



ANNUAL FINANCIAL REPORT



COWETA COUNTY BOARD OF EDUCATION

Coweta Committed to Student Success

2015

Newnan, Georgia
For the Fiscal Year
Ended June 30, 2015
INCLUDING INDEPENDENT AUDITOR'S REPORT

COWETA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

	<u>Page</u>
SECTION I	
FINANCIAL	
INDEPENDENT AUDITOR'S REPORT	
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	i
EXHIBITS	
BASIC FINANCIAL STATEMENTS	
DISTRICT-WIDE FINANCIAL STATEMENTS	
A STATEMENT OF NET POSITION	1
B STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
C BALANCE SHEET	
GOVERNMENTAL FUNDS	4
D RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	5
E STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	
GOVERNMENTAL FUNDS	6
F RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	8
H NOTES TO THE BASIC FINANCIAL STATEMENTS	9
SCHEDULES	
REQUIRED SUPPLEMENTARY INFORMATION	
1 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS' RETIREMENT SYSTEM OF GEORGIA	30
2 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	31
3 SCHEDULE OF CONTRIBUTIONS - TEACHERS' RETIREMENT SYSTEM OF GEORGIA	32
4 SCHEDULE OF CONTRIBUTIONS - EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	34
5 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	36
6 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	37

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COWETA COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

	<u>Page</u>
SECTION I	
FINANCIAL	
SCHEDULES	
SUPPLEMENTARY INFORMATION	
7	38
8	40
9	41
10	43
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	
SCHEDULE OF STATE REVENUE	
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	
ALLOTMENTS AND EXPENDITURES	
GENERAL FUND - QUALITY BASIC EDUCATION PROGRAMS (QBE)	
BY PROGRAM	
SECTION II	
COMPLIANCE AND INTERNAL CONTROL REPORTS	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON	
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	
SECTION III	
AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS	
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	
SECTION IV	
FINDINGS AND QUESTIONED COSTS	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	

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SECTION I
FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

March 11, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Coweta 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 Coweta County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements (Exhibits A through H), which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coweta 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 Coweta 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.

As discussed in Note 2 to the financial statements, in 2015, the Coweta County Board of Education restated the prior period financial statements to correct a misstatement. 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, the Schedules of Proportionate Share of the Net Pension Liability, the Schedules of Contributions to Retirement Systems, the Notes to the Required Supplemental Information, and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, as presented on pages i through x, and pages 30 through 37 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016, on our consideration of the Coweta 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 Coweta 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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COWETA COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of Coweta 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 notes to the basic financial statements and the financial statements to enhance their understanding of the Board's financial performance. Comparative data is provided for fiscal year 2015 and fiscal year 2014. However, the comparative data for fiscal year 2014 does not reflect the effects of the restatement of July 1, 2014 net position. This restatement is related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* which were adopted by the School District for fiscal year 2015. 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 resulted in a restatement to beginning net position of \$172.0 million. This restatement is based on actuarial estimates and information is not available for the fiscal year 2014 comparative balances. See the Notes to the Financial Statements for more information about the restatement of July 1, 2014 net position.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❑ In total, net position decreased \$150.9 million which represents a 43.7 percent decrease from 2014. This total decrease was due to governmental activities since the Board has no business-type activities and is related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* which were adopted by the School District for fiscal year 2015.
- ❑ General revenues accounted for \$101.1 million in revenue or 45.8 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$119.8 million or 54.2 percent of total revenues of \$220.9 million.
- ❑ The Board had \$200.6 million in expenses related to governmental activities; only \$119.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$101.1 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$193.5 million in revenues and \$194.6 million in expenditures and \$0.3 million in other financing uses. The general fund's fund balance decreased to \$27.7 million from \$29.1 million.
- ❑ Due to the financial condition of the State of Georgia, the State again reduced the Board's funding. The current reduction is \$8.9 million, which follows a \$22.3 million reduction in 2014, a \$26.4 million reduction in 2013, a \$15.3 million reduction in 2012, a \$14.8 million reduction in 2011, a \$19.1 million reduction in 2010, a \$7.0 million reduction for 2009, a \$1.8 million reduction for 2008, \$2.1 million reduction for 2007, a \$3.9 million reduction for 2006, a \$3.9 million reduction for 2005, a \$3.3 million reduction for 2004, and a \$1.6 million reduction for 2003. The reduction will be \$5.9 million for 2016.

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

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 Coweta 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. In the case of the Coweta County Board of Education, the general fund is by far the most significant fund.

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

These two statements report the 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. Nonfinancial 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, after school program, principal's 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 and the capital projects fund.

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

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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

COWETA 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 compared to fiscal year 2014.

Table 1
Net Position
(in Thousands)

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014 (1)
Assets		
Current and Other Assets	\$ 104,100	\$ 103,254
Capital Assets, Net	292,145	277,081
Total Assets	396,245	380,335
Deferred Outflow of Resources	14,284	0
Total Assets and Deferred Outflows of Resources	410,529	380,335
Liabilities		
Current and Other Liabilities	34,921	34,478
Long-Term liabilities	133,360	776
Total Liabilities	168,281	35,254
Deferred Inflows of Resources	48,072	0
Total Liabilities and Deferred Inflows of Resources	216,353	35,254
Net Position		
Invested in Capital Assets	292,145	277,081
Restricted	29,018	30,281
Unrestricted	-126,987	37,719
Total Net Position	\$ 194,176	\$ 345,081

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

Total net position decreased \$150.9 million in fiscal year 2015. This decrease is primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* which were adopted by the School District for fiscal year 2015.

COWETA 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 the changes in net position for fiscal year 2014.

Table 2
Change in Net Position
(In Thousands)

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year Year 2014 (1)
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 4,025	\$ 4,289
Operating Grants and Contributions	109,863	105,130
Capital Grants and Contributions	5,902	3,745
Total Program Revenues	119,790	113,164
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	75,122	68,917
Railroad Cars	59	54
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	20,817	19,362
Other Sales Tax	1,808	1,328
Investment Earnings	108	90
Miscellaneous	3,228	3,410
Total General Revenues	101,142	93,161
Special Items:		
Loss on Disposal of Capital Assets	0	-1,843
Total Revenues and Special Items	220,932	204,482
Program Expenses:		
Instruction	124,891	126,261
Support Services		
Pupil Services	10,431	9,830
Improvement of Instructional Services	3,288	3,014
Educational Media Services	2,848	2,854
General Administration	1,033	928
School Administration	13,526	13,563
Business Administration	1,413	1,390
Maintenance and Operation of Plant	18,314	16,139
Student Transportation Services	10,244	10,121
Central Support Services	1,257	1,166
Other Support Services	1,419	2,569
Operations of Non-Instructional Services		
Enterprise Operations	747	973
Community Services	1,282	1,221
Food Services	9,889	9,649
Total Expenses	200,582	199,678
Increase in Net Position	\$ 20,350	\$ 4,804

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

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

Governmental Activities

Governmental program expenses are comprised of the following: Instruction 62.3 percent, Support Services 31.8 percent, and Operations of Non-Instructional Services 5.9 percent. 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 comparing fiscal year 2015 with fiscal year 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal	Fiscal	Fiscal	Fiscal
	Year 2015	Year 2014 (1)	Year 2015	Year 2014 (1)
Instruction	\$ 124,891	\$ 126,261	\$ 39,837	\$ 50,708
Support Services:				
Pupil Services	10,431	9,830	8,820	8,325
Improvement of Instructional Services	3,288	3,014	770	743
Educational Media Services	2,848	2,854	519	60
General Administration	1,033	928	-1,378	-1,759
School Administration	13,526	13,563	9,303	8,091
Business Administration	1,413	1,390	1,346	1,350
Maintenance and Operation of Plant	18,314	16,139	11,192	8,647
Student Transportation Services	10,244	10,121	7,235	6,542
Central Support Services	1,257	1,166	1,226	1,147
Other Support Services	1,419	2,569	1,091	2,137
Operations of Non-Instructional Services:				
Enterprise Operations	747	973	416	396
Community Services	1,282	1,221	8	26
Food Services	9,889	9,649	407	102
Total Expenses	\$ 200,582	\$ 199,678	\$ 80,792	\$ 86,515

(1) Fiscal year 2014 balances do not reflect the effect 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 revenues, the Board is still dependent upon tax revenues for governmental activities. Taxes and other general revenues support 31.9 percent of instructional activities; for all governmental activities general revenue support is 40.3 percent.

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 \$220.3 million and expenditures and other financing uses of \$222.3 million. There was a decrease of \$0.5 million in the capital projects fund due to the ongoing construction and renovation program. The general fund had a decrease of \$1.4 million. The decrease in the general fund for the year is due to reduced state funds related to the amended formula adjustment. In fiscal year 2015, the Amended Formula Adjustment was \$8.9 million. In addition, personnel expenses increased due to the restoration of three work days for employees working more than 180 days per year, and the Teacher Retirement contribution rate increased to 13.15%.

COWETA 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 according to Georgia law. The most significant budgeted fund is the General Fund.

During the course of fiscal 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 \$200.0 million exceeded the original budgeted amount of \$191.2 million by \$8.8 million. This difference was due to an increase in miscellaneous revenues of \$6.9 million, an increase in state revenues of \$0.5 million (for on-behalf payments), an increase in Federal revenues of \$0.7 million, and an increase in property taxes revenue of \$0.7 million. The miscellaneous revenues budgeted increased due to the inclusion of the principals' accounts in our financial statements, the state revenues increased due to the inclusion of the on-behalf payments, and the Federal revenues increased due to an increase in the Federal grants. Property taxes revenue increased due to the inclusion of Title Ad Valorem Tax Revenues. The final budgeted revenues and other financing sources of \$200.0 million exceeded the actual revenues and other financing sources by \$6.5 million.

The final budgeted expenditures and other financing uses of \$204.0 million exceeded the original budgeted amount of \$195.7 million by \$8.3 million. The majority of this difference was due to an increase in instruction of \$6.5 million (\$5.5 million was due to the inclusion of the principals' accounts) and an increase in enterprise activities of \$1.5 million due to the inclusion of the principals' accounts in our financial statements. The budgeted ending fund balance decreased \$3.9 million. The actual expenditures and other financing uses of \$194.9 million was \$9.1 million less than budgeted.

General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$1.4 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2015 the Board had \$292.1 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2015 balances compared with fiscal year 2014 balances.

Table 4
Capital Assets
(Net of Depreciation, in Thousands)

	Governmental Activities	
	Fiscal Year 2015	Fiscal Year 2014
Land	\$ 11,444	\$ 11,444
Construction In Progress	39,285	22,526
Building and Building Improvements	202,088	206,262
Equipment	17,412	17,395
Land Improvements	21,916	19,453
Total	\$ 292,145	\$ 277,080

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

Construction in progress increased primarily due to the current renovation projects at East Coweta High School and Evans Middle School. The current renovation projects at East Coweta High School and Evans Middle School neared completion at June 30, 2015. Equipment increased primarily due to the purchase of buses in fiscal year 2015. Land Improvements increased due to the completion of paving projects at Moreland Elementary School, Smokey Road Middle School, Willis Road Elementary School, and Lee Middle School. In addition, Land Improvements increased due to the completion of the Sewer Extension project at East Coweta High School and Poplar Road Elementary School.

Debt

At June 30, 2015, the School District's Long-Term Liabilities consisted of compensated absences outstanding of \$0.760 million. The compensated absences outstanding at June 30, 2014 was \$0.776 million. Compensated absences outstanding decreased by \$0.016 million in fiscal year 2015.

Current Issues

Coweta County's economic outlook continued to show signs of significant improvement through the summer of 2015. Though the overall rate of net population growth has remained lower than previous periods in Coweta's history, new investment, economic growth and employment, and an improving tax base are significant factors for the county and the Coweta County School System's overall outlook. School system enrollment declined again slightly in 2015, but remained relatively steady as it had for the previous five-year period. Growth in local and regional employment and in Coweta County's tax digest, however, continued to show signs of significant recovery from earlier setbacks.

U.S. Census estimates placed Coweta County's population at 135,571 residents in 2014, up from 133,180 in 2013 and 127,317 in 2010. Coweta's growth, while slower than pre-recession years, has remained consistent in recent years, and showed some signs of acceleration in recent years after a significant slowing following the national recession. Coweta County School System student enrollment declined once again during this period, with 22,184 students enrolled during the spring of 2015, compared with 22,296 enrolled during spring, 2014 and 22,674 students during the same time the year before.

This remains consistent with school system projections – made in collaboration with local officials and consultants – of flat student enrollment as a result of lower local birth rates, lower rates of net county in-migration, and new home growth at higher price-points (less likely to be purchased by young families). The average rate of enrollment for the system in the period 1991-2008 was approximately 4 percent, with increases of 500 to 1,200 students annually during that period. Following 2008, when school system enrollment moved beyond 21,000 students, Coweta County School System student enrollment has experienced smaller rates of increases or periodic declines year to year.

Community economic indicators continued to show significant uptrends in 2014 and into 2015. 738 single-family building permits were issued in Coweta County in 2014, compared to 404 issued throughout 2013 and 182 issued in 2012. Coweta County led among counties in the West Georgia region in new housing permits in 2014 and 2013.

Similarly, according to the Center for Business and Economic Research and the Department of Economics at the Richards College of Business, Coweta County continued to lead the West Georgia region in job growth and other economic indicators during this same period, and posted almost twice the rate of increased employment of any other regional county through the summer of 2015.

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

Coweta County had an unemployment rate of 5.5 percent in June, 2015, an improvement over the June, 2014 rate of 6.5 percent. Coweta's unemployment rate in June, 2015, was matched by Paulding County (also 5.5 percent), and was lower than all other counties within the West Georgia region (neighboring Meriwether County had the highest rate in the region at 8.0 percent). Coweta's rate during this month was below many metro-Atlanta counties including Fayette (5.6 percent), Gwinnett (5.5 percent), and Fulton, as well as the state average of 6.3 percent and the national average of 5.5 percent.

Coweta County's total employment increased 7.25 percent from the first quarter of 2014 to the first quarter of 2015. The rates for specific sectors included goods producing (7.29 percent), service providing (8.49 percent) and government (1.53 percent). The county closest to Coweta's level of economic health in the six-county region was Paulding, with 3.75 percent job growth, followed by Carroll County (3.16 percent), Douglas (2.64 percent), Polk (1.45 percent) and Haralson, (0.38 percent). Coweta's job growth was twice the state average of 3.53 percent for the period, and outpaced the national average as well. The Center's analysts concluded that employment and housing start metrics provided evidence of continued economic growth in Coweta's region, with Coweta County leading in most economic indicators examined.

The center noted that a large segment of new jobs added in the county and throughout the region came from the health care sector as well as manufacturing. In health care, Coweta continued to attract new investment and add jobs during the period. Cancer Treatment Centers of America's (CTCA) southern regional center in Newnan had begun additional expansion, after three years of operation and a major expansion of the facility completed the year before. As of 2014, CTCA's total employment had grown to 800 and has generated an estimated economic impact of over \$1.0 billion in Coweta County.

The Ansley Park Health and Rehabilitation Facility opened in Newnan in 2013, employing approximately 200, and HealthSouth Rehabilitation hospital in Coweta was completed at the end of 2014 and projected to employ 125 initially. These trends followed the 2012 opening of a new \$180 million campus for Piedmont-Newnan Hospital on Poplar Road in Newnan, employing over 1,100. The Coweta County Development Authority noted that while health care-related fields provided 1 in 9 jobs in Coweta County in 2013, the ratio had increased to 1 in 8 by 2014.

Similarly, 2,000 manufacturing jobs were added in the West Georgia region during the past year. Coweta's Yamaha manufacturing plant added 100 new jobs and Elite Foam added 150, and in March the Niagara Bottling plant completed and opened its new \$80 million plant. This followed Yokogawa Corporation's distribution center expansion of 215 new jobs during 2014.

Coweta County's retail market also remained strong during the year, and other developments have included an anticipated 160,000 square feet of retail space at the Poplar Road area, coincident with construction of an interstate 85 exit at Poplar Road in 2017, and a 40,000 square-foot Briarwood Village development proposal consisting of retail, office and residential space on the east side of Georgia Highway 54 in the Sharpsburg area.

In other developments, the University of West Georgia opened its Newnan satellite campus in the summer of 2015, in the former Newnan Hospital on Jackson Street, following financial negotiations with the city of Newnan for the project and renovation and construction throughout 2014. This followed a 2013 opening of the new West Georgia Technical College Campus on Turkey Creek Road near Newnan. The development is expected to have a significant impact on the downtown Newnan business

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

sector and the local economy, and is anticipated to increase local University enrollment beyond 1,000 students to a campus high capacity of 3,000 in the coming years. Both projects have – and are further expected – to bring concomitant education and service jobs to the region, while also providing significant higher-education and economic development assets to the community.

While the Coweta County School System has not seen a full recovery from many of the difficult trends following the national recession and stagnant recovery following, improving trends in employment, local investment, incomes, home sales and construction have provided an optimistic outlook for Coweta County's tax base and local economy, and improving operations for the county's school system.

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, you may contact W. Keith Chapman, CPA, Assistant Superintendent for Financial Services at the Coweta County Board of Education, 237 Jackson Street, Newnan, Georgia 30263. You may also email your questions to keith.chapman@cowetaschools.net.

COWETA COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 11,001,002.38
Investments	67,666,054.93
Accounts Receivable, Net	
Taxes	8,970,980.84
State Government	13,439,357.75
Federal Government	2,721,976.06
Other	183,654.17
Inventories	117,224.33
Capital Assets, Non-Depreciable	50,729,226.07
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>241,416,042.64</u>
 Total Assets	 <u>396,245,519.17</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>14,284,067.95</u>
<u>LIABILITIES</u>	
Accounts Payable	12,667,477.79
Salaries Payable	17,497,395.69
Claims Incurred But Not Reported (IBNR)	1,182,548.00
Contracts Payable	1,821,462.68
Retainages Payable	1,752,398.40
Long-Term Liabilities	
Due Within One Year	759,524.27
Net Pension Liability	<u>132,600,699.00</u>
 Total Liabilities	 <u>168,281,505.83</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>48,072,017.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	292,145,268.71
Restricted for	
Continuation of Federal Programs	415,605.02
Capital Projects	28,602,413.34
Unrestricted	<u>-126,987,222.78</u>
 Total Net Position	 <u>\$ 194,176,064.29</u>

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

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

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 124,890,908.17	\$ 58,085.00
Support Services		
Pupil Services	10,431,335.35	
Improvement of Instructional Services	3,288,152.44	
Educational Media Services	2,848,278.65	
General Administration	1,033,272.32	
School Administration	13,525,614.19	
Business Administration	1,412,492.69	
Maintenance and Operation of Plant	18,313,506.09	
Student Transportation Services	10,244,268.40	
Central Support Services	1,256,978.61	
Other Support Services	1,419,196.12	
Operations of Non-Instructional Services		
Enterprise Operations	746,946.66	309,311.12
Community Services	1,282,332.42	1,163,011.00
Food Services	9,888,934.98	2,494,618.40
	\$ 200,582,217.09	\$ 4,025,025.52
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
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
\$ 81,445,067.45	\$ 3,550,759.59	\$ -39,836,996.13
1,611,088.02		-8,820,247.33
2,507,877.75	10,517.02	-769,757.67
2,247,644.42	81,379.30	-519,254.93
2,407,918.48	3,815.22	1,378,461.38
4,183,313.56	38,915.99	-9,303,384.64
12,247.97	54,177.54	-1,346,067.18
5,676,576.99	1,444,694.29	-11,192,234.81
2,777,576.79	231,660.00	-7,235,031.61
24,578.23	6,438.15	-1,225,962.23
328,281.22		-1,090,914.90
	21,179.74	-416,455.80
	111,460.67	-7,860.75
<u>6,640,842.47</u>	<u>346,835.36</u>	<u>-406,638.75</u>
\$ <u>109,863,013.35</u>	\$ <u>5,901,832.87</u>	<u>-80,792,345.35</u>
		75,122,153.73
		58,711.23
		20,817,380.43
		1,807,612.43
		107,740.81
		<u>3,228,041.96</u>
		<u>101,141,640.59</u>
		20,349,295.24
		<u>173,826,769.05</u>
		\$ <u>194,176,064.29</u>

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

EXHIBIT "C"

	<u>GENERAL FUND</u>	<u>DISTRICT- WIDE CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 9,302,316.72	\$ 1,698,685.66	\$ 11,001,002.38
Investments	28,864,597.45	38,801,457.48	67,666,054.93
Accounts Receivable, Net			
Taxes	7,059,716.63	1,911,264.21	8,970,980.84
State Government	13,398,544.23	40,813.52	13,439,357.75
Federal Government	2,721,976.06		2,721,976.06
Other	183,654.17		183,654.17
Inventories	117,224.33		117,224.33
	<u>117,224.33</u>		<u>117,224.33</u>
Total Assets	<u>\$ 61,648,029.59</u>	<u>\$ 42,452,220.87</u>	<u>\$ 104,100,250.46</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 11,890,386.04	\$ 777,091.75	\$ 12,667,477.79
Salaries Payable	17,497,395.69		17,497,395.69
Contracts Payable	165,159.87	1,656,302.81	1,821,462.68
Retainages Payable	17,785.00	1,734,613.40	1,752,398.40
	<u>17,785.00</u>	<u>1,734,613.40</u>	<u>1,752,398.40</u>
Total Liabilities	<u>29,570,726.60</u>	<u>4,168,007.96</u>	<u>33,738,734.56</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Property Taxes	<u>4,378,228.73</u>		<u>4,378,228.73</u>
<u>FUND BALANCES</u>			
Nonspendable	117,224.33		117,224.33
Restricted	298,380.69	28,602,413.34	28,900,794.03
Committed	7,502,385.75		7,502,385.75
Assigned	741,162.83	9,681,799.57	10,422,962.40
Unassigned	19,039,920.66		19,039,920.66
	<u>19,039,920.66</u>		<u>19,039,920.66</u>
Total Fund Balances	<u>27,699,074.26</u>	<u>38,284,212.91</u>	<u>65,983,287.17</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 61,648,029.59</u>	<u>\$ 42,452,220.87</u>	<u>\$ 104,100,250.46</u>

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

COWETA 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") \$ 65,983,287.17

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	\$	11,443,803.00	
Construction in Progress		39,285,423.07	
Land Improvements		30,563,756.00	
Buildings		263,235,209.51	
Equipment		28,173,859.00	
Accumulated Depreciation		<u>-80,556,781.87</u>	
Total Capital Assets			292,145,268.71

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 -132,600,699.00

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

-33,787,949.05

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

Property Taxes 4,378,228.73

Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year-end consist of:

Compensated Absences Payable	\$	-759,524.27	
Claims Incurred but not Reported (IBNR)		<u>-1,182,548.00</u>	
Total Long-Term Liabilities			<u>-1,942,072.27</u>

Net Position of Governmental Activities (Exhibit "A") \$ 194,176,064.29

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

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

EXHIBIT "E"

	<u>GENERAL FUND</u>	<u>DISTRICT- WIDE CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Property Taxes	\$ 73,767,927.19		\$ 73,767,927.19
Sales Taxes	1,807,612.43	\$ 20,817,380.43	22,624,992.86
State Funds	95,185,458.73	5,634,172.87	100,819,631.60
Federal Funds	15,285,838.62		15,285,838.62
Charges for Services	4,025,025.52		4,025,025.52
Investment Earnings	48,279.95	59,460.86	107,740.81
Miscellaneous	3,378,441.16	7,266.60	3,385,707.76
	<u>193,498,583.60</u>	<u>26,518,280.76</u>	<u>220,016,864.36</u>
Total Revenues			
<u>EXPENDITURES</u>			
Current			
Instruction	122,607,367.08	1,687,260.45	124,294,627.53
Support Services			
Pupil Services	10,797,477.82	1,400.00	10,798,877.82
Improvement of Instructional Services	3,382,360.37		3,382,360.37
Educational Media Services	2,841,878.31		2,841,878.31
General Administration	1,040,797.44	5,450.00	1,046,247.44
School Administration	13,959,338.58	42,054.00	14,001,392.58
Business Administration	1,371,848.13	6,835.52	1,378,683.65
Maintenance and Operation of Plant	14,551,609.57	2,086,379.02	16,637,988.59
Student Transportation Services	9,500,466.30	913,315.00	10,413,781.30
Central Support Services	1,286,936.66		1,286,936.66
Other Support Services	1,612,637.82		1,612,637.82
Enterprise Operations	717,583.74		717,583.74
Community Services	1,145,391.81		1,145,391.81
Food Services Operation	9,537,369.71		9,537,369.71
Capital Outlay	255,044.87	22,620,138.14	22,875,183.01
	<u>194,608,108.21</u>	<u>27,362,832.13</u>	<u>221,970,940.34</u>
Total Expenditures			
Excess of Revenues under Expenditures	<u>-1,109,524.61</u>	<u>-844,551.37</u>	<u>-1,954,075.98</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In		300,000.00	300,000.00
Transfers Out	-300,000.00		-300,000.00
	<u>-300,000.00</u>	<u>300,000.00</u>	<u>0.00</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	-1,409,524.61	-544,551.37	-1,954,075.98
Fund Balances - Beginning, Restated	<u>29,108,598.87</u>	<u>38,828,764.28</u>	<u>67,937,363.15</u>
Fund Balances - Ending	<u>\$ 27,699,074.26</u>	<u>\$ 38,284,212.91</u>	<u>\$ 65,983,287.17</u>

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

COWETA 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") \$ -1,954,075.98

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	\$ 22,238,237.16	
Depreciation Expense	<u>-7,015,958.98</u>	
Excess of Capital Outlay over Depreciation Expense		15,222,278.18

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. -157,665.80

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,412,937.77

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. These activities consist of:

Decrease in Compensated Absences	\$ 16,373.12	
Pension Expense	5,621,211.95	
Decrease in Claims Incurred but Not Reported (IBNR)	<u>188,236.00</u>	
Total Additional Expenditures		<u>5,825,821.07</u>

Change in Net Position of Governmental Activities (Exhibit "B") \$ 20,349,295.24

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

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

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 889,515.23
Investments	
Certificate of Deposit	<u>244,809.00</u>
Total Assets	<u>\$ 1,134,324.23</u>
<u>LIABILITIES</u>	
Funds Held for Others	<u>\$ 1,134,324.23</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 Coweta 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 Central Education Center (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 Coweta County Board of Education.

District-wide Statements:

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

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

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

Fund Financial Statements:

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

The School District reports the following major governmental funds:

- General Fund is the School District's primary operating fund. It accounts 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) and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The School District reports the following fiduciary fund type:

- Agency funds account for assets held by the School District as an agent for various funds, governments or individuals.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental and fiduciary 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 claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

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/FUND BALANCE

For fiscal year 2015, the School District made a variety of prior period adjustments due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in "New Accounting Pronouncements" below, and various errors or omissions, which require the restatement of the June 30, 2014, net position in Governmental Activities and fund balance in the General Fund. The result is a decrease in Net Position and an increase in Fund Balance at July 1, 2014, of \$171,254,522.00 and \$755,338.00 respectively. These changes are in accordance with generally accepted accounting principles.

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

EXHIBIT "H"

Net position, July 1, 2014 as previously reported		\$ 345,081,291.05
Prior Period adjustment - Implementation of GASB 68:		
Net pension liability (measurement date)		
TRS	\$ -184,976,253.00	
ERS	<u>-184,352.00</u>	-185,160,605.00
Deferred Outflows - School District's contribution made during fiscal year 2014		
TRS	\$ 13,135,948.00	
ERS	<u>14,797.00</u>	13,150,745.00
Reclassification of Property Insurance Expense		<u>755,338.00</u>
Net position, July 1, 2014, as restated		<u>\$ 173,826,769.05</u>
Fund Balance, July 1, 2014, as previously reported		\$ 67,182,025.15
Reclassification of Property Insurance Expense		<u>755,338.00</u>
Fund Balance, July 1, 2014, as restated		<u>\$ 67,937,363.15</u>

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 the implementation of statement. This statement amends paragraph 137 of Statement No. 68 which limited recognition of pension-related deferred inflows of resources at the transition to circumstances in which it is practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions. The adoption of this statement has a significant impact on the School District's financial statements. As noted above, the School District restated beginning Net Position for the cumulative effect of this accounting change.

CASH AND CASH EQUIVALENTS

Composition of Deposits

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

INVESTMENTS

Composition of Investments

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

1. Obligations issued by the State of Georgia or by other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime banker's acceptances,
6. The local government investment pool (Georgia Fund 1) administered by the State of Georgia, Office of 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 risks, custodial risks, concentration of credit risks, interest rate risks or foreign currency risks.

RECEIVABLES

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

PROPERTY TAXES

The Coweta County Board of Commissioners adopted the property tax levy for the 2014 tax digest year (calendar year) on August 19, 2014 (levy date) based on property values as of January 1, 2014. Taxes were due on December 1, 2014 (lien date). Motor vehicle taxes were due on the taxpayer's birthday (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 Coweta 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.

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

EXHIBIT "H"

Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2015, for maintenance and operations amounted to \$65,617,913.79. Motor vehicle tax revenue amounted to \$3,374,239.23.

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

School Operations	<u>18.59</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$4,717,062.94 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 \$20,817,380.43 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

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

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 10,000.00	20 to 80 years
Buildings and Improvements	\$ 10,000.00	25 to 80 years
Equipment	\$ 10,000.00	10 to 50 years
Intangible Assets	\$ 500,000.00	5 to 80 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.

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.

At June 30, 2015, the School District's compensated absences liability is composed of an overtime compensation liability of \$164,488.22 and a vacation liability of \$595,036.05.

The overtime compensation liability is calculated in accordance with the Fair Labor Standards Act and applies to all non-exempt employees of the School District as defined in the Fair Labor Standards Act. Applicable employees may accrue up to no more than 240 hours of compensatory leave.

Twelve month employees earn vacation leave. Twelve month hourly employees earn 10 days of vacation leave for the first year of service, with an additional vacation day for each additional year of service completed through the 10th year. Twelve month hourly employees earn a maximum of 20 days of vacation leave at 10 years of service, and any unused vacation leave days must be used within a 24 month period to avoid forfeiture.

PENSIONS

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

NET POSITION

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

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

Restricted Net Position - This represents resources for which the School District is legally or contractually obligated to spend resources for continuation of Federal Programs and 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 \$132,600,699.00 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, 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.

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

EXHIBIT "H"

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

Nonspendable			
Inventories		\$	117,224.33
Restricted			
Continuation of Federal Programs	\$	298,380.69	
Capital Projects		<u>28,602,413.34</u>	28,900,794.03
Committed			
Self-Insurance	\$	6,236,190.63	
School Activity Accounts		<u>1,266,195.12</u>	7,502,385.75
Assigned			
After School Program	\$	741,162.83	
Local Capital Outlay Projects		<u>9,681,799.57</u>	10,422,962.40
Unassigned			<u>19,039,920.66</u>
Fund Balance, June 30, 2015		\$	<u><u>65,983,287.17</u></u>

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 and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2015, the School District had deposits with a carrying amount of \$12,135,326.61, which includes \$244,809.00 in Certificates of Deposit that are reported as Investments, and a bank balance of \$16,385,737.85. The bank balances insured by Federal depository insurance were \$1,490,541.47, 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 \$74,328.61.

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. |

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

EXHIBIT "H"

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	14,820,867.77
Total	\$ 14,820,867.77

CATEGORIZATION OF INVESTMENTS

At June 30, 2015, the carrying value of the School District's total investments was \$67,910,863.93, which is materially the same as fair value. This includes \$244,809.00 invested in Certificates of Deposit, which are collateralized in the same manner as other cash deposits. This investment consisted entirely of funds invested in the Georgia Fund 1 (local government investment pool) administered by the State of Georgia, Office of the State Treasurer which 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 of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2015, was 56 days.

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**

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

EXHIBIT "H"

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2014	Increases	Decreases	Balances June 30, 2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 11,443,803.00			\$ 11,443,803.00
Construction Work in Progress	22,526,330.91	\$ 18,818,079.80	\$ 2,058,987.64	39,285,423.07
Total Capital Assets, Not Being Depreciated	33,970,133.91	18,818,079.80	2,058,987.64	50,729,226.07
Capital Assets, Being Depreciated:				
Buildings and Improvements	262,500,946.51	734,263.00		263,235,209.51
Equipment	27,419,346.00	1,343,342.00	588,829.00	28,173,859.00
Land Improvements	27,162,216.00	3,401,540.00		30,563,756.00
Less Accumulated Depreciation for:				
Buildings and Improvements	56,238,453.42	4,909,122.90		61,147,576.32
Equipment	10,024,216.83	1,168,447.30	431,163.20	10,761,500.93
Land Improvements	7,709,315.84	938,388.78		8,647,704.62
Total Capital Assets, Being Depreciated, Net	243,110,522.42	-1,536,813.98	157,665.80	241,416,042.64
Governmental Activity Capital Assets - Net	\$ 277,080,656.33	\$ 17,281,265.82	\$ 2,216,653.44	\$ 292,145,268.71

Current year depreciation expense by function is as follows:

Instruction		\$	3,839,064.71
Support Services			
Improvements of Instructional Services	\$		11,370.95
Educational Media Services			87,986.92
General Administration			4,125.00
School Administration			42,075.79
Business Administration			58,576.50
Maintenance and Operation of Plant			1,561,996.73
Student Transportation Services			885,394.50
Central Support Services			6,960.90
Enterprises Operations			22,899.44
Community Services			120,510.76
Food Services			374,996.78
		\$	7,015,958.98

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

EXHIBIT "H"

NOTE 7: INTERFUND TRANSFERS

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

Transfers to	Transfers From General Fund
District-wide Capital Projects	\$ <u><u>300,000.00</u></u>

Funds were transferred from the General Fund to the Capital Project Fund as a supplemental 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, 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 has established a limited risk management program for workers' 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. An excess coverage insurance policy covers individual claims in excess of \$600,000.00 loss per occurrence, up to the statutory limit.

For purposes of estimating the claims incurred but not reported (IBNR) liability as of June 30, 2015, the School District computed the liability based on the estimated cost of each outstanding claim from claims experience of similar claims.

Changes in the workers' 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	\$ <u>628,015.00</u>	\$ <u>1,892,775.97</u>	\$ <u>1,150,006.97</u>	\$ <u>1,370,784.00</u>
2015	\$ <u>1,370,784.00</u>	\$ <u>696,894.59</u>	\$ <u>885,130.59</u>	\$ <u>1,182,548.00</u>

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.

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

EXHIBIT "H"

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
	\$	<u>0.00</u>	\$	<u>14,767.00</u>	\$	<u>14,767.00</u>	\$	<u>0.00</u>
2014								
2015		<u>0.00</u>		<u>10,533.44</u>		<u>10,533.44</u>		<u>0.00</u>

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 20,000.00
Assistant Superintendent for Financial Services	\$ 10,000.00
Board Treasurer	\$ 10,000.00
All Employees	\$ 250,000.00

NOTE 9: LONG-TERM LIABILITIES

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

Voters have authorized \$60,000,000.00 in general obligation debt for completion of SPLOST IV projects which was not issued as of June 30, 2015.

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

	Governmental Activities					
	Balance				Balance	Due Within
	July 1, 2014	Additions	Deductions	June 30, 2015	One Year	
Compensated Absences	\$ <u>775,897.39</u>	\$ <u>660,949.45</u>	\$ <u>677,322.57</u>	\$ <u>759,524.27</u>	\$ <u>759,524.27</u>	

NOTE 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$497,740.00 for retirement contributions paid on the School District's behalf by the following State Agency.

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 \$497,740.00

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, together with funding available:

Project	Unearned Executed Contracts	Funding Available From State
Bus Maintenance Facility	\$ 24,000.00	
East Coweta High School Renovations	582,360.47	\$ 392,012.80
Eastside Elementary School Kitchen Renovation	542,885.92	
Evans Middle School Renovations	1,465,304.40	1,638,100.25
Paving Projects	430,217.50	
Westside Burwell Education Center Renovation	1,487,591.30	
	\$ 4,532,359.59	\$ 2,030,113.05

The amounts described in this note are 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

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%	\$ 19,786,220.09
2014	100%	\$ 19,610,194.44
2013	100%	\$ 17,779,719.55

NOTE 14: RETIREMENT PLANS

Coweta 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 a pension through the Teachers' Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the *O.C.G.A.* assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers' Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% 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:

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 14,382,865.03
2014	100%	\$ 13,140,395.87
2013	100%	\$ 12,194,307.23

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement

pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 18,337.92
2014	100%	\$ 14,796.62
2013	100%	\$ 13,138.86

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.

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

EXHIBIT "H"

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 \$132,600,699.00 for its proportionate share of the net pension liability for TRS \$132,467,177.00 and ERS \$133,522.00.

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

At June 30, 2014, the School District's TRS proportion was 1.048524%, which was a decrease of 0.013040% from its proportion measured as of June 30, 2013. At June 30, 2014, the School District's ERS proportion was 0.003560%, which was a decrease of 0.000239% 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 \$1,809,179.00.

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 \$8,659,163.00 for TRS, \$3,693.00 for ERS and \$157,116.00 for PSERS, and revenue of \$157,116.00 for PSERS. The revenue is support provided by the State of Georgia.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$ 46,180,866.00		\$ 32,589.00
Changes in proportion and differences between School District contributions and proportionate share of contributions		1,851,425.00		7,137.00
School District contributions subsequent to the measurement date	\$ 14,266,025.14		\$ 18,042.81	
Total	\$ 14,266,025.14	\$ 48,032,291.00	\$ 18,042.81	\$ 39,726.00

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

EXHIBIT "H"

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

Year Ending June 30:	TRS	ERS
2016	\$ -11,965,992.00	\$ -12,608.00
2017	\$ -11,965,992.00	\$ -10,823.00
2018	\$ -11,965,992.00	\$ -8,147.00
2019	\$ -11,966,003.00	\$ -8,148.00
2020	\$ -168,312.00	\$ 0.00

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

Teachers' Retirement System:

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

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

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

Employees' Retirement System:

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

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

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

Public School Employees' Retirement System:

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

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

EXHIBIT "H"

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

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

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

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

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

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

Sensitivity of the Coweta 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:

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

EXHIBIT "H"

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	\$ 244,119,235.00	\$ 132,467,177.00	\$ 40,524,027.00

Employees' Retirement System:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 194,702.00	\$ 133,522.00	\$ 81,444.00

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

DEFINED CONTRIBUTION PLAN

Employees of the School District may elect to contribute to a qualifying 403(b) and/or 457 plan by selecting a vendor that has been approved by the School District. The School District does not provide matching funds to supplement the employee contributions. The employee contributions, disbursements, and loans are governed by the Internal Revenue Service rules and regulations and the plan document approved by the School District. The School District selected a third party administrator to assist in the administration of the 403(b) plan and common remitting services for the 457 plan. Contributions to the plan become property of the employee without a vesting period.

The School District also provides a supplemental 403(b) plan option for employees who are not members of the Teachers' Retirement System. Employees who are not members of the Teachers' Retirement System may elect to contribute to a supplemental 403(b) plan by choosing a vendor that has been approved by the School District. The School District provides matching funds of 50% of the employee's contribution up to a maximum School District contribution of 3% of the employee's contribution. The employee and employer contributions, disbursements, and loans are governed by the Internal Revenue Service rules and regulations and the plan document approved by the School District. The School District selected a third party administrator to assist in the administration of the supplemental 403(b) plan. Employee and employer contributions become property of the employee without a vesting period.

Fiscal Year	Percentage Contributed	Required Contribution
2015	100%	\$ 73,053.15
2014	100%	\$ 70,867.86
2013	100%	\$ 72,367.62

COWETA 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	1.048524%
School District's proportionate share of the net pension liability	\$ 132,467,177.00
School District's covered-employee payroll	\$ 107,006,481.03
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	123.79%
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 Coweta County Board of Education.

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

SCHEDULE "2"

	2015
School District's proportion of the net pension liability	0.003560%
School District's proportionate share of the net pension liability	\$ 133,522.00
School District's covered-employee payroll	\$ 80,154.96
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	166.58%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

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

COWETA 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	\$ 14,382,865.03	\$ 13,140,395.87	\$ 12,194,307.23
Contributions in relation to the contractually required contribution	<u>14,382,865.03</u>	<u>13,140,395.87</u>	<u>12,194,307.23</u>
Contribution deficiency (excess)	0.00	0.00	0.00
School District's covered-employee payroll	\$ 109,375,399.47	\$ 107,006,481.03	\$ 106,873,858.28
Contributions as a percentage of covered-employee payroll	13.15%	12.28%	11.41%

Schedule includes all significant plans and funds administered by Coweta County Board of Education.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	11,019,167.20	\$ 11,151,923.30	\$ 10,697,979.00	\$ 10,197,197.00	\$ 9,731,112.00	\$ 9,022,845.00	\$ 8,070,080.00
	<u>11,019,167.20</u>	<u>11,151,923.30</u>	<u>10,697,979.00</u>	<u>10,197,197.00</u>	<u>9,731,112.00</u>	<u>9,022,845.00</u>	<u>8,070,080.00</u>
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
\$	107,190,342.41	\$ 108,481,744.16	\$ 109,835,513.35	\$ 109,883,588.36	\$ 104,861,120.69	\$ 97,228,933.19	\$ 87,338,528.14
	10.28%	10.28%	9.74%	9.28%	9.28%	9.28%	9.24%

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 18,337.92	\$ 14,796.62	\$ 13,138.86
Contributions in relation to the contractually required contribution	<u>18,337.92</u>	<u>14,796.62</u>	<u>13,138.86</u>
Contribution deficiency (excess)	\$ 0.00	\$ 0.00	\$ 0.00
School District's covered-employee payroll	\$ 83,505.96	\$ 80,154.96	\$ 88,180.46
Contributions as a percentage of covered-employee payroll	21.96%	18.46%	14.90%

Schedule includes all significant plans and funds administered by Coweta County Board of Education.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	7,141.42	\$ 6,381.13	\$ 6,224.60	\$ 6,434.16	\$ 6,623.97	\$ 5,714.33	\$ 5,270.78
	<u>7,141.42</u>	<u>6,381.13</u>	<u>6,224.60</u>	<u>6,434.16</u>	<u>6,623.97</u>	<u>5,714.33</u>	<u>5,270.78</u>
\$	0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
\$	61,405.16	\$ 61,298.08	\$ 59,794.40	\$ 61,807.46	\$ 63,630.84	\$ 54,892.69	\$ 50,631.88
	11.63%	10.41%	10.41%	10.41%	10.41%	10.41%	10.41%

Teachers' Retirement System

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

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

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

Employees' Retirement System

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

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

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

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

SCHEDULE "6"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL		
<u>REVENUES</u>				
Property Taxes	\$ 72,955,670.00	\$ 73,655,670.00	\$ 73,767,927.19	\$ 112,257.19
Sales Taxes	1,200,000.00	1,200,000.00	1,807,612.43	607,612.43
State Funds	93,604,334.00	94,094,117.00	95,185,458.73	1,091,341.73
Federal Funds	16,620,505.00	17,367,213.00	15,285,838.62	-2,081,374.38
Charges for Services	5,886,691.00	5,886,691.00	4,025,025.52	-1,861,665.48
Investment Earnings	21,250.00	21,250.00	48,279.95	27,029.95
Miscellaneous	504,224.00	7,445,513.00	3,378,441.16	-4,067,071.84
Total Revenues	<u>190,792,674.00</u>	<u>199,670,454.00</u>	<u>193,498,583.60</u>	<u>-6,171,870.40</u>
<u>EXPENDITURES</u>				
Current				
Instruction	123,862,633.00	130,357,008.00	122,607,367.08	7,749,640.92
Support Services				
Pupil Services	10,128,162.00	9,548,747.00	10,797,477.82	-1,248,730.82
Improvement of Instructional Services	3,268,985.00	3,876,827.00	3,382,360.37	494,466.63
Educational Media Services	2,826,326.00	2,826,326.00	2,841,878.31	-15,552.31
General Administration	994,380.00	903,555.00	1,040,797.44	-137,242.44
School Administration	13,594,115.00	13,582,985.00	13,959,338.58	-376,353.58
Business Administration	1,186,961.00	1,200,029.00	1,371,848.13	-171,819.13
Maintenance and Operation of Plant	15,749,569.00	15,959,732.00	14,551,609.57	1,408,122.43
Student Transportation Services	9,885,776.00	10,126,357.00	9,500,466.30	625,890.70
Central Support Services	1,440,899.00	1,505,941.00	1,286,936.66	219,004.34
Other Support Services	1,534,763.00	1,329,502.00	1,612,637.82	-283,135.82
Enterprise Operations		1,500,000.00	717,583.74	782,416.26
Community Services	1,539,686.00	1,539,686.00	1,145,391.81	394,294.19
Food Services Operation	9,337,611.00	9,337,611.00	9,537,369.71	-199,758.71
Capital Outlay			255,044.87	-255,044.87
Total Expenditures	<u>195,349,866.00</u>	<u>203,594,306.00</u>	<u>194,608,108.21</u>	<u>8,986,197.79</u>
Excess of Revenues over (under) Expenditures	<u>-4,557,192.00</u>	<u>-3,923,852.00</u>	<u>-1,109,524.61</u>	<u>2,814,327.39</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Other Sources	357,493.00	357,493.00		-357,493.00
Other Uses	<u>-357,493.00</u>	<u>-357,493.00</u>	<u>-300,000.00</u>	<u>57,493.00</u>
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>-300,000.00</u>	<u>-300,000.00</u>
Net Change in Fund Balances	-4,557,192.00	-3,923,852.00	-1,409,524.61	2,514,327.39
Fund Balances - Beginning	28,295,764.87	28,295,764.87	29,108,598.87	812,834.00
Adjustments		<u>-305,909.40</u>		<u>305,909.40</u>
Fund Balances - Ending	<u>\$ 23,738,572.87</u>	<u>\$ 24,066,003.47</u>	<u>\$ 27,699,074.26</u>	<u>\$ 3,633,070.79</u>

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

- (1) Original Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts or revenues or expenditures for retirement contributions paid on the School District's behalf.

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.

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

SCHEDULE "7"

FUNDING AGENCY PROGRAM/GRANT	<u>CFDA NUMBER</u>	<u>PASS- THROUGH ENTITY ID NUMBER</u>	<u>EXPENDITURES IN PERIOD</u>
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>9,145,332.33</u> (1)
Total U. S. Department of Agriculture			<u>9,145,332.33</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	4,050,503.49
Preschool Grants	84.173	N/A	<u>111,750.00</u>
Total Special Education Cluster			<u>4,162,253.49</u>
 Other Programs			
Pass-Through From Georgia Department of Education			
ARRA - Race-to-the-Top Incentive Grants	84.395	N/A	18,732.47
Career and Technical Education - Basic Grants to States	84.048	N/A	150,122.46
Education for Homeless Children and Youth	84.196	N/A	29,509.79
English Language Acquisition Grants	84.365	N/A	78,809.53
Improving Teacher Quality State Grants	84.367	N/A	469,975.96
Mathematics and Science Partnerships	84.366	N/A	82,324.57
Migrant Education - State Grant Program	84.011	N/A	26,021.60
Title I - Grants to Local Educational Agencies	84.010	N/A	<u>3,834,953.81</u>
Total Other Programs			<u>4,690,450.19</u>
Total U. S. Department of Education			<u>8,852,703.68</u>
 Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program			120,734.34
Department of the Marine Corps			
R.O.T.C. Program			<u>76,043.47</u>
Total U. S. Department of Defense			<u>196,777.81</u>
Total Expenditures of Federal Awards			<u>\$ <u>18,194,813.82</u></u>

N/A = Not Available

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

SCHEDULE "7"

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 \$583,434.85.
- (2) Expenditures for the funds earned on the School Breakfast Program (\$1,124,338.92) 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 Coweta 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.

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

SCHEDULE "8"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning Pre-Kindergarten Program	\$ 2,066,739.50		\$ 2,066,739.50
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	6,091,425.00		6,091,425.00
Kindergarten Program - Early Intervention Program	319,262.00		319,262.00
Primary Grades (1-3) Program	15,458,606.00		15,458,606.00
Primary Grades - Early Intervention (1-3) Program	1,313,888.00		1,313,888.00
Upper Elementary Grades (4-5) Program	7,067,716.00		7,067,716.00
Upper Elementary Grades - Early Intervention (4-5) Program	657,803.00		657,803.00
Middle School (6-8) Program	13,369,355.00		13,369,355.00
High School General Education (9-12) Program	13,477,950.00		13,477,950.00
Vocational Laboratory (9-12) Program	2,627,101.00		2,627,101.00
Students with Disabilities	14,952,053.00		14,952,053.00
Gifted Student - Category VI	5,214,829.00		5,214,829.00
Remedial Education Program	300,848.00		300,848.00
Alternative Education Program	990,483.00		990,483.00
English Speakers of Other Languages (ESOL)	537,066.00		537,066.00
Media Center Program	2,247,585.00		2,247,585.00
20 Days Additional Instruction	810,124.00		810,124.00
Staff and Professional Development	388,634.00		388,634.00
Indirect Cost			
Central Administration	2,091,896.00		2,091,896.00
School Administration	4,481,735.00		4,481,735.00
Facility Maintenance and Operations	5,354,915.00		5,354,915.00
Mid-term Adjustment Hold-Harmless	450,212.00		450,212.00
Amended Formula Adjustment	-8,898,078.00		-8,898,078.00
Categorical Grants			
Pupil Transportation			
Regular	1,675,700.00		1,675,700.00
Nursing Services	412,080.00		412,080.00
Other State Programs			
Food Services	276,303.00		276,303.00
Georgia Foundation for Public Education Teacher of the Year Grant	1,014.25		1,014.25
Math and Science Supplements	139,611.45		139,611.45
Preschool Handicapped Program	334,561.53		334,561.53
Principal Staff and Professional Development	7,957.00		7,957.00
Pupil Transportation - State Bonds	231,660.00		231,660.00
Tuition For Multi-Handicapped	117,498.00		117,498.00
Vocational Education	93,050.00		93,050.00
Vocational Supervisors	26,136.00		26,136.00
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects		\$ 5,634,172.87	5,634,172.87
Office of State Treasurer			
Public School Employees' Retirement	497,740.00		497,740.00
	<u>\$ 95,185,458.73</u>	<u>\$ 5,634,172.87</u>	<u>\$ 100,819,631.60</u>

See notes to the basic financial statements.

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

SCHEDULE "9"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST III	\$ 130,000,000.00	\$ 192,771,636.94					
i) The payment of principal and interest on the School District's 2005 General Obligation Sales Tax Bonds in the aggregate principal amount of \$58,000,000.				\$ 71,376,367.52	\$ 71,376,367.52	\$ 0.00	Completed
ii) The acquiring, constructing and equipping of three ninth grade academies, one middle school and an addition to Eastside Elementary School;				32,025,879.00	32,025,879.00		Completed
iii) the retirement of any public purpose master lease executed for renovating, adding to and improving any existing school buildings and facilities;				4,585,075.00	4,585,075.00		Completed
iv) renovating, adding to and improving existing school buildings and facilities;			\$ 11,610,501.38	36,809,614.29	48,420,115.67		Completed
v) providing additional technology;			2,741,494.23	2,831,792.86	5,573,287.09		Completed
vi) providing additional buses;			887,140.00	3,502,899.00	4,390,039.00		Completed
vii) acquisition, construction and equipping all facilities and additions thereto system-wide;				20,478,277.74	20,478,277.74		Completed
viii) and acquiring land for future school projects;				3,935,601.92	3,935,601.92		Completed
ix) capitalizing interest on bonds through July 1, 2007.				1,986,994.00	1,986,994.00		Completed
Total SPLOST III	<u>130,000,000.00</u>	<u>192,771,636.94</u>	<u>15,239,135.61</u>	<u>177,532,501.33</u>	<u>192,771,636.94</u>	<u>0.00</u>	
SPLOST IV	130,000,000.00	158,000,000.00					
i) The acquisition, construction and equipping of one or more new high schools, one or more new middle schools, one or more new elementary schools and a new transportation facility,				77,225.00	0.00	0.00	7/2018
ii) additions throughout the School System, including, but not limited to, additions at Newnan High School and Evans Middle School,							7/2018
iii) the acquisition of buses,			26,175.00				7/2018
iv) the acquisition of technology,			1,419,528.29	357,229.30			7/2018
v) the acquisition of text books and digital media,				1,799,771.71			7/2018
vi) the acquisition of land,							7/2018
vii) and renovations and improvements throughout the School System, including, but not limited to, renovations and improvements at East Coweta High School, Canongate Elementary School, Newnan Crossing Elementary School, Thomas Crossroads Elementary School, Jefferson Parkway Elementary School, and Northgate High School,			10,675,743.23	20,907,843.83			7/2018
viii) issuance of general obligation debt of the Coweta County School System in the maximum principal amount of \$60,000,000 for the above purposes.							Ongoing (4)
Total SPLOST IV	<u>130,000,000.00</u>	<u>158,000,000.00</u>	<u>12,121,446.52</u>	<u>23,142,069.84</u>	<u>0.00</u>	<u>0.00</u>	
Total All Projects	<u>\$ 260,000,000.00</u>	<u>\$ 350,771,636.94</u>	<u>\$ 27,360,582.13</u>	<u>\$ 200,674,571.17</u>	<u>\$ 192,771,636.94</u>	<u>\$ 0.00</u>	

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

SCHEDULE "9"

- (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 Coweta County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) Issuance of general obligation debt has not occurred as of the date of publication.

See notes to the basic financial statements.

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

SCHEDULE "10"

DESCRIPTION	ALLOTMENTS FROM GEORGIA DEPARTMENT OF EDUCATION (1) (2)	ELIGIBLE QBE PROGRAM COSTS		
		SALARIES	OPERATIONS	TOTAL
Direct Instructional Programs				
Kindergarten Program	\$ 7,631,817.00	\$ 8,005,907.41	42,497.91	\$ 8,048,405.32
Kindergarten Program-Early Intervention Program	398,287.00	99,942.19		99,942.19
Primary Grades (1-3) Program	18,815,395.00	18,288,349.65	103,127.78	18,391,477.43
Primary Grades-Early Intervention (1-3) Program	1,605,592.00	1,639,712.03	5,226.94	1,644,938.97
Upper Elementary Grades (4-5) Program	8,631,440.00	9,655,109.43	126,926.22	9,782,035.65
Upper Elementary Grades-Early Intervention (4-5) Program	794,418.00	925,935.24	212,202.00	1,138,137.24
Middle Grades (6-8) Program	16,268,816.00	15,581,794.75	487,883.97	16,069,678.72
Middle School (6-8) Program	16,391,882.00	21,353,564.96	152,839.23	21,506,404.19
High School General Education (9-12) Program	3,208,859.00	2,081,057.39		2,081,057.39
Vocational Laboratory (9-12) Program	18,188,873.00			
Students with Disabilities				
Category I		153,349.43	348.10	153,697.53
Category II		974,632.49		974,632.49
Category III		14,427,579.25	277,712.46	14,705,291.71
Category IV		383,354.84	3,873.86	387,228.70
Category V		697,828.87		697,828.87
Gifted Student - Category VI	6,223,869.00	3,667,771.71	16,356.20	3,684,127.91
Remedial Education Program	401,478.00	144,983.55		144,983.55
Alternative Education Program	1,204,824.00	910,638.03		910,638.03
English Speakers of Other Languages (ESOL)	648,216.00	914,745.30	298.48	915,043.78
TOTAL DIRECT INSTRUCTIONAL PROGRAMS	100,413,766.00	99,906,256.52	1,429,293.15	101,335,549.67
Media Center Program	2,737,765.00	2,834,878.41	6,937.25	2,841,815.66
Staff and Professional Development	473,099.00	256,454.97		256,454.97
TOTAL QBE FORMULA FUNDS	\$ 103,624,630.00	\$ 102,997,589.90	\$ 1,436,230.40	\$ 104,433,820.30

(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 11, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Coweta 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 Coweta 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 Coweta County Board of Education's basic financial statements and have issued our report thereon dated March 11, 2016.

Internal Control Over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, not to provide an opinion on the effectiveness of the Coweta 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 Coweta County Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

GSG:as
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 11, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Coweta 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 Coweta 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. Coweta 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 Coweta 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 Coweta 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 Coweta County Board of Education's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Coweta 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 Coweta 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 Coweta 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 Coweta 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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COWETA 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 reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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COWETA 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; 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
Dollar threshold used to distinguish between Type A and Type B programs:	\$545,844.41
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.