CHEROKEE COUNTY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2018

CANTON, GEORGIA

Cherokee County School District



Cherokee County School District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CANTON, GEORGIA

PREPARED BY:

CHEROKEE COUNTY SCHOOL DISTRICT

DIVISION OF FINANCIAL MANAGEMENT

KENNETH OWEN, CHIEF FINANCIAL OFFICER

Introductory Section

Cherokee County School District

Cherokee County School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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Cherokee County School District

DR. BRIAN V. HIGHTOWER
Superintendent of Schools

KYLA CROMER
School Board Chair

MIKE CHAPMAN
School Board Vice-Chair

JOHN HARMON

PATSY JORDAN

CLARK MENARD

KELLY POOLE

ROBERT RECHSTEINER

21 December 2018

To: Members of the Cherokee County Board of Education
Citizens of Cherokee County

Over the past year, we have discussed with the School Board our intent to publish the School District's first ever Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended June 30, 2018. The report that follows was prepared by staff within the Division of Financial Management as fulfillment of the requirements for audit prescribed by Georgia Statutes for local boards of education, as well as the Single Audit Requirements of Federal and State governments.

The CAFR conforms to generally accepted accounting principles as applied to governmental entities, as well as to standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). Responsibility for the accuracy, completeness and fairness of the information presented, including all disclosures and assurances, rests with the School District management team, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williamson and Company CPAs has issued an unmodified ("clean") opinion on the School Board's financial statements for the fiscal year that ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Following the MD&A are the basic financial statements, including the government-wide financial statements, the fund financial statements and the notes to the financial statements. The required supplementary information and the statistical section complete the CAFR.

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Profile of Cherokee County School District

The Cherokee County School District is a political subdivision of the State of Georgia, separate from and legally and fiscally independent of Cherokee County and all other political subdivisions. The boundaries of the School District are coterminous with the territorial limits of Cherokee County. The School District is the only school district in Cherokee County and is vested by the Georgia Constitution and enabling legislation with the power to conduct a system of kindergarten through grade twelve public education within the territorial limits of Cherokee County.

Under the Georgia Constitution, the Cherokee County Board of Education (School Board) was created to manage and control the School District. The School Board consists of seven members; six elected within designated geographic districts and one Chair elected on a county-wide basis by all qualified voters of Cherokee County. Each School Board member is elected to office for a term of four years or until his/her successor is elected and qualified.

The School Superintendent is the Chief Executive Officer of the Board of Education and is employed by the School Board under written contract for a term of not less than one year and not more than three years. The School Superintendent acts as the Secretary of the Board of Education, ex officio.

Dr. Brian V. Hightower has been the Superintendent of Schools for the School District since February 1, 2016 and is responsible for the day-to-day operations of the School District. Dr. Hightower has been employed by the School District for 32 years, and, prior to his appointment as Superintendent, served in various capacities, including teacher, assistant principal, principal, Director of School Operations, Assistant Superintendent of School Operations and Deputy Superintendent. Dr. Hightower's educational background includes the following: Reinhardt College (A.A., Liberal Arts), Kennesaw State University (B.S., Education, 7-12), North Georgia College & State University (M.Ed., Education, 7-12), Georgia State University (Ed.S., Education, 4-8), and Samford University (Ed.D., Educational Leadership).

The School District is comprised of 23 elementary schools, seven middle schools, six high schools, one alternative school, one evening school, one special education school and one pre-school center. These facilities currently serve 42,270 students. All schools are accredited by the Georgia Accrediting Commission and have met requirements for Standard Schools as set forth by the Georgia Department of Education. The School District and its schools are accredited by AdvancED.

As of October 2018, the School District employed 4,847 full time employees in the following categories:

• Certified Classroom Teachers	2,734
• Classroom Paraprofessionals	356
• Other Instructional and Student Support Staff	512
• Administrators (includes Central Office)	368
• School Nutrition, Transportation and Maintenance	877

All certified classroom teachers hold Bachelor's degrees, with 64% earning advanced degrees (Master's, Specialist's and/or Doctoral degrees). The 2018-19 school year estimated overall pupil-teacher ratio, not including non-teaching personnel (such as counselors, therapists and media specialists), is 15:1.

Local Economy and Outlook

Cherokee County is located approximately 35 miles north of the City of Atlanta, a major national center for finance, transportation, distribution and communications. The Cherokee community benefits from this proximity, particularly as it relates to the earnings potential for residents.

The per capita income in Cherokee County is approximately 10% above that of the State of Georgia and growing at more than double the national pace at 3.6% in 2016, the latest year for which figures are available. The median household income in Cherokee County was $72,586 in 2016, compared to the State average of $51,037 and the National average of $55,322.

The 2018 median home value in Cherokee County was $231,300, an 8.1% increase over 2017. Home values are projected to increase another 4.2% in 2019. This translates to a growing tax digest that has greatly benefited the students of Cherokee County. After tax base declines during 2008, 2009 and 2010 (as a direct result of the national recession), the Cherokee County tax digest has grown by more than 8.7% in each of the last four years.

Sales tax collections are a major indicator of the strength of a local economy. In Cherokee County, collections from the Education Special Purpose Local Option Sales Tax (Ed-SPLOST) have grown approximately 27% since 2011 and approximately 59% since 2003. In fact, revenue from the one percent sales tax has grown in every year since 1998 except for four, with many of those years growing in double digits. This, along with the strong growth in the tax digest, indicate a healthy and thriving economy.

Due in large part to the strong and healthy local economy, the School District has seen two credit rating upgrades since 2015. Moody's credit rating is currently Aa2 with a Stable outlook and S&P's credit rating is currently AA with a Stable outlook. Both credit agencies cited a large, diverse tax base, stable and growing reserves and positive general fund results in recent years as rationale for credit rating upgrades.

Long Term Financial Planning

Unrestricted fund balances in all funds have increased in recent years, in large part due to increased revenues but also due to expenditure controls, management inquiry and analysis and School Board expectations. The general fund balance at June 30, 2018 is anticipated to be $60.8 million, representing 14.7% of the previous year budgeted expenditures, which is well within the School Board's Policy of 12-15%. Debt service fund balance is anticipated to increase by $8.3 million due to Ed-SPLOST collections coming in above projections as well as strong growth in property tax digest.

The School District plans capital improvements as needs arise due to increased student population, age of the physical plant and future growth patterns. Formalized capital outlay plans are reviewed at least annually and are generated based on enrollment forecasts, facility assessments and anticipated revenue.

The School District relies on revenue generated by the Education Special Purpose Local Option Sales Tax (Ed-SPLOST), approved overwhelmingly by voters in November 2016, for repayment of bonds issued in previous years that resulted in 21 new and replacement schools, installation of major technology infrastructure, land acquisition and major renovations of aging facilities. Additionally, the School Board approved shifting one-half mil in property tax from Maintenance and Operations to Debt Service to generate supplementary revenue to permit use of monthly Ed-SPLOST funds for current expenditures, such as replacement of classroom technology devices and major building repairs.

Formal School Board Policies relative to financial management are analyzed annually in order to provide a strong basis for ongoing financial decisions. The following are examples of such Policies:

- Annual Operating Budget (Revised 2016)
- Fund Balance (Revised 2017)
- Debt Management (Adopted 2017)
- Accounting and Reporting - Capital Assets (Adopted 2017)
- Cash Management and Investments (Adopted 2018)
- Purchasing (Revised 2018)

Awards and Acknowledgements

The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental entities annually. As this is the first year the School District has developed a CAFR, it has been submitted for consideration of this important award. It is our hope this first edition will meet with this acknowledgement.

The School District's FY2019 Annual Budget received multiple awards from the Georgia School Public Relations Association (GSPRA) for Special Publications based on readability, use of graphics and ease of understanding. Future iterations of the Annual Budget will be submitted to GFOA for consideration of the Distinguished Budget Presentation Award.

The preparation of this report was completed by the dedicated and professional staff within the Office of Financial Management. Specifically, Jenna Williams, Coordinator for Financial Compliance and Reporting, and Marjorie DeFrank, Director for Financial Management, are to be commended for their devotion to task and content area expertise.

Respectfully submitted,

Dr. Brian V. Hightower
Superintendent of Schools

Kenneth L. Owen
Chief Financial Officer

Cherokee County School District

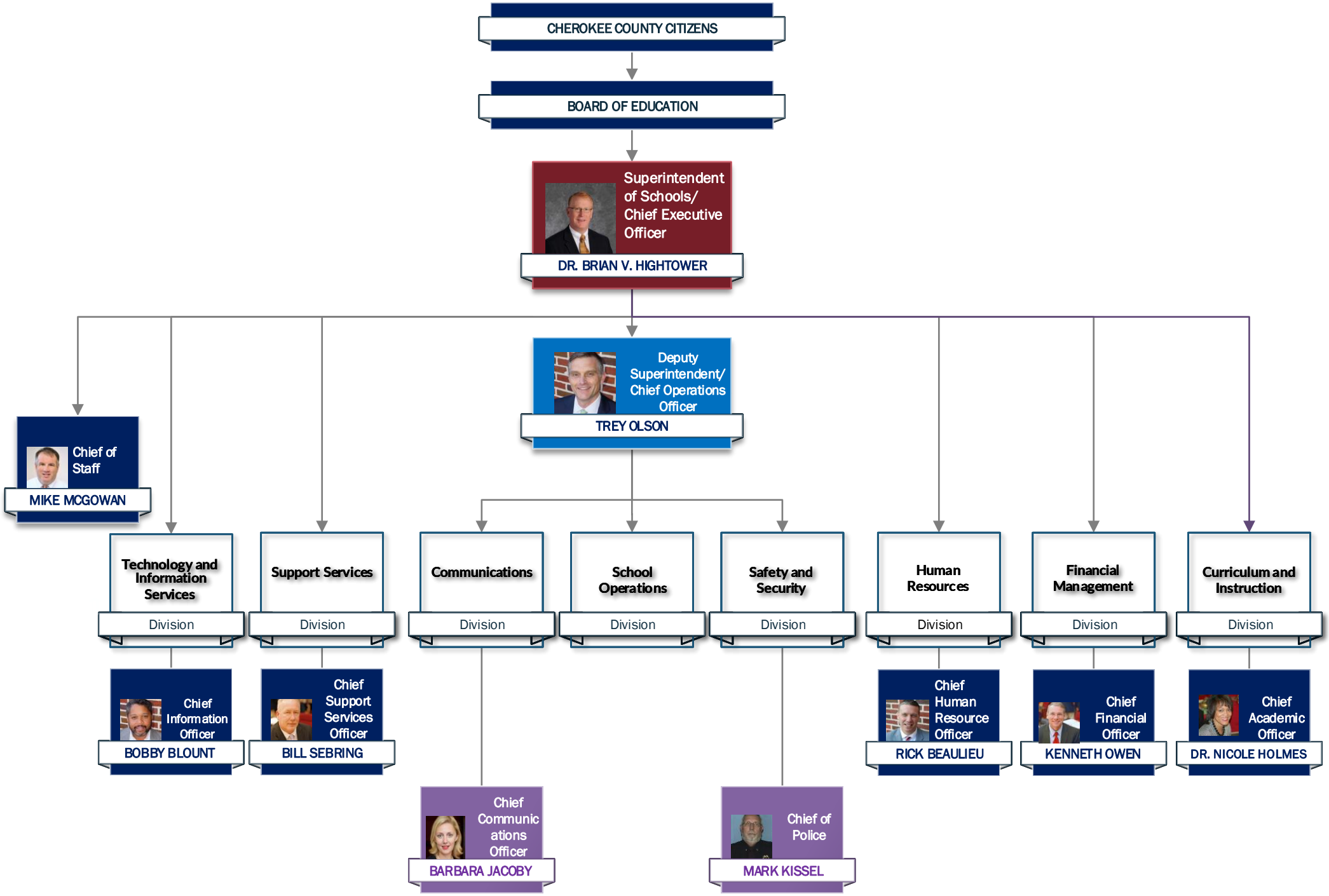
SCHOOL BOARD MEMBERS



Front row, from left, Kelly Poole (District 1), Chair, Kyla Cromer and Patsy Jordan (District 2). Back row from left, Superintendent Dr. Brian Hightower, Robert Rechsteiner (District 4), Vice-Chair, Mike Chapman (District 6), John Harmon (District 3) and Clark Menard (District 5).

Kyla Cromer, School Board Chair
Mike Chapman, School Board Vice-Chair
John Harmon
Patsy Jordan
Clark Menard
Kelly Poole
Robert Rechsteiner

CCSD Organizational Chart of Divisions - - SY 2017-18 and SY 2018-19



Financial Section

Cherokee County School District

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
The Cherokee County Board of Education
Canton, 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 Cherokee County School District (the "School District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Cherokee County School District, as of June 30, 2018, and the respective changes in financial position and the respective 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 a Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal 2018, the School District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-12 and the schedules related to the School District's pension plan and other post-employment benefits plan on pages 57-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cherokee County School District's basic financial statements. The introductory section, statistical section, Schedule of Expenditures of Educational 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Educational Local Option Sales Tax Proceeds and the Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Educational Local Option Sales Tax Proceeds and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2018 on our consideration of the Cherokee County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cherokee County School District's internal control over financial reporting and compliance.

Williamson + Company

Williamson and Company
Certified Public Accountants
December 19, 2018

Introduction

The discussion and analysis of the Cherokee County School District's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2018 and June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- Total revenue increased from $441.4 million in 2017 to $468.5 million in 2018, an increase of $27.1 million, or 6.2%. The revenue increase was primarily from higher state funding and property and sales taxes.

- Total expenses increased from $463.2 million in 2017 to $466.6 million in 2018, an increase of $3.4 million, or .7%. The increased expense was largely due to higher salaries and benefits.

- Total Fund Balance increased from $108.7 million in in 2017 to $151.1 million in 2018, an increase of $42.4 million, or 39%. The increase is largely due to the issuance of general obligation bonds, which increased the Capital Projects' fund balance by $29.7 million, as well as a $4.5 million increase in the General Fund's fund balance and an $8.3 million increase in the Debt Service fund balance.

- Total net position changed from negative $54.6 million in 2017 to negative $357.4 million in 2018, a decrease of $302.8 million. Net position was restated as of July 1, 2017 by a decrease of $304.8 million due to the adoption of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. These pension costs are spread out over multiple years well into the future and therefore do not negatively impact the financial strength of the School District.

Overview of the Financial Statements

This annual report consists of three parts; management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the Government-wide and fund financial statements.

The Government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the School District presenting both short-term and long-term information about the overall financial status.

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The Fiduciary Funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2018 and 2017, the General Fund, the Capital Projects Fund, and the Debt Service Fund represent the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is presented that further supplements understanding of the financial statements.

Government-wide Statements

The government-wide financial statements provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the School District's net position changed during the most recent fiscal year. Changes in net position appear as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses appear in this statement for some items that will result in future fiscal period's cash flows (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Position and the Statement of Activities reflect the School District's governmental activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. School District funds are comprised of governmental funds and fiduciary funds.

Governmental Funds

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

Fiduciary Funds

The School District is the trustee, or fiduciary, for assets that belong to others. The School District's fiduciary funds include the clubs and organizations within the Student Activity Fund. The School District is responsible for ensuring that the assets in this fund are used exclusively for their intended purposes for the benefit of those to whom the assets belong. The School District excludes this fund from the government-wide financial statements because it cannot use the assets to finance its operations.

Financial Analysis of the School District as a Whole

Recall that the Statement of Net Position provided the perspective of the School District as a whole. The table below provides a summary of the School District's net position as of June 30, 2018 and 2017.

Net Position

	Governmental Activities		Change
	June 30, 2018	June 30, 2017	2017-2018
Assets			
Current and Other Assets	$ 194,155,577	$ 150,047,934	29.4%
Capital Assets, Net	576,125,423	589,362,549	-2.2%
Total Assets	**$ 770,281,000**	**$ 739,410,483**	**4.2%**
Deferred Outflows of Resources	$ 86,899,622	$ 111,728,512	-22.2%
Liabilities			
Current Liabilities	$ 49,708,993	$ 50,482,203	-1.5%
Long-Term Liabilities	1,136,281,960	852,412,596	33.3%
Total Liabilities	**$ 1,185,990,953**	**$ 902,894,799**	**31.4%**
Deferred Inflows of Resources	$ 28,627,544	$ 2,832,881	910.5%
Net Position			
Invested in Capital Assets, Net of Debt	$ 110,975,930	$ 144,651,983	-23.3%
Restricted	90,376,401	52,384,239	72.5%
Unrestricted	(558,790,206)	(251,624,907)	122.1%
Total Net Position	**$ (357,437,875)**	**$ (54,588,685)**	**-554.8%**

Governmental accounting standards require the School District to report its proportional liability of state administered pension and OPEB plans in which the School District participates for the benefit of its employees. Deferred Outflows of Resources reflected a decrease of 22.2% and Deferred Inflows of Resources increased 910.5%, due to this reporting. Additionally, the increase in Long-Term Liabilities of 31.4% is primarily due to the requirement to report the district's portion of the Net OPEB Liability of $306.4 million for the year ended June 30, 2018. Although the resulting decrease in net position of 554.8% causes a deficit balance in unrestricted net position, it should not be considered a financial weakness as the pension and OPEB costs are spread out over multiple years well into the future.

The table below shows the Changes in Net Position for fiscal years ending June 30, 2018 and June 30, 2017.

Revenues			
Program Revenues			
Charges for Services	$ 19,786,586	$ 20,556,631	-3.7%
Operating grants and Contributions	233,948,283	221,016,968	5.9%
Capital Grants and Contributions	4,600,742	2,079,785	121.2%
General Revenues			
Taxes	$ 208,156,705	$ 192,685,171	8.0%
Other	2,036,919	5,021,207	-59.4%
Total Revenues	**$ 468,529,235**	**$ 441,359,762**	**6.2%**
Expenses			
Instruction	$ 307,545,475	$ 304,154,371	1.1%
Pupil and Instructional Services	37,478,527	35,113,913	6.7%
School and Administrative Services	32,718,111	30,852,605	6.0%
Student Transportation	24,470,133	22,969,715	6.5%
Maintenance and Operations	25,712,187	25,171,126	2.1%
Support Services	5,144,624	4,287,159	20.0%
Food Nutrition Program	16,709,035	16,377,079	2.0%
Community Service Operations	2,133,240	2,001,908	6.6%
Interest on Long-term Debt	14,683,311	22,271,369	-34.1%
Total Expenses	**$ 466,594,643**	**$ 463,199,245**	**0.7%**
Increase (Dec) in Net Position	**$ 1,934,592**	**$ (21,839,483)**	**-108.9%**
Beginning Net Position	**(54,588,685)**	**(32,749,202)**	**66.7%**
Prior Period Adjustment	(304,783,782)	-	-
Ending Net Position	**$ (357,437,875)**	**$ (54,588,685)**	**-554.8%**

Revenues

In 2018, the School District's total revenues increased 6.2%, or $27.2 million, over the prior year due primarily to an increase in state funding and increased tax revenue.

- Operating Grants and Contributions increased 5.9%, or $12.9 million, over the prior year due to an increase in state instructional program revenue.
- Capital Grants and Contributions increased 121.2%, or $2.5 million, over the prior year due to an increase in reimbursements received from the Georgia State Financing and Investment Commission to offset certain construction projects.
- General Revenues - Taxes increased 8.0%, or $12.5 million, over the prior year due to a 9.2% increase in real property tax values and a 6.6% increase in sales taxes within the School District's county during the year ended June 30, 2018.

Expenses

In 2018, the School District's total expenses increased 0.7%, or $3.4 million, over the prior year due primarily to an increase in salaries and benefits, offset by a decrease in instructional textbooks costs and a reduction in interest on long-term debt.

- The School District added 41 teachers in fiscal year 2018 to address student population growth and also hired five teachers at the elementary school level to further reduce Districtwide class sizes.
- Initiatives to attract and retain the best teachers, principals and support staff in fiscal year 2018 included providing a 2% cost-of-living raise and an annual longevity-step increase for all eligible employees.
- Instructional operating costs decreased due to a reduction in textbook adoption costs during fiscal year 2018.
- Interest on Long-term Debt decreased 34.1%, or $7.6 million, primarily due to the change in amortization amounts from prior year.

Cost of Services

	Total Cost of Services		Net Cost of Services	
	2018	**2017**	**2018**	**2017**
Instruction	$ 307,545,475	$ 304,154,371	$ 108,138,220	$ 108,880,359
Support Services				
Pupil Services	18,963,817	18,457,952	11,984,638	17,660,466
Improvement of Instruction Services	13,800,487	12,314,950	8,870,266	10,956,641
Educational Media Services	4,714,223	4,341,011	153,339	18,802
General Administration	4,665,197	4,639,969	3,873,134	4,584,319
School Administration	25,260,871	22,616,547	17,368,488	14,396,082
Business Administration	2,792,043	3,596,089	2,746,189	3,440,258
Maintenance and Operations	25,712,187	25,171,126	14,808,969	14,729,594
Student Tranportation Services	24,470,133	22,969,715	21,571,473	20,889,930
Central Support Services	5,144,624	4,228,809	5,103,729	229,419
Other Support Services	-	58,350	-	58,350
Operations and Noninstructional Services				
Community Service Operations	2,133,240	2,001,908	2,133,193	2,001,908
Food Service Operations	16,709,035	16,377,079	(224,699)	(571,636)
Interest on Long-term Debt	14,683,311	22,271,369	11,732,093	22,271,369
Total	**$ 466,594,643**	**$ 463,199,245**	**$ 208,259,032**	**$ 219,545,861**

The Cost of Services table above shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity (44.6% overall for the year ended June 30, 2018).

Financial Analysis of the School District's Funds

The School District ended fiscal year 2018 with a positive fund balance in its governmental funds. The combined balance of all governmental funds, at $151.1 million, was 39% higher than 2017's ending balance of $108.7 million. The General Fund's fund balance increased by $4.5 million, or 8.0%. This level achieves the Board Policy goal of the School District achieving and maintaining an unassigned fund balance in the General Fund at fiscal year-end of not less than 12.0-15.0% of prior year general fund budgeted expenditures. Capital Projects fund increased its fund balance by $29.7 million, an increase of 298.5%, as new bonds were issued during the fiscal year. Debt Service increased its fund balance by $8.3 million, an increase of 19.5%.

General Fund Budgeting Highlights

The most significant fund for the School District is the General Fund, funded primarily through state revenue and local property tax revenue. The State of Georgia is required to maintain a balanced budget (a constitutional requirement in Georgia), as are all state-funded school districts.

For the General Fund, actual revenues of $419.6 million were 100.5% of the final budgeted amount of $417.4 million. The final actual expenditures of $415.3 million were 100.1% of the final budgeted amount of $415.0 million. While budgeted revenues exceeded budgeted expenditures by $2.4 million, actual results for the fiscal year show that expenditures were under revenues by $4.4 million.

General Fund Balance

As the operating fund of the School District, General Fund revenue from state and federal sources accounted for 55.5% of revenue. The other 44.5% is from local sources, primarily ad valorem taxes. In fiscal year 2018, state and federal funding increased by $9.6 million, due to increased state funding as a result of student enrollment growth and employee benefit costs. Local revenues increased by $8.7 million. This is a result of 9.2% growth in the property tax digest over prior year. The School District's maintenance and operation millage is 18.95 mils, a reduction from 19.45 mils in fiscal year 2017.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018 and June 30, 2017, the School District had $576.1 million and $589.4 million, respectively, invested in a broad range of capital assets, including land, buildings and furniture and equipment for its governmental activities. For two consecutive years, the School District observed asset depreciation exceed the acquisition of new assets. The table presented on the next page summarizes and compares the capital assets for 2018 and 2017, breaking down the asset balances, by class, net of accumulated depreciation.

Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	Fiscal Year 2018	**Fiscal Year 2017**
Land	$ 31,248,204	$ 31,226,934
Construction in Progress	2,116,527	15,267,328
Building and Improvements	522,816,869	523,704,088
Land Improvements	10,371,969	10,111,456
Equipment	9,571,854	9,052,743
Total	$ 576,125,423	$ 589,362,549

Long-Term Obligations

The School District issued $39.7 million in General Obligation Bonds during the year ended June 30, 2018. As of June 30, 2018, the School District had $422.5 million in general obligation and qualified school construction bonds outstanding with $9.4 million due within one year. On November 8, 2016, the citizens of Cherokee County approved a referendum to collect a one cent Education Special Purpose Local Option Sales Tax (Ed SPLOST) for five years beginning January 1, 2018 and ending December 31, 2022. The bonds will be repaid from sales tax proceeds of this continuing Ed SPLOST. The table below summarizes and compares the School District's liabilities for 2018 and 2017.

Long-term Liabilities at June 30

	Governmental Activities	
	Fiscal Year 2018	**Fiscal Year 2017**
Bonds Payable	$ 422,505,000	$ 404,395,000
Bond Premium	48,598,225	48,463,109
Compensated Absences	1,545,657	1,465,733
Workers Compensation Claims Payable	479,706	610,163
Net Pension Liability	356,740,189	397,478,591
Net OPEB Liability	306,413,183	-
Total	$ 1,136,281,960	$ 852,412,596

At June 30, 2018, the School District's assigned bond ratings were Aa2 Stable (upgraded from Aa2 during fiscal year 2018) and AA Stable (upgraded from AA- Positive during fiscal year 2018) as determined by Moody's Investor Services, Inc. and Standard and Poor's Rating Services, respectively.

Additional information on the School District's capital assets and long-term obligations can be found in Note 6 and Noted 8, respectively, on pages 35 and 36 of this report.

Factors Affecting the School District's Future

The fiscal year 2019 budget was presented to the public and tentatively adopted by the Board of Education on May 17, 2018 with the final adoption on June 21, 2018. The budget represents an investment plan for the School District, its students, employees, and the communities as a whole. The budget is tied directly to the strategic vision and direction of the Board of Education.

The budget for the General Fund for fiscal year 2019 is $454.1 million, representing an increase of 5.2% from the fiscal year 2018 General Fund budget. For the first time since fiscal year 2003, the Governor and General Assembly have eliminated austerity reductions from the Quality Basic Education (QBE) funding formula for public education. However, the cumulative effect of the previous fiscal year austerity reductions for the School District over the 15-year period was a loss of approximately $209.2 million. The persistent state cuts resulted in employee furlough days, increased class sizes and various cuts across-the-board to the School District's educational program. The restoration of $4 million allows several budgetary enhancements including filling 55 new teacher positions.

The fiscal year 2019 millage rate is 19.45 mils, with 18.95 mils to support the School District's operating budget (Maintenance and Operations) and .50 mils for bond debt service. Positively impacting revenue estimates is projected growth in the local property tax digest. The value of the ad valorem tax digest increased by 7.6% in fiscal year 2017 and 9.2% in fiscal year 2018. The tax digest is projected to increase by 7.2% in fiscal year 2019. This indicates that existing property values have stabilized, and new construction is being added to the digest.

The School District plans capital improvements as future capital needs arise due to increased student population, facility repair, and maintenance needs. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues, collections from Education Special Purpose Local Options Sales Tax (Ed SPLOST), and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs.

Contacting the School District's Office of Financial Management

This financial report is designed to provide a general overview of the Cherokee County School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Management, Cherokee County School District, P.O. Box 769, Canton, Georgia, 30169.

Basic Financial Statements

Cherokee County School District

CHEROKEE COUNTY SCHOOL DISTRICT

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 132,031,407
Investments	16,799,372
Receivables	
Taxes	8,386,986
State Government	32,107,930
Federal Government	3,895,847
Other	183,656
Inventory	750,379
Capital Assets, Nondepreciable	33,364,731
Capital Assets, Net	542,760,692
Total Assets	770,281,000
Deferred Outflow of Resources	
Pension Contributions	63,458,928
OPEB Contributions	17,486,962
Deferred Charges	5,953,732
Total Deferred Outflows of Resources	86,899,622
Total Assets and Deferred Outflows of Resources	857,180,622
Liabilities	
Accounts Payable	3,576,760
Salaries and Benefits Payable	36,313,523
Accrued Interest Payable	8,505,808
Retainage Payable	1,312,902
Net Pension Liability	356,740,189
Net OPEB Liability	306,413,183
Long-term Liabilities	
Due Within One Year	17,611,300
Due in More Than One Year	455,517,288
Total Liabilities	1,185,990,953
Deferred Inflows of Resources	
Pension Plan Changes	5,294,962
OPEB Changes	23,332,582
Total Deferred Inflows of Resources	28,627,544
Total Liabilities and Deferred Inflows of Resources	1,214,618,497
Net Position	
Net Investment In Capital Assets	110,975,930
Restricted For:	
Capital Projects	39,591,694
Debt Service	50,784,707
Unrestricted	(558,790,206)
Total Net Position	$ (357,437,875)

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT

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 :					
Instruction	$ 307,545,475	$ 12,515,944	$ 185,367,922	$ 1,523,389	(108,138,220)
Support Services					
Pupil Services	18,963,817	-	6,979,179	-	(11,984,638)
Improvement of Instruction Services	13,800,487	-	4,930,221	-	(8,870,266)
Educational Media Services	4,714,223	-	4,560,884	-	(153,339)
General Administration	4,665,197	-	715,954	76,109	(3,873,134)
School Administration	25,260,871	-	7,872,864	19,519	(17,368,488)
Business Administration	2,792,043	-	41,784	4,070	(2,746,189)
Maintenance and Operations	25,712,187	227,793	10,652,763	22,662	(14,808,969)
Student Transportation Services	24,470,133	-	2,898,660	-	(21,571,473)
Central Support Services	5,144,624	-	40,894	-	(5,103,730)
Other Support Services	-	-	-	-	-
Operations of Noninstructional Services:					
Community Service Operations	2,133,240	-	47	-	(2,133,193)
Food Services Operations	16,709,035	7,042,849	9,887,111	3,775	224,700
Interest on Long-term Debt	14,683,311	-	-	2,951,218	(11,732,093)
Total Governmental Activities	$ 466,594,643	$ 19,786,586	$ 233,948,283	$ 4,600,742	(208,259,032)
General Revenues:					
Taxes:					
Property Tax, Levied for General Purposes					158,505,094
Property Tax, Levied for Debt Service					4,120,032
Educational Local Option Sales Tax					38,528,529
Other Tax					7,003,050
Miscellaneous					1,492,706
Restricted Investment Earnings					945,547
Unrestricted Investment Earnings					467,627
Loss on Disposal of Capital Assets					(868,961)
Total General Revenues					210,193,624
Change in Net Position					1,934,592
Net Position - Beginning of Year					(54,588,685)
Prior Period Adjustment					(304,783,782)
Net Position - End of Year					(357,437,875)

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

CHEROKEE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 58,838,078	$ 42,255,150	$ 30,938,179	$ 132,031,407
Investments	534,728	-	16,264,644	16,799,372
Receivables				
Taxes	4,805,102	-	3,581,884	8,386,986
State Government	32,107,930	-	-	32,107,930
Federal Government	3,895,847	-	-	3,895,847
Other	183,656	-	-	183,656
Inventories	750,379	-	-	750,379
Total Assets	$ 101,115,720	$ 42,255,150	$ 50,784,707	$ 194,155,577
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	$ 2,226,206	$ 1,350,554	$ -	$ 3,576,760
Salaries and Benefits Payable	36,313,523	-	-	36,313,523
Retainage Payable	-	1,312,902	-	1,312,902
Total Liabilities	38,539,729	2,663,456	-	41,203,185
Deferred Inflows of Resources				
Unearned Revenue	1,762,781	-	43,193	1,805,974
Total Deferred Inflows of Resources	1,762,781	-	43,193	1,805,974
Fund Balances				
Nonspendable				
Inventory	750,379	-	-	750,379
Restricted				
Debt Service	-	-	50,741,514	50,741,514
Capital Projects	-	39,591,694	-	39,591,694
Committed				
School Food Services	5,188,306	-	-	5,188,306
School Activities	4,408,587	-	-	4,408,587
Unassigned	50,465,938	-	-	50,465,938
Total Fund Balances	60,813,210	39,591,694	50,741,514	151,146,418
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 101,115,720	$ 42,255,150	$ 50,784,707	$ 194,155,577

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018

Total Fund Balances Governmental Funds		$ 151,146,418
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	824,446,554	
Less Accumulated Depreciation	(248,321,131)	576,125,423
Some liabilites are not due and payable in the current period and, therefore are not reported in the funds.		
Net Pension Liability	(356,740,189)	
Net OPEB Liability	(306,413,183)	(663,153,372)
Taxes that are not available to pay for current period expenditures are deferred in the governmental funds.		
Property Taxes		1,805,974
Deferred charges or credits on debt refundings are applicable to future periods and are therefore not reported in the funds and are amortized over the life of the new debt.		
Loss on Bond Refundings		5,953,732
Deferred Ouflows and Inflows of Resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Related to Pensions	58,163,966	
Related to OPEB	(5,845,620)	52,318,346
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable	(422,505,000)	
Bond Premium, Net of Amortization	(48,598,225)	
Claims Payable	(479,706)	
Accrued Interest	(8,505,808)	
Compensated Absences	(1,545,657)	(481,634,396)
Net Position Of Governmental Activities		$ (357,437,875)

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2018

	General Fund	District Wide Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Local Sources	$ 185,244,828	$ 492,082	$ 42,648,563	$ 228,385,473
State Funds	209,846,607	1,649,519	-	211,496,126
Federal Funds	23,111,998	-	-	23,111,998
Miscellaneous	963,847	-	2,951,218	3,915,065
Investment Earnings	467,627	180,458	765,089	1,413,174
Total Revenues	419,634,907	2,322,059	46,364,870	468,321,836
Expenditures				
Current				
Instruction	276,890,170	7,871,955	-	284,762,125
Support Services:				
Pupil Services	18,577,288	-	-	18,577,288
Improvement of Instructional Services	13,570,161	-	-	13,570,161
Educational Media Services	4,616,997	-	-	4,616,997
General Administration	3,823,016	-	-	3,823,016
School Administration	24,482,989	-	-	24,482,989
Business Administration	2,688,671	-	-	2,688,671
Maintenance and Operation	25,345,889	-	-	25,345,889
Student Transportation Services	21,326,630	1,478,567	-	22,805,197
Central Support Services	5,108,539	-	-	5,108,539
Community Services	2,133,240	-	-	2,133,240
School Nutrition Program	16,261,941	-	-	16,261,941
Capital Outlay	393,159	8,325,400	-	8,718,559
Debt Services				
Principal Retirement	-	-	21,575,000	21,575,000
Interest and Fees	39,004	-	19,886,549	19,925,553
Issuance Costs	-	448,703	-	448,703
Total Expenditures	415,257,694	18,124,625	41,461,549	474,843,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,377,213	(15,802,566)	4,903,321	(6,522,032)
Other Financing Sources (Uses)				
Bond Issuance	-	39,685,000	-	39,685,000
Bond Premium	-	6,663,214	-	6,663,214
Proceeds From Sale of Capital Assets	2,610,647	-	-	2,610,647
Transfers In	-	2,500,000	3,389,760	5,889,760
Transfers Out	(2,500,000)	(3,389,760)	-	(5,889,760)
Total Other Financing Sources (Uses)	110,647	45,458,454	3,389,760	48,958,861
Net Change in Fund Balances	4,487,860	29,655,888	8,293,081	42,436,829
Fund Balances - Beginning	56,325,350	9,935,806	42,448,433	108,709,589
Fund Balances - Ending	$ 60,813,210	$ 39,591,694	$ 50,741,514	$ 151,146,418

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 42,436,829
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 expense is as follows:		
Capital Outlay	8,718,559	
Depreciation Expense	(18,476,077)	(9,757,518)
The net effect of various miscellaneous transactions involving capital assets during the fiscal year decreased net position.		(3,479,608)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes		1,087,366
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.		
Pension expense		(1,845,720)
OPEB expense		(7,475,021)
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.		
Bond Issuance	(39,685,000)	
Bond Premium	(6,663,214)	
Principal Payments - Bonds	21,575,000	(24,773,214)
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 the governmental funds.		
Amortization of Bond Premium	6,528,098	
Amortization of Deferred Charge on Refunding	(2,193,811)	
Change in Claims Payable	130,457	
Change in Compensated Absences	(79,924)	
Change in Accrued Interest	1,356,658	5,741,478
Change in Net Position of Governmental Activities		$ 1,934,592

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

CHEROKEE COUNTY SCHOOL DISTRICT

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual

For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local Sources	$ 186,290,776	$ 186,290,776	$ 185,244,828	$ (1,045,948)
State Funds	221,275,512	221,275,512	209,846,607	(11,428,905)
Federal Funds	9,872,250	9,872,250	23,111,998	13,239,748
Miscellaneous	-	-	963,847	963,847
Investment Earnings	-	-	467,627	467,627
Total Revenues	417,438,538	417,438,538	419,634,907	2,196,369
Expenditures				
Instruction	269,550,135	269,550,135	276,890,170	(7,340,035)
Support Services				
Pupil Services	16,845,344	16,845,344	18,577,288	(1,731,944)
Improvement of Instructional Services	12,496,476	12,496,476	13,570,161	(1,073,685)
Educational Media Services	4,669,275	4,669,275	4,616,997	52,278
General Administration	3,886,013	3,886,013	3,823,016	62,997
School Administration	23,607,407	23,607,407	24,482,989	(875,582)
Business Administration	2,678,499	2,678,499	2,688,671	(10,172)
Maintenance and Operation of Plant	24,276,398	24,276,398	25,345,889	(1,069,491)
Student Transportation Services	20,061,612	20,061,612	21,326,630	(1,265,018)
Central Support Services	4,766,150	4,766,150	5,108,539	(342,389)
Other Support Services	267,439	267,439	-	267,439
Community Services	-	-	2,133,240	(2,133,240)
School Nutrition Program	17,538,382	17,538,382	16,261,941	1,276,441
Capital Outlay	582,057	582,057	393,159	188,898
Debt Service				
Principal Retirement	13,780,068	13,780,068	-	13,780,068
Interest		-	39,004	(39,004)
Total Expenditures	415,005,255	415,005,255	415,257,694	(252,438)
Excess of Revenues over (under) Expenditures	2,433,283	2,433,283	4,377,213	1,943,931
Other Financing Sources				
Proceeds from Sale of Capital Assets	-	-	2,610,647	2,610,647
Transfers Out	-	-	(2,500,000)	(2,500,000)
Total Other Financing Sources (Uses)	-	-	110,647	110,647
Net Change in Fund Balances	2,433,283	2,433,283	4,487,860	2,054,577
Fund Balances - Beginning	56,325,350	56,325,350	56,325,350	-
Fund Balances - Ending	$ 58,758,633	$ 58,758,633	$ 60,813,210	$ 2,054,577

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2018

	Agency Fund
Assets	
Cash and Cash Equivalents	$ 494,428
Total Assets	$ 494,428
Liabilities	
Due To Others	$ 494,428
Total Liabilities	$ 494,428

The accompanying notes are an integral part of this financial statement.

CHEROKEE COUNTY SCHOOL DISTRICT

Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assets - Cash	$ 437,803	$ 1,053,584	$ 996,959	$ 494,428
Liabilities - due to others	$ 437,803	$ 1,053,584	$ 996,959	$ 494,428

The accompanying notes are an integral part of this financial statement.

Note 1 – Description of School District and Reporting Entity

Reporting Entity

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Statements:

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

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

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

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

Fund Financial Statements:

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

The School District reports the following major governmental funds:

- The General Fund is the School District’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

- The Capital Projects Fund accounts for and reports financial resources including Educational Special Purpose Local Option Sales Tax (Ed-SPLOST), bond proceeds, and grants from the Georgia State Financing and Investment Commission that are restricted, committed, or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

- The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, 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. Property taxes are recognized as revenue in the period for which they were levied, if they are collected within sixty days after year-end. All other revenues are also considered to be available when they are collectible within six months of year-end, with the exception of grants and donations, which are recognized when all eligibility requirements have been satisfied. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

New Accounting Pronouncements

In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* This statement establishes standards for recognizing and measuring

liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The adoption of this statement has a significant impact on the School District's financial statements. As noted in the Restatement of Net Position note

disclosure, the School District restated beginning net position for the cumulative effect of this accounting change.

In fiscal year 2018, the School District adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. The adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2018, the School District adopted GASB Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2018, the School District adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of this statement does not have a significant impact on the School District's financial statements.

Cash and Cash Equivalents

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

Investments

The School District can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

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

Receivables

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

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

Inventories

Food Inventories: On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their federally assigned value and purchased foods inventories are reported at cost (calculated on the first-in, first-out method). 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 are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses are recorded as the inventory items are used.

Supplies/Equipment Inventories: On the basic financial statements, inventories of stored supplies and equipment are reported at cost using the first-in, first-out method. The School District uses the consumption method to account for the inventories whereby items are recorded as an asset when purchased and expenses are recorded when the item is put into use.

Prepaid Items

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

Capital Assets

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

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

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

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

Description	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	$ 10,000	20 Years
Buildings	$ 10,000	20-50 Years
Equipment	$ 10,000	5-10 Years

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

Vacation leave of 12 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 45 days. Vacation leave of 20 days is awarded on a fiscal year basis to the Superintendent and there are no limits on the amount that may be carried over. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the

individual school districts. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School District's financial statements.

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees Postemployment Benefit Fund (School OPEB Fund) and additions to/deductions from School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

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

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

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

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

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

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

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

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

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the General Fund at fiscal year-end of not less than 12% of prior year General Fund budgeted expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with O.C.G.A. § 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

Use of Estimates

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

Property Taxes

The Cherokee County Board of Commissioners adopted the property tax levy for the 2017 tax digest year on July 18, 2017 (levy date) to be paid by December 20, 2017. Taxes collected within the current fiscal year or within 60 days after year-end on the 2017 tax digest are reported as revenue in the governmental funds for fiscal year 2018. The Cherokee County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.0% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2018, for maintenance and operations amounted to $140,041,512 and for school bonds amounted to $3,832,858.

Tax millage rates levied for the 2017 tax year for the Cherokee County School District were as follows (a mil equals $1 per thousand dollars of assessed value):

School Operations	18.95 mils
School Bonds	.50 mils
	19.45 mils

Additionally, Title Ad Valorem Tax revenues at the fund reporting level amounted to $10,983,989 during fiscal year ended June 30, 2018.

Sales Taxes

Educational Special Purpose Local Option Sales Tax revenue, at the fund reporting level, during the year ended June 30, 2108 amounted to $38,528,531 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Note 3 – Budgetary Data

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the General Fund, the Debt Service Fund, and the Capital Projects Fund. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function, and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the General Fund was not prepared in accordance with accounting principles generally accepted in the United States of America.

After the Board has tentatively adopted the budget, the budget is advertised at least once in the local newspaper of general circulation. At the next regularly scheduled meeting after advertisement, the Board receives comments, makes revisions as necessary, and adopts the final budget. The approved budget is then submitted in accordance with provisions of O.C.G.A. §20-

2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

The Superintendent is authorized by the Board to approve adjustments of less than five percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent will report to the Board concerning such adjustments not later than the next regular meeting of the Board. If at any time during the budget year expenditure of funds in any budget function for any fund is anticipated to be five percent or more of the amount budgeted for that function in the Board approved budget, the Superintendent is directed to request a budget amendment by the Board to authorize the additional anticipated expenditures.

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

Budgetary GAAP Basis Reconciliation

In the General Fund, accounting principals used in developing budgets on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP).

The primary difference between the budget basis and GAAP basis are:

- Payments made by the State of Georgia for school district employee benefits are recognized as revenues and expenditures under GAAP and are not recognized on the budget basis.
- Proceeds and repayments of tax anticipation notes are budgeted by the School District as revenues and expenditures of the General Fund. Under generally accepted accounting principles, a tax anticipation note is considered a short-term debt issuance.

Thus, there is an accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the General Fund that is reconciled as follows:

Actual Revenues, GAAP Basis	$ 419,634,907
Add TAN Proceeds	13,750,000
Less On Behalf Contributions	(10,997)
Actual Revenues, Budgetary Basis	$ 433,373,910
Actual Expenditures, GAAP Basis	$ 415,257,694
Add Payback of TAN Principal	13,750,000
Less On Behalf Benefits Expenditures	(10,997)
Actual Expenditures, Budgetary Basis	$ 428,996,697
Other Financing Sources (Uses), Net GAAP Basis	$ 110,647
Other Financing Sources (Uses), Net Budgetary Basis	110,647
Revenues Over Expenditures and Other Financing Sources (Uses), Budgetary Basis	4,487,860
Revenues Over Expenditures and Other Financing Sources (Uses), GAAP Basis	$ 4,487,860

Note 4 – Deposits, Cash Equivalents and Investments

Collateralization of Deposits

O.C.G.A. §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall not be less than 110 percent of the daily pool balance. As of June 30, 2018, the School District's deposits were secured by surety bond, insurance, or collateral.

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

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

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

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

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

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

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

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for managing custodial credit risk. At June 30, 2018, the School District had deposits with a carrying amount of $47,229,433, which includes $534,728 in Certificates of Deposit that are recorded as investments. Bank balances at June 30, 2018 were $51,058,440. The bank balances insured by Federal depository insurance were $7,104,987 and the bank balances collateralized with securities held by the pledging institution or by the pledging financial institution's trust department or agent in the School District's name were $43,953,453.

Categorization of Cash Equivalents

The School District reported cash equivalents of $85,336,702 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share, which approximates fair value. The pool is an AAAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2018, was 10 days.

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

Categorization of Investments

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

At June 30, 2018, the School District had the following investments:

Investment Type	Fair Value	Maturity	Fair Value Level
Certificates of Deposit	534,728	1-5 Years	Level 2
Repurchase Agreements	16,264,644	Less Than One Year	Level 2
Total	$ 16,799,372		

Interest Rate Risk

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

Custodial Credit Risk

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

At June 30, 2018, $16,799,372 of the School District's applicable investments were insured or registered, with securities held by the entity or its agent, in the School District’s name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed by O.C.G.A. §36-83-4. The School District does not have a formal policy for managing credit quality risk.

The investments subject to credit quality risk are reflected below:

Investment Type	Fair Value	Unrated
Repurchase Agreements	16,264,644	16,264,644
Total	$ 16,264,644	$ 16,264,644

Note 5 – Interfund Transfers

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

Transfer From	Transfer To	Amount
General Fund	Capital Projects Fund	$ 2,500,000
Capital Projects Fund	Debt Service	$ 3,389,760

Transfers were moved from the General Fund to the Capital Projects Fund to utilize proceeds from sale of a building for capital expenditures. Transfers were made from the Capital Projects Fund to the Debt Service Fund for capitalized interest on the bond proceeds.

Note 6 - Capital Assets

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

Governmental Activities:	Balance July 1, 2017	Additions	Deletions and Transfers	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	$ 31,226,934	$ -	$ 21,270	$ 31,248,204
Construction in Progress	15,267,328	1,316,528	(14,467,329)	2,116,527
Total	46,494,262	1,316,528	(14,446,059)	33,364,731
Capital Assets Being Depreciated				
Buildings and Improvements	710,946,428	3,608,341	6,539,091	721,093,860
Equipment	43,020,025	2,787,769	(593,764)	45,214,030
Land Improvements	23,770,834	1,005,921	(2,822)	24,773,933
Total	777,737,287	7,402,031	5,942,505	791,081,823
Less Accumulated Depreciation For:				
Buildings and Improvements	(187,242,340)	(15,496,930)	4,462,279	(198,276,991)
Equipment	(33,967,282)	(2,234,119)	559,225	(35,642,176)
Land Improvements	(13,659,378)	(745,028)	2,442	(14,401,964)
Total	(234,869,000)	(18,476,077)	5,023,946	(248,321,131)
Capital Assets Being Depreciated, Net	542,868,287	(11,074,046)	10,966,451	542,760,692
Governmental Activities Capital Assets, Net	$ 589,362,549	$ (9,757,518)	$ (3,479,608)	$ 576,125,423

Current year depreciation expense by function is as follows:

Instruction	$ 16,129,176
General Administration	805,815
School Administration	206,656
Support Services - Business	43,091
Maintenance and Operation	239,939
Student Transportation Services	1,011,431
School Nutrition Program	39,969
Total Depreciation	$ 18,476,077

Note 7 – Short-term Debt

During fiscal 2018, the School District issued a tax anticipation note in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt was to provide cash for operations until property tax collections were received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75% of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred. Short-term debt activity for the fiscal year was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ -	$ 13,750,000	$ (13,750,000)	$ -

Note 8 - Long-Term Liabilities

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

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	$364,340,000	$ 39,685,000	$ (21,575,000)	$382,450,000	$ 9,420,000
Qual School Const Bonds	40,055,000	-	-	40,055,000	-
Bond Premiums	48,463,109	6,663,214	(6,528,098)	48,598,225	6,810,152
Claims Payable	610,163	406,007	(536,464)	479,706	479,706
Compensated Absences	1,465,733	981,366	(901,442)	1,545,657	901,442
Total	$454,934,005	$ 47,735,587	$ (29,541,004)	$473,128,588	$ 17,611,300

General Obligation Debt Outstanding

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

During fiscal year 2018, the Cherokee County Board of Education issued $39,685,000 in General Obligation Bonds to finance the costs of adding to, renovating, repairing, improving, and equipping existing school facilities, including athletic facilities, and acquiring system-wide technology improvements and school buses.

Voters have authorized $75,315,000 in general obligation debt for capital outlay projects and the costs of issuing and paying capitalized interest which was not issued as of June 30, 2018.

General Obligation Bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2009A Series	4.00-5.00%	6/18/2009	8/1/2019	$ 52,880,000	$ 8,000,000
2009B Series	5.87%	6/18/2009	8/1/2028	48,375,000	48,375,000
2012 Series	4.00-5.00%	11/1/2012	8/1/2033	35,930,000	35,930,000
2014A Series	5.00%	2/6/2014	8/1/2033	46,885,000	46,885,000
2014B Series	3.75-5.00%	2/6/2014	8/1/2025	34,430,000	34,430,000
2015 Series	4.00-5.00%	2/15/2015	2/1/2033	108,960,000	108,285,000
2016 Series	5.00%	5/19/2016	8/1/2023	42,685,000	42,685,000
2017 Series	3.00-5.00%	5/9/2017	2/1/2033	18,175,000	18,175,000
2018 Series	5.00%	5/3/2018	8/1/2033	39,685,000	39,685,000
Total General Obligation Bonds				$ 428,005,000	$ 382,450,000

At June 30, 2018, principal and interest payments due by fiscal year for general obligation bonds are as follows:

Payments Due in Fiscal Year Ending June 30	Principal	Interest	Amortization of Bond Premium
2019	$ 9,420,000	$ 18,554,410	$ 6,810,152
2020	16,110,000	18,486,350	6,489,699
2021	21,270,000	17,611,825	6,014,519
2022	25,100,000	16,509,950	5,364,333
2023	27,105,000	15,228,325	4,618,161
2024-2028	181,900,000	51,785,401	14,646,093
2029-2033	87,290,000	15,629,544	4,561,705
2034-2038	14,255,000	341,850	93,563
Total	$ 382,450,000	$ 154,147,655	$ 48,598,225

Qualified School Construction Bonds (QSCB)

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or nominal interest rates for costs incurred by School Districts in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows School Districts to borrow without incurring interest costs.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy, the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2018 was $2,014,670, which funded all but $238,824 of interest expense due on the QSCB.

Debt currently outstanding under Qualified School Construction Bonds is as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2010B Series	5.63%	11/11/2010	8/1/2028	$ 40,055,000	$ 40,055,000

The following is a schedule of total Qualified School Construction Bond payments:

Fiscal Year Ended June 30:	Principal	Interest
2019	$ -	$ 2,253,494
2020	-	2,253,494
2021	-	2,253,494
2022	-	2,253,494
2023	-	2,253,494
2024 - 2028	-	10,724,141
2029 - 2032	40,055,000	604,514
Total	$ 40,055,000	$ 22,596,125

Compensated Absences

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

Note 9 - 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 natural disasters. Except as described below, the School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District is self-insured for workers' compensation, unemployment claims, and dental claims. The School District purchases commercial insurance for all other risks of loss. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years.

Workers Compensation Claims

The School District has established a limited risk management program for workers' 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. An excess coverage insurance policy covers individual claims in excess of $400,000 loss per occurrence, up to the statutory limit.

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

Fiscal Year	Beginning Of Year Liability	Claims and Changes in Estimates	Claims Paid	End Of Year Liability
2018	$ 610,163	406,007	(536,464)	$ 479,706
2017	678,677	534,892	(603,406)	610,163

Unemployment Claims

The School District is self-insured with regard to unemployment compensation claims. These claims are accounted for in the School District's General Fund. Unemployment compensation expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. There was no liability reported for unemployment compensation claims during the last two fiscal years.

Dental Claims

The School District is self-insured with regard to dental claims. The School District accounts for dental claims expenditures and liability in the General Fund when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

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

Year	Year Liability	Estimates	Paid	Year Liability
2018	$ 35,449	$ 2,845,551	$ (2,842,572)	$ 38,428
2017	71,047	2,704,964	(2,740,562)	35,449

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

Superintendent	$ 100,000
Chief Financial Officer	100,000
School Principals	10,000

Note 10 – Significant Commitments

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

Project	Unearned Executed Contracts[1]	Payments Through June 30, 2018[2]	Funding Available From State[1]
Mill Creek MS Addition	$ 7,024,624	$ 397,876	$ 1,954,730
Synthetic Turf Fields	3,480,313	1,456,275	-
	$ 10,504,937	$ 1,854,151	$ 1,954,730

[1] The amounts described in this note are not reflected in the basic financial statements.
[2] Payments include contracts and retainages payable at year-end.

Note 11 – Operating Leases

The Cherokee County School District has entered into various lease agreements as lessee for office equipment. These leases are considered for accounting purposes to be operating leases. Rental expenditures under the terms of the operating leases totaled $283,407 for the year ended June 30, 2018. The following future minimum lease payments were required under operating leases at June 30, 2018:

Year Ending	Lease Payments
2019	$ 309,172
2020	309,172
2021	309,172
2022	25,764
Total	$ 953,280

Note 12 – Significant Contingent Liabilities

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

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

Note 13 – Other Postemployment Benefits (OPEB)

Georgia School Personnel Postemployment Health Benefit Fund

Plan Description: Certified teachers and non-certified public school employees of the School 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 and administered by a Board of Community Health (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 Board.

Benefits Provided: 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),

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, 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 to the School OPEB Fund from the School District were $11,415,245 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

At June 30, 2018, the School District reported a liability of $306,413,183 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 School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the School District's proportion was 2.18%, which was an increase (decrease) of 0.05% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of $18,890,265. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	-	23,332,582
Net difference between projected and actual earnings on OPEB plan investments	89,621	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	5,982,096	-
School District contributions subsequent to the measurement date	11,415,245	-
Total	$ 17,486,962	$ 23,332,582

School District contributions subsequent to the measurement date of $11,415,245 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:	OPEB
2019	$ (3,098,186)
2020	$ (3,098,186)
2021	$ (3,098,186)
2022	$ (3,098,186)
2023	$ (3,120,591)
2024	$ (1,747,530)
Thereafter	$ -

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:

OPEB:

Inflation	2.75%
Salary increases	3.25% - 7.00%, average, including inflation
ERS	4.50%, including inflation
TRS	3.25 - 9.00%, including inflation
PSERS	N/A
Long-term expected rate of return	3.88%, compunded 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 ERS members: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years or both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used for the period after disability retirement.
- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is 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) is 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) is 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 pension systems, which covered the five-year period ending June 30, 2014.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer 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 School OPEB Fund is based on their current or last employer payroll location. Current and former employees of public school districts, libraries, regional educational service agencies and community colleges are allocated to the School 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	100.00%	3.88%

Discount rate: In order to measure the total OPEB liability for the School 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 Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and 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 calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the 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 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 discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability (asset)	$ 363,810,768	$ 306,413,183	$ 261,114,865

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the School District's proportionate share of the net OPEB liability, 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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (asset)	$ 253,981,620	$ 306,413,183	$ 374,678,999

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Comprehensive Annual Financial Report (CAFR) which is publicly available at https://sao.georgia.gov/comprehensive-annual-financial-reports.

Note 14 - Retirement Plans

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

1) Teachers Retirement System of Georgia (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2018. The School District's contractually required contribution rate for the year ended June 30, 2018 was 16.81% (excluding payroll attributable to those personnel funded on behalf of the School District by the State). For the current fiscal year, employer contributions to the pension plan were $31,441,169 and $124,316 from the School District and the State, respectively.

2) Employees' Retirement System

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

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

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

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service,

multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2018 was 24.69% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $16,882 for the current fiscal year.

3) 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/post/annual-financial-reports.

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

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

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $534,936.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At June 30, 2018, the School District reported a liability of $356,740,189 for its proportionate share of the net pension liability for TRS ($356,627,528) and ERS ($112,661).

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

School District's Proportionate Share of the Net Pension Liability	$ 356,740,189
State of Georgia's Proportionate Share of the Net Pension Liability Associated with the School District	1,429,396
Total	$ 358,169,585

The net pension liability for TRS and ERS 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 School District’s proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2017.

At June 30, 2017, the School District’s TRS proportion was 1.918868%, which was a decrease of 0.007115% from its proportion measured as of June 30, 2016. At June 30, 2017, the School District’s ERS proportion was 0.002774%, which was an increase of 0.000093% from its proportion measured as of June 30, 2016.

At June 30, 2018, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $2,850,834.

The PSERS 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 School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2017.

For the year ended June 30, 2018, the School District recognized pension expense of $40,019,266 for TRS, $63,782 for ERS and $574,554 for PSERS and revenue of $73,701 for TRS and $574,554 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of of Resources	Deferred Inflows of Resources	Deferred Outflows of of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,340,066	$ 1,345,875	$ 1,234	$ 1
Changes of assumptions	7,817,718	-	256	-
Net difference between projected and actual earnings on pension plan investments	-	2,454,194	-	281
Changes in proportion and differences between District contributions and proportionate share of contributions	3,497,471	1,494,611	17,718	-
District contributions subsequent to the measurement date	38,784,465	-	-	-
Total	$ 63,439,720	$ 5,294,680	$ 19,208	$ 282

The School District contributions subsequent to the measurement date of $38,784,465 for TRS and $0 for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 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:	TRS	ERS
2019	(1,431,963)	15,491
2020	19,913,479	5,367
2021	9,974,590	1,265
2022	(9,287,160)	(3,197)
2023	191,629	-
Thereafter	-	-

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:

Teachers Retirement System:

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

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

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

Employees' Retirement System

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

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set

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

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

Public School Employees' Retirement System

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

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

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

The long-term expected rate of return on TRS, ERS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected 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	TRS Target Allocation	ERS/PSERS Target Allocation	Long-term Expected Real Rate of Return*
Fixed Income	30.00%	30.00%	(0.50)%
Domestic Large Stocks	39.80%	37.20%	9.00%
Domestic Mid Stocks	3.70%	3.40%	12.00%
Domestic Small Stocks	1.50%	1.40%	13.50%
International Developed Market Stocks	19.40%	17.80%	8.00%
International Emerging Market Stocks	5.60%	5.20%	12.00%
Alternative	—%	5.00%	10.50%
Total	100.00%	100.00%	

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

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

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

Teachers Retirement System:	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
School District's Proportionate Share of the Net Pension Liability	$ 585,267,616	$ 356,627,528	$ 168,279,485

Employees' Retirement System:	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
School District's Proportionate Share of the Net Pension Liability	$ 159,016	$ 112,661	$ 73,120

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

Payables to the pension plan: At June 30, 2018, the School District reported a payable in the amount of $4,411,790 to the TRS plan for the employee and employer contributions attributable to June of 2018.

4) Defined Contribution Plan

In August 2001, Cherokee County Board of Education adopted the CCSD 403(b) pension plan for the group of employees covered under the Public School Employees' Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement savings of this group.

The Board selected VALIC as the provider of the CCSD 403(b) plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to $.50 for each $1.00 of employee contributions up to four percent of the employee's regular earnings.

An employee becomes vested in employer contributions in accordance with the following schedule:

0-35 months of service:	0%
36-47 months of service:	50%
48-59 months of service:	75%
60+ months of service:	100%

Employees who have already completed five years of service at the time of enrollment are immediately vested upon enrollment. Employees at all times are 100% vested in employee contributions.

Funds accumulated through employer contributions are only available to the employee upon termination of employment or by achieving normal retirement age as determined by the Internal Revenue Service. If an employee terminates employment prior to achieving vested status, funds contributed by CCSD on behalf of the non-vested employee are credited back to the Board.

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

Fiscal Year	Percentage Contributed	Required Contribution
2018	100%	$ 190,396
2017	100%	176,384
2016	100%	142,208

Note 15: Restatement of Prior Year Net Position

For fiscal year 2018, the School District made prior period adjustments due to the adoption of GASB Statement No. 75, as described in "New Accounting Pronouncements", which requires the restatement of the June 30, 2017 net position in Governmental Activities. The result is a decrease in net position at July 1, 2017 of $304,783,783. This change is in accordance with generally accepted accounting procedures.

Net Position, July 1, 2017 as previously reported	$	(54,588,685)
Prior Period Adjustment - Implementation of GASB No. 75: Net OPEB Liability (measurement date)		(316,155,080)
Deferred Outflows - School District's Contributions made during fiscal year 2017		11,371,298
Net Position, July 1, 2017, as restated	$	(359,372,467)

Note 16: Prior Year Defeasement of Debt

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's basic financial statements. On August 1, 2017, a portion of these bonds were redeemed. At June 30, 2018, $44,880,000 of bonds outstanding are considered defeased.

Note 17: Tax Abatement

The public purpose of the Cherokee County Development Authority is promoting and expanding for the public good and welfare, industry and trade within Cherokee County and reducing unemployment to the greatest extent possible. The Cherokee County Development Authority, in coordination with Cherokee County government, provide a tax incentive program for qualified industries locating/located in Cherokee County. The purpose of this program is to encourage additional investment from new and existing industries to grow and diversify the tax base and local economy. Eligibility for the tax abatement program is based off the number and quality of jobs created as well as the amount of capital investment. There are claw-back provisions should the recently located company not meet their committed jobs and capital investment numbers.

For the fiscal year ended June 30, 2018, the Cherokee County Development Authority abated property taxes due to the School District that were levied on July 18, 2017 and due on December 20, 2017 totaling $1,714,265.

Required Supplementary Information

Cherokee County School District

CHEROKEE COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Teachers Retirement System of Georgia
For Years Ended June 30

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	1.92%	$ 356,627,528	$ 1,429,396	$ 358,056,924	$ 231,484,139	154.06%	79.33%
2017	1.93%	397,351,768	1,736,108	$ 399,087,876	221,443,384	179.44%	76.06%
2016	1.92%	291,638,386	1,357,677	$ 292,996,063	212,135,952	137.48%	81.44%
2015	1.88%	237,742,125	1,057,565	$ 238,799,690	203,096,846	117.06%	84.03%

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

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Contributions - Teachers Retirement System of Georgia
For the Fiscal Years Ended June 30

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2018	$ 38,784,465	$ 38,784,465	$ -	$ 231,484,139	16.75%
2017	32,062,007	32,062,007	-	221,443,384	14.48%
2016	30,323,698	30,323,698	-	212,135,952	14.29%
2015	26,600,262	26,600,262	-	203,096,846	13.10%
2014	23,551,556	23,551,556	-	192,776,926	12.22%

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

CHEROKEE COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Employees' Retirement System of Georgia
For the Fiscal Years Ended June 30

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total net pension liability
2018	0.00%	$ 112,661	$ -	0.00%	76.33%
2017	0.00%	126,823	68,045	186.38%	72.34%
2016	0.00%	-	-	0.00%	0.00%
2015	0.00%	-	-	0.00%	0.00%

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

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Contributions - Employees' Retirement System of Georgia
For the Fiscal Years Ended June 30

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2018	$ -	$ -	$ -	$ -	0.00%
2017	16,882	16,882	-	68,045	24.81%

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

CHEROKEE COUNT SCHOOL DISTRICT
Schedule of Proportionate Share of Net Pension Liability
Public School Employees Retirement System of Georgia
For the Fiscal Years Ended June 30

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proprotionate share of the net pension liaibility associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.00%	-	$ 2,850,834	$ 2,850,834	$ 9,967,544	N/A	85.69%
2017	0.00%	-	3,719,948	3,719,948	10,091,040	N/A	81.00%
2016	0.00%	-	2,375,349	2,375,349	8,638,876	N/A	87.00%
2015	0.00%	-	1,997,884	1,997,884	8,399,160	N/A	88.29%

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

CHEROKEE COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
School OPEB Fund
For the Year Ended June 30

Year Ended	School District's proportion of the net OBEP liability	School District's proportionate share of the net OPEB liability (asset)	State of Georgia's proprotionate share of the net OPEB liaibility associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	2.18%	$ 306,413,183	$ -	$306,413,183	$ 201,098,305	N/A	1.61%

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

CHEROKEE COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Contributions - School OPEB Fund
For the Year Ended June 30

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2018	$ 11,415,245	$ 11,415,245	$ -	$ 201,098,305	5.68%

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

Teachers Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP2000 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 RP2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

Employees' Retirement System

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

Public School Employees Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP2000 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 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 employees are allocated based on their current employer payroll location.

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 were changed.

Special Reports Section

Cherokee County School District

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Educational
Local Option Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2018

2012 ELOST

PROJECT	ORIGINAL ESTIMATED COST [1]	CURRENT ESTIMATED COSTS [2]	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
Payment of a portion of the principal and interest on the Series 2003, Series 2006, Series 2007, Series 2009, Series 2010, and Series 2011 General Obligation Bonds along with acquisition, construction, equipping, adding to, renovating, improving school facilities; acquiring, installing, and equipping portable classrooms; acquiring, installing, and implementing system-wide technology improvements; acquiring school buses; acquiring any property useful or desirable both real and personal	$ 170,000,000	$ 170,000,000	$ 1,439,811	$ 168,322,162	$ 169,761,973	Complete
Totals	$ 170,000,000	$ 170,000,000	$ 1,439,811	$ 168,322,162	$ 169,761,973	

2017 ELOST

PROJECT	ORIGINAL ESTIMATED COST [1]	CURRENT ESTIMATED COSTS [2]	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
Payment of a portion of the principal and interest on the Series 2009, Series 2010, Series 2012, Series 2014, Series 2015, Series 2016 and Series 2017 General Obligation Bonds previously issued along with acquiring, constructing, and equipping new school, adminstrative, athletic and other buildings and facilities; adding to, renovating, repairing, improving and equipping existing school, administrative, atheltic and other buildings and facilities; acquiring, installing, and equipping portable classrooms; acquiring buses and other vehicles; acquiring, installing, and implementing system-wide technology improvements; acquiring land; and acquiring any property useful or desirable both real and personal.	$ 210,000,000	$ 210,000,000	$ 16,236,111	$ -	$ 16,236,111	Ongoing
Totals	$ 210,000,000	$ 210,000,000	$ 16,236,111	$ -	$ 16,236,111	

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

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

(3) The voters of Cherokee 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.

Collections on the 2012 EPLOST began January 2013. The tax expired in December 2017.

This schedule is prepared on the modified accrual basis of accounting.

Statistical Section

Cherokee County School District

CHEROKEE COUNTY SCHOOL DISTRICT

Net Position By Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	$ 227,307,914	$ 167,841,613	$ 250,543,819	$ 198,889,424	$ 209,490,954	$ 171,145,712	$ 175,561,454	$ 135,165,188	$ 144,651,983	$ 110,975,930
Restricted	73,253,360	104,524,173	27,577,489	69,142,615	24,271,421	37,776,874	84,492,945	58,795,136	52,384,239	90,376,401
Unrestricted	33,711,898	34,976,202	38,480,335	28,229,850	36,878,982	38,528,714	(306,529,001)	(226,709,526)	(251,624,907)	(558,790,206)
Total Governmental Activities Net Position	$ 334,273,172	$ 307,341,988	$ 316,601,643	$ 296,261,889	$ 270,641,357	$ 247,451,300	$ (46,474,602)	$ (32,749,202)	$ (54,588,685)	$ (357,437,875)

CHEROKEE COUNTY SCHOOL DISTRICT

Changes In Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction	$ 239,434,129	$ 244,240,005	$ 229,912,480	$ 224,253,725	$ 255,242,260	$ 250,405,679	$ 263,918,820	$ 268,277,389	$ 304,154,371	$ 307,545,475
Support Services:										
Pupil Services	10,535,628	12,383,247	12,614,695	12,632,830	13,016,180	14,141,755	15,035,928	15,585,477	18,457,952	18,963,817
Improvement of Instruction Services	7,847,112	6,273,468	18,128,121	17,786,353	7,113,092	8,055,042	8,139,358	10,728,571	12,314,950	13,800,487
Educational Media Services	4,986,679	5,636,537	4,701,743	4,952,041	4,428,764	4,349,943	4,349,249	4,223,845	4,341,011	4,714,223
General Administration	2,908,265	3,186,746	3,062,324	3,968,602	6,541,184	4,256,475	4,625,077	4,417,958	4,639,969	4,665,197
School Administration	18,454,331	18,214,381	20,872,771	19,865,744	19,650,890	19,786,635	18,605,572	20,992,806	22,616,547	25,260,871
Business Administration	2,053,822	1,959,238	1,949,435	1,873,681	2,173,043	3,082,503	2,173,419	2,307,908	3,596,089	2,792,043
Maintenance and Operations	24,173,796	22,886,999	24,283,934	31,471,536	21,532,537	24,186,081	19,651,349	24,048,694	25,171,126	25,712,187
Student Transportation Services	15,928,201	16,357,565	17,779,976	17,516,187	16,780,714	17,938,166	17,972,099	18,706,517	22,969,715	24,470,133
Central Support Services	3,303,995	3,895,301	3,256,299	3,176,410	3,239,231	3,346,549	3,691,062	4,192,381	4,228,809	5,144,624
Other Support Services	11,792,633	2,489,980	3,613,012	4,246,668	279,915	330,053	295,785	326,095	58,350	-
Operations of Noninstructional Services:										
Community Service Operations	1,947,735	1,788,949	1,784,746	1,890,012	1,886,019	24,802	23,820	1,974,761	2,001,908	2,133,240
Food Services Operations	14,106,425	13,842,322	14,351,126	15,726,874	15,467,829	15,310,576	16,012,913	16,221,840	16,377,079	16,709,035
Facilities Acquisition and Construction	25,318,668	24,976,907	-	-	-	-	-	-	-	-
Interest on Long-term Debt	11,737,716	18,495,387	17,633,165	14,370,208	15,992,704	17,569,037	17,687,324	19,922,135	22,271,369	14,683,311
Total Governmental Activities Expenses	394,529,135	396,627,032	373,943,827	373,730,871	383,344,362	382,783,296	392,181,775	411,926,377	463,199,245	466,594,643
Total Primary Government Expenses	$ 394,529,135	$ 396,627,032	$ 373,943,827	$ 373,730,871	$ 383,344,362	$ 382,783,296	$ 392,181,775	$ 411,926,377	$ 463,199,245	$ 466,594,643
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	$ 11,294,787	$ 13,412,695	$ 10,970,071	$ 10,424,061	$ 11,092,020	$ 11,665,861	$ 11,699,841	$ 12,482,920	$ 13,209,819	$ 12,515,944
General Administration	563,223	-	-	18,995	-	24,473	61,156	67,686	55,650	-
Business Administration	-	-	-	416,051	3,868,800	512,126	282,082	177,618	155,831	-
Maintenance and Operations	-	-	-	-	-	-	-	-	-	227,793
Community Service Operations	-	-	-	-	2,412,222	-	-	-	-	-
Food Services Operations	7,410,622	6,996,515	6,641,791	6,639,408	6,439,499	6,190,901	6,284,294	6,544,616	7,135,331	7,042,849
Operating Grants and Contributions	173,576,409	176,815,801	194,856,735	178,815,914	185,238,986	182,302,687	206,318,462	213,577,923	221,016,968	233,948,283
Capital Grants and Contributions	14,884,679	832,886	5,869,397	4,733,176	14,623,703	4,914,187	10,288,788	8,650,087	2,079,785	4,600,742
Total Governmental Activities Program Revenues	207,729,720	198,057,897	218,337,994	201,047,605	223,675,230	205,610,235	234,934,623	241,500,850	243,653,384	258,335,611

CHEROKEE COUNTY SCHOOL DISTRICT

Changes In Net Position (continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Primary Government Program Revenues	$ 207,729,720	$ 198,057,897	$ 218,337,994	$ 201,047,605	$ 223,675,230	$ 205,610,235	$ 234,934,623	$ 241,500,850	$ 243,653,384	$ 258,335,611
Total Primary Government Net (Expense)	$ (186,799,415)	$ (198,569,135)	$ (155,605,833)	$ (172,683,266)	$ (159,669,132)	$ (177,173,061)	$ (157,247,152)	$ (170,425,527)	$ (219,545,861)	$ (208,259,032)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property, Levied for General Purposes	$ 146,876,374	$ 139,983,508	$ 132,517,956	$ 125,631,535	$ 119,504,969	$ 115,437,762	$ 128,425,998	$ 143,581,684	$ 156,267,252	$ 158,505,094
Property, Levied for Debt Services	3,154,743	2,981,836	2,760,023	2,530,486	2,413,668	2,440,652	277,364	266,606	288,004	4,120,032
Educational Local Option Sales Tax	28,380,430	28,374,227	25,865,204	30,332,685	30,330,461	31,148,497	33,612,150	34,898,795	36,129,915	38,528,529
Other	-	90,905	111,564	55,369	-	3,795,929	4,625,155	-	-	7,003,050
Unrestricted Grants and Contributions		-	-	837,491	151,814	-	969,255	4,492,797	4,153,299	-
Restricted Investment Earnings		-	-	144,910	166,183	379,995	431,733	555,927	623,996	945,547
Unrestricted Investment Earnings	1,486,289	378,568	105,477	-	-	14,958	27,131	82,046	183,067	467,627
Miscellaneous	22,418	1,262,619	744,811	-	-	1,472,405	-	-	-	1,492,706
Gain(Loss) on Asset Disposal	-	253,631	-	-	62,175	8,912	(243,336)	273,072	60,845	(868,961)
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	179,920,254	173,325,294	162,105,035	159,532,476	152,629,270	154,699,110	168,125,450	184,150,927	197,706,378	210,193,624
Total Primary Government	$ 179,920,254	$ 173,325,294	$ 162,105,035	$ 159,532,476	$ 152,629,270	$ 154,699,110	$ 168,125,450	$ 184,150,927	$ 197,706,378	$ 210,193,624
Change in Net Position										
Governmental Activities	$ (6,879,161)	$ (25,243,841)	$ 6,499,202	$ (13,150,790)	$ (7,039,862)	$ (22,473,951)	$ 10,878,298	$ 13,725,400	$ (21,839,483)	$ 1,934,592
Total Primary Government	$ (6,879,161)	$ (25,243,841)	$ 6,499,202	$ (13,150,790)	$ (7,039,862)	$ (22,473,951)	$ 10,878,298	$ 13,725,400	$ (21,839,483)	$ 1,934,592

CHEROKEE COUNTY SCHOOL DISTRICT

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	$ -	$ -	$ 401,447	$ 304,618	$ -	$ 272,721	$ 716,582	$ 730,560	$ 797,246	$ 750,379
Restricted	-	-	-	-	-	-	948,100	-	-	-
Committed	-	-	-	-	-	-	8,075,632	8,622,378	9,248,303	9,596,893
Assigned	-	-	4,205,106	-	-	-	-	-	-	-
Unassigned	-	-	30,770,934	26,470,133	28,089,633	25,467,356	39,209,291	44,671,277	46,279,801	50,465,938
Reserved	382,981	518,503	-	-	-	-	-	-	-	-
Unreserved	33,958,467	33,590,487	-	-	-	-	-	-	-	-
Total General Fund	$ 34,341,448	$ 34,108,990	$ 35,377,487	$ 26,774,751	$ 28,089,633	$ 25,740,077	$ 48,949,605	$ 54,024,215	$ 56,325,350	$ 60,813,210
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ 344,312	$ 299,790	$ 337,702	$ 329,765	$ -	$ -	$ -	$ -
Restricted	-	-	104,858,111	69,142,615	68,433,335	67,584,818	83,544,845	58,788,413	52,384,239	90,333,208
Committed	-	-	7,023,643	7,283,442	7,024,264	7,757,858	-	-	-	-
Unassigned	-	-	(116,216)	-	-	-	-	-	-	-
Reserved	73,524,581	104,880,553	-	-	-	-	-	-	-	-
Unreserved	-	3,842,359	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	$ 73,524,581	$ 108,722,912	$ 112,226,066	$ 76,725,847	$ 75,795,301	$ 75,672,441	$ 83,544,845	$ 58,788,413	$ 52,384,239	$ 90,333,208

CHEROKEE COUNTY SCHOOL DISTRICT

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Local Sources	$ 175,930,339	$ 186,313,132	$ 164,872,023	$ 186,715,705	$ 175,240,513	$ 174,908,700	$ 187,039,576	$ 199,359,911	$ 214,388,005	$ 228,385,473
State Funds	161,753,221	138,740,801	183,088,305	153,824,014	177,263,453	160,644,859	190,486,206	198,705,638	199,131,369	211,496,126
Federal Funds	20,778,648	37,105,970	34,643,647	21,599,195	22,065,148	23,850,274	27,145,626	26,442,730	24,215,467	23,111,998
Investment Earnings	1,486,289	378,568	789,490	221,796	241,262	394,952	458,864	637,972	807,064	1,413,174
Miscellaneous	25,220,270	6,996,515	-	-	-	2,873,240	-	-	2,948,053	3,915,065
Total Revenues	385,168,767	369,534,986	383,393,465	362,360,710	374,810,376	362,672,025	405,130,272	425,146,251	441,489,958	468,321,836
Expenditures										
Instruction	229,000,808	230,430,068	211,396,899	220,448,351	236,435,348	236,061,634	257,718,118	261,187,809	279,380,706	284,762,125
Pupil Services	10,535,628	12,380,477	12,614,695	12,632,830	13,016,180	14,151,619	15,512,529	16,038,553	17,874,635	18,577,288
Improvements of Instructional Services	7,847,112	6,271,686	18,128,121	17,786,353	7,113,092	8,063,646	8,395,425	11,042,810	11,957,788	13,570,161
Educational Media Services	4,986,679	5,634,983	4,701,743	4,952,041	4,428,764	4,350,082	4,508,107	4,363,287	4,192,494	4,616,997
General Administration	2,630,639	2,674,002	2,369,849	2,243,598	5,962,426	3,816,469	4,036,345	3,735,252	3,844,437	3,823,016
School Administration	18,426,580	18,179,357	20,829,774	19,807,593	19,590,374	19,695,117	19,263,667	21,604,006	22,387,656	24,482,989
Business Administration	2,053,822	1,934,625	1,905,287	1,829,533	2,128,895	2,015,498	2,204,431	2,337,761	2,716,300	2,688,671
Maintenance and Operations	24,022,688	22,743,806	24,149,353	22,015,748	26,509,286	24,789,844	19,691,594	24,044,944	24,881,022	25,345,889
Student Transportation Services	13,403,078	13,506,867	14,954,266	14,511,835	14,365,864	15,788,454	16,999,251	18,467,658	21,380,221	22,805,197
Community Services	1,947,735	1,788,456	1,784,746	1,890,012	1,886,019	26,684	26,043	1,974,761	2,001,908	2,133,240
School Nutrition Program	14,078,715	13,822,742	14,335,400	15,716,145	15,457,698	15,320,006	16,018,774	16,274,962	16,263,629	16,261,941
Other Support Services	40,415,296	31,720,753	6,869,311	7,423,078	3,519,146	3,678,212	4,068,800	4,589,366	4,139,123	5,108,539
Capital Outlay	83,246,328	48,498,809	46,941,008	32,343,332	23,791,145	30,417,113	32,819,163	21,055,286	17,862,414	8,718,559
Debt Service										
Principal Retirement	11,596,494	13,156,279	14,781,853	17,505,000	19,770,000	16,150,000	16,230,000	17,635,000	19,210,000	21,575,000
Interest and Fees	12,037,339	16,844,973	16,788,011	15,336,985	15,870,743	18,073,797	19,183,376	20,673,022	19,437,238	19,925,553
Issuance Costs	-	-	521,415	-	-	712,137	974,949	512,472	325,591	448,703
Total Expenditures	476,228,941	439,587,883	413,071,731	406,442,434	409,844,980	413,110,312	437,650,572	445,536,949	467,855,162	474,843,868
Excess of Revenues Over (Under) Expenditures	(91,060,174)	(70,052,897)	(29,678,266)	(44,081,724)	(35,034,604)	(50,438,287)	(32,520,300)	(20,390,698)	(26,365,204)	(6,522,032)
Other Financing Sources (Uses)										
Transfers In	287,124	415,364	298,570	1,628,680	2,589,783	335,661	18,150,889	138,578	13,421	5,889,760
Transfers Out	(287,124)	(415,364)	(298,570)	(1,628,680)	(2,589,783)	(335,661)	(18,150,889)	(138,578)	(13,421)	(5,889,760)
Bond Issuance	-	101,255,000	43,525,000	-	35,930,000	81,315,000	108,960,000	42,685,000	18,175,000	39,685,000
Bond Premium	-	4,098,874	285,248	-	7,461,201	13,311,060	23,515,260	8,766,142	4,023,835	6,663,214
Proceeds From Sale of Capital Assets	318,761	262,530	49,400	94,985	62,175	226,518	38,144	196,403	63,330	2,610,647
Payment to Bond Escrow Agent	-	(615,395)	(3,715,362)	-	-	(40,703,827)	(70,387,328)	(50,938,669)	-	-
Total Other Financing Sources (Uses)	318,761	105,001,009	40,144,286	94,985	43,453,376	54,148,751	62,126,076	708,876	22,262,165	48,958,861
Increase (Decrease) in Reserve for Inventory	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	$ (90,741,413)	$ 34,948,112	$ 10,466,020	$ (43,986,739)	$ 8,418,772	$ 3,710,464	$ 29,605,776	$ (19,681,822)	$ (4,103,039)	$ 42,436,829

CHEROKEE COUNTY SCHOOL DISTRICT

Assessed Value and Estimated Actual Value

Last Ten Fiscal Years

Fiscal Year[3]	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Preferential & Conservation Use Property	Utility Property	Motor Vehicles and Mobile Homes[1]	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate[2]	Estimated Actual Taxable Value	Annual Percentage Change
2009	$ 5,470,481,391	$ 1,198,212,207	$ 234,112,030	$ 1,243,216,990	$ 331,850,440	$ 142,645,080	$ 585,094,980	$ 251,458	$ 1,378,141,983	$ 7,827,722,593	1.89%	$ 19,569,306,483	3.52%
2010	5,168,810,680	1,224,749,686	241,412,998	1,203,570,512	348,822,160	151,363,240	662,781,240	279,810	1,469,174,114	7,532,616,212	1.89%	18,831,540,530	-3.77%
2011	4,747,831,128	1,148,108,530	222,552,172	1,088,036,429	309,113,640	146,101,478	581,685,690	3,123,326	1,448,932,993	6,797,619,400	1.99%	16,994,048,500	-9.76%
2012	4,461,226,249	1,084,627,347	207,025,618	1,003,201,600	276,210,080	146,613,177	578,431,040	2,679,521	1,439,817,130	6,320,197,502	1.99%	15,800,493,755	-7.02%
2013	4,069,650,746	1,068,209,415	197,280,131	869,750,160	227,143,440	137,171,378	625,032,150	2,091,836	1,369,698,949	5,826,630,307	1.99%	14,566,575,768	-7.81%
2014	4,199,340,719	1,064,149,402	196,788,435	872,496,502	219,791,440	157,632,680	655,289,690	2,679,124	1,431,414,715	5,936,753,277	1.99%	14,841,883,193	1.89%
2015	4,832,876,519	1,216,647,055	205,104,883	918,398,745	231,497,160	154,919,480	544,063,160	3,336,647	1,623,570,343	6,483,273,306	1.95%	16,208,183,265	9.21%
2016	5,396,734,955	1,266,253,828	211,917,799	1,008,183,024	260,445,760	155,810,960	407,304,844	2,520,952	1,866,128,237	6,843,043,885	1.95%	17,107,609,713	5.55%
2017	5,983,542,756	1,359,167,290	236,563,490	1,060,893,640	269,460,760	158,606,240	314,363,550	2,401,230	2,070,919,374	7,314,079,582	1.95%	18,285,198,955	6.88%
2018	6,603,865,308	1,541,757,711	267,734,818	1,200,231,760	297,671,080	158,861,840	235,689,450	2,777,488	2,318,265,927	7,990,323,528	1.95%	19,975,808,820	9.25%

Source: State of Georgia Department of Revenue, Tax Digest Consolidation Summary, School, https://apps.dor.ga.gov/digestconsolidation/default.aspx

Property in Cherokee County is reassessed annually. The county assesses property at 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing the assessed value by this percentage.

[1] As of March 1, 2013, only motor vehicles titles prior to March 1, 2013 are subject to ad valorem tax. Motor vehicles titles after that date are subject instead to a one-time state and local title fee. As a result of this change in law, the assessed value of motor vehicles subject to ad valorem tax decreased by approximately $247.6 million from 2013 to 2015, and the District expects the assessed value of motor vehicles to continue to decrease in future years as motor vehicles subject to ad valorem tax come out of service.

[2] Per $1,000 of assessed value.

[3] The tax year is one year prior to the fiscal year.

CHEROKEE COUNTY SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates[2]

Last Ten Fiscal Years

(rate per $1,000 of assessed taxable value)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct-School District:										
Maintenance and operations[3]	18.450	18.450	19.450	19.450	19.450	19.450	19.450	19.450	19.450	18.950
Debt service	0.400	0.400	0.400	0.400	0.400	0.400	0.000	0.000	0.000	0.500
Total Direct-School District	18.850	18.850	19.850	19.850	19.850	19.850	19.450	19.450	19.450	19.450
Overlapping:[1]										
Cherokee County	4.381	4.381	4.720	5.365	5.825	5.798	5.728	5.728	5.680	5.483
Fire District	2.742	2.742	2.950	3.129	3.394	3.373	3.436	3.436	3.374	3.298
Parks	0.000	0.580	0.628	0.641	0.780	0.776	0.744	0.744	0.609	0.581
State of Georgia	0.250	0.250	0.250	0.250	0.200	0.150	0.100	0.050	0.000	0.000
Total Overlapping	7.373	7.953	8.548	9.385	10.199	10.097	10.008	9.958	9.663	9.362
Additional Overlapping Rates:[1]										
City of Ball Ground	5.121	5.194	5.194	5.194	5.194	6.000	5.375	5.139	4.916	8.037
City of Canton	5.950	6.800	6.800	6.800	6.800	6.800	6.196	5.850	5.600	5.400
City of Holly Springs	7.370	7.607	8.098	8.598	9.449	9.373	8.936	8.751	8.460	8.148
City of Mountain Park	4.000	11.780	11.780	10.780	10.780	10.780	13.330	13.220	12.900	12.880
City of Nelson	1.538	1.546	1.538	1.538	1.546	1.250	1.124	1.085	1.289	4.256
City of Waleska	0.000	0.000	0.000	3.983	4.278	3.550	4.250	4.250	4.285	4.220
City of Woodstock	6.530	6.530	7.016	7.292	7.889	7.889	7.250	6.992	6.992	6.808

[1] Overlapping rates are those of governments that overlap the School District's geographic boundaries.

[2] The tax year is one year prior to the fiscal year.

[3] The legal limit is 20 mils.

Source: Cherokee County Tax Commissioner (Cherokee County Board of Commissioners FY17 CAFR), Georgia Department of Revenue

CHEROKEE COUNTY SCHOOL DISTRICT

Principal Property Taxpayers
Current and Nine Years Ago

Taxpayer	December 31, 2017 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	December 31, 2008 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power	$ 50,427,943	1	0.63%	$ 32,755,787	1	0.36%
Atlanta Gas Light Company	34,570,552	2	0.43%	31,993,446	2	0.35%
Cobb EMC	24,260,052	3	0.30%	21,840,352	3	0.24%
Cole Mountain Market Place	22,596,120	4	0.28%			
Bll Fund V Woodstock LLC	20,824,480	5	0.26%			
Universal Alloy Corporation	17,617,403	6	0.22%			
Walton Woodstock Apartments	15,591,360	7	0.20%			
Georgia Transmission	15,430,596	8	0.19%	15,064,549	6	0.16%
Mid-American Apartments Comm	15,056,040	9	0.19%	11,357,160	10	0.12%
Laurelwood Drive Owner	14,958,880	10	0.19%			
Bell South Telecom				14,232,294	7	0.15%
AllTel				18,577,760	4	0.20%
CH Realty IV / Woodstock, LLC				18,243,330	5	0.20%
DDRM Riverstone Plaza LLC				13,969,440	8	0.15%
Forestar Real Estate Group, Inc.				12,387,480	9	0.13%
Totals	$ 231,333,426		2.90%	$ 190,421,598		2.07%

Information is available only by calendar year; therefore, data reported is for December 31, 2017 and December 31, 2009
Source: Cherokee County Tax Commissioner (Series 2018 Bond Issue)

CHEROKEE COUNTY SCHOOL DISTRICT

Property Tax Levies and Collections of Property by Type

Last Ten Fiscal Years

Fiscal Year	Taxes Levied[1]	Collected Within the Fiscal Year of the Levy[2]		Collections In Subsequent Years[3]	Total Collections to Date	
		Amount[1]	Percentage of Levy		Amount[1]	Percentage of Levy
2009	$ 150,711,907	$ 129,034,511	85.62%	$ 8,871,313	$ 137,905,824	91.50%
2010	142,018,249	128,153,706	90.24%	10,322,214	138,475,920	97.51%
2011	129,519,549	125,668,016	97.03%	2,653,321	128,321,337	99.07%
2012	125,172,134	114,358,307	91.36%	2,657,933	117,016,240	93.48%
2013	115,386,331	105,622,442	91.54%	2,240,564	107,863,006	93.48%
2014	117,580,492	105,808,883	89.99%	1,379,810	107,188,693	91.16%
2015	125,807,610	114,268,043	90.83%	1,566,497	115,834,540	92.07%
2016	132,824,435	123,875,257	93.26%	1,192,117	125,067,374	94.16%
2017	141,975,756	135,094,205	95.15%	1,074,399	136,168,604	95.91%
2018	155,152,909	146,572,095	94.47%	1,183,176	147,755,271	95.23%

Source: Cherokee County Tax Commissioner (Series 2018 and 2014a Bond Issue)

[1] Relates to preceeding calendar year tax digest.

[2] Amounts shown are net of collection fees of 2.50% paid to Cherokee County for fiscal years 2009 through 2013, 2.30% paid to Cherokee County for fiscal years 2014, 2.10% paid to Cherokee County for fiscal years 2015, and 2.00% paid to Cherokee County for fiscal years 2016 through 2018.

[3] 2018 Collections are through November 30, 2018.

CHEROKEE COUNTY SCHOOL DISTRICT

Ratios of Total Debt Outstanding By Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Annual Personal Income (thousands)[1]	Estimated Population	Debt as a Percentage of Personal Income	Total Debt Per Capita
	General Obligation Bonds	Bond Premiums	Capital Leases					
2009	$ 253,765,000	$ 1,125,798	$ 1,611,377	$ 256,502,175	$ 7,841,331	208,271	3.27%	$ 1,232
2010	342,380,000	4,831,204	1,095,099	348,306,303	7,621,819	212,232	4.57%	$ 1,641
2011	375,503,204	-	558,246	376,061,450	7,822,541	215,189	4.81%	$ 1,748
2012	350,705,000	7,998,523	-	358,703,523	8,369,366	217,820	4.29%	$ 1,647
2013	366,865,000	14,505,760	-	381,370,760	8,907,672	220,773	4.28%	$ 1,727
2014	396,530,000	25,594,630	-	422,124,630	9,132,064	224,487	4.62%	$ 1,880
2015	425,260,000	45,515,819	-	470,775,819	9,855,842	230,396	4.78%	$ 2,043
2016	405,430,000	49,308,763	-	454,738,763	10,709,537	235,424	4.25%	$ 1,932
2017	404,395,000	48,463,109	-	452,858,109	11,548,667	241,600	3.92%	$ 1,874
2018	422,505,000	48,598,225	-	471,103,225	12,147,718	247,573	3.88%	$ 1,903

Note: Details regarding the Board's outstanding debt can be found in the notes to the financial statements.

[1] Information obtained from the U.S. Bureau of Economic Analysis

CHEROKEE COUNTY SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Estimated Population[1]	Estimated Actual Value	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Net General Bonded Debt Per Capita
2009	208,271	$ 19,569,306,483	$ 253,765,000	1.30%	$ 1,218.44
2010	212,232	18,831,540,530	342,380,000	1.82%	1,613.23
2011	215,189	16,994,048,500	375,503,204	2.21%	1,744.99
2012	217,820	15,800,493,755	350,705,000	2.22%	1,610.07
2013	220,773	14,566,575,768	366,865,000	2.52%	1,661.73
2014	224,487	14,841,883,193	396,530,000	2.67%	1,766.38
2015	230,396	16,208,183,265	425,260,000	2.62%	1,845.78
2016	235,424	17,107,609,713	405,430,000	2.37%	1,722.13
2017	241,600	18,285,198,955	404,395,000	2.21%	1,673.82
2018	247,573	19,975,808,820	422,505,000	2.12%	1,706.59

Note: Details about the School Board's outstanding debt can be found in the notes to the financial statements.

[1] Population data can be found in the Schedule of Demographic and Economic Statistics table

CHEROKEE COUNTY SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Governmental Unit	Amount of Outstanding Debt (Less Sinking Fund)	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Direct General Obligation Debt:			
Cherokee County Board of Education			
General Obligation Bonds[2]	$ 422,505,000	100%	$ 422,505,000
Overlapping General Obligation Debt:			
Cherokee County, Georgia			
General Obligation Bonds	61,360,000	100%	61,360,000
Resources Recovery			
Development Authority of Cherokee County (securing its Solid Waste Disposal Revenue Bonds)[3]	15,280,000	100%	15,280,000
Total Direct and Overlapping Debt	$ 499,145,000		$ 499,145,000

Sources: Assessed value data used to estimate applicable percentages provided by the Cherokee County Tax Commissioner (2018 Bond Issue). All amounts shown were obtained as of April 1, 2018 unless indicated otherwise.

[1] The percentage of each overlapping entity's outstanding debt chargeable to property in the District is calculated by dividing the gross assessed valuation of property in the District by the gross assessed valuation of property on the overlapping entity.

[2] As of June 30, 2018

CHEROKEE COUNTY SCHOOL DISTRICT
Legal Debt Margin
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value	$ 7,827,722,593	$ 7,532,616,212	$ 6,797,619,400	$ 6,320,197,502	$ 5,826,630,307	$ 5,936,753,277	$ 6,483,273,306	$ 6,843,043,885	$ 7,314,079,582	$ 7,990,323,528
Debt Limit[1]	$ 782,772,259	$ 753,261,621	$ 679,761,940	$ 632,019,750	$ 582,663,031	$ 593,675,328	$ 648,327,331	$ 684,304,389	$ 731,407,958	$ 799,032,353
Total Net Debt Applicable to Limit: General Obligation Bonds	253,765,000	342,380,000	375,503,204	350,705,000	366,865,000	396,530,000	425,260,000	405,430,000	404,395,000	422,505,000
Legal Debt Margin	$ 529,007,259	$ 410,881,621	$ 304,258,736	$ 281,314,750	$ 215,798,031	$ 197,145,328	$ 223,067,331	$ 278,874,389	$ 327,012,958	$ 376,527,353
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	32.42%	45.45%	55.24%	55.49%	62.96%	66.79%	65.59%	59.25%	55.29%	52.88%

Source: Cherokee County Tax Commissioner, District Records (Assessed Value Statistical table)

[1] Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the School District's outstanding general obligation debt should not exceed 10% of the assessed value of the taxable property loicated withing the School District.

CHEROKEE COUNTY SCHOOL DISTRICT

Demographic and Economic Statistics

Last Ten Fiscal Years

Calendar Year	Population[1*]	Personal Income (thousands)[1*]	Per Capita Income[1*]	Median Age[2*]	School Enrollment[3]	Unemployment Rate[4*]
2008	208,271	$ 7,841,331	$ 37,650	33.50	37,199	5.30%
2009	212,232	7,621,819	35,913	35.30	38,225	8.90%
2010	215,189	7,822,541	36,352	36.40	38,636	8.80%
2011	217,820	8,369,366	38,423	36.70	38,761	8.20%
2012	220,773	8,907,672	40,344	37.00	39,222	7.10%
2013	224,487	9,132,064	40,680	37.30	39,644	6.10%
2014	230,396	9,855,842	42,778	37.20	40,517	5.50%
2015	235,424	10,709,537	45,490	37.70	41,169	4.70%
2016	241,600	11,548,667	47,801	38.70	41,769	4.20%
2017	247,573	12,147,718	49,067	39.60	42,148	3.70%

Note: Student Enrollment is based on the data for the 20 day count for the school year (July through June) which occurs within the calendar year.

[*] County-wide data

[1] Information obtained from the U.S. Bureau of Economic Analysis

[2] Information obtained from the United States Census Bureau

[3] Annual 20 day report for School Enrollment record

[4] Information obtained from the United States Department of Labor, Bureau of Labor Statistics

CHEROKEE COUNTY SCHOOL DISTRICT

Principal Employers

Current and Nine Years Ago

	December 31, 2017			December 31, 2008		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Cherokee County School District[1]	4,645	1	4.61%	4,851	1	*
Northside Hospital-Cherokee	2,145	2	2.13%	740	3	*
Cherokee County	1,628	3	1.61%	1,330	2	*
Inalfa Roof System	1,000	4	0.99%			
Pilgim's Pride Corporation	760	5	0.75%	850	4	*
Chart Industries, Inc.	715	6	0.71%	262	7	*
Piolax Corporation	615	7	0.61%	250	8	*
Universal Alloy Corporation	559	8	0.55%	500	5	*
Belnick, Inc.	490	9	0.49%			
Meyn America, LLC	267	10	0.26%	285	6	*
Reinhart College				205	9	*
City of Woodstock				193	10	*
Totals	$ 12,824		12.72%	$ 9,466		*

Information is available only by calendar year; therefore, data reported is for December 31, 2017 and December 31, 2008. Principal Employers within the county provided by Series 2018 Bond issuance and 2008 Cherokee County Government CAFRs.

Source: District Records, Cherokee County Government, and U.S. Bureau of Economic Analysis

[1] Information for the school district is reported as of June 30, 2018 and June 30, 2009.

* Information is not readily available

CHEROKEE COUNTY SCHOOL DISTRICT

Employees by Function

Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction	*	2,809	2,813	2,757	2,688	2,726	2,889	3,003	3,163	3,184
Pupil Services	*	144	150	165	174	177	178	203	184	200
Improvement of instructional services	*	84	83	87	84	86	96	97	118	120
Educational media services	*	41	49	50	49	49	49	48	46	46
Federal Grants administration	*	-	-	-	-	-	-	-	-	-
General administration	*	10	11	11	11	11	11	11	11	12
School administration	*	316	307	309	290	275	283	289	287	302
Business administration	*	32	27	27	27	26	26	26	29	30
Maintenance and operation of plant	*	303	299	301	297	58	58	65	66	69
Student transportation services	*	448	452	446	441	435	445	467	489	507
Central services	*	27	22	22	22	21	21	25	27	28
Other supporting services	*	-	-	-	-	-	-	-	-	-
Food service operations	*	312	311	300	294	289	292	294	291	291
Facilities acquisition and construction	*	-	-	-	-	-	-	-	-	-
Total	-	4,526	4,524	4,475	4,377	4,153	4,348	4,528	4,711	4,789
Percentage Change from Prior Fiscal Year	*	0.00%	-0.04%	-1.08%	-2.19%	-5.12%	4.70%	4.14%	4.04%	1.66%

Source: Cherokee County School District Payroll historical records as of the end of the fiscal year.

* Information is not readily available

CHEROKEE COUNTY SCHOOL DISTRICT

Teacher Salary Schedule

Last Ten Fiscal Years

Fiscal Year	School District's Minimum Salary[1]	Minimum State Salary[2,3]	School District's % of State Minimum[3]	School District's Maximum Salary[1]	School District's Average Salary[1]	State-wide Average[3]	School District's % of State Average[3]
2009	$ 35,145	$ 31,586	111%	$ 86,669	$ 60,907	$ 52,823	115%
2010	35,145	31,586	111%	86,669	60,907	52,823	115%
2011	35,145	31,586	111%	86,669	60,907	52,823	115%
2012	35,145	31,586	111%	86,669	60,907	52,871	115%
2013	35,145	31,586	111%	86,669	60,907	52,871	115%
2014	35,145	31,586	111%	86,669	60,907	52,871	115%
2015	35,496	31,586	112%	89,254	62,375	50,950	122%
2016	35,496	31,586	112%	89,254	62,375	52,800	118%
2017	35,496	31,586	112%	90,146	62,821	52,880	119%
2018	36,222	32,217	112%	91,960	64,091	*	*

Data Source:

[1] Annual CCSD Salary Handbooks

[2] Georgia Department of Education

[3] Georgia Governor's Office of Achievement

* Information is not readily available

CHEROKEE COUNTY SCHOOL DISTRICT
School Buildings Capacity
Last Ten Fiscal Years

School Name	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Arnold Mill ES										
Capacity	1,150	1,138	1,113	1,118	1,156	1,131	1,137	1,062	1,113	1,100
Enrollment	1,143	1,035	846	820	835	830	851	781	788	783
Avery ES										
Capacity	1,125	1,137	1,137	1,143	1,143	1,143	1,150	1,150	1,175	1,150
Enrollment	1,133	1,147	1,175	1,152	1,110	1,061	1,034	983	1,015	1,011
Ball Ground ES										
Capacity	488	488	488	488	1,175	1,200	1,188	1,163	1,175	1,163
Enrollment	427	423	417	400	529	520	559	500	508	524
Bascomb ES										
Capacity	1,169	1,175	1,175	1,188	1,188	1,231	1,231	1,237	1,263	1,250
Enrollment	1,255	1,124	1,036	989	926	1,082	1,013	1,016	981	943
Boston ES										
Capacity	897	938	938	938	925	883	887	887	891	883
Enrollment	859	846	888	841	500	590	599	615	617	593
Canton ES										
Capacity	1,119	1,138	1,150	1,168	1,168	1,168	1,175	1,163	1,163	1,150
Enrollment	779	830	843	866	854	885	755	820	826	767
Carmel ES										
Capacity	1,463	1,425	1,325	1,300	1,300	1,325	1,337	1,275	1,287	1,275
Enrollment	1,551	1,269	1,274	1,269	1,226	1,208	1,179	1,061	1,020	1,041
Clark Creek ES										
Capacity	-	-	-	-	1,200	1,175	1,175	1,175	1,200	1,193
Enrollment	-	-	-	-	905	948	952	1,011	1,082	1,159
Clayton ES										
Capacity	444	588	663	663	650	663	462	462	456	462
Enrollment	409	418	352	326	314	296	226	246	232	227
Free Home ES										
Capacity	313	312	312	306	306	306	356	350	362	362
Enrollment	277	303	299	334	311	330	328	307	314	325
Hasty ES										
Capacity	1,138	1,138	1,156	1,150	1,156	1,156	1,181	1,193	1,187	1,163
Enrollment	617	678	720	750	809	846	858	891	907	882
Hickory Flat ES										
Capacity	1,119	1,125	1,050	1,063	895	895	913	913	925	918
Enrollment	1,022	993	954	586	551	539	545	522	473	513
Holly Springs ES										
Capacity	1,400	1,418	1,412	1,418	1,418	1,418	1,438	1,406	1,250	1,187
Enrollment	1,130	1,225	1,266	979	990	967	953	938	805	754
Indian Knoll ES										
Capacity	-	-	-	1,150	1,150	1,156	1,162	1,150	1,193	1,187
Enrollment	-	-	-	907	1,007	1,052	1,094	1,130	991	931
Johnston ES										
Capacity	1,000	1,025	1,000	1,000	1,006	750	763	643	875	687
Enrollment	988	988	890	572	543	550	566	571	570	584
Knox ES										
Capacity	1,163	1,175	1,175	1,162	1,168	1,168	1,143	1,143	1,193	1,187
Enrollment	786	798	847	823	831	847	749	773	741	781
Liberty ES										
Capacity	1,538	1,556	1,556	1,538	1,538	1,550	1,562	1,562	1,575	1,575
Enrollment	1,319	1,400	1,391	1,343	1,332	1,281	1,252	1,234	1,207	1,196
Little River ES										
Capacity	1,169	1,162	1,143	1,168	1,143	1,137	1,143	1,509	1,512	1,506
Enrollment	959	1,166	1,099	1,169	1,236	1,335	1,369	1,361	1,338	1,324
Macedonia ES										
Capacity	738	850	838	850	850	850	856	862	862	862
Enrollment	834	809	822	846	799	795	760	774	770	785
Mountain Road ES										
Capacity	613	637	643	643	637	637	643	631	713	687
Enrollment	532	550	555	556	463	569	561	537	419	429
Oak Grove ES										
Capacity	856	862	868	862	862	883	891	793	775	687
Enrollment	769	793	787	808	455	533	563	575	512	466

CHEROKEE COUNTY SCHOOL DISTRICT
School Buildings Capacity
Last Ten Fiscal Years

School Name	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
R. M. Moore ES										
Capacity	694	725	1,063	1,075	1,075	1,075	1,062	1,062	1,062	1,062
Enrollment	585	581	604	615	574	546	417	397	420	384
Sixes ES										
Capacity	1,013	1,018	1,025	1,025	1,038	1,038	1,050	879	883	883
Enrollment	1,034	1,053	1,010	872	820	774	768	724	684	716
Woodstock ES										
Capacity	1,213	1,187	1,187	1,187	1,193	1,213	1,231	10,231	1,237	1,200
Enrollment	1,096	988	1,005	1,004	1,023	1,100	1,111	1,138	1,176	1,163
Chapman IS										
Capacity	1,013	1,018	988	1,000	975	-	-	-	-	-
Enrollment	1,156	1,205	1,215	1,125	921	-	-	-	-	-
Creekland MS										
Capacity	1,238	1,275	1,275	1,275	1,263	1,306	1,281	1,287	1,287	1,287
Enrollment	1,338	1,278	1,305	1,385	1,393	1,420	1,392	1,456	1,494	1,543
Dean Rusk MS										
Capacity	906	900	912	918	918	925	925	925	1,600	1,650
Enrollment	732	789	834	838	836	861	894	927	1,479	1,522
E. T. Booth MS										
Capacity	1,131	1,131	1,062	1,062	1,062	1,631	1,650	1,650	1,663	1,650
Enrollment	1,152	1,168	1,165	1,199	1,191	1,634	1,679	1,688	1,763	1,786
Freedom MS										
Capacity	1,150	1,163	1,175	1,175	1,150	1,150	1,187	1,125	1,187	1,187
Enrollment	1,011	1,009	1,068	1,138	1,173	1,174	1,114	1,163	1,165	1,163
Mill Creek MS										
Capacity	306	1,163	1,163	1,175	1,175	1,175	1,187	1,250	1,293	1,287
Enrollment	358	1,019	1,117	1,152	1,160	1,216	1,286	1,437	1,416	1,414
Teasley MS										
Capacity	975	1,012	912	912	912	912	1,525	1,538	1,550	1,518
Enrollment	916	745	787	801	828	870	1,399	1,388	1,418	1,522
Woodstock MS										
Capacity	969	968	1,113	1,125	1,125	1,125	1,131	1,125	1,088	1,075
Enrollment	754	1,025	1,048	1,081	1,096	1,116	1,178	1,124	1,157	1,193
Cherokee HS										
Capacity	2,013	2,075	2,093	2,093	2,081	2,063	2,087	2,163	2,387	2,512
Enrollment	2,089	2,072	2,041	2,031	2,051	2,080	2,293	2,465	2,589	2,647
Creekview HS										
Capacity	1,838	1,775	1,775	1,800	1,825	1,813	1,838	1,900	1,925	1,975
Enrollment	1,548	1,645	1,730	1,700	1,732	1,745	1,818	1,873	1,993	1,995
Etowah HS										
Capacity	2,225	2,506	2,500	2,488	2,488	2,363	3,175	3,150	3,175	3,175
Enrollment	2,067	2,132	2,116	2,211	2,285	2,374	2,356	2,377	2,381	2,421
River Ridge HS										
Capacity	-	-	2,013	2,000	1,975	1,975	2,025	2,025	2,050	2,025
Enrollment	-	-	705	1,081	1,425	1,502	1,567	1,658	1,725	1,809
Sequoyah HS										
Capacity	1,650	1,731	1,725	1,725	1,725	1,725	1,688	1,650	1,737	2,375
Enrollment	1,598	1,760	1,699	1,560	1,521	1,593	1,644	1,765	1,848	1,912
Woodstock HS										
Capacity	2,163	2,262	2,100	2,100	2,100	1,862	1,900	1,962	2,413	2,393
Enrollment	2,309	2,141	1,992	1,927	1,851	1,949	2,108	2,208	2,274	2,308

Source: Cherokee County School District available records (Planning and Facilities, Division of Support Services) and annual 20-day enrollment report. Capacity schedule does not include information on preschools and center locations within the school district.

CHEROKEE COUNTY SCHOOL DISTRICT

Number of Personnel and Ratio of Pupils to Professional Personnel

Last Ten Fiscal Years

	Professional Personnel[1]	Other Operating Personnel[2]	Service Personnel[3]	Total Personnel	Student Enrollment[4]	Ratio of Pupils to Professional Personnel	
2009	2,867	750	1,028	4,645	37,199	13.0	to 1
2010	2,795	697	999	4,491	38,225	13.7	
2011	2,727	764	1,001	4,492	38,636	14.2	
2012	2,666	752	1,010	4,428	38,761	14.5	
2013	2,676	733	938	4,347	39,222	14.7	
2014	2,811	763	748	4,322	39,644	14.1	
2015	2,963	791	776	4,530	40,517	13.7	
2016	3,097	851	749	4,697	41,169	13.3	
2017	3,172	838	765	4,775	41,769	13.2	
2018	3,231	841	779	4,851	42,148	13.0	

Source: Historical personnel records from Human Resource Department as of the beginning of the fiscal year.

[1] Professional personnel consists of all certified personnel including teachers, librarians, counselors, supervisors, consultants, coordinators, principals, assitant principals and other leadership personnel.

[2] Other Operating peronnel includes non-certified leadership personnel, classroom aides, secretarial and clerical employees, and other technicians.

[3] Service personnel includes food service personnel, custodial employees, bus drivers and maintenance/warehouse employees.

[4] Annual 20 day report for School Enrollment record

CHEROKEE COUNTY SCHOOL DISTRICT

Operating Statistics

Last Ten Fiscal Years

Fiscal Year	Expenditures[1]	Daily Enrollment[2]	Cost per Pupil Enrolled	Percentage of Change
2009	$ 394,529,135	37,199	$ 10,606	-3.48%
2010	396,627,032	38,225	10,376	-2.17%
2011	373,943,827	38,636	9,679	-6.72%
2012	373,730,871	38,761	9,642	-0.38%
2013	383,344,362	39,222	9,774	1.37%
2014	382,783,296	39,644	9,656	-1.21%
2015	392,181,775	40,517	9,679	0.25%
2016	411,926,377	41,169	10,006	3.37%
2017	463,199,245	41,769	11,090	10.83%
2018	466,594,643	42,148	11,070	-0.17%

Source:

[1] Financial Trend Net asset statistical table

[2] Annual 20 day report for School Enrollment record

Compliance Section

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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 Cherokee County Board of Education
Canton, 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 Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cherokee County School District (the "School District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Williamson & Company

Williamson and Company
Certified Public Accountants
December 19, 2018

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CHRISTIAN HATCH

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 Cherokee County Board of Education
Canton, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Cherokee County School District's (the "School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2018. The School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

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

Report on Internal Control Over Compliance

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

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

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

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

Williamson & Company

Williamson and Company
Certified Public Accountants
December 19, 2018

CHEROKEE COUNTY SCHOOL DISTRICT
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			
Food Services			
School Breakfast Program	10.553	16165GA324N1099	$ 1,605,836
National School Lunch Program #	10.555	16165GA324N1099	7,526,005
After School Snack	10.555	16165GA324N1099	115,372
School Lunch Equipment	10.579	16163GA350N8103	35,010
Total Child Nutrition Cluster			9,282,223
Total U. S. Department of Agriculture			9,282,223
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
High Cost Fund Pool	84.027	H027A150073	75,849
Flow Through	84.027		6,112,155
Preschool Grants	84.173	H173A150081	189,511
Total Special Education Cluster			6,377,515
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Program Improvement	84.048	V048A150010	233,759
Career and Technical Education - Basic Grants to States	84.048		24,182
Arts in Education - Model Development and Dissemination Grants Proç	84.351		463,320
Title IV,Part A Student Support and Academic Enrichment	84.424		73,327
Title III, Part A Language Instruction for English Learners	84.365	S365A150010	372,397
Title III, Part A Language Instruction for Immigrant Students	84.365		18,600
Title II, Improving Teacher Quality State Grants	84.367	S367A150001	565,000
Title II, Advance Placement	84.367		7,200
Title I Improving the Academic Achievement of the Disadvantaged	84.010	S010A150010	4,533,486
Total Other Programs			6,291,271
Total U. S. Department of Education			12,668,786
Health and Human Services, U. S. Department of			
Child Care and Development Fund Cluster			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
Child Care and Development Block Grant	93.600		387,722
Pass-Through from Ninth District Opportunity, Inc.:			
Georgia Prekindergarten Transition Program	93.575		130,420
Total Child Care and Development Fund Cluster			518,142
Total U. S. Department of Health and Human Services			518,142
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.000		402,855
Total U. S. Department of Defense			402,855
Total Expenditures of Federal Awards			$ 22,872,006

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Cherokee County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net assets of the Board.

Note 2. Summary of Significant Accounting Policies
Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use

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 Cherokee County School District 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.

Total federal revenues presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on page 10 differ from the total federal expenditures presented in this schedule due to federal payments received that were not associated with a specific federal program. Those differences totaled $239,992.

Includes the federally assigned value of donated commodities for the Food Donation Program in the amount of $1,282,378.

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issue:	
Independent Auditor Report on Financial Statements	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified?	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 200.616(a)?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.010	Title I - Improving the Academic Achievement of the Disadvantaged

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

CHEROKEE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section II - Financial Statement Findings and Questioned Costs

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Status of Prior Year Findings and Questioned Costs

None Noted

Cherokee County School District

CHEROKEE COUNTY SCHOOL DISTRICT
DR. BRIAN V. HIGHTOWER
SUPERINTENDENT OF SCHOOLS

SCHOOL BOARD MEMBERS

Kyla Cromer, School Board Chair
Mike Chapman, School Board Vice-Chair
John Harmon
Patsy Jordan
Clark Menard
Kelly Poole
Robert Rechsteiner