CITY OF CARROLLTON
BOARD OF EDUCATION
CARROLLTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2018

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TABLE OF CONTENTS

I. Financial Section	Page
Independent Auditor's Report	1-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	11
Statement of Fiduciary Assets and Liabilities– Agency Fund	12
Notes to the Basic Financial Statements	13-46
II. Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System of Georgia	47
Schedule of Contributions – Teachers Retirement System of Georgia	48
Schedule of Proportionate Share of Net Pension Liability – Public School Employees Retirement System of Georgia	49
Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund	50
Schedule of Contributions – School OPEB Fund	51
Notes to Required Supplementary Information	52
III. Other Supplementary Information	
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	53
IV. Single Audit Section	
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*	54 and 55
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	56-58
Schedule of Expenditures of Federal Awards	59 and 60
Schedule of Findings and Questioned Costs	61-63
Status of Prior Audit Findings	64

I. FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Carrollton Board of Education** as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Carrollton Board of Education'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 governmental activities, each major fund, and the aggregate remaining fund information of the City of Carrollton Board of Education as of June 30, 2018, and the respective changes in financial position, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 14 and 15, the City of Carrollton Board of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017. This standard significantly changed the accounting for the City of Carrollton Board of Education's net other postemployment benefits (OPEB) liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System of Georgia, Schedule of Contributions – Teachers Retirement System of Georgia, Schedule of Proportionate Share of Net Pension Liability – Public School Employees Retirement System of Georgia, Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund, and Schedule of Contributions – School OPEB Fund, as listed in the table of contents, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carrollton Board of Education's basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, 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*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax proceeds and the schedule of expenditures of federal awards (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2019 on our consideration of the City of Carrollton Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Carrollton Board of Education'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 City of Carrollton Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 5, 2019

BASIC FINANCIAL STATEMENTS

CITY OF CARROLLTON BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 27,379,762
Investments	2,400,191
Receivables:	
Taxes, net of allowance for uncollectible	1,234,753
Intergovernmental	6,732,856
Interest receivable	664
Inventory	81,392
Capital assets (nondepreciable)	10,902,803
Capital assets (depreciable, net of accumulated depreciation)	82,789,748
Total assets	131,522,169
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	6,640,120
OPEB related items	1,591,659
Total deferred outflows of resources	8,231,779
LIABILITIES	
Accounts payable	506,650
Salaries and benefits payable	5,589,892
Unearned revenue	37,723
Accrued interest payable	344,115
Contracts payable	1,360,611
Retainage payable	1,079,215
Bonds payable, due within one year	800,000
Bonds payable, due in more than one year	27,895,805
Capital lease payable, due within one year	425,624
Capital lease payable, due in more than one year	1,327,766
Compensated absences, due within one year	57,247
Compensated absences, due in more than one year	19,082
Intergovernmental payable, Carrollton	
Redevelopment Authority, due in more than one year	8,000,000
Net pension liability, due in more than one year	37,491,584
Net OPEB liability, due in more than one year	34,260,265
Total liabilities	119,195,579
DEFERRED INFLOWS OF RESOURCES	
Pension related items	843,654
OPEB related items	2,608,832
Total deferred inflows of resources	3,452,486
NET POSITION	
Net investment in capital assets	63,248,290
Restricted for:	
Federal programs	638,824
Capital projects	9,361,517
Unrestricted	(56,142,748)
Total net position	$ 17,105,883

The accompanying notes are an integral part of these financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 36,869,359	$ 667,865	$ 23,975,449	$ 7,774,874	$ (4,451,171)
Support services:					
Pupil services	1,005,197	-	470,921	25,854	(508,422)
Improvement of instructional services	1,288,067	-	743,139	10,578	(534,350)
Educational media services	464,880	-	649,028	-	184,148
Federal grant administration	251,267	-	249,399	-	(1,868)
General administration	1,053,713	-	1,071,321	50,581	68,189
School administration	3,562,399	-	1,227,380	10,811	(2,324,208)
Business administration	479,388	-	40,033	1,567	(437,788)
Maintenance and operation of plant	4,258,465	-	1,656,954	553,561	(2,047,950)
Student transportation services	2,343,576	-	442,697	2,516,882	616,003
Central support services	471,050	-	18,682	94,488	(357,880)
Other support services	272,798	-	20,577	351,677	99,456
Food services operation	3,390,504	644,116	2,633,294	310,968	197,874
Interest on long-term debt	1,326,546	-	382,325	-	(944,221)
Total governmental activities	$ 57,037,209	$ 1,311,981	$ 33,581,199	$ 11,701,841	(10,442,188)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	15,230,410
Sales taxes:	
For capital projects	3,586,070
Unrestricted investment earnings	128,586
Grants and contributions not restricted to specific programs	1,895,627
Other	1,661,474
Total general revenues	22,502,167
Change in net position	12,059,979
Net position, beginning of year, as restated	5,045,904
Net position, end of year	$ 17,105,883

The accompanying notes are an integral part of these financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	$ 5,618,064	$ 21,761,698	$ -	$ 27,379,762
Investments	-	2,400,191	-	2,400,191
Receivables:				
Taxes, net of allowance for uncollectible	583,431	651,322	-	1,234,753
Intergovernmental	5,432,651	1,300,205	-	6,732,856
Interest receivable	664	-	-	664
Due from other funds	6,307,139	-	-	6,307,139
Inventory	81,392	-	-	81,392
Total assets	$ 18,023,341	$ 26,113,416	$ -	$ 44,136,757
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 506,650	$ -	$ -	$ 506,650
Salaries and benefits payable	5,589,892	-	-	5,589,892
Contracts payable	-	1,360,611	-	1,360,611
Retainage payable	-	1,079,215	-	1,079,215
Due to other funds	-	6,307,139	-	6,307,139
Unearned revenue	37,723	-	-	37,723
Total liabilities	6,134,265	8,746,965	-	14,881,230
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	309,869	-	-	309,869
Unavailable revenue - state grants	-	1,300,205	-	1,300,205
Total deferred inflows of resources	309,869	1,300,205	-	1,610,074
FUND BALANCES				
Nonspendable:				
Inventory	81,392	-	-	81,392
Restricted for:				
Federal programs	557,432	-	-	557,432
Capital projects	-	16,066,246	-	16,066,246
Assigned for:				
Appropriation for next year's budget	800,000	-	-	800,000
Construction	4,600,000	-	-	4,600,000
Unassigned:	5,540,383	-	-	5,540,383
Total fund balances	11,579,207	16,066,246	-	27,645,453
Total liabilities, deferred inflows of resources and fund balances	$ 18,023,341	$ 26,113,416	$ -	$ 44,136,757

The accompanying notes are an integral part of these financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Governmental Fund Balances		$ 27,645,453
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
Cost	$ 117,582,949	
Less accumulated depreciation	(23,890,398)	93,692,551
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Property taxes	$ 309,869	
State grants	1,300,205	1,610,074
The net pension liability is not expected to be paid with current financial resources and is therefore not reported in governmental funds.		
Net pension liability	$ (37,491,584)	
Pension related deferred outflows of resources	6,640,120	
Pension related deferred inflows of resources	(843,654)	(31,695,118)
The net OPEB liability is not expected to be paid with current financial resources and is therefore not reported in governmental funds.		
Net OPEB liability	$ (34,260,265)	
OPEB related deferred outflows of resources	1,591,659	
OPEB related deferred inflows of resources	(2,608,832)	(35,277,438)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds	$ (25,000,000)	
Bond premium, net of amortization	(3,695,805)	
Capital lease	(1,753,390)	
Compensated absences payable	(76,329)	
Accrued interest	(344,115)	
Intergovernmental payable	(8,000,000)	(38,869,639)
Net position of governmental activities		$ 17,105,883

The accompanying notes are an integral part of these financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 15,105,937	$ -	$ -	$ 15,105,937
Sales taxes	-	3,586,070	-	3,586,070
State funds	27,519,418	11,701,841	-	39,221,259
Federal funds	6,698,258	-	-	6,698,258
Charges for services	1,311,981	-	-	1,311,981
Investment earnings	24,076	104,510	-	128,586
Miscellaneous	1,661,474	-	-	1,661,474
Total revenues	52,321,144	15,392,421	-	67,713,565
EXPENDITURES				
Current:				
Instruction	33,085,748	-	-	33,085,748
Support services:				
Pupil services	991,032	-	-	991,032
Improvement of instructional services	1,273,700	-	-	1,273,700
Educational media services	459,478	-	-	459,478
Federal grant administration	249,399	-	-	249,399
General administration	1,034,318	-	-	1,034,318
School administration	3,423,451	-	-	3,423,451
Business administration	473,792	-	-	473,792
Maintenance and operation of facilities	4,138,853	-	-	4,138,853
Student transportation services	1,812,184	-	-	1,812,184
Central support services	446,853	-	-	446,853
Other support services	202,086	-	-	202,086
Food services operation	3,278,515	-	-	3,278,515
Capital outlay	-	10,883,684	-	10,883,684
Debt service:				
Principal retirement	-	417,414	1,050,000	1,467,414
Interest and fees	410,000	42,700	1,292,000	1,744,700
Total expenditures	51,279,409	11,343,798	2,342,000	64,965,207
Excess (deficiency) of revenues over expenditures	1,041,735	4,048,623	(2,342,000)	2,748,358
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	136,550	-	136,550
Transfers in	-	-	2,342,000	2,342,000
Transfers out	-	(2,342,000)	-	(2,342,000)
Total other financing sources (uses)	-	(2,205,450)	2,342,000	136,550
Net change in fund balances	1,041,735	1,843,173	-	2,884,908
FUND BALANCES, beginning of year	10,537,472	14,223,073	-	24,760,545
FUND BALANCES, end of year	$ 11,579,207	$ 16,066,246	$ -	$ 27,645,453

The accompanying notes are an integral part of these financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Net change in fund balances - total governmental funds		$ 2,884,908
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is as follows:		
Capital outlay	$ 10,671,109	
Depreciation expense	(2,249,543)	8,421,566
The net effect of the disposal of capital assets is to decrease net position.		(1,690,756)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 124,473	
State grants	1,300,205	1,424,678
In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.		(45,114)
In the governmental funds, current year expenditures related to OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of OPEB and related items.		(744,542)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments - bonds	$ 1,050,000	
Capital lease payments	417,414	1,467,414
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Bond premium amortization expense	$ 400,128	
Change in compensated absences	(76,329)	
Change in accrued interest	18,026	341,825
Change in net position		$ 12,059,979

The accompanying notes are an integral part of these financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 13,793,844	$ 13,793,844	$ 15,105,937	$ 1,312,093
State funds	25,996,552	27,010,502	27,519,418	508,916
Federal funds	-	8,526,706	6,698,258	(1,828,448)
Charges for services	260,000	926,000	1,311,981	385,981
Investment earnings	30,000	30,000	24,076	(5,924)
Miscellaneous	170,000	183,000	1,661,474	1,478,474
Total revenues	40,250,396	50,470,052	52,321,144	1,851,092
EXPENDITURES				
Current:				
Instruction	28,145,267	33,503,577	33,085,748	417,829
Support services:				
Pupil services	592,876	1,040,117	991,032	49,085
Improvement of instructional services	1,056,050	2,127,854	1,273,700	854,154
Educational media services	508,844	513,844	459,478	54,366
Federal grant administration	-	-	249,399	(249,399)
General administration	957,072	959,072	1,034,318	(75,246)
School administration	3,255,405	3,280,998	3,423,451	(142,453)
Business administration	1,107,691	1,107,691	473,792	633,899
Maintenance and operation of plant	3,420,960	3,420,960	4,138,853	(717,893)
Student transportation services	1,505,177	1,699,437	1,812,184	(112,747)
Central support services	389,647	389,647	446,853	(57,206)
Other support services	110,500	163,948	202,086	(38,138)
Food services operation	-	3,062,000	3,278,515	(216,515)
Debt service:				
Interest and fees	-	-	410,000	(410,000)
Total expenditures	41,049,489	51,269,145	51,279,409	(10,264)
Net change in fund balances	(799,093)	(799,093)	1,041,735	1,840,828
FUND BALANCES, beginning of year	10,537,472	10,537,472	10,537,472	-
FUND BALANCES, end of year	$ 9,738,379	$ 9,738,379	$ 11,579,207	$ 1,840,828

The accompanying notes are an integral part of these financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2018

	Agency Fund
ASSETS	
Cash	$ 230,416
LIABILITIES	
Funds held for others	$ 230,416

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District reports the following major governmental funds:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- *District-Wide Capital Projects Fund* accounts for financial resources including sales taxes and grants from the Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund* accounts for the accumulation of resources for the payment of general long-term principal, interest and paying agent's fees.

The School District reports the following fiduciary fund types:

- *Agency Fund* accounts for assets held by the School District as an agent for various individual school clubs and activities.

Basis of Accounting and Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The School District-wide governmental activities and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within one hundred eighty days after year-end with the exception of property taxes which the School District considers available if they are collected within 60 days after year-end; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year end.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases and bonds are reported as other financing sources.

Revenues from grants and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

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 position 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.

Cash and Cash Equivalents

COMPOSITION OF DEPOSITS

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

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

The School District does not have a formal policy regarding investments that addresses credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

Receivables

Receivables consist of amounts due from property and sales taxes, interest receivable, 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 include any amounts which would necessitate the need for an allowance for uncollectible receivables.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The City of Carrollton levied the property tax for the 2017 tax digest year (calendar year) in August 2017. Taxes were due in December 2017. Taxes collected within the current fiscal year or within 60 days after fiscal year-end on the 2017 tax digest are reported as revenue in the governmental funds for fiscal year 2018. The Carroll County Tax Commissioner bills and collects the property taxes for the School District 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, 2018, for maintenance and operations amounted to $15,105,937.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The City of Carrollton Board of Education is in compliance with this law. Tax millage rates levied for the 2017 tax year (calendar year) for the City of Carrollton Board of Education were as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	18.50 mills

Sales Taxes

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to $3,586,070 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Inventories

CONSUMABLE SUPPLIES
On the basic financial statements, consumable supplies are reported at cost (first-in, first-out). The School District uses the consumption method to account for the consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses/expenditures are recorded at the time the supplies are consumed.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories (Continued)

The food commodities, received during the fiscal year, from the United States Department of Agriculture (USDA) for school breakfast and lunch programs are recorded at their federally assigned value of $165,625.

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to June 30, 2018, are recorded as prepaid items. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Buildings and Improvements	$5,000	30 to 80 years
Equipment	$5,000	5 to 25 years
Land Improvements	$5,000	15 to 20 years

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Vacation leave of 10 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. 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 30 days.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports deferred outflows of resources related to the reporting of the net pension liability and net other postemployment benefits (OPEB) liability. The governmental activities report a deferred outflow of resources for the School District's actual contributions to the pension and OPEB plans during the fiscal year ended June 30, 2018 which are subsequent to the measurement date of the net pension liability and net OPEB liability and will be recognized in fiscal year 2019. The governmental activities reports a deferred outflow of resources for experience gains or losses related to the pension plan; a deferred outflow of resources for the difference between the School District's actual contributions towards the pension and OPEB plans and the School District's proportionate share of contributions, as well as the change in the School District's proportionate share; and a deferred outflow of resources for the changes in actuarial assumptions for the pension plan, which will be amortized over the remaining service period. The governmental activities reports a deferred outflow of resources for the net difference between projected and actual investment earnings on the OPEB assets, which will be amortized over a five year period.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and capital outlay grants, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The School District also has four items that qualify for reporting in this category which occur only in the governmental activities. The governmental activities reports a deferred inflow of resources for experience gains or losses related to the pension and OPEB plans, a deferred inflow of resources for the changes in actuarial assumptions for the pension plan and a deferred inflow of resources for the difference between the School District's actual contributions towards the pension and OPEB plans and the School District's proportionate share of contributions, as well as the change in the School District's proportionate share, which will be amortized over the remaining service period. The governmental activities reports a deferred outflow of resources for the net difference between projected and actual investment earnings on the pension assets, which will be amortized over a five year period.

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund existing general obligation bonds. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

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

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

Other Postemployment Benefits (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflow of resources related to the OPEB plan, OPEB expense, information about fiduciary net position of the Georgia School Employees Postemployment Health Benefit Fund (School Health Fund) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the School Health Fund. 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 Equity/Net Position

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity/Net Position (Continued)

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment through adoption of a subsequent resolution.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent and the Director of Finance the authority to assign fund balances.

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

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

- Committed
- Assigned
- Unassigned

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity/Net Position (Continued)

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School District adopts an annual budget for the General Fund and Debt Service Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

For the year ended June 30, 2018 expenditures exceeded the budget in the General Fund departments as follows:

General Fund:		
Support services:		
Federal grant administration	$	249,399
General administration		75,246
School administration		142,453
Maintenance and operation of plant		717,893
Student transportation services		112,747
Central support services		57,206
Other support services		38,138
Food service operation		216,515
Debt service:		
Interest and fees		410,000

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

Note 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

INTEREST RATE RISK

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

FAIR VALUE MEASUREMENTS

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The repurchase agreements, in the amount of $2,400,191, are nonparticipating interest-earning investment contracts and, accordingly, are recorded at cost. As a result, the School District does not disclose investments in the repurchase agreements within the fair value hierarchy.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2018, the financial institutions holding all of the District's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2018, all of the District's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

Note 5: RECEIVABLES

Receivables at June 30, 2018, for the School District's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	District-Wide Capital Projects	Total
Receivables:			
Taxes	$ 591,965	$ 651,322	$ 1,243,287
Interest receivable	664	-	664
Intergovernmental	5,432,651	1,300,205	6,732,856
Gross receivables	6,025,280	1,951,527	7,976,807
Less allowance for uncollectibles	(8,534)	-	(8,534)
Net total receivables	$ 6,016,746	$ 1,951,527	$ 7,968,273

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Note 6: CAPITAL ASSETS

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

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,302,156	$ -	$ (56,000)	$ 1,246,156
Construction in progress	18,192,674	10,260,530	(18,796,557)	9,656,647
Total	19,494,830	10,260,530	(18,852,557)	10,902,803
Capital assets, being depreciated:				
Building improvements	78,440,186	18,883,689	(4,207,195)	93,116,680
Equipment	9,987,234	171,203	(517,881)	9,640,556
Land improvements	4,087,623	152,244	(316,957)	3,922,910
Total	92,515,043	19,207,136	(5,042,033)	106,680,146
Less accumulated depreciation for:				
Building improvements	(16,743,242)	(1,386,725)	2,697,691	(15,432,276)
Equipment	(6,038,624)	(734,138)	469,188	(6,303,574)
Land improvements	(2,266,266)	(128,680)	240,398	(2,154,548)
Total	(25,048,132)	(2,249,543)	3,407,277	(23,890,398)
Total capital assets, being depreciated, net	67,466,911	16,957,593	(1,634,756)	82,789,748
Governmental activities capital assets, net	$ 86,961,741	$ 27,218,123	$ (20,487,313)	$ 93,692,551

Depreciation expense was charged to functions as follows:

Instruction	$ 1,474,653
Support services:	
Pupil services	6,481
Improvement of instructional services	2,127
General administration	10,169
School administration	2,174
Business administration	315
Maintenance and operation of plant	111,289
Student transportation services	490,473
Central support services	18,996
Other support services	70,702
Operations of non-instructional services:	
Food services	62,164
	$ 2,249,543

Note 7: RISK MANAGEMENT

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

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

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

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

	Beginning of Year	Claims and Changes in Estimates	Claims Paid	End of Year
2017	$ -	$ 816	$ 816	$ -
2018	$ -	$ 1,694	$ 1,694	$ -

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

Position Covered	Amount
Superintendent	$ 100,000
All Other Employees	$ 25,000

Note 8: INTERFUND BALANCES AND TRANSFERS

Interfund balances for the year ended June 30, 2018, consisted of the following:

Interfund receivable	Interfund payable	Amount
General Fund	Capital Projects Fund	$ 6,307,139
		$ 6,307,139

Interfund balances between the General Fund and Capital Projects Fund are due to one fund paying project costs and being reimbursed by the other.

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfers In	Transfers Out	Amount
Debt Service Fund	District-Wide Capital Projects Fund	$ 2,342,000
		$ 2,342,000

Transfers are used to move SPLOST proceeds from the District-Wide Capital Projects Fund to the Debt Service Fund to fund debt service as allowed in the referendum.

Note 9: LONG – TERM DEBT

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds are as follows:

Purpose	Interest Rates	Outstanding
General Government – Series 2015	5.00%	$ 25,000,000

Note 9: LONG – TERM DEBT (Continued)

At June 30, 2018, payments due by fiscal year which includes principal and interest for these items are as follows:

Fiscal Year Ended June 30	General Obligation Bonds	
	Principal	Interest
2019	$ 800,000	$ 1,250,000
2020	865,000	1,210,000
2021	930,000	1,166,750
2022	1,005,000	1,120,250
2023	1,080,000	1,070,000
2024-2028	8,315,000	4,376,000
2029-2033	12,005,000	1,859,000
Total	$ 25,000,000	$ 12,052,000

INTERGOVERNMENTAL PAYABLE

In August 2010, the Carrollton Redevelopment Authority (Authority), issued $8,000,000 in federally taxable qualified school construction bonds, with interest payments beginning April 1, 2011 through April 1, 2025 with the principal balance due with the final interest payment at an interest rate of 5.125%. The School District will fund the bonds with ad valorem property tax revenues and thus the School District has an intergovernmental payable to the Authority equal to the outstanding bonds. The proceeds from the bonds will be used for the purpose of the (i) renovation, modernization and revitalization of the restrooms and gymnasium at the Carrollton High School to meet applicable federal and state standards, (ii) addition of two-story classroom wing to house pre-kindergarten and sixth grade classes located at the Carrollton Middle School for the benefit of the public educational system of the City of Carrollton, Georgia and (iii) the costs of issuing the Bonds. The interest on these bonds are subsidized 100% by the federal government.

Note 9: LONG – TERM DEBT (Continued)

The intergovernmental payable currently outstanding is as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	$ -	$ 410,000	$ 410,000
2020	-	410,000	410,000
2021	-	410,000	410,000
2022	-	410,000	410,000
2023	-	410,000	410,000
2024-2025	8,000,000	820,000	8,820,000
Total	$ 8,000,000	$ 2,870,000	$ 10,870,000

CAPITAL LEASE PAYABLE

In fiscal year 2016, the School District entered into an agreement for the purpose of purchasing school buses. Under the terms of the agreement, the School District will assure that the payments of principal and interest on the capital lease are made in a timely manner through August 3, 2021. The total annual payment is $460,113. The lease qualifies for financial reporting as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The following is an analysis of assets under capital leases as of June 30, 2018:

Asset	Governmental Activities
Equipment	$ 3,030,345
Accumulated depreciation	(1,245,752)
Total net book value of leased assets	$ 1,784,593

The annual amortization of the leased assets value is included in depreciation expense.

Note 9: LONG – TERM DEBT (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

Year Ending June 30,	Governmental Activities
2019	$ 460,113
2020	460,113
2021	460,113
2022	460,113
Total minimum lease payaments	1,840,452
Less: amount representing interest	(87,062)
Present value of minimum lease payments	1,753,390
Less: current liabilities	(425,624)
	$ 1,327,766

The changes in Long-Term Debt during the fiscal year ended June 30, 2018, were as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 26,050,000	$ -	$ (1,050,000)	$ 25,000,000	$ 800,000
Unamortized bond premium	4,095,933	-	(400,128)	3,695,805	-
Total general obiligation bonds	30,145,933	-	(1,450,128)	28,695,805	800,000
Intergovernmental payable	8,000,000	-	-	8,000,000	-
Capital lease payable	2,170,804	-	(417,414)	1,753,390	425,624
Compensated absences	-	159,398	(83,069)	76,329	57,247
Net pension liability	42,145,654	5,015,306	(9,669,376)	37,491,584	-
Net OPEB liability	35,804,328	2,336,201	(3,880,264)	34,260,265	-
Governmental activity Long-term liabilities	$ 118,266,719	$ 7,510,905	$ (15,500,251)	$ 110,277,373	$ 1,282,871

The beginning balances for governmental activities long-term debt and obligations has been restated as a result of the School System implementing GASB 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions.* For further discussions, see footnotes 14 and 15. Compensated absences are primarily liquidated by the General Fund.

Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of $102,003 for health insurance and retirement contributions paid on the School District's behalf by the following State Agencies:

Georgia Department of Education
Paid the Teachers Retirement District
For Teachers Retirement (TRS)
In the amount of $35,624

Office of the State Treasurer
Paid to the Public School Employees Retirement District
For Public School Employees Retirement (PSERS) Employer's Cost
In the amount of $66,379

Note 11: RETIREMENT PLANS

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

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

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

Note 11: RETIREMENT PLANS (Continued)

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2018. The School District's contractually required contribution rate for the year ended June 30, 2018 was 16.81% of annual school district payroll. District contributions to TRS were $4,128,711 for the year ended June 30, 2018.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the State of Georgia for certain public school support personnel. The amount recognized by the 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 District were as follows:

District's proportionate share of the net pension liability	$	37,491,584
State of Georgia's proportionate share of the net pension liability associated with the District		378,211
Total	$	37,869,795

The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2017. At June 30 2017, the District's proportion was 0.201727%, which was a decrease of 0.002555% from its proportion measured as of June 30, 2016.

Note 11: RETIREMENT PLANS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

For the year ended June 30, 2018, the District recognized pension expense of $4,208,680 and revenue of $34,855 for support provided by the State of Georgia for certain support personnel. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 258,005
Differences between expected and actual experience	1,402,416	141,489
Actuarial assumption changes	821,862	-
Changes in proportion and differences between District contributions and proportionate share of contributions	287,131	444,160
District contributions subsequent to the measurement date	4,128,711	-
Total	$ 6,640,120	$ 843,654

District contributions subsequent to the measurement date of $4,128,711 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, 2019. 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:	
2019	$ (176,122)
2020	1,968,645
2021	911,313
2022	(1,050,103)
2023	14,022
Total	$ 1,667,755

Note 11: RETIREMENT PLANS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Actuarial assumptions: The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Note 11: RETIREMENT PLANS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large equities	39.80	9.00
Domestic mid equities	3.70	12.00
Domestic small equities	1.50	13.50
International developed market equities	19.40	8.00
International emerging market equities	5.60	12.00
Total	100.00%	

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

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

Note 11: RETIREMENT PLANS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the 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:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 61,528,089	$ 37,491,584	$ 17,690,907

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

Payables to the pension plan: As of June 30, 2018, the School District is reporting $902,539 in accrued benefits payable for the Teachers Retirement System Plan.

GENERAL INFORMATION ABOUT THE 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.

Note 11: RETIREMENT PLANS (Continued)

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

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

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

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

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

PENSION LIABILITIES AND PENSION EXPENSE

At June 30, 2018, the District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the District	$ 343,081

The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2017.

Note 11: RETIREMENT PLANS (Continued)

PENSION LIABILITIES AND PENSION EXPENSE (Continued)

For the year ended June 30, 2018, the District recognized pension expense of $69,144 and revenue of $69,144 for support provided by the State of Georgia.

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

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

Postretirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. 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 November 18, 2015, the numbers of expected future deaths are 8-11% 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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Note 11: RETIREMENT PLANS (Continued)

PENSION LIABILITIES AND PENSION EXPENSE (Continued)

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

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

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

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

Note 12: CONTINGENCIES

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

The School District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 13: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2018:

Project		
Carrollton High School Rebuild	$	10,808,407

The amounts described in this note are not reflected in the basic financial statements.

Note 14: POSTEMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL EMPLOYEES POSTEMPLOYMENT HEALTH BENEFIT FUND

Plan Description: The District participates in the State of Georgia School Employees Postemployment Benefit Fund (School OPEB Fund), which is an other postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board. The School OPEB Fund is included in the State of Georgia Comprehensive Annual Financial Report which is publicly available and can be obtained at https://sao.georgia.gov/comprehensive-annual-financial-reports.

Note 14: POSTEMPLOYMENT BENEFITS (Continued)

Benefits: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the District were $1,298,260 for the year ended June 30, 2018. Active employees are not required to contribute to the School OPEB Fund.

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

Effective July 1, 2017, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the District's accounting for OPEB amounts. The information disclosed in this note is presented in accordance with this new standard.

At June 30, 2018, the District reported a liability of $34,260,265 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the State OPEB Fund during the fiscal year ended June 30, 2017. At June 30, 2017, the School District's proportion was 0.243846%, which was an increase of 0.002256% from its proportion measured as of June 30, 2016.

Note 14: POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2018, the School District recognized OPEB expense of $2,042,802. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 10,020	$ -
Changes in proportion and differences between School District contributions and proportionate share of contributions	283,379	-
Changes in plan assumptions	-	2,608,832
School District contributions subsequent to the measurement date	1,298,260	-
Total	$ 1,591,659	$ 2,608,832

School District contributions subsequent to the measurement date of $1,298,260 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	$ (415,742)
2020	(415,742)
2021	(415,742)
2022	(415,742)
2023	(418,247)
2024	(234,218)
Total	$ (2,315,433)

Note 14: POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions: The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.75%
Salary Increases	TRS – 3.25-9.00%, including inflation PSERS – N/A
Long-term expected rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare eligible	7.75%
Medicare eligible	5.75%
Ultimate trend rate	
Pre-Medicare eligible	5.00%
Medicare eligible	5.00%
Year of ultimate trend rate	2022

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS Members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) was used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 2 years for males and four years for females) was used for death after disability retirement.
- For PSERS Members: 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) was used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the ERS pension system, which covered the five-year period ending June 30, 2014.

Note 14: POSTEMPLOYMENT BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions: (continued) Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Commission and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Additionally, there was a change that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the State OPEB Fund is based on their current or last employer payroll location. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are allocated to the State OPEB Fund irrespective of retirement system affiliation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Local Government Investment Pool	100%	3.88%

Discount rate: The discount rate has changed since the prior measurement date from 3.07% to 3.58%. In order to measure the total OPEB liability for the State OPEB Fund, a single equivalent interest rate of 3.58% was used as the discount rate. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.56% per the Bond Buyer Index). The projection of cash flows used to determine the discount rate assumed that the current sharing of costs between the employer and the member will continue and that contributions from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2115. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2029. Therefore, the long-term expected rate of return on OPEB plan investments was applied to discount projected benefit payments until 2029. The discount rate of 3.58% was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined. The calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 14: POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current discount rate (3.58%)	1% Increase (4.58%)
School District's proportionate share of the net OPEB liability	$ 40,677,928	$ 34,260,265	$ 29,195,430

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate. The following presents the School District's proportionate share of the net OPEB liability calculated using the healthcare cost trend rates of 5.00% to 7.75%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00% to 6.75%) or 1-percentage-point higher (6.00% to 8.75%) than the current rates:

	1% Decrease (4.00% to 6.75%)	Current healthcare cost trend rate (5.00% to 7.75%)	1% Increase (6.00% to 8.75%)
School District's proportionate share of the net OPEB liability	$ 28,397,856	$ 34,260,265	$ 41,893,112

Note 15: RESTATEMENTS

In conjunction with the implementation of Governmental Accounting Standards (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the School District is required to change its accounting treatment of the OPEB liability and the related OPEB expense. The new standard requires that the School System's proportionate share of the net OPEB liability be recorded on the statement of net position for its governmental activities. Therefore, in conjunction with the implementation of GASB Statement No. 75, the following restatement was required to the beginning net position of governmental activities to properly recognize the School's net OPEB liability and related deferred outflows of resources for contributions subsequent to the measurement date as of the end of the prior period.

	Governmental Activities
Net position, as previously reported	$ 39,578,800
Restatement for implementation of GASB Statement No. 75:	
Net OPEB liability as of June 30, 2017	(35,804,328)
Deferred outflows of resources - contributions	1,271,432
Net position, as restated	$ 5,045,904

II. REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARROLLTON BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABLITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2018	2017	2016	2015
District's proportion of the net pension liability	0.201727%	0.204282%	0.205153%	0.203644%
District's proportionate share of the net pension liability	$ 37,491,584	$ 42,145,654	$ 31,232,507	$ 25,727,733
State of Georgia's proportionate share of the net pension liability associated with the District	378,211	479,054	360,961	285,900
Total	$ 37,869,795	$ 42,624,708	$ 31,593,468	$ 26,013,633
District's covered payroll	23,162,971	22,407,856	21,655,080	$ 20,775,708
District's proportionate share of the net pension liability as a percentage of its covered payroll	161.86%	188.08%	144.23%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%

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

CITY OF CARROLLTON BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2018	2017	2016	2015	2014
Contractually required contributions	$ 4,128,711	$ 3,305,356	$ 3,197,601	$ 2,847,643	$ 2,551,257
Contributions in relation to the contractually required contributions	4,128,711	3,305,356	3,197,601	2,847,643	2,551,257
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	24,561,041	23,162,971	22,407,856	21,655,080	20,775,708
Contributions as a percentage of covered payroll	16.81%	14.27%	14.27%	13.15%	12.28%

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

CITY OF CARROLLTON BOARD OF EDUCATION

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

	2018	2017	2016	2015
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the District	343,081	459,587	294,752	272,575
Total	$ 343,081	$ 459,587	$ 294,752	$ 272,575
District's covered-employee payroll	$ 978,747	$ 766,261	$ 777,317	$ 1,006,936
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.69%	81.00%	87.00%	88.29%

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

CITY OF CARROLLTON BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

		2018
School System's proportion of the net OPEB liability (%)		0.243846%
School System's proportion of the net OPEB liability ($)	$	34,260,265
School System's covered-employee payroll	$	17,149,427
School System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		200%
Plan fiduciary net position as a percentage of the net OPEB liability		1.61%

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

CITY OF CARROLLTON BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2018
Contractually required contribution	$ 1,298,260
Contributions in relation to the contractually required contribution	1,298,260
Contribution deficiency (excess)	$ -
School System's covered-employee payroll	19,040,800
Contributions as a percentage of covered-employee payroll	6.82%

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

Teachers Retirement System of Georgia:

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

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

Public School Employees Retirement System of Georgia:

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

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).

School OPEB Fund:

***Changes of benefit terms*:** In the June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

Changes in assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions

III. OTHER SUPPLEMENTARY INFORMATION

CITY OF CARROLLTON BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost(1)	Current Estimated Costs(2)	Expended In Current Year (3)	Expended In Prior Years (3)	Total Expended To Date	Project Status
SPLOST Issue 2012:						
The payment of a portion of the debt service payments on the Carrollton School District's General Obligation Bonds, Series 2007	$ 4,950,000	$ 4,950,000	$ -	$ 4,950,000	$ 4,950,000	Completed
The payment of a portion of the sinking fund deposits relating to the Carrollton Redevelopment Authority Federally Taxable Qualified School Construction Bonds - Direct Pay, Series 2010	2,400,000	2,325,024	750,016	1,575,008	2,325,024	Completed
The payment of certain of the Carrollton School District's outstanding technology lease payments	1,050,000	700,000	-	700,000	700,000	Completed
Capital outlay projects within the Carrollton Independent School District, consisting of acquiring, constructing, adding to, renovating, modifying, repairing, improving and equipping existing schools and other buildings and facilities including but not limited to the following: (A) as to Carrollton Elementary School, additional classrooms, exterior door replacement, interior and exterior painting, replacement of gutters, downspouts and roofs, HVAC modifications, bathroom renovations, new lighting and new acoustical tile; (B) as to Carrollton Junior High School, replacement of gutters, downspouts and roofs, storm water/drain modification, exterior painting, HVAC additions and modifications, exterior door replacement; (C) as to Carrollton High School, classroom modifications to accommodate STEM curriculum, acquisition and installation of technology and STEM equipment, exterior and interior painting and modifications to handicap access; and (D) as to system-wide, replacement and improvement of parking lots and driveways, replacement of tennis courts, replacement of telephone system head end, replacement of maintenance vehicles, replacement of grounds maintenance equipment, replacement of busses, pavement of transportation parking lot, system-wide technology upgrades, replacement of classroom furniture at all schools; and funding capitalized interest on the Carrollton School District Debt.	13,387,500	10,801,433	1,552,113	6,582,931	8,135,044	Ongoing
SPLOST Issue 2017:						
The payment of a portion of the sinking fund deposits relating to the Carrollton Redevelopment Authority Federally Taxable Qualified School Construction Bonds - Direct Pay, Series 2010	3,500,000	3,500,000	-	-	-	Ongoing
The payment of a portion of the debt service with respect to the general obligation bonds to be issued.	10,497,000	10,497,000	-	-	-	Ongoing
Capital outlay projects within the Carrollton Independent School District, consisting of acquiring, constructing, adding to, renovating, modifying, repairing, improving and equipping existing schools and other buildings and facilities including but not limited to the following: (A) as to Carrollton Elementary School, additional classrooms, exterior door replacement, interior and exterior painting, replacement of gutters, downspouts and roofs, HVAC modifications, bathroom renovations, new lighting and new acoustical tile; (B) as to Carrollton Junior High School, replacement of gutters, downspouts and roofs, storm water/drain modification, exterior painting, HVAC additions and modifications, exterior door replacement; (C) as to Carrollton High School, classroom modifications to accommodate STEM curriculum, acquisition and installation of technology and STEM equipment, exterior and interior painting and modifications to handicap access; and (D) as to system-wide, replacement and improvement of parking lots and driveways, replacement of tennis courts, replacement of telephone system head end, replacement of maintenance vehicles, replacement of grounds maintenance equipment, replacement of busses, pavement of transportation parking lot, system-wide technology upgrades, replacement of classroom furniture at all schools; and funding capitalized interest on the Carrollton School District Debt.	6,338,000	6,338,000	-	-	-	Ongoing
Total	$ 42,122,500	$ 39,111,457	$ 2,302,129	$ 13,807,939	$ 16,110,068	

(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 project(s). Includes all cost from project inception to completion.

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

IV. SINGLE AUDIT SECTION

MAULDIN & JENKINS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Carrollton Board of Education, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Carrollton Board of Education's basic financial statements, and have issued our report thereon dated February 5, 2019. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 5, 2019

MAULDIN & JENKINS

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Carrollton Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Carrollton Board of Education's major federal programs for the year ended June 30, 2018. The City of Carrollton Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 City of Carrollton Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 City of Carrollton Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Carrollton Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the City of Carrollton Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Carrollton Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 City of Carrollton Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 5, 2019

CITY OF CARROLLTON BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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			
Child Nutrition Cluster			
School Breakfast Program - Cash Assistance	10.553	18185GA324N1099	$ 659,593
National School Lunch Program:			
After School Snack Program	10.555	18185GA324N1100	64,318
Cash Assistance (2)	10.555	18185GA324N1100	1,574,697
Non-Cash Assistance - Commodities (1)	10.555	18185GA324N1100	165,625
Total Child Nutrition Cluster			2,464,233
Direct Award			
Farm to School Program	10.575	178GA119L3203	62,625
Total U. S. Department of Agriculture			2,526,858
Education, U. S. Department of			
Special Education Cluster (IDEA)			
Pass-Through From Georgia Department of Education			
Special Education			
Title VI - B - Flowthrough	84.027	H027A160073	151,878
Title VI - B - Flowthrough	84.027	H027A170073	756,822
Preschool Grants	84.173	H173A170081	52,840
Total Special Education Cluster (IDEA)			961,540
Title I, Part A			
Pass-Through From Georgia Department of Education			
Title I - Improving the Academic Achievement of the Disadvantaged	84.010	S010A160010	169,430
Title I - Improving the Academic Achievement of the Disadvantaged	84.010	S010A170010	1,228,810
Total Title I, Part A			1,398,240
Other Programs			
Pass-Through From Georgia Department of Education			
Title I, Part C - Migrant Education	84.011	S011A160011	2,576
Title I, Part C - Migrant Education	84.011	S011A170011	1,687
Total Title I, Part C			4,263
Education of Homeless Children and Youth	84.196	S196A160011	5,120
Education of Homeless Children and Youth	84.196	S196A170011	45,857
Total Education of Homeless Children and Youth			50,977
Twenty-first Century Community Learning Centers	84.287	S287C160010	221,172
Twenty-first Century Community Learning Centers	84.287	S287C170010	908,398
Total Twenty-first Century Community Learning Centers			1,129,570
Title III, Part A - Limited English Proficient	84.365	S365A160010	8,226
Title III, Part A - Limited English Proficient	84.365	S365A170010	29,522
Title III, Part A - Immigrant	84.365	S365A170010	1,853
Total Title III, Part A			39,601

(Continued)

CITY OF CARROLLTON BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Title II, Part A - Improving Teacher Quality	84.367	S367A160001	17,239
Title II, Part A - Improving Teacher Quality	84.367	S367A170001	101,042
Title II, Part A - Advance Placement	84.367	S367A170001	540
Total Title II, Part A			118,821
Perkins IV Grants - Program Improvement	84.048	V048A170010	30,403
Perkins Plus Reserve	84.048	V048A170010	4,102
Perkins IV Carryover	84.048	V048A170010	2,115
Total Perkins Grants			36,620
Stiving Readers - Birth to Age Five	84.371	S371C170002	1,825
Striving Readers - Kindergarten to Grade Five	84.371	S371C170002	4,180
Striving Readers - Middle Schools	84.371	S371C170002	1,439
Striving Readers - High Schools	84.371	S371C170002	1,439
			8,883
Title IV-A - Student Support and Academic Enrichment	84.424A	S424A170011	3,961
Total U. S. Department of Education			3,752,476
Defense, U. S. Department of			
Direct Award			
Department of the Army			
R.O.T.C. Program	12.unknown	N/A	36,312
Total Expenditures of Federal Awards			$ 6,315,646

N/A = Not Available

(1) The amounts shown for the Food Donation Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the School District during the current fiscal year.

(2) Expenditures for the funds earned on Child and Adult Care Food Program were not maintained separately and are included in the National School Lunch Program.

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

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the City of Carrollton Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

The School District did not utilize the 10% de minimis indirect cost rate.

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 Award*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF CARROLLTON BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ yes __X__ no
Significant deficiencies identified?	___ yes __X__ none reported
Noncompliance material to financial statements noted?	___ yes __X__ no

Federal Awards

Internal Control over major federal programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes __X__ no

Identification of major federal program:

CFDA Number	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster
84.027 & 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ yes __X__ no

CITY OF CARROLLTON BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

CITY OF CARROLLTON BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF CARROLLTON BOARD OF EDUCATION

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

STATUS OF PRIOR YEAR FINDINGS

2017-001 Revenues and Related Receivables

Condition: Internal controls were not sufficient to detect a material misstatement in the reporting of the School District's revenues and related receivables. During our testing of revenues and related receivables in the District-Wide Capital Projects Fund, it was noted that the School District did not accrue for and record one month of the fiscal year's revenue related to sales tax receipts from the Georgia Department of Revenue. In the District-Wide Capital Projects Fund, intergovernmental receivable was understated by approximately $276,000 and sales tax revenue was understated by the same amount.

Status: This finding was resolved in fiscal year 2018.

2017-002 Cash Reporting

Condition: During our testing of the June 30, 2017 bank reconciliations provided by management, we identified misstatements which required adjustment to the general ledger balances. During our testing of the School District's cash accounts, we noted certain adjustments were required to correct the reporting of the School District's cash balances:

- An adjustment of approximately $106,000 was required to correctly report the cash balances and related due to others in the Principal's fund, which is comprised of the cash balances reported within the School District's schools.
- An adjustment of approximately $32,000 was required to correctly report the cash balances and related revenue and expenditure accounts in the General Fund.

Status: This finding was resolved in fiscal year 2018.