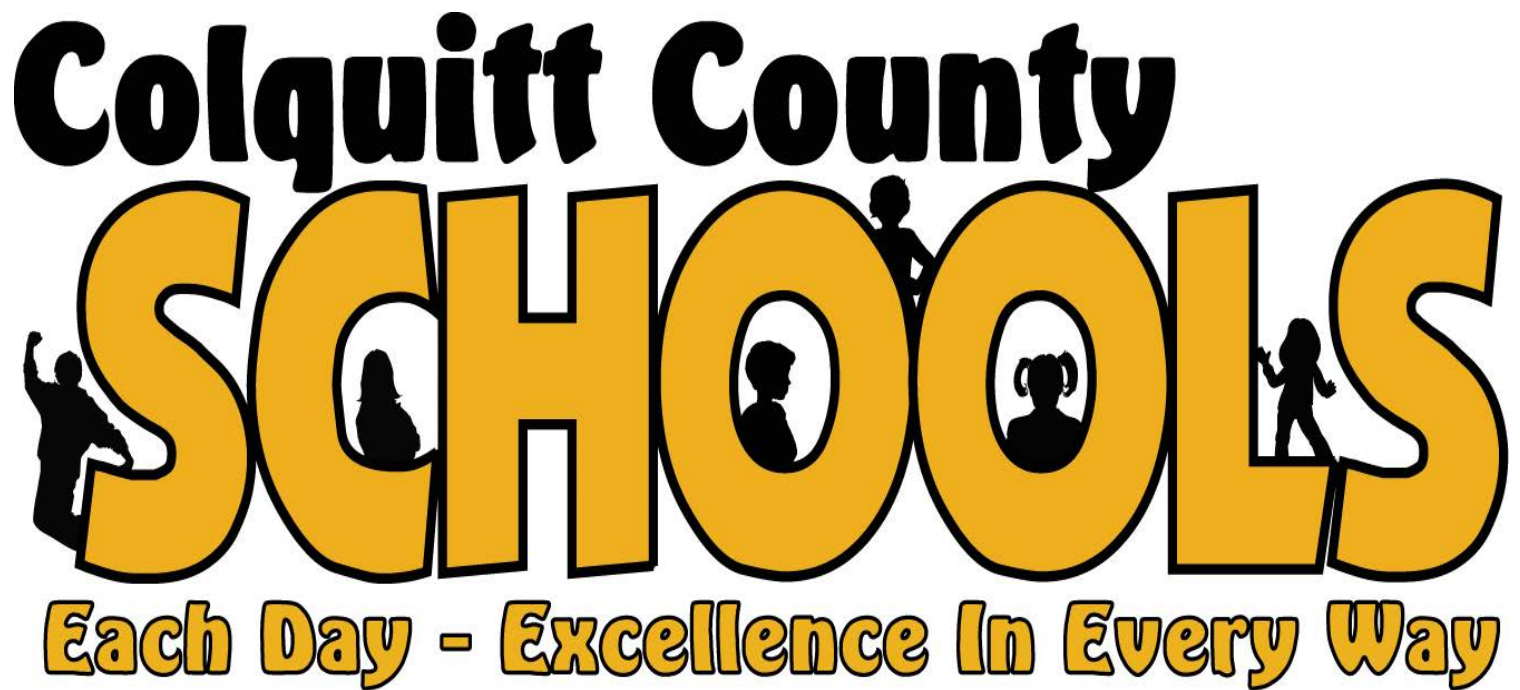


# Colquitt County **SCHOOLS** Each Day - Excellence In Every Way



COLQUITT COUNTY BOARD OF EDUCATION

MOULTRIE, GEORGIA

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

JUNE 30, 2017

(Including Independent Auditor's Reports)

COLQUITT 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	
GOVERNMENT-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 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	
FIDUCIARY FUNDS	9
I NOTES TO THE BASIC FINANCIAL STATEMENTS	11
SCHEDULES	
REQUIRED SUPPLEMENTARY INFORMATION	
1 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA	37
2 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	38
3 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA	39
4 SCHEDULE OF CONTRIBUTIONS - TEACHERS RETIREMENT SYSTEM OF GEORGIA	40
5 SCHEDULE OF CONTRIBUTIONS - EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	41
6 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	42

COULQUITT COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

	<u>Page</u>
SECTION I	
FINANCIAL	
SCHEDULES	
REQUIRED SUPPLEMENTARY INFORMATION	
7 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	43
SUPPLEMENTARY INFORMATION	
8 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	44
9 SCHEDULE OF STATE REVENUE	45
10 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	47
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 REQUIRED BY THE UNIFORM GUIDANCE	
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	

SECTION I

FINANCIAL



# 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

June 20, 2018

The Honorable Nathan Deal, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the Board of Education

## INDEPENDENT AUDITOR'S REPORT

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, in 2017, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) *Statement No. 77, Tax Abatement Disclosures*, GASB *Statement No. 80, Blending Requirements for Certain Component Units*, and GASB *Statement No. 82, Pension Issues*. Our opinions are not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Schedules of Contributions to Retirement Systems, Notes to the Required Supplementary Information and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual as presented on pages i through x, and pages 37 through 43, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the 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 Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

(This page left intentionally blank)



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

## INTRODUCTION

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

## FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 are as follows:

On the government-wide financial statements:

- The assets and deferred outflows of the School District exceeded its liabilities and deferred inflows at June 30, 2017 by \$70.1 million dollars. Of this amount, a deficit balance of \$76.7 million was reflected in unrestricted net position. This deficit is primarily related to the recording of the School District's portion of employee pension plans.
- The School District had \$103.6 million dollars in expenses relating to governmental activities; only \$71.2 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$32.3 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$32.2 million or 31.2% of all revenues totaling \$103.4 million. Program specific revenues in the form of charges for services, grants and contributions accounted for \$71.2 million or 68.8% of total revenues.
- Among major funds, the general fund had \$98.0 million in revenue and \$97.2 million in expenditures. The general fund's balance increased from \$8.9 million to \$9.6 million, a 7.8% increase from the last fiscal year. Of this total, \$6.3 million represents unassigned fund balance.
- Special Purpose Local Option Sales Tax (SPLOST) collections in fiscal year 2017 of \$5.4 million increased 5.6% from collections in fiscal year 2016 from \$5.1 million due to normal fluctuations in sales.

## 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 Colquitt 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For

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

governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds. In the case of the Colquitt County Board of Education, the general fund is by far the most significant fund.

### Reporting the School District as a Whole

#### *Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities for the schools, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all *assets* and *liabilities* using the economic resources focus and *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the School District's *net position* and change in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School District'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 School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

### Reporting the School District's Most Significant Funds

#### Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, capital projects fund, and the debt service fund.

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

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

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

**THE SCHOOL DISTRICT AS A WHOLE**

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2017 compared to fiscal year 2016.

**Table 1  
Net Position**

	Governmental Activities	
	Fiscal Year 2017	Fiscal Year 2016
<b>Assets</b>		
Current and Other Assets	\$ 22,540,833	\$ 21,239,504
Capital Assets, Net	166,748,397	157,398,897
<b>Total Assets</b>	189,289,230	178,638,401
<b>Deferred Outflows of Resources</b>	22,586,589	6,990,721
<b>Total Assets and Deferred Outflow of Resources</b>	211,875,819	185,629,122
<b>Liabilities</b>		
Current and Other Liabilities	13,310,347	9,904,127
Long-Term Liabilities	126,115,247	96,804,156
<b>Total Liabilities</b>	139,425,594	106,708,283
<b>Deferred Inflows of Resources</b>	2,348,275	8,615,016
<b>Total Liabilities and Deferred Inflows of Resources</b>	141,773,869	115,323,299
<b>Net Position</b>		
Net Investment in Capital Assets	143,602,310	139,739,646
Restricted	3,208,125	3,407,479
Unrestricted	(76,708,485)	(72,841,302)
<b>Total Net Position</b>	\$ 70,101,950	\$ 70,305,823

Total net position decreased by \$0.2 million in fiscal year 2017. Current assets increased by \$1.3 million and capital assets increased by \$9.3 million in fiscal year 2017. The increase in current assets is due primarily to an increase in state and federal receivables and the increase in capital assets is primarily due to current SPLOST projects.

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

Table 2 shows the changes in net position for fiscal year 2017 compared to changes in net position for fiscal year 2016.

**Table 2**  
**Change in Net Position**

	Governmental Activities	
	Fiscal Year 2017	Fiscal Year 2016
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 930,981	\$ 909,726
Operating Grants and Contributions	70,154,910	66,366,902
Capital Grants and Contributions	77,216	154,440
<b>Total Program Revenues</b>	<b>71,163,107</b>	<b>67,431,068</b>
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	9,965,286	9,770,116
Railroad cars	-	17,193
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services	5,393,928	5,105,641
Local Options Tax	5,393,917	5,105,431
Other Sales Tax	117,506	127,914
Grants and Contributions not		
Restricted to Specific Programs	10,226,926	11,141,927
Investment Earnings	31,689	26,173
Miscellaneous	1,147,760	1,367,858
<b>Total General Revenues</b>	<b>32,277,012</b>	<b>32,662,253</b>
<b>Total Revenues</b>	<b>103,440,119</b>	<b>100,093,321</b>
<b>Program Expenses:</b>		
Instruction	64,317,636	56,852,395
Support Services		
Pupil Services	6,202,506	5,199,114
Improvement of Instructional Services	3,609,058	2,469,891
Educational Media Services	1,682,627	1,592,169
General Administration	933,637	591,305
School Administration	5,325,105	4,694,782
Business Administration	1,229,104	1,181,711
Maintenance and Operation of Plant	7,853,011	7,424,075
Student Transportation Services	3,641,919	3,263,740
Central Support Services	346,120	287,643
Other Support Services	130,538	152,040
Operations of Non-Instructional Services		
Enterprise Operations	626,384	659,851
Food Services	7,220,832	6,739,367
Interest on Long Term Debt	525,515	929,236
<b>Total Expenses</b>	<b>103,643,992</b>	<b>92,037,319</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ (203,873)</b>	<b>\$ 8,056,002</b>

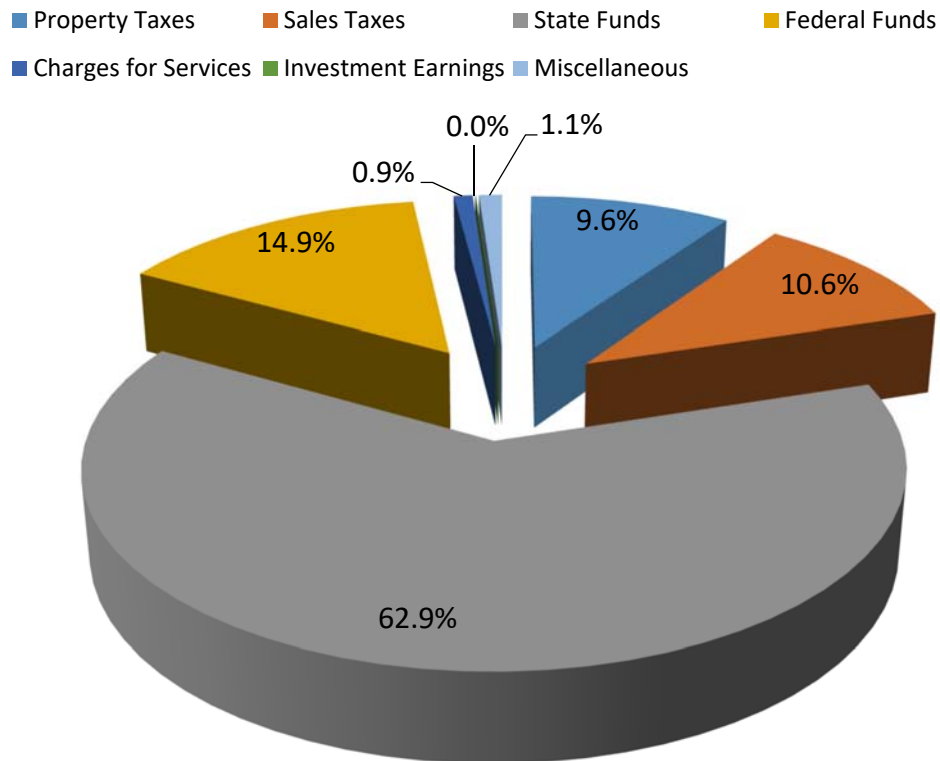
COLQUITT COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating grants and contributions increased by \$3.8 million dollars due to additional state education funding received by the School District as a result of enrollment growth, and additional federal funding.

General revenues had a net decrease of \$0.4 million. Program expenses were \$11.6 million more than the prior year, as expenditures normally increase each year, and employees received a 2% increase in the salary scale as well as advancing a step on the salary scale.

Figure A shows the funding sources for the governmental fund revenues. State grants comprise of 62.9% of the School Districts revenues, a 0.8% decrease from 2016. Property taxes make up 9.6% of the total funding which is a decrease of 0.2% from 2016, sales taxes make up 10.6% of the total funding an increase of 0.3% while an additional 14.9% is received from federal sources, an increase of 1% from the prior year.

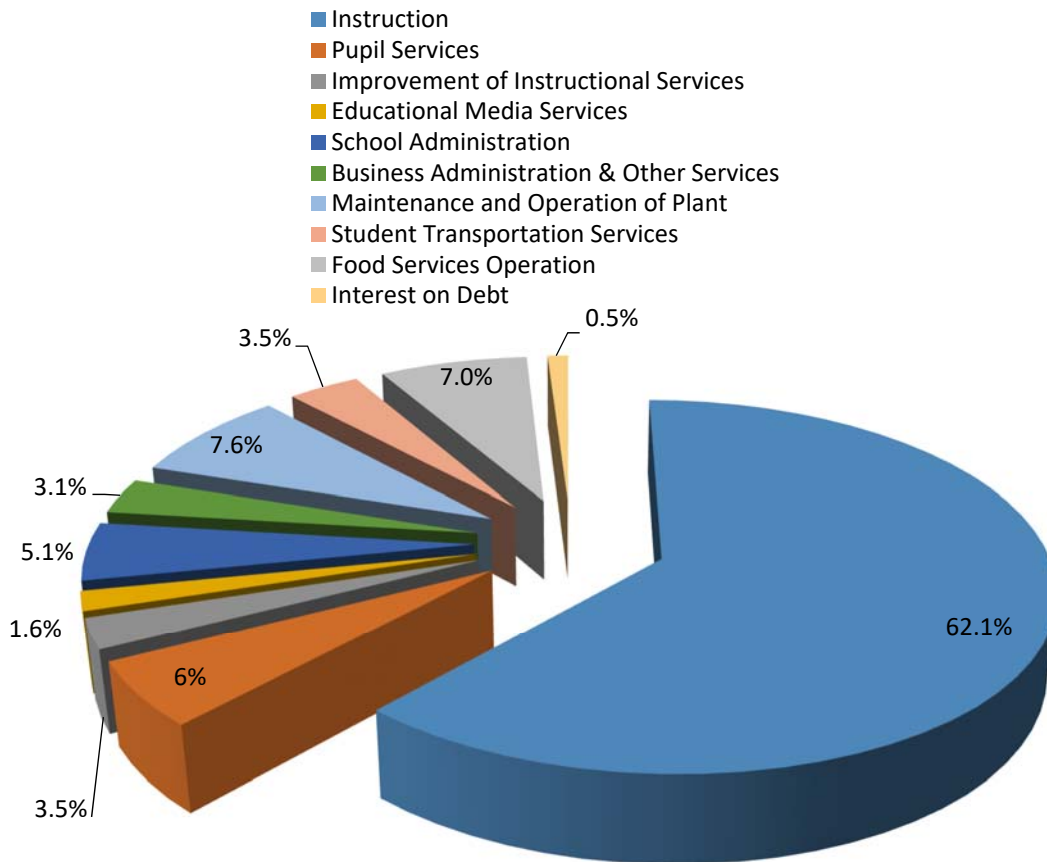
**Figure A**  
**Sources of Revenue for Fiscal Year 2017**



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

As shown in Figure B, instruction comprised 62.1% of governmental program expenses, while nine additional areas comprise the other 37.9% of expenditures for fiscal year 2017. Business administration and other services (3.1%) consists of the central office, business and warehouse, athletics, and other operations of the School District. Areas with the most direct impact on student instruction comprise 73.2% of the expenses, which included instruction, pupil services, improvement of instruction, and educational media services. The total for this same category for 2016 was 71.8%.

**Figure B**  
**Functional Expenses for Fiscal Year 2017**



All of the percentages in the graph above are similar to the percentages from 2016 and well in line with our budget projections.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2017 with fiscal year 2016. In other words, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2016
Instruction	\$ 64,317,636	\$ 56,852,395	\$ 11,541,942	\$ 7,054,913
Support Services:				
Pupil Services	6,202,506	5,199,114	5,308,858	4,359,567
Improvement of Instructional Services	3,609,058	2,469,891	1,292,595	1,038,228
Educational Media Services	1,682,627	1,592,169	461,703	373,834
General Administration	933,637	591,305	(715,858)	(1,064,539)
School Administration	5,325,105	4,694,782	2,892,761	2,248,852
Business Administration	1,229,104	1,181,711	1,220,765	1,178,350
Maintenance and Operation of Plant	7,853,011	7,424,075	4,969,762	4,576,856
Student Transportation Services	3,641,919	3,263,740	3,425,396	3,004,578
Central Support Services	346,120	287,643	340,897	286,799
Other Support Services	130,538	152,040	37,506	31,617
Operations of Non-instructional Services				
Enterprise Operations	626,384	659,851	542,671	570,567
Food Services	7,220,832	6,739,367	636,372	17,393
Interest on Short-Term and Long-Term Debt	525,515	929,236	525,515	929,236
<b>Total Expenses</b>	<b>\$ 103,643,992</b>	<b>\$ 92,037,319</b>	<b>\$ 32,480,885</b>	<b>\$ 24,606,251</b>

Although *program revenues* make up a majority of the funding, the School District is dependent upon property tax and sales tax revenues for governmental activities.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$115.0 million, and expenditures and other financing uses of \$117.1 million. There was a decrease in the fund balance totaling \$2.1 million dollars for the governmental funds as a whole, which is mostly attributed to capital project spending.

**General Fund Budgeting Highlights**

The School District's budget is prepared in accordance with Georgia law. The most significant budgeted fund is the general fund. During the course of fiscal year 2017, the School District amended its general fund budget as needed. The School District uses site-based budgeting. This method is used to ensure that total site budgets are controlled but also give flexibility for site level administrators in meeting the needs of their respective schools.

For the general fund, the final budgeted *revenues and other financing sources* of \$96.7 million was higher than the original budgeted amount of \$94.3 million by \$2.4 million. The actual revenues and other financing sources of \$98.4 million exceeded the amended budgeted amount by \$1.7 million.

The final budgeted *expenditure and other financing uses* of \$97.9 million was higher than the original budgeted amount of \$94.6 million by \$3.3 million. The actual expenditures and other financing uses of \$97.7 million was \$0.2 million less than the final amended budget.

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

**Capital Assets**

At the end of fiscal year 2017 the School District had \$166.7 million invested in capital assets, net of depreciation, all in governmental activities. Table 4 shows fiscal year 2017 balances and comparative 2016 amounts.

**Table 4**  
**Capital Assets**  
**(Net of Depreciation)**

	Governmental Activities	
	Fiscal Year 2017	Fiscal Year 2016
Land	\$ 1,051,580	\$ 1,054,772
Construction In Progress	11,431,693	6,200
Buildings and Building Improvements	145,458,456	148,093,542
Equipment	5,506,424	5,034,310
Land Improvements	3,300,244	3,210,073
 Total	 \$ 166,748,397	 \$ 157,398,897

The construction in progress balance at June 30, 2017 consists of the following projects:

- Colquitt County High School Project
- Doerun Elementary School Project
- Odom Elementary Project
- Demo of part of old Colquitt County High School

**Debt**

As of June 30, 2017, the School District had \$20.0 million dollars in bonds outstanding with \$5.0 million of principal due within one year, \$12.8 million in energy efficiency leases outstanding with \$0.4 million due within one year, \$0.3 million in compensated absences earned as of the end of the year, and \$0.8 million in unamortized bond premiums with \$0.5 million due within one year. The School District reported a liability for its proportionate share of the net pension liability of \$91.83 million dollars. Reporting this liability was required by GASB No. 68 and GASB No. 71.



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

Table 5 summarizes the long-term debt outstanding at June 30, 2017 with comparative amounts for fiscal year 2016.

**Table 5**  
**Debt at June 30**

	Governmental Activities	
	Fiscal	Fiscal
	Year 2017	Year 2016
General Obligation Bonds	\$ 20,070,875	\$ 14,275,000
Energy Efficiency Leases	12,826,230	12,929,240
Capital Leases	340,973	-
Compensated Absences	269,132	297,460
Unamortized Bond Premiums	778,614	1,297,689
Net Pension Liability	91,829,423	68,004,766
 Total	 \$ 126,115,247	 \$ 96,804,155

**Current Issues**

The Colquitt County School District consists of 15 campuses located in Colquitt County, which had an estimated population of 45,708 in 2016, compared to 42,053 in 2000.

Current student enrollment in the system is approximately 9,596 students in grades Pre-k-12, an increase of 35 students over the previous year. Since 2005, student enrollment has increased by 1,023 students. The ethnicity of our school student enrollment has also changed over time. In 1994, Colquitt County's student population was 61.3% white, 34.2% black, 4.2% Hispanic, and 0.3% other. In 2017, the student population consisted of 40.8% white, 26.2% black, 29.2% Hispanic, and 3.8% other.

Colquitt County Board of Education is Colquitt County's largest employer with approximately 1,400 employees. Sanderson Farms is the second largest employer with approximately 1,300 employees processing 250,000 chickens daily. Colquitt Regional Medical Center and Southwest Georgia Community Action Council rank 3<sup>rd</sup> and 4<sup>th</sup> with approximately 900 and 600 employees.

Colquitt County has one large municipality and six small communities. The county seat is Moultrie, which had an estimated population of 14,361 in 2016. The County also includes the communities of Berlin, Doerun, Ellenton, Funston, Norman Park, and Riverside, with populations ranging from 35 to 972. Unincorporated Colquitt County represented 64% of the County's total estimated population in 2014. The County's 2013 population ranked 43<sup>rd</sup> out of 159 counties in the state.

The median household income as of 2016 was \$33,968 per year. The per capita income was \$17,477 in 2016. Colquitt County ranks 40 out of 159 counties in the state for persons below the poverty level. Colquitt County has 25.0 percent of its residents below poverty level in 2016.

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

Over time, the School District has consistently held a strong financial position. In light of current economic conditions and legislative actions that have adversely affected state and local funding, School District's finances have withstood the constant barrage. The austerity reduction continued in fiscal year 2017, and legislators have made progress in increasing other areas of funding within the formula to lessen that blow. In addition, the School District has also seen a boost in local revenue due to increasing local option sales tax and TAVT revenue. Equalization funding has also increased. For 2017 and beyond, the School District stands to realize increases in revenue. On the other hand, rising healthcare costs for classified employees and increases in employer portion of TRS will lead to significant increases in expenditures. These increases coupled with online testing directives, technology infrastructure needs, and additional instructional personnel requests further reduce the flexibility of the system in offsetting any shortfalls in state funding. Fortunately, Colquitt County has historically, supported S.P.L.O.S.T. for capital outlay. Through continued support of this local option sales tax, the School District gains flexibility in offsetting items that would otherwise have to be paid from general fund revenues. It is also advantageous to the School District that it holds an A1 bond rating.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Brad Gregory, Senior Assistant Superintendent of Finance or Susan Z. Wynn, CPA, Assistant Finance Director at the Colquitt County Board of Education, 710 Lane Street, Moultrie, Georgia 31768. You may also email your questions to [brad.gregory@colquitt.k12.ga.us](mailto:brad.gregory@colquitt.k12.ga.us) or [susan.wynn@colquitt.k12.ga.us](mailto:susan.wynn@colquitt.k12.ga.us).

COLQUITT COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 10,851,036.62
Receivables, Net	
Taxes	1,261,724.61
State Government	7,235,474.76
Federal Government	2,557,822.21
Other	85,311.46
Inventories	402,106.54
Prepaid Items	147,356.66
Capital Assets, Non-Depreciable	12,483,272.64
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>154,265,124.39</u>
 Total Assets	 <u>189,289,229.89</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>22,586,588.67</u>
 <u>LIABILITIES</u>	
Accounts Payable	73.98
Salaries and Benefits Payable	10,272,291.05
Interest Payable	291,048.99
Claims Incurred but not Reported (IBNR)	80,285.69
Contracts Payable	1,607,851.89
Retainages Payable	1,058,713.30
Deposits and Unearned Revenues	82.38
Net Pension Liability	91,829,423.00
Long-Term Liabilities	
Due Within One Year	6,054,073.97
Due in More Than One Year	<u>28,231,749.84</u>
 Total Liabilities	 <u>139,425,594.09</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	<u>2,348,275.00</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	143,602,309.74
Restricted for	
Continuation of Federal Programs	891,847.55
Debt Service	2,315,274.99
Capital Projects	1,001.81
Unrestricted (Deficit)	<u>(76,708,484.62)</u>
 Total Net Position	 \$ <u><u>70,101,949.47</u></u>

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

	EXPENSES	CHARGES FOR SERVICES
<b>GOVERNMENTAL ACTIVITIES</b>		
Instruction	\$ 64,317,635.85	\$ 657,626.23
Support Services		
Pupil Services	6,202,506.40	-
Improvement of Instructional Services	3,609,058.34	-
Educational Media Services	1,682,627.29	-
General Administration	933,636.80	-
School Administration	5,325,104.65	-
Business Administration	1,229,103.71	-
Maintenance and Operation of Plant	7,853,010.84	4,250.00
Student Transportation Services	3,641,919.22	-
Central Support Services	346,120.42	-
Other Support Services	130,538.11	-
Operations of Non-Instructional Services		
Enterprise Operations	626,384.13	83,713.46
Food Services	7,220,831.58	185,391.24
Interest on Short-Term and Long-Term Debt	525,515.07	-
	<b>\$ 103,643,992.41</b>	<b>\$ 930,980.93</b>
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
Local Option Sales Tax		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
\$ 52,118,067.67	\$ -	\$ (11,541,941.95)
893,648.38	-	(5,308,858.02)
2,316,463.18	-	(1,292,595.16)
1,220,924.00	-	(461,703.29)
1,649,494.49	-	715,857.69
2,432,344.00	-	(2,892,760.65)
8,339.07	-	(1,220,764.64)
2,878,998.85	-	(4,969,761.99)
139,306.73	77,216.25	(3,425,396.24)
5,223.14	-	(340,897.28)
93,032.36	-	(37,505.75)
-	-	(542,670.67)
6,399,068.60	-	(636,371.74)
-	-	(525,515.07)
<u>\$ 70,154,910.47</u>	<u>\$ 77,216.25</u>	<u>(32,480,884.76)</u>
		9,965,285.78
		5,393,927.81
		5,393,916.65
		117,505.94
		10,226,925.86
		31,689.27
		<u>1,147,759.91</u>
		<u>32,277,011.22</u>
		(203,873.54)
		<u>70,305,823.01</u>
		<u>\$ 70,101,949.47</u>

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,665,172.99	\$ 28,927.92	\$ 2,156,935.71	\$ 10,851,036.62
Receivables, Net				
Taxes	812,336.34	-	449,388.27	1,261,724.61
State Government	7,235,474.76	-	-	7,235,474.76
Federal Government	2,557,822.21	-	-	2,557,822.21
Other	85,311.46	-	-	85,311.46
Inventories	402,106.54	-	-	402,106.54
Prepaid Items	147,356.66	-	235,625.00	382,981.66
Total Assets	<u>\$ 19,905,580.96</u>	<u>\$ 28,927.92</u>	<u>\$ 2,841,948.98</u>	<u>\$ 22,776,457.86</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 73.98	\$ -	\$ -	\$ 73.98
Salaries and Benefits Payable	10,272,291.05	-	-	10,272,291.05
Contracts Payable	-	1,607,851.89	-	1,607,851.89
Retainages Payable	-	1,058,713.30	-	1,058,713.30
Deposits and Unearned Revenue	82.38	-	-	82.38
Total Liabilities	<u>10,272,447.41</u>	<u>2,666,565.19</u>	<u>-</u>	<u>12,939,012.60</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	3,678.59	-	-	3,678.59
<b>FUND BALANCES</b>				
Nonspendable	549,463.20	-	235,625.00	785,088.20
Restricted	675,138.87	28,927.92	2,606,323.98	3,310,390.77
Assigned	2,086,407.19	-	-	2,086,407.19
Unassigned	6,318,445.70	(2,666,565.19)	-	3,651,880.51
Total Fund Balances	<u>9,629,454.96</u>	<u>(2,637,637.27)</u>	<u>2,841,948.98</u>	<u>9,833,766.67</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,905,580.96</u>	<u>\$ 28,927.92</u>	<u>\$ 2,841,948.98</u>	<u>\$ 22,776,457.86</u>

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C") \$ 9,833,766.67

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land	\$	1,051,579.94	
Construction in progress		11,431,692.70	
Buildings and improvements		179,765,573.72	
Equipment		11,142,049.25	
Land improvements		5,647,842.65	
Accumulated depreciation		<u>(42,290,341.23)</u>	166,748,397.03

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

Net pension liability	(91,829,423.00)
-----------------------	-----------------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

20,238,313.67

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

3,678.59

Long-term liabilities, including bonds payable, and related accrued and prepaid interest, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$	(20,070,875.39)	
Accrued interest payable		(291,048.99)	
Prepaid interest		(235,625.00)	
Capital leases payable		(340,972.90)	
Energy efficiency leases payable		(12,826,230.00)	
Compensated absences payable		(269,132.00)	
Amortized bond premiums		(778,613.52)	
Claims and judgments payable		<u>(80,285.69)</u>	<u>(34,892,783.49)</u>

Net position of governmental activities (Exhibit "A") \$ 70,101,949.47



COLQUITT COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<b>REVENUES</b>				
Property Taxes	\$ 9,966,128.17	\$ -	\$ -	\$ 9,966,128.17
Sales Taxes	5,511,422.59	-	5,393,927.81	10,905,350.40
State Funds	65,036,754.74	-	-	65,036,754.74
Federal Funds	15,359,805.20	-	-	15,359,805.20
Charges for Services	930,980.93	-	-	930,980.93
Investment Earnings	20,216.79	1.25	11,471.23	31,689.27
Miscellaneous	1,144,324.06	-	-	1,144,324.06
<b>Total Revenues</b>	<b>97,969,632.48</b>	<b>1.25</b>	<b>5,405,399.04</b>	<b>103,375,032.77</b>
<b>EXPENDITURES</b>				
Current				
Instruction	59,980,624.37	-	-	59,980,624.37
Support Services				
Pupil Services	5,782,353.21	-	-	5,782,353.21
Improvement of Instructional Services	3,556,319.61	-	-	3,556,319.61
Educational Media Services	1,524,099.14	-	-	1,524,099.14
General Administration	899,833.33	-	-	899,833.33
School Administration	5,033,970.57	-	-	5,033,970.57
Business Administration	868,876.65	278,750.00	-	1,147,626.65
Maintenance and Operation of Plant	7,603,157.58	-	-	7,603,157.58
Student Transportation Services	3,574,700.93	-	-	3,574,700.93
Central Support Services	338,115.54	-	-	338,115.54
Other Support Services	128,786.65	-	-	128,786.65
Enterprise Operations	625,994.91	-	-	625,994.91
Food Services Operation	6,720,506.83	-	-	6,720,506.83
Capital Outlay	430,515.00	13,070,594.47	-	13,501,109.47
Debt Services				
Principal	89,542.10	103,010.00	4,850,000.00	5,042,552.10
Interest	877.90	398,007.00	665,250.00	1,064,134.90
<b>Total Expenditures</b>	<b>97,158,274.32</b>	<b>13,850,361.47</b>	<b>5,515,250.00</b>	<b>116,523,885.79</b>
Revenues over (under) Expenditures	811,358.16	(13,850,360.22)	(109,850.96)	(13,148,853.02)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Bonds	-	10,645,875.39	-	10,645,875.39
Sale of Capital Assets	22,375.00	-	-	22,375.00
Capital Leases	430,515.00	-	-	430,515.00
Transfers In	-	565,847.00	-	565,847.00
Transfers Out	(565,847.00)	-	-	(565,847.00)
<b>Total Other Financing Sources (Uses)</b>	<b>(112,957.00)</b>	<b>11,211,722.39</b>	<b>-</b>	<b>11,098,765.39</b>
<b>Net Change in Fund Balances</b>	<b>698,401.16</b>	<b>(2,638,637.83)</b>	<b>(109,850.96)</b>	<b>(2,050,087.63)</b>
Fund Balances - Beginning	8,931,053.80	1,000.56	2,951,799.94	11,883,854.30
<b>Fund Balances - Ending</b>	<b>\$ 9,629,454.96</b>	<b>\$ (2,637,637.27)</b>	<b>\$ 2,841,948.98</b>	<b>\$ 9,833,766.67</b>

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

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ (2,050,087.63)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 13,241,077.36	
Depreciation expense	<u>(3,843,732.49)</u>	9,397,344.87

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. (47,844.59)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (842.39)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

General obligation bonds issued	\$ (10,645,875.39)	
Capital leases issued	(430,515.00)	
Bond principal retirements	4,850,000.00	
Amortization of bond premium	519,075.72	
Capital lease payments	89,542.10	
Energy efficiency lease payments	<u>103,010.00</u>	(5,514,762.57)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension expense		(1,962,048.53)
-----------------	--	----------------

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest on issuance of bonds	\$ (77,455.89)	
Prepaid interest	97,000.00	
Compensated absences	28,328.32	
Claims and judgments	<u>(73,505.13)</u>	<u>(25,632.70)</u>

Change in net position of governmental activities (Exhibit "B") \$ (203,873.54)

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

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 7,510.38	\$ 356,842.01
Investments	254,780.85	20,257.04
Receivables, Net		
Interest and Dividends	55.98	24.42
Total Assets	\$ 262,347.21	\$ 377,123.47
<u>LIABILITIES</u>		
Accounts Payable	\$ 100.00	\$ -
Funds Held for Others	-	377,123.47
Total Liabilities	100.00	\$ 377,123.47
<u>NET POSITION</u>		
Held in Trust for Private Purposes	\$ 262,247.21	

COLQUITT COUNTY BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2017

EXHIBIT "H"

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Investment Earnings	
Interest	\$ <u>3,294.75</u>
<u>DEDUCTIONS</u>	
Scholarships	<u>6,808.07</u>
Change in Net Position	(3,513.32)
Net Position - Beginning	<u>265,760.53</u>
Net Position - Ending	\$ <u><u>262,247.21</u></u>

(This page left intentionally blank)

**NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**REPORTING ENTITY**

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**BASIS OF PRESENTATION**

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

**GOVERNMENT-WIDE STATEMENTS:**

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

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

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

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

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

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

### **FUND FINANCIAL STATEMENTS**

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund types:

- Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.
- Agency funds are used to report resources held by the School District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

### **BASIS OF ACCOUNTING**

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end.

Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets 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.

### **NEW ACCOUNTING PRONOUNCEMENTS**

In fiscal year 2017, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose the following information; (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; (2) the gross dollar amount of taxes abated during the period; and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. See note 14 for further disclosure of tax abatements in accordance with this standard.

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

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

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions.



Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

### **INVESTMENTS**

The School District can invest its funds as permitted by O.C.G.A. §36-83-4. 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.

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. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

### **RECEIVABLES**

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

### **INVENTORIES**

#### **Food Inventories**

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

### **PREPAID ITEMS**

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

### **CAPITAL ASSETS**

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

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

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

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 10,000.00	20 to 60 years
Buildings and Improvements	\$ 10,000.00	25 to 60 years
Equipment	\$ 10,000.00	5 to 25 years
Intangible Assets	\$ 100,000.00	10 to 20 years

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

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

**COMPENSATED ABSENCES**

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Vacation leave of 10 days and 5 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis and eleven month basis, respectively. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days for a twelve month basis employee and 10 days for an eleven month basis employee. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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.

**LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS**

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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

## PENSIONS

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

## FUND BALANCES

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

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

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

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

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

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

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

## USE OF ESTIMATES

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

## PROPERTY TAXES

The Colquitt County Board of Commissioners adopted the property tax levy for the 2016 tax digest year (calendar year) on August 30, 2016 (levy date) based on property values as of January 1, 2016. Taxes were due on December 10, 2016 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2016 tax digest are reported as revenue in the governmental funds for fiscal year 2017. The Colquitt County Board of Commissioners bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2017, for maintenance and operations amounted to \$8,939,389.93.

COLQUITT COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

EXHIBIT "I"

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

School Operations	<u>10.281</u> mills
-------------------	---------------------

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,026,738.24 during fiscal year ended June 30, 2017.

### **SALES TAXES**

Local Option Sales Tax revenue, at the fund reporting level, during the fiscal year amounted to \$5,393,916.65 and was recorded in the general fund. Local Option Sales Tax is to be used for the maintenance and operation of the School District.

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$5,393,927.81 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

### **NOTE 3: BUDGETARY DATA**

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate 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 O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

### **NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS**

#### **COLLATERALIZATION OF DEPOSITS**

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

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

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

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

**CATEGORIZATION OF DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2017, the School District had deposits with a carrying amount of \$5,212,971.29, and a bank balance of \$10,067,798.61. The bank balances insured by Federal depository insurance were \$678,125.47.

At June 30, 2017, \$9,389,673.14 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	-
Uninsured with collateral held by the pledging financial institution		-
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School District's name		<u>9,389,673.14</u>
Total	\$	<u><u>9,389,673.14</u></u>

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

Reconciliation of cash and cash equivalents balances to carrying value of deposits:

Statement of Net Position	
Cash and cash equivalents	\$ 10,851,036.62
Statement of Fiduciary Net Position	
Cash and cash equivalents	<u>364,352.39</u>
 Total cash and cash equivalents	 11,215,389.01
 Add:	
Deposits with original maturity of three months or more reported as investments	175,037.89
 Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	<u>6,177,455.61</u>
 Total carrying value of deposits - June 30, 2017	 <u><u>\$ 5,212,971.29</u></u>

**CATEGORIZATION OF CASH EQUIVALENTS**

The School District reported cash equivalents of \$6,177,455.61 in Georgia Fund 1, a local government investment pool. Georgia Fund 1 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, which approximates fair value. The pool is an AAAf 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, 2017, was 56 days.

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, 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 [www.audits.ga.gov/SGD/CAFR.html](http://www.audits.ga.gov/SGD/CAFR.html).

**CATEGORIZATION OF INVESTMENTS**

At June 30, 2017, the School District had the following investments:

Investment Type	Fair Value	Investment Maturity 1-5 Years
Other Investments		
Fixed Annuity Contract	\$ <u>100,000.00</u>	<u>100,000.00</u>

**Interest Rate Risk**

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

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

**Custodial Credit Risk**

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

As of June 30, 2017, \$100,000.00 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in a fixed annuity contract. This investment is 100% of the School District's total investments.

**NOTE 5: CAPITAL ASSETS**

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

	Balances July 1, 2016	Increases	Decreases	Transfers	Balances June 30, 2017
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,054,772.05	\$ -	\$ 3,192.11	\$ -	\$ 1,051,579.94
Construction in Progress	6,200.00	12,515,724.55	-	(1,090,231.85)	11,431,692.70
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,060,972.05</b>	<b>12,515,724.55</b>	<b>3,192.11</b>	<b>(1,090,231.85)</b>	<b>12,483,272.64</b>
Capital Assets Being Depreciated					
Buildings and Improvements	179,337,516.60	-	-	428,057.12	179,765,573.72
Equipment	10,577,809.01	711,872.81	560,807.30	413,174.73	11,142,049.25
Land Improvements	5,385,362.65	13,480.00	-	249,000.00	5,647,842.65
Less Accumulated Depreciation for:					
Buildings and Improvements	31,243,974.82	3,063,142.31	-	-	34,307,117.13
Equipment	5,543,499.32	608,280.86	516,154.82	-	5,635,625.36
Land Improvements	2,175,289.42	172,309.32	-	-	2,347,598.74
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>156,337,924.70</b>	<b>(3,118,379.68)</b>	<b>44,652.48</b>	<b>1,090,231.85</b>	<b>154,265,124.39</b>
<b>Governmental Activity Capital Assets - Net</b>	<b>\$ 157,398,896.75</b>	<b>\$ 9,397,344.87</b>	<b>\$ 47,844.59</b>	<b>\$ -</b>	<b>\$ 166,748,397.03</b>

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

Current year depreciation expense by function is as follows:

Instruction					\$ 2,238,592.00
Support Services					
Pupil Services	\$	291,128.18			
Educational Media Services		122,525.69			
General Administration		15,315.71			
School Administration		153,157.12			
Business Administration		85,908.66			
Maintenance and Operation of Plant		161,383.75			
Student Transportation Services		300,699.64		1,130,118.75	
Food Services				475,021.74	
					\$ 3,843,732.49

**NOTE 6: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS**

**INTERFUND TRANSFERS**

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

		<u>Transfers From</u>
<u>Transfers to</u>		<u>General Fund</u>
Capital projects fund	\$	<u>565,847.00</u>

Transfers are used to move property tax revenues collected by the general fund to the capital projects fund as a supplemental funding source for capital projects and energy efficiency lease payments.

**NOTE 7: LONG-TERM LIABILITIES**

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

	Governmental Activities				
	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
General Obligation Bonds	\$ 14,275,000.00	\$ 10,645,875.39	\$ 4,850,000.00	\$ 20,070,875.39	\$ 5,045,000.00
Unamortized Bond Premiums	1,297,689.24	-	519,075.72	778,613.52	519,075.72
Capital Leases	-	430,515.00	89,542.10	340,972.90	82,233.25
Energy Efficiency Leases	12,929,240.00	-	103,010.00	12,826,230.00	407,765.00
Compensated Absences(1)	297,460.32	394,847.80	423,176.12	269,132.00	-
	<u>\$ 28,799,389.56</u>	<u>\$ 11,471,238.19</u>	<u>\$ 5,984,803.94</u>	<u>\$ 34,285,823.81</u>	<u>\$ 6,054,073.97</u>

(1) The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.



COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

**GENERAL OBLIGATION DEBT OUTSTANDING**

The School District's bonded debt consists of various issues of general obligation bonds that are generally noncallable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

The School District authorized general obligation draw down bonds Series 2016 totaling \$8,000,000.00 and Series 2017 totaling \$10,000,000.00. At June 30, 2017, all of the Series 2016 bonds were drawn down and only \$2,645,875.39 of the Series 2017 bonds were drawn down. Draws pursuant to these bonds are treated as part of a single bond issue.

Of the total amount originally authorized, \$13,354,124.61 remains unissued. General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2013	3.00% - 5.00%	6/20/2013	1/1/2019	\$ 23,470,000.00	\$ 9,425,000.00
General Government - Series 2016	2.18%	6/21/2016	1/31/2024	8,000,000.00	8,000,000.00
General Government - Series 2017	2.06%	1/5/2017	1/31/2024	2,645,875.39	2,645,875.39
				<u>\$ 34,115,875.39</u>	<u>\$ 20,070,875.39</u>

The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable:

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2018	\$ 5,045,000.00	\$ 471,250.00	\$ 519,075.72
2019	4,772,198.19	290,966.54	259,537.80
2020	2,071,820.95	207,262.14	-
2021	2,118,727.39	161,240.24	-
2022	2,164,310.89	114,660.99	-
2023 - 2024	3,898,817.97	85,680.39	-
Total Principal and Interest	<u>\$ 20,070,875.39</u>	<u>\$ 1,331,060.30</u>	<u>\$ 778,613.52</u>

**CAPITAL LEASES**

The School District has acquired buses under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

The following assets were acquired through capital leases and are reflected in the capital asset note at fiscal year-end:

	Governmental Activities
Equipment	\$ 430,515.00
Less: Accumulated Depreciation	10,762.90
	\$ 419,752.10

During the current fiscal year, the School District entered into a lease agreement as lessee for financing the acquisition of buses at a cost of \$430,515.00. This lease qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

Capital leases currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Bus Lease	2.51%	11/28/2016	1/15/2021	\$ 430,515.00	\$ 340,972.90

The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2018	\$ 82,233.25	\$ 8,186.75
2019	84,207.65	6,212.35
2020	86,229.50	4,190.50
2021	88,302.50	2,117.50
Total Principal and Interest	\$ 340,972.90	\$ 20,707.10

**OBLIGATIONS UNDER ENERGY EFFICIENCY LEASES**

Energy efficiency lease agreements dated April 30, 2014 and January 26, 2015 were executed by and between the School District, the lessee, and Ameris Bank, the lessor. The agreements authorized the borrowing of \$12,929,240.00 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the leases shall be made from the School District's capital projects fund.

The following assets were acquired through energy efficiency leases and are reflected in the capital asset note at fiscal year end:

	Governmental Activities
Building and Improvements	\$ 2,086,561.59
Less: Accumulated Depreciation	125,193.69
	\$ 1,961,367.90

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

Debt currently outstanding is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
ABM Guaranteed Energy Savings	3.08% - 4.08%	4/30/2014	12/15/2030	\$ 9,007,185.00	\$ 8,931,175.00
ABM Guaranteed Energy Savings	3.08% - 4.08%	1/26/2015	12/15/2030	3,922,055.00	3,895,055.00
				<u>\$ 12,929,240.00</u>	<u>\$ 12,826,230.00</u>

The following is a schedule of total energy efficiency lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2018	\$ 407,765.00	\$ 394,835.00
2019	633,240.00	382,276.00
2020	693,700.00	362,772.00
2021	761,000.00	341,406.00
2022	793,000.00	317,967.00
2023 - 2027	4,814,750.00	1,396,719.00
2028 - 2031	4,722,775.00	460,664.00
Total Principal and Interest	<u>\$ 12,826,230.00</u>	<u>\$ 3,656,639.00</u>

**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.

**NOTE 8: RISK MANAGEMENT**

**INSURANCE**

**Commercial Insurance**

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

**Georgia School Boards Association Risk and Insurance Management System**

The School District participates in the Georgia School Boards Association Risk and Insurance Management System (the System), a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the System for its general insurance coverage. Additional coverage is provided through agreements by the System with other companies according to their specialty for property, boiler and machinery (including

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the System varies by line of coverage.

**WORKERS' COMPENSATION**

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expense/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 \$400,000.00 loss per occurrence, up to the statutory limit.

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

		<u>Beginning of Year Liability</u>		<u>Claims and Changes in Estimates</u>		<u>Claims Paid</u>		<u>End of Year Liability</u>
2016	\$	35,685.21	\$	181,252.84	\$	210,157.49	\$	6,780.56
2017	\$	6,780.56	\$	161,495.55	\$	87,990.42	\$	80,285.69

**UNEMPLOYMENT COMPENSATION**

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

		<u>Beginning of Year Liability</u>		<u>Claims and Changes in Estimates</u>		<u>Claims Paid</u>		<u>End of Year Liability</u>
2016	\$	-	\$	6,868.00	\$	6,868.00	\$	-
2017	\$	-	\$	1,999.94	\$	1,999.94	\$	-

**SURETY BOND**

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000.00

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

**NOTE 9: FUND BALANCE CLASSIFICATION DETAILS**

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

Nonspendable		
Inventories	\$ 402,106.54	
Prepaid assets	382,981.66	\$ 785,088.20
<hr/>		
Restricted		
Continuation of federal programs	\$ 675,138.87	
Capital projects	28,927.92	
Debt service	2,606,323.98	3,310,390.77
<hr/>		
Assigned		
Self-insurance	\$ 1,672,989.70	
School activity accounts	413,417.49	2,086,407.19
<hr/>		
Unassigned		3,651,880.51
<hr/>		
Fund Balance, June 30, 2017		\$ 9,833,766.67
<hr/>		

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

**NOTE 10: SIGNIFICANT COMMITMENTS**

**COMMITMENTS UNDER CONSTRUCTION CONTRACTS**

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2017, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2017 (2)
Colquitt County High School	\$ 5,287,522.38	\$ 6,000,307.70
Odom Renovations and Additions	2,256,591.31	3,440,521.57
Doerun Renovations and Additions	467,875.95	1,872,168.91
Demo Parts of Old Colquitt County High School	880,102.37	222,372.63
	<hr/>	<hr/>
	\$ 8,892,092.01	\$ 11,535,370.81
	<hr/>	<hr/>

(1) The amounts described are not reflected in the basic financial statements.

(2) Payments include Contracts and Retainages Payable at year-end.

**OPERATING LEASES**

The School District leases copy machines under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$291,027.20 for governmental activities for the year ended June 30, 2017. The following future minimum lease payments were required under operating leases at June 30, 2017:

Year Ending	Governmental Funds
2018	\$ 338,988.12
2019	338,988.12
2020	73,934.45
2021	8,969.85
Total	\$ 760,880.54

**NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES**

**FEDERAL GRANTS**

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

**NOTE 12: POST-EMPLOYMENT BENEFITS**

**GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND**

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

**Funding Policy.** The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012 pay approximately 25% of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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

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

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

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

For non-certificated school personnel:

July 1, 2016 – December 31, 2016              \$746.20 per member per month

January 1, 2017 – June 30, 2017                \$846.20 per member per month

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

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

Fiscal Year	Percentage Contributed		Required Contribution
2017	100%	\$	11,686,170.23
2016	100%	\$	10,916,974.92
2015	100%	\$	10,276,453.17

**NOTE 13: RETIREMENT PLANS**

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

**TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

**Plan Description:** All teachers of the School District as defined in O.C.G.A §47-3-60 and certain other support personnel as defined by §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](http://www.trsga.com/publications).

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2016. The School District's contractually required contribution rate for the year ended June 30, 2017 was 14.27% of annual School District payroll, of which 14.20% of payroll was required from the School District and 0.07% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$7,180,894.47 and \$33,085.35 from the School District and the State, respectively.

#### **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](http://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 \$4,200.00, plus 6% of annual compensation in excess of \$4,200.00. 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, 2017 was 24.81% of annual covered payroll for old and new plan members and 21.69% 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 to the pension plan were \$31,930.15 for the current fiscal year.

#### **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](http://www.ers.ga.gov/formspubs/formspubs).

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$177,626.00.

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

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

At June 30, 2017, the School District reported a liability of \$91,829,423.00 for its proportionate share of the net pension liability for TRS (\$91,591,010.00) and ERS (\$238,413.00).

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

School District's proportionate share of the net pension liability	\$	91,591,010.00
State of Georgia's proportionate share of the net pension liability associated with the School District		595,001.00
Total	\$	92,186,011.00

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

At June 30, 2016, the School District's TRS proportion was 0.443946%, which was a decrease of 0.001646% from its proportion measured as of June 30, 2015. At June 30, 2016, the School District's ERS proportion was 0.005040%, which was an increase of 0.000898% from its proportion measured as of June 30, 2015.

At June 30, 2017, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$1,297,657.00.

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

For the year ended June 30, 2017, the School District recognized pension expense of \$9,187,442.00 for TRS, \$47,900.00 for ERS and \$212,735.00 for PSERS and revenue of \$60,469.00 for TRS and \$212,735.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,364,459.00	\$ 452,918.00	\$ -	\$ 551.00
Changes of assumptions	2,373,912.00	-	2,019.00	-
Net difference between projected and actual earnings on pension plan investments	11,586,640.00	-	24,240.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	1,893,407.00	22,211.00	1,399.00
School District contributions subsequent to the measurement date	<u>7,180,894.47</u>	<u>-</u>	<u>31,930.15</u>	<u>-</u>
Total	<u>\$ 22,505,905.47</u>	<u>\$ 2,346,325.00</u>	<u>\$ 80,400.15</u>	<u>\$ 1,950.00</u>

The School District contributions subsequent to the measurement date of \$7,180,894.47 for TRS and \$31,930.15 for 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2018	\$ 1,102,211.00	\$ 18,225.00
2019	\$ 1,102,207.00	\$ 7,125.00
2020	\$ 6,191,782.00	\$ 13,069.00
2021	\$ 4,415,011.00	\$ 8,101.00
2022	\$ 167,475.00	\$ -

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

**Teachers Retirement System:**

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

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries'

COLQUITT COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

EXHIBIT "I"

projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

**Employees' Retirement System:**

Inflation	2.75%
Salary increases	3.25% – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP- 2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

**Public School Employees Retirement System:**

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

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

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

The long-term expected rate of return on TRS, 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

COLQUITT COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

EXHIBIT "I"

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

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

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

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

**Teachers Retirement System:**

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 142,562,537.00	\$ 91,591,010.00	\$ 49,624,359.00

**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	\$ 323,094.00	\$ 238,413.00	\$ 166,248.00

**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](http://www.trsga.com/publications) and <http://www.ers.ga.gov/formspubs/formspubs.html>.

**NOTE 14: TAX ABATEMENTS**

Colquitt County enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Colquitt County.

For the fiscal year ended June 30, 2017, Colquitt County abated property taxes due to the School District that were levied on August 30, 2016 and due on December 10, 2016 totaling \$119,439.84. The following is the individual tax abatement agreement:

- A 40 percent property tax abatement to a poultry farm employing residents. The company provides a payment in lieu of taxes of \$119,439.84.

**NOTE 15: DEFICIT FUND BALANCE OF INDIVIDUAL FUNDS**

The fund reporting a deficit fund balance at the fiscal year end, is as follows:

<u>Fund Type/Fund Name</u>	<u>Deficit Balance</u>
Governmental Fund- Capital Projects	\$ <u>2,637,637.27</u>

This deficit will be eliminated in the subsequent fiscal year with drawdowns made on the general obligation drawdown bonds.

**NOTE 16: SUBSEQUENT EVENTS**

In the subsequent fiscal year, the School District issued \$4,000,000.00 of general obligation bonds that were authorized in prior years.

The remaining balance of the Series 2017 bonds in the amount of \$7,354,124.61 were drawn down in the subsequent fiscal year.

(This page left intentionally blank)

COLQUITT 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

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.443946%	\$ 91,591,010.00	\$ 595,001.00	\$ 92,186,011.00	\$ 49,014,689.96	186.86%	76.06%
2016	0.445592%	\$ 67,836,957.00	\$ 443,780.00	\$ 68,280,737.00	\$ 47,348,508.94	143.27%	81.44%
2015	0.453860%	\$ 57,339,225.00	\$ 371,304.00	\$ 57,710,529.00	\$ 46,526,984.74	123.24%	84.03%



COLQUITT 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

SCHEDULE "2"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total net pension liability
2017	0.005040%	\$ 238,413.00	\$ 117,173.73	203.47%	72.34%
2016	0.004142%	\$ 167,809.00	\$ 94,706.45	177.19%	76.20%
2015	0.004292%	\$ 160,977.00	\$ 90,640.99	177.60%	77.99%

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

SCHEDULE "3"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.00%	\$ -	\$ 1,297,657.00	\$ 1,297,657.00	\$ 2,933,663.28	N/A	81.00%
2016	0.00%	\$ -	\$ 859,980.00	\$ 859,980.00	\$ 2,824,920.10	N/A	87.00%
2015	0.00%	\$ -	\$ 745,837.00	\$ 745,837.00	\$ 2,813,263.43	N/A	88.29%

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

SCHEDULE "4"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2017	\$ 7,180,894.47	\$ 7,180,894.47	\$ -	\$ 50,552,909.50	14.20%
2016	\$ 6,949,257.09	\$ 6,949,257.09	\$ -	\$ 49,014,689.96	14.18%
2015	\$ 6,185,800.44	\$ 6,185,800.44	\$ -	\$ 47,348,508.94	13.06%

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

SCHEDULE "5"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2017	\$ 31,930.15	\$ 31,930.15	\$ -	\$ 128,699.08	24.81%
2016	\$ 28,966.11	\$ 28,966.11	\$ -	\$ 117,173.73	24.72%
2015	\$ 20,797.45	\$ 20,797.45	\$ -	\$ 94,706.45	21.96%
2014	\$ 16,732.24	\$ 16,732.24	\$ -	\$ 90,640.99	18.46%
2013	\$ 12,090.60	\$ 12,090.60	\$ -	\$ 81,145.00	14.90%
2012	\$ 4,532.75	\$ 4,532.75	\$ -	\$ 38,974.63	11.63%
2011	\$ 1,580.23	\$ 1,580.23	\$ -	\$ 15,179.60	10.41%
2010	\$ 1,341.32	\$ 1,341.32	\$ -	\$ 12,884.92	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.

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

**Employees' Retirement System**

**Changes of assumptions:** On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

**Public School Employees Retirement System**

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

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

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

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
<b>REVENUES</b>				
Property Taxes	\$ 9,973,475.00	\$ 9,973,475.00	\$ 9,966,128.17	\$ (7,346.83)
Sales Taxes	5,320,000.00	5,320,000.00	5,511,422.59	191,422.59
State Funds	63,630,810.92	64,197,423.91	65,036,754.74	839,330.83
Federal Funds	13,986,169.40	15,069,555.59	15,359,805.20	290,249.61
Charges for Services	244,500.00	244,500.00	930,980.93	686,480.93
Investment Earnings	6,857.38	6,857.38	20,216.79	13,359.41
Miscellaneous	486,306.00	486,306.00	1,144,324.06	658,018.06
<b>Total Revenues</b>	<b>93,648,118.70</b>	<b>95,298,117.88</b>	<b>97,969,632.48</b>	<b>2,671,514.60</b>
<b>EXPENDITURES</b>				
Current				
Instruction	58,692,894.66	60,665,457.72	59,980,624.37	684,833.35
Support Services				
Pupil Services	5,108,241.69	5,546,766.63	5,782,353.21	(235,586.58)
Improvement of Instructional Services	3,000,321.25	3,125,866.09	3,556,319.61	(430,453.52)
Educational Media Services	1,441,861.46	1,442,073.86	1,524,099.14	(82,025.28)
General Administration	613,508.90	661,649.75	899,833.33	(238,183.58)
School Administration	4,919,202.06	4,906,465.85	5,033,970.57	(127,504.72)
Business Administration	1,460,499.23	1,460,499.23	868,876.65	591,622.58
Maintenance and Operation of Plant	7,437,434.61	7,428,727.99	7,603,157.58	(174,429.59)
Student Transportation Services	3,469,337.98	3,468,178.03	3,574,700.93	(106,522.90)
Central Support Services	330,243.36	330,243.36	338,115.54	(7,872.18)
Other Support Services	168,934.42	35,160.00	128,786.65	(93,626.65)
Enterprise Operations	-	-	625,994.91	(625,994.91)
Food Services Operation	7,336,543.67	7,336,543.67	6,720,506.83	616,036.84
Capital Outlay	-	-	430,515.00	(430,515.00)
Debt Service	-	-	90,420.00	(90,420.00)
<b>Total Expenditures</b>	<b>93,979,023.29</b>	<b>96,407,632.18</b>	<b>97,158,274.32</b>	<b>(750,642.14)</b>
Excess of Revenues over (under) Expenditures	(330,904.59)	(1,109,514.30)	811,358.16	1,920,872.46
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Source	641,445.91	1,443,191.93	452,890.00	(990,301.93)
Other Uses	(609,886.29)	(1,476,472.31)	(565,847.00)	910,625.31
<b>Total Other Financing Sources (Uses)</b>	<b>31,559.62</b>	<b>(33,280.38)</b>	<b>(112,957.00)</b>	<b>(79,676.62)</b>
<b>Net Change in Fund Balances</b>	<b>(299,344.97)</b>	<b>(1,142,794.68)</b>	<b>698,401.16</b>	<b>1,841,195.84</b>
Fund Balances - Beginning	8,591,350.40	8,591,350.40	8,931,053.80	339,703.40
<b>Fund Balances - Ending</b>	<b>\$ 8,292,005.43</b>	<b>\$ 7,448,555.72</b>	<b>\$ 9,629,454.96</b>	<b>\$ 2,180,899.24</b>

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

- (1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$1,371,944.14 and \$1,309,167.02, respectively.

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.

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

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	17175GA324N1099	\$ 1,434,218.20
National School Lunch Program	10.555	17175GA324N1100	<u>4,976,828.36</u>
Total Child Nutrition Cluster			6,411,046.56
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	16165GA350N8103	<u>16,036.00</u>
Total U. S. Department of Agriculture			<u>6,427,082.56</u>
Education, U.S Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A150073	313,093.00
Grants to States	84.027	H027A160073	1,691,975.93
Preschool Grants	84.173	H173A150081	14,029.00
Preschool Grants	84.173	H173A160081	<u>54,334.62</u>
Total Special Education Cluster			<u>2,073,432.55</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A160010	106,032.22
Education for Homeless Children and Youth	84.196	S196A150011	735.00
Education for Homeless Children and Youth	84.196	S196A160011	41,258.00
English Language Acquisition Grants	84.365	S365A150010	15,428.00
English Language Acquisition Grants	84.365	S365A160010	166,575.69
Improving Teacher Quality State Grants	84.367	S367A150001	114,125.21
Improving Teacher Quality State Grants	84.367	S367A160001	383,370.23
Migrant Education - State Grant Program	84.011	S011A150011	115,605.00
Migrant Education - State Grant Program	84.011	S011A160011	658,766.37
Rural Education	84.358	S358B150010	95,532.87
Rural Education	84.358	S358B160010	167,022.31
Striving Readers	84.371	S371C110049	1,499,677.68
Title I Grants to Local Educational Agencies	84.010	S010A150010	271,861.00
Title I Grants to Local Educational Agencies	84.010	S010A160010	<u>3,445,413.99</u>
Total Other Programs			<u>7,081,403.57</u>
Total U. S. Department of Education			<u>9,154,836.12</u>
Defense, U. S. Department of			
Direct			
Department of the Marines			
R.O.T.C. Program	12.UNKNOWN		<u>71,064.59</u>
Total Expenditures of Federal Awards			<u>\$ 15,652,983.27</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

COLQUITT COUNTY BOARD OF EDUCATION  
 SCHEDULE OF STATE REVENUE  
 YEAR ENDED JUNE 30, 2017

SCHEDULE "9"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPE</u>
	<u>GENERAL FUND</u>
<b>GRANTS</b>	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 2,192,420.28
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	3,900,739.00
Primary Grades (1-3) Program	8,519,535.00
Upper Elementary Grades (4-5) Program	3,584,134.00
Middle Grades (6-8) Program	5,062,107.00
High School General Education (9-12) Program	3,924,381.00
Vocational Laboratory (9-12) Program	1,902,352.00
Students with Disabilities	7,911,415.00
Gifted Student - Category VI	4,580,676.00
Remedial Education Program	338,797.00
Alternative Education Program	363,179.00
English Speakers of Other Languages (ESOL)	1,884,082.00
Media Center Program	1,118,294.00
20 Days Additional Instruction	305,068.00
Staff and Professional Development	195,711.00
Principal Staff and Professional Development	3,855.00
Indirect Cost	
Central Administration	1,342,396.00
School Administration	2,227,335.00
Facility Maintenance and Operations	2,553,112.00
Amended Formula Adjustment	(749,732.00)
Charter System Adjustment	854,403.00
Categorical Grants	
Pupil Transportation	
Regular	939,291.00
Nursing Services	182,277.00
Education Equalization Funding Grant	10,226,384.00
Other State Programs	
Food Services	159,876.00
Math and Science Supplements	50,713.13
Preschool Disability Services	74,101.00
Pupil Transportation - State Bonds	77,216.25
Teacher of the Year	507.25
Teachers Retirement	33,085.35
Vocational Education	739,133.76
Vocational Supervisors	26,612.00
Governor's Office of Student Achievement	
Connections for Classrooms Grant	335,672.72
Office of the State Treasurer	
Public School Employees Retirement	<u>177,626.00</u>
	 \$ <u><u>65,036,754.74</u></u>



(This page left intentionally blank)

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

SCHEDULE "10"

REFERENDUM	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
<u>SPLOST V Projects</u>							
The acquiring, constructing, repairing, improving, renovating, adding to, extending, upgrading, furnishing and equipping school buildings and support facilities in the Colquitt County School District useful or desirable in connection therewith, including acquiring any necessary property therefore, both real and personal, specifically including, but not limited to, the following:	\$ 11,228,300.00	\$ 11,228,300.00	\$ 306,152.03	\$ -	\$ -	\$ -	2/1/2018
(1) renovating and improving Odom Elementary School;	5,718,000.00	5,717,997.02	3,461,405.71	-	-	-	1/1/2018
(2) renovating and improving Doerun Elementary School;	2,350,100.00	2,350,064.92	1,882,188.97	-	-	-	11/1/2017
(3) acquiring safety and security equipment, instructional and administrative materials and technology, textbooks and textbook related materials, including e-books, buses, vehicles, transportation equipment, and band and music equipment;	1,680,500.00	1,680,423.78	768,402.42	-	-	-	6/1/2018
(4) renovating, improving, and adding to Colquitt County High School, including acquiring special education facilities and administrative offices;	11,310,200.00	11,310,186.74	6,033,629.44	-	-	-	2/1/2018
(5) demolition, site work and renovations to existing school sites and facilities;	1,106,900.00	1,106,898.94	226,796.57	-	-	-	1/1/2018
(6) adding to, improving, and renovating physical education and athletic facilities;	249,000.00	249,000.00	249,000.00	-	249,000.00	-	Completed
(7) paying previously incurred general obligation debt, or lease purchase or installment agreement payments; and/or	-	-	-	-	-	-	
(8) paying expenses incident to accomplishing the foregoing.	357,000.00	357,000.00	356,939.33	-	-	-	1/1/2018
	<u>\$ 34,000,000.00</u>	<u>\$ 33,999,871.40</u>	<u>\$ 13,284,514.47</u>	<u>\$ -</u>	<u>\$ 249,000.00</u>	<u>\$ -</u>	

- (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. This amount includes interest costs on the bonds issued.
- (3) The voters of Colquitt County approved the imposition of a 1% sales tax to fund the above referendum and retire associated debt. Amounts expended for these projects may be funded with sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) Included in the expenditures shown above, the School District has incurred interest to provide advance funding for the above referendum listed first as follows:
 

Prior Years	\$ -
Current Year	<u>665,250.00</u>
Total	<u>\$ 665,250.00</u>
- (5) During fiscal year ended June 30, 2017, \$4,850,000.00 was paid as debt service on bonds issued to advance fund the SPLOST projects. This amount is not included in the expenditures above.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



## 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

June 20, 2018

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colquitt County Board of Education (School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated June 20, 2018.

#### **Internal Control Over Financial Reporting**

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

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.

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

## Compliance and Other Matters

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

## Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin  
State Auditor



# 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

June 20, 2018

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

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

### Report on Compliance for Each Major Federal Program

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

### *Management's Responsibility*

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

### *Auditor's Responsibility*

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

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control over Compliance**

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

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

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

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

Respectfully submitted,



Greg S. Griffin  
State Auditor

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS



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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

**I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issue: Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information	Unmodified
Internal control over financial reporting:	
▪ Material weakness identified?	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 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Cluster, Part A
84.011	Migrant Education - State Grant Program
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
Auditee qualified as low-risk auditee?	No

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.