
| Other State Programs | |
| Food Services | 78,908.00 |
| GNETS State Grant | 1,836,897.00 |
| Math and Science Supplements | 30,440.05 |
| Preschool Handicapped Program | 93,634.00 |
| Pupil Transportation - State Bonds | 77,220.00 |
| Teacher of the Year | 507.25 |
| Teachers' Retirement | 35,087.92 |
| Technology for Connections to Classrooms Bonds | 168,722.95 |
| Vocational Education | 158,341.00 |
| Office of the State Treasurer | |
| Public School Employees' Retirement | 87,620.00 |
| OTHER | |
| Georgia Drivers' Education Commission | |
| Drivers Education Grant | 30,752.78 |
| | \$ 31,020,120.32 |

See notes to the basic financial statements.

THOMAS COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2015

SCHEDULE "7"

| PROJECT | ORIGINAL ESTIMATED COST (1) | CURRENT ESTIMATED COSTS (2) | AMOUNT EXPENDED IN CURRENT YEAR (3) | AMOUNT EXPENDED IN PRIOR YEARS (3) | TOTAL COMPLETION COST | EXCESS PROCEEDS NOT EXPENDED | PROJECT STATUS |
|--|-----------------------------------|-----------------------------------|--|---|-----------------------------|------------------------------------|-------------------|
| SPLOST II - January 1, 2008 to December 31, 2012: | | | | | | | |
| Hand in Hand Primary School Projects | \$ 175,000.00 | | | | | | Postponed |
| Transportation and Maintenance Facilities; Purchase of Buses, Equipment and Vehicles | 557,611.00 | \$ 880,925.75 | \$ 20,716.67 | \$ 860,209.08 | \$ 880,925.75 | \$ 0.00 | Completed |
| Acquisition of Classroom Technology and Administrative Software Systems | 335,000.00 | 549,627.73 | 18.38 | 549,609.35 | 549,627.73 | | Completed |
| Retirement of Previously Incurred Debt for Capital Outlay Projects (Middle and Primary Schools) | 11,040,574.00 | 11,098,182.50 | 2,572,472.00 | 8,525,710.50 | 11,098,182.50 | | Completed |
| Contingency Based on Future SPLOST Collections | 3,182,286.00 | | | | | | |
| Total - SPLOST II | 15,290,471.00 | 12,528,735.98 | 2,593,207.05 | 9,935,528.93 | 12,528,735.98 | 0.00 | |
| SPLOST III - January 1, 2013 to December 31, 2017: | | | | | | | |
| Hand in Hand Primary School Projects | 60,000.00 | 838,730.00 | 20,174.60 | 756,611.96 | | | December 31, 2017 |
| Garrison Pilcher Elementary School Projects | 239,271.00 | 511,062.00 | 35,987.62 | 210,496.86 | | | December 31, 2017 |
| Cross Creek Elementary School Projects | 29,057.00 | 1,212,452.00 | 80,138.49 | 104,123.53 | | | December 31, 2017 |
| Thomas County Middle School Projects | 2,480,000.00 | 2,632,908.00 | 91,631.39 | 2,375,799.66 | | | December 31, 2017 |
| Thomas County Central High School Projects | 768,661.00 | 1,043,638.00 | 82,185.80 | 851,481.15 | | | December 31, 2017 |
| New Construction for special schools and programs | 2,617,000.00 | 4,270,602.00 | 2,328,779.45 | 1,530,951.47 | | | December 31, 2017 |
| Transportation, Maintenance and Administrative Facilities; Purchase of Buses, Equipment and Vehicles | 1,095,626.00 | 1,990,805.00 | 268,872.32 | 989,711.37 | | | December 31, 2017 |
| Renovations and Improvements to Athletic Facilities and Equipment | 341,813.00 | 2,611,517.00 | 59,450.40 | 2,344,032.87 | | | December 31, 2017 |
| Acquisition of System-wide Classroom and Administrative Technology | 3,252,000.00 | 3,236,269.00 | 466,450.07 | 2,414,416.94 | | | December 31, 2017 |
| Textbooks | 500,000.00 | 711,844.00 | 46,096.79 | 343,615.84 | | | December 31, 2017 |
| Instructional Equipment | 300,000.00 | 450,000.00 | 101,855.47 | 274,005.81 | | | December 31, 2017 |
| Classroom and Other Furniture | 200,000.00 | 300,000.00 | 133,788.18 | 120,273.70 | | | December 31, 2017 |
| Playground Equipment | 100,000.00 | 103,000.00 | 61,829.51 | 31,005.00 | | | December 31, 2017 |
| Interest on SPLOST III Bonds(net of premium) | 2,623,006.94 | 1,797,806.94 | 517,750.00 | 1,280,056.94 | | | December 31, 2017 |
| Bond Issuance Costs | 271,369.24 | 271,369.24 | | 271,369.24 | 271,369.24 | | Completed |
| Annual SPLOST Audit | 30,000.00 | 30,000.00 | 5,300.00 | 5,300.00 | | | December 31, 2017 |
| Project Planning | | 66,219.00 | | 22,044.63 | | | December 31, 2017 |
| System Signage Projects | | 100,000.00 | 25,820.03 | 22,377.97 | | | December 31, 2017 |
| Auditorium and Administrative Building Renovations | | 882,037.00 | 344,938.10 | 170,648.68 | | | December 31, 2017 |
| Funds for Educational Purposes not yet allocated to Specific Projects | 13,442,195.82 | | | | | | |
| Total - SPLOST III | 28,350,000.00 | 23,060,259.18 | 4,671,048.22 | 14,118,323.62 | 271,369.24 | 0.00 | |
| | \$ 43,640,471.00 | \$ 35,588,995.16 | \$ 7,264,255.27 | \$ 24,053,852.55 | \$ 12,800,105.22 | \$ 0.00 | |

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

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

(3) The voters of Thomas 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 project(s).

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

SCHEDULE "8"

| DESCRIPTION | ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2) | ELIGIBLE QBE PROGRAM COSTS | | |
|---|--|----------------------------|-----------------|------------------|
| | | SALARIES | OPERATIONS | TOTAL |
| Direct Instructional Programs | | | | |
| Kindergarten Program | \$ 1,512,740.00 | \$ 1,705,966.62 | \$ 64,332.36 | \$ 1,770,298.98 |
| Kindergarten Program-Early Intervention Program | 337,695.00 | 69,760.40 | 1,820.99 | 71,581.39 |
| Primary Grades (1-3) Program | 3,337,711.00 | 3,210,162.18 | 162,014.42 | 3,372,176.60 |
| Primary Grades-Early Intervention (1-3) Program | 1,153,176.00 | 671,758.08 | 7,944.92 | 679,703.00 |
| Upper Elementary Grades (4-5) Program | 1,508,534.00 | 1,454,134.89 | 69,900.76 | 1,524,035.65 |
| Upper Elementary Grades-Early Intervention (4-5) Program | 652,880.00 | 252,064.07 | 1,207.49 | 253,271.56 |
| Middle School (6-8) Program | 3,543,578.00 | 2,896,951.04 | 140,798.29 | 3,037,749.33 |
| High School General Education (9-12) Program | 3,133,440.00 | 4,153,948.49 | 206,165.75 | 4,360,114.24 |
| Vocational Laboratory (9-12) Program | 1,375,370.00 | 1,297,190.66 | 76,588.99 | 1,373,779.65 |
| Students with Disabilities, Cat 1 - 5 | 7,074,654.00 | 5,573,176.10 | 233,366.94 | 5,806,543.04 |
| Gifted Student - Category VI | 1,709,310.00 | 2,209,217.55 | 14,307.10 | 2,223,524.65 |
| Remedial Education Program | 577,637.00 | 158,087.06 | | 158,087.06 |
| Alternative Education Program | 265,294.00 | 597,778.38 | 25,386.19 | 623,164.57 |
| English Speakers of Other Languages (ESOL) | 91,754.00 | 76,602.00 | 1,298.08 | 77,900.08 |
| TOTAL DIRECT INSTRUCTIONAL PROGRAMS | 26,273,773.00 | 24,326,797.52 | 1,005,132.28 | 25,331,929.80 |
| Media Center Program | 641,270.00 | 525,304.06 | 63,884.65 | 589,188.71 |
| Staff and Professional Development | 128,312.00 | 48,467.47 | 54,512.58 | 102,980.05 |
| TOTAL QBE FORMULA FUNDS | \$ 27,043,355.00 | \$ 24,900,569.05 | \$ 1,123,529.51 | \$ 26,024,098.56 |

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

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

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 16, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Thomas County Board of Education

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

Ladies and Gentlemen:

We have audited, in accordance with 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 Thomas County Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Thomas County Board of Education's basic financial statements and have issued our report thereon dated March 16, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted a certain matter that we have reported to management of Thomas County Board of Education in a separate letter dated March 16, 2016.

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, not to provide an opinion on the effectiveness of the Thomas County Board of Education'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 Thomas County Board of Education'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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2015YB-10

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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

March 16, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Thomas County Board of Education

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

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were noted.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were noted.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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THOMAS COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2015

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issue: Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information | Unmodified |
| Internal control over financial reporting: | |
| ▪ Material weakness identified? | No |
| ▪ Significant deficiency identified? | None Reported |
| Noncompliance material to financial statements noted: | No |

Federal Awards

| | |
|---|---------------|
| Internal Control over major programs: | |
| ▪ Material weakness identified? | No |
| ▪ Significant deficiency identified? | None Reported |
| Type of auditor's report issued on compliance for major programs: All major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | No |
| Identification of major programs: | |

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|--|
| 10.553, 10.555 | Child Nutrition Cluster |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.395 | ARRA Race-to-the-Top Incentive Grants |

| | |
|--|--------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000.00 |
| Auditee qualified as low-risk auditee? | Yes |

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.