

GREENE COUNTY BOARD OF EDUCATION
GREENSBORO, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018
(Including Independent Auditor's Reports)

GREENE COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 21, 2019

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Greene County Board of Education

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Greene County Board of Education (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 from material misstatement.

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

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includes evaluating the appropriateness of accounting policies used and the reasonableness ofsignificant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017*. The School District restated beginning net position for the effect of GASB Statement No. 75. Our opinions are not modified with respect to this matter.

As discussed in Note 15 to the financial statements, in 2018, the School District restated the prior period financial statements to correct a misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2

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U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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GREENE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

INTRODUCTION

The discussion and analysis of the Greene County Board of Education'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 financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Only the primary government will be considered for purposes of this discussion. The financial activities of Lake Oconee Academy, Inc., a discretely presented component unit, are displayed in separately prepared financial statements that are independently audited.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2018 and 2017 are as follows:

- The School District had $39,674,419 and $38,644,288 million in expenses relating to governmental activities for the fiscal years ended June 30, 2018 and June 30, 2017, respectively. Only $13,255,077 and $12,339,611 of the above mentioned expenses for 2018 and 2017 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $26,717,724 and $24,658,035, respectively, for 2018 and 2017, along with fund balance were adequate to provide for these programs.

- For the general fund, the current ratio, which measures the School District's ability to transform current assets into cash and pay its short-term liabilities, was 2.53 and 2.74 for the fiscal years ended June 30, 2018 and June 30, 2017, respectively. Generally, a ratio greater than 2.00 is considered very financially stable.

- The general fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of $5,732,334, an increase of $19,924 from the June 30, 2017 fund balance of $5,712,410.

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 also presented that further supplements understanding of the financial statements.

Government-wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets and liabilities. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, are one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

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

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, the capital projects fund, and the debt service fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the 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 relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled to the financial statements.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2018 and 2017.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017 (1)
Assets		
Current and Other Assets	$ 12,244,975	$ 13,035,106
Capital Assets, Net	47,061,018	46,359,488
Total Assets	59,305,993	59,394,594
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	5,931,324	8,141,229
Related to OPEB Plan	1,781,574	-
Total Deferred Outflows of Resources	7,712,898	8,141,229
Liabilities		
Current and Other Liabilities	4,478,760	4,179,401
Long-Term Liabilities	66,429,629	43,637,252
Total Liabilities	70,908,389	47,816,653
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plans	295,124	199,041
Related to OPEB Plan	2,017,323	-
Total Deferred Inflows of Resources	2,312,447	199,041
Net Position		
Net Investment in Capital Assets	33,052,247	30,902,219
Restricted	2,747,084	3,924,034
Unrestricted (Deficit)	(42,001,276)	(15,306,124)
Total Net Position	$ (6,201,945)	$ 19,520,129

(1) Amounts do not reflect the effects of the restatement of net position. See Note 15 in the Notes to the Basic Financial Statements for more information.

Total assets and deferred outflows of resources decreased by $516,932 which was primarily due to differences in deferred outflows of resources related to defined benefit pension plans and OPEB.

Total liabilities and deferred inflows of resources increased by $25,205,142, which was primarily due to a large increase in long-term liabilities related to OPEB. The combination of the increase in total assets and deferred outflows of resources and the increase in total liabilities and deferred inflows of resources yielded a decrease in net position of $25,722,073.

Table 2 shows the changes in net position for fiscal years ending June 30, 2018 and June 30, 2017.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017 (1)
Revenues		
Program Revenues:		
Charges for Services	$ 278,812	$ 196,071
Operating Grants and Contributions	12,609,004	12,007,418
Capital Grants and Contributions	367,261	136,122
Total Program Revenues	13,255,077	12,339,611
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	21,348,489	19,963,806
Railroad Cars	21,010	17,144
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	4,706,189	4,180,775
Other Taxes	222,603	155,896
Investment Earnings	96,944	55,756
Miscellaneous	322,489	284,658
Total General Revenues	26,717,724	24,658,035
Total Revenues	39,972,801	36,997,646
Program Expenses:		
Instruction	26,250,831	24,883,067
Support Services		
Pupil Services	1,165,526	1,057,556
Improvement of Instructional Services	1,340,617	1,409,490
Educational Media Services	616,947	551,520
General Administration	807,613	800,722
School Administration	1,802,260	1,846,667
Business Administration	457,559	500,927
Maintenance and Operation of Plant	2,126,849	2,300,418
Student Transportation Services	1,708,330	1,765,555
Central Support Services	186,729	189,651
Other Support Services	423,977	443,117
Operations of Non-Instructional Services		
Enterprise Operations	169,238	152,798
Food Services	2,024,414	2,110,614
Interest on Short-Term and Long-Term Debt	593,528	632,186
Total Expenses	39,674,418	38,644,288
Increase (Decrease) in Net Position	$ 298,383	$ (1,646,642)

(1) Amounts do not reflect the effects of the restatement of net position. See Note 15 in the Notes to the Basic Financial Statements for more information.

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased $915,466 for governmental activities. This increase is largely due to an increase in funds earned through the State Quality Basic Education (QBE) Funding Formula.

General revenues increased by $2,059,689 during fiscal year 2018. This increase is largely due to an increase in property tax and SPLOST revenues.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows 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.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2018	Fiscal Year 2017 (1)	Fiscal Year 2018	Fiscal Year 2017 (1)
Instruction	$ 26,250,831	$ 24,883,067	$ 18,824,235	$ 18,637,502
Support Services:				
Pupil Services	1,165,526	1,057,556	996,470	937,889
Improvement of Instructional Services	1,340,617	1,409,490	671,471	610,275
Educational Media Services	616,947	551,520	264,406	229,024
General Administration	807,613	800,722	165,359	177,318
School Administration	1,802,260	1,846,667	882,131	1,004,760
Business Administration	457,559	500,927	446,047	500,447
Maintenance and Operation of Plant	2,126,849	2,300,418	1,318,278	1,528,410
Student Transportation Services	1,708,330	1,765,555	1,264,213	1,177,419
Central Support Services	186,729	189,651	168,714	183,991
Other Support Services	423,977	443,117	360,785	390,643
Operations of Non-Instructional Services:				
Enterprise Operations	169,238	152,798	169,238	152,798
Food Services	2,024,414	2,110,614	294,466	142,015
Interest on Short-Term and Long-Term Debt	593,528	632,186	593,528	632,186
Total Expenses	$ 39,674,418	$ 38,644,288	$ 26,419,341	$ 26,304,677

(1) Amounts do not reflect the effects of the restatement of net position. See Note 15 in the Notes to the Basic Financial Statements for more information

Although tax revenues make up a majority of the funding, the School District is still dependent upon program revenues for governmental activities. For 2018, 68.76% of instruction and support activities were supplemented by taxes and other general revenues compared to 70.99% in 2017.

Expenses increased $1,030,130 from the prior year, the net costs of providing services increase $114,664. This situation occurred largely because of the increased cost of State mandated employer portions of employee benefits.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $42,398,560 and total expenses and other financing uses of $43,534,462. There was a decrease in the fund balance totaling $1,135,902 for the governmental funds as a whole. This decrease is largely due to the heightened financial pressure on the general fund due to the increased employer's portions of employee benefits. Additionally, the School District was in the middle of renovating Greene County High School at fiscal year-end, which decrease the capital projects fund balance.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2018 and 2017, the School District amended its general fund budget as needed.

For the general fund, the final budgeted revenues and other financing sources of $43,003,903 increased from the original budgeted amount of $42,695,726 by $308,177. This difference was mainly due to increased projections of state and federal revenues. The actual revenue was more than the budgeted amount by $1,816,722. The majority of the variances between final budget and actual revenue are due to higher property tax, federal, and state revenues than anticipated.

The final budgeted expenditures and other financial uses of $44,803,366 was less than the original budgeted amount of $44,819,000 by $15,634. The actual expenditures of $34,889,038 was $2,666 less than final budgeted amount of $34,891,704.

CAPITAL ASSETS

At the fiscal years ended June 30, 2018 and June 30, 2017, the School District had $47,061,018 and $46,359,488, respectively, invested in capital assets, net of accumulated depreciation. These assets are made up of a broad range of capital assets, including land, buildings, transportation, food service and maintenance equipment. Table 4 reflects a summary of these balances, by class, net of accumulated depreciation.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017
Land	$ 1,633,783	$ 1,633,783
Construction In Progress	400,186	504,253
Building and Improvements	37,899,299	36,521,063
Equipment	1,250,214	1,454,965
Land Improvements	5,877,536	6,245,424
Total	$ 47,061,018	$ 46,359,488

The overall capital assets increased in fiscal year 2018 by $701,530 due to the building addition for the Greene College and Career Academy Phase 2 construction project.

DEBT ADMINISTRATION

At June 30, 2018, the School District had $13,622,348 in total debt outstanding with $1,861,360 due within one year. Table 5 summarizes bond debt outstanding at June 30, 2018 and 2017.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2018	Fiscal Year 2017
General Obligation Bonds	$ 2,000,000	$ 3,000,000
Revenue Bonds	77,348	112,268
Intergovernmental Agreement	11,545,000	12,345,000
Total	$ 13,622,348	$ 15,457,268

CURRENT FINANCIAL CONCERNS

In fiscal year 2019 the percentage of the employer portion of TRS pension plan will increase from 16.81% to 20.90% after a significant raise in 2018, representing significant cost to the general fund. Employer health insurance costs were significantly increased for classified employees in fiscal year 2018. Despite these hardships, the School District remains at a full teaching schedule and is dedicated to maintaining current teacher to student ratios.

The main operating expense to the School District was related to salaries and employee benefits for the year ended June 30, 2018. With such heavy personnel expenses, it is difficult to offset mandated expense increases such as TRS and health insurance premiums. The School District consistently evaluates how funds can be spent more efficiently and effectively to ensure that Greene County students receive a quality education from effective personnel.

The School District's millage rate for fiscal year 2018 was 13.381 mills. Fiscal year 2018 property tax revenues have increased approximately $1,384,683 from fiscal year 2017. As shown in Table 3, property tax and sales tax are responsible for covering 66.59% of the School District's costs. It is anticipated that this pressure to provide local monies to meet mandated educational requirements and operational costs will continue.

Fiscal year 2018 saw the completion of phase II of the Greene County High School CTAE College and Career Academy. Phase III was started during the summer of 2018, with a projected completion date of December 2018. A College and Career Academy grant will mostly fund the costs of the Phase III project, with the remainder costs funded by SPLOST collections. SPLOST collections are instrumental in allowing the District to make capital improvements while avoiding long-term debt.

Looking forward, fiscal year 2018 is underway and we continue to remain positive about Greene County School District's financial future. Programmatically, the School District continues to offer a progressive curriculum to the School District's students in a technologically enhanced environment.

Projected revenues, along with fund balance, are sufficient to cover planned expenses. SPLOST funding is available to make the required principal and interest payments on long-term debt. Each year, the School District will take a closer look into reducing operating expenses and ensure personnel allotments are in line with student enrollment per school.

The continual shift of the financial burden for public schooling from the state to the local taxpayers presents major challenges for the School District and remains management's most significant financial concern. The ability of management to recognize these factors, anticipate their impact, and react accordingly, has provided for the continuation of sufficient funding for programs for the students of Greene County.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dean Ware, Chief Financial Officer, at the Greene County Board of Education, 101 East Third Street, Greensboro, Georgia, 30642.

GREENE COUNTY BOARD OF EDUCATION

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GREENE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2018

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT CHARTER SCHOOL
ASSETS		
Cash and Cash Equivalents	$ 7,429,301.02	$ 4,266,083.00
Receivables, Net		
Taxes	958,661.82	-
State Government	1,579,343.06	-
Federal Government	444,629.49	-
Local	1,641,621.92	-
Other	-	1,675.00
Inventories	70,793.99	-
Prepaid Items	80,920.27	151,109.00
Restricted Assets		
Cash and Investments with Fiscal Agent or Trustee	39,703.85	-
Capital Assets, Non-Depreciable	2,033,969.01	190,963.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	45,027,048.89	2,996,402.00
Total Assets	59,305,993.32	7,606,232.00
DEFERRED OUTFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	5,931,324.18	-
Related to OPEB Plan	1,781,574.00	-
Total Deferred Outflows of Resources	7,712,898.18	-
LIABILITIES		
Accounts Payable	155,279.55	262,709.00
Salaries and Benefits Payable	3,484,122.75	1,608,088.00
Interest Payable	221,275.69	-
Contracts Payable	355,551.00	-
Retainages Payable	30,871.33	-
Deposits and Unearned Revenues	231,660.00	-
Net Pension Liability	26,314,957.00	-
Net OPEB Liability	26,492,323.00	-
Long-Term Liabilities		
Due Within One Year	1,861,360.00	497,450.00
Due in More Than One Year	11,760,988.43	-
Total Liabilities	70,908,388.75	2,368,247.00
DEFERRED INFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plans	295,124.00	
Related to OPEB Plan	2,017,323.00	-
Total Deferred Inflows of Resources	2,312,447.00	-
NET POSITION		
Net Investment in Capital Assets	33,052,247.14	2,689,915.00
Restricted for		
Continuation of Federal Programs	503,483.17	
Debt Service	1,110,369.43	
Capital Projects	1,133,231.89	
Unrestricted (Deficit)	(42,001,275.88)	2,548,070.00
Total Net Position	$ (6,201,944.25)	$ 5,237,985.00

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

GREENE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 26,250,830.87	$ 96,261.77
Support Services		
Pupil Services	1,165,526.02	-
Improvement of Instructional Services	1,340,616.78	-
Educational Media Services	616,947.15	-
General Administration	807,613.27	-
School Administration	1,802,260.33	-
Business Administration	457,559.31	-
Maintenance and Operation of Plant	2,126,848.81	6,823.00
Student Transportation Services	1,708,329.69	-
Central Support Services	186,729.53	-
Other Support Services	423,977.11	-
Operations of Non-Instructional Services		
Enterprise Operations	169,238.37	-
Food Services	2,024,413.62	175,727.49
Interest on Short-Term and Long-Term Debt	593,527.65	-
Total Governmental Activities	$ 39,674,418.51	$ 278,812.26
COMPONENT UNIT		
Charter School	$ 9,492,152.00	$ 108,666.00

General Revenues
Taxes
Property Taxes
For Maintenance and Operations
Railroad Cars
Sales Taxes
Special Purpose Local Option Sales Tax
For Capital Projects
Other Sales Tax
Greene County Board of Education
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year (Restated)

Net Position - End of Year

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

EXHIBIT "B"

	PROGRAM REVENUES		NET (EXPENSES)	
	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION	COMPONENT UNIT
$	7,075,718.90	$ 287,781.43	$ (18,791,068.77)	
	126,203.09	42,852.41	(996,470.52)	
	669,146.01	-	(671,470.77)	
	352,541.00	-	(264,406.15)	
	638,596.14	3,658.07	(165,359.06)	
	920,129.18	-	(882,131.15)	
	11,200.20	311.95	(446,047.16)	
	797,679.22	4,068.71	(1,318,277.88)	
	410,949.99		(1,297,379.70)	
	3,936.44	14,079.32	(168,713.77)	
	59,982.81	3,209.64	(360,784.66)	
	-	-	(169,238.37)	
	1,542,921.24	11,299.00	(294,465.89)	
	-	-	(593,527.65)	
$	12,609,004.22	$ 367,260.53	(26,419,341.50)	
$	339,108.00			$ (9,044,378.00)
			21,348,489.49	
			21,009.73	
			4,706,189.15	
			222,603.15	
			-	9,861,116.00
			96,943.51	2,741.00
			322,489.29	122,679.00
			26,717,724.32	9,986,536.00
			298,382.82	942,158.00
			(6,500,327.07)	4,295,827.00
			$ (6,201,944.25)	$ 5,237,985.00

GREENE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 5,864,211.09	$ 1,565,089.93	$ -	$ 7,429,301.02
Receivables, Net				
Taxes	481,860.41	476,801.41	-	958,661.82
State Government	1,212,082.53	367,260.53	-	1,579,343.06
Federal Government	444,629.49	-	-	444,629.49
Local	1,641,621.92	-	-	1,641,621.92
Inventories	70,793.99	-	-	70,793.99
Prepaid Items	55,219.85	25,700.42	-	80,920.27
Restricted				
Cash and Investments with a Fiscal Agent or Trustee	-	39,703.85	-	39,703.85
Total Assets	$ 9,770,419.28	$ 2,474,556.14	$ -	$ 12,244,975.42
LIABILITIES				
Accounts Payable	$ 145,600.42	$ 9,679.13	$ -	$ 155,279.55
Salaries and Benefits Payable	3,484,122.75	-	-	3,484,122.75
Contracts Payable	-	355,551.00	-	355,551.00
Retainages Payable	-	30,871.33	-	30,871.33
Deposits and Unearned Revenue	231,660.00	-	-	231,660.00
Total Liabilities	3,861,383.17	396,101.46	-	4,257,484.63
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	176,701.87	-	-	176,701.87
FUND BALANCES				
Nonspendable	126,013.84	25,700.42	-	151,714.26
Restricted	432,689.18	2,052,754.26	-	2,485,443.44
Assigned	122,538.88	-	-	122,538.88
Unassigned	5,051,092.34	-	-	5,051,092.34
Total Fund Balances	5,732,334.24	2,078,454.68	-	7,810,788.92
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,770,419.28	$ 2,474,556.14	$ -	$ 12,244,975.42

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

GREENE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")		$ 7,810,788.92
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	$ 1,633,782.68	
Construction in progress	400,186.33	
Buildings and improvements	55,075,392.36	
Equipment	6,647,862.26	
Land improvements	10,131,856.96	
Accumulated depreciation	(26,828,062.69)	47,061,017.90
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (26,314,957.00)	
Net OPEB liability	(26,492,323.00)	(52,807,280.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	$ 5,636,200.18	
Related to OPEB	(235,749.00)	5,400,451.18
Taxes that are not available to pay for current period expenditures are deferred in the funds.		176,701.87
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (2,000,000.00)	
Accrued interest payable	(221,275.69)	
Revenue bonds payable	(77,348.43)	
Intergovernmental agreement payable	(11,545,000.00)	(13,843,624.12)
Net position of governmental activities (Exhibit "A")		$ (6,201,944.25)

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

GREENE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 21,377,299.63	$ -	$ -	$ 21,377,299.63
Sales Taxes	222,603.15	4,706,189.15	-	4,928,792.30
State Funds	9,289,902.93	367,260.53	-	9,657,163.46
Federal Funds	3,333,806.98	-	-	3,333,806.98
Charges for Services	278,812.26	-	-	278,812.26
Investment Earnings	84,048.32	12,895.19	-	96,943.51
Miscellaneous	322,489.29	-	-	322,489.29
Total Revenues	34,908,962.56	5,086,344.87	-	39,995,307.43
EXPENDITURES				
Current				
Instruction	23,282,723.33	380,480.43	-	23,663,203.76
Support Services				
Pupil Services	859,347.33	-	-	859,347.33
Improvement of Instructional Services	1,298,077.07	-	-	1,298,077.07
Educational Media Services	583,332.59	8,885.10	-	592,217.69
General Administration	760,867.26	-	-	760,867.26
School Administration	1,718,191.16	500.00	-	1,718,691.16
Business Administration	423,421.69	24,519.89	25.00	447,966.58
Maintenance and Operation of Plant	1,931,015.16	159,566.26	-	2,090,581.42
Student Transportation Services	1,429,106.02	15,606.80	-	1,444,712.82
Central Support Services	85,471.84	6,391.25	-	91,863.09
Other Support Services	410,095.50	-	-	410,095.50
Enterprise Operations	169,238.37	-	-	169,238.37
Food Services Operation	1,938,150.84	-	-	1,938,150.84
Capital Outlay	-	3,203,241.29	-	3,203,241.29
Debt Services				
Principal	-	34,920.00	1,800,000.00	1,834,920.00
Interest	-	4,807.00	603,227.85	608,034.85
Total Expenditures	34,889,038.16	3,838,918.02	2,403,252.85	41,131,209.03
Revenues over (under) Expenditures	19,924.40	1,247,426.85	(2,403,252.85)	(1,135,901.60)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	2,403,252.85	2,403,252.85
Transfers Out	-	(2,403,252.85)	-	(2,403,252.85)
Total Other Financing Sources (Uses)	-	(2,403,252.85)	2,403,252.85	-
Net Change in Fund Balances	19,924.40	(1,155,826.00)	-	(1,135,901.60)
Fund Balances - Beginning (Restated)	5,712,409.84	3,234,280.68	-	8,946,690.52
Fund Balances - Ending	$ 5,732,334.24	$ 2,078,454.68	$ -	$ 7,810,788.92

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

GREENE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2018

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")		$ (1,135,901.60)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 2,703,956.24	
Depreciation expense	(2,002,426.09)	701,530.15
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(7,800.41)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Bond principal retirements	$ 1,000,000.00	
Intergovernmental agreement payments	800,000.00	
Revenue bond payments	34,920.00	1,834,920.00
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	$ (440,960.52)	
OPEB expense	(667,912.00)	(1,108,872.52)
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest on issuance of bonds		14,507.20
Change in net position of governmental activities (Exhibit "B")		$ 298,382.82

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

GREENE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 45,948.36
LIABILITIES	
Funds Held for Others	$ 45,948.36

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

Discretely Presented Component Unit

The Lake Oconee Academy, Inc. (Charter School) is responsible for the public education of all students attending its school. The Charter School was created through a contract between the School District and the Charter School whereby all State funding associated with the students attending the Charter School and certain specified local funds are turned over to the Charter School to cover the cost of its operations. The financial statements of the Charter School have been included as a discretely presented component unit.

Lake Oconee Academy was formed as a Georgia non-profit corporation in April 2007 for the purpose of operating a public charter school in Greensboro, Georgia. Operations commenced in the 2007/2008 academic school year. The Charter School's mission is to increase student achievement by building a culture of high expectations for all students.

See Note 18 for additional information related to the component unit.

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 and its component units, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and grants from 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 (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

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

BASIS OF ACCOUNTING

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 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 Governmental Accounting Standards Board (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 Governmental Accounting Standards Board (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. 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 Governmental Accounting Standards Board (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.

INVENTORIES

Food Inventories

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

PREPAID ITEMS

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

RESTRICTED ASSETS

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of net position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds and Rutland Center revenue bonds.

CAPITAL ASSETS

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any	N/A
Land Improvements	$ 5,000.00	20 to 80 years
Buildings and Improvements	$ 5,000.00	Up to 80 years
Equipment	$ 5,000.00	5 to 25 years
Intangible Assets	$ 350,000.00	5 to 80 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

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

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

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been

determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

USE OF ESTIMATES

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

PROPERTY TAXES

The Greene County Board of Commissioners adopted the property tax levy for the 2017 tax digest year (calendar year) on August 30, 2017 (levy date) based on property values as of January 1, 2017. Taxes were due on December 1, 2017 (lien date). 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 Greene County Board of Commissioners bills and collects the property taxes for

the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2018, for maintenance and operations amounted to $20,579,972.92.

The tax millage rate levied for the 2017 tax year (calendar year) for the School District was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	13.381 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $776,316.98 during fiscal year ended June 30, 2018.

SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $4,706,189.15 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

The Superintendent is authorized by the Board to approve adjustments of no more than 10% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 10% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds $5,000.00 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

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

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

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

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

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2018, the School District had deposits with a carrying amount of $6,583,664.31 and a bank balance of $7,151,216.30. The bank balances insured by Federal depository insurance were $422,487.98 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District’s name were $6,728,728.32.

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

Cash and cash equivalents	
Statement of Net Position	$ 7,429,301.02
Statement of Fiduciary Net Position	45,948.36
Total cash and cash equivalents	7,475,249.38
Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	891,585.07
Total carrying value of deposits - June 30, 2018	$ 6,583,664.31

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $891,585.07 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

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

Investment Type	Fair Value	Investment Maturity Less than 1 Year
Debt Securities		
U.S. Treasuries		
Bond Mutual Funds	$ 39,703.85	$ 39,703.85

Fair Value 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 measurements in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

The School District had the following recurring fair value measurements as of June 30, 2018:

Bond Mutual funds of $39,703.85 are valued using quoted prices for identical instruments in the market (Level 1 inputs).

Interest Rate Risk

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

Custodial Credit Risk

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

At June 30, 2018, $39,703.85 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

Credit Quality Risk

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

NOTE 5: RESTRICTED ASSETS

The restricted investment balance, totaling 39,703.85 is for the Rutland Center revenue bonds. These assets are pledged to redeem revenue bonds upon maturity.

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2017	Increases	Decreases	Transfers	Balances June 30, 2018
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	$ 1,633,782.68	$ -	$ -	$ -	$ 1,633,782.68
Construction in Progress	504,252.71	2,541,730.22	-	(2,645,796.60)	400,186.33
Total Capital Assets Not Being Depreciated	2,138,035.39	2,541,730.22	-	(2,645,796.60)	2,033,969.01
Capital Assets Being Depreciated					
Buildings and Improvements	52,357,527.18	72,068.58	-	2,645,796.60	55,075,392.36
Equipment	6,557,704.82	90,157.44	-	-	6,647,862.26
Land Improvements	10,131,856.96	-	-	-	10,131,856.96
Less Accumulated Depreciation for:					
Buildings and Improvements	15,836,463.94	1,339,629.48	-	-	17,176,093.42
Equipment	5,102,739.77	294,908.42	-	-	5,397,648.19
Land Improvements	3,886,432.89	367,888.19	-	-	4,254,321.08
Total Capital Assets, Being Depreciated, Net	44,221,452.36	(1,840,200.07)	-	2,645,796.60	45,027,048.89
Governmental Activity Capital Assets - Net	$ 46,359,487.75	$ 701,530.15	$ -	$ -	$ 47,061,017.90

Current year depreciation expense by function is as follows:

Instruction		$ 1,388,244.39
Support Services		
Pupil Services	$ 233,645.56	
General Administration	19,945.01	
Business Administration	1,700.87	
Maintenance and Operation of Plant	22,183.95	
Student Transportation Services	180,835.29	
Central Support Services	76,765.11	
Other Support Services	17,500.00	552,575.79
Food Services		61,605.91
		$ 2,002,426.09

NOTE 7: INTERFUND TRANSFERS

INTERFUND TRANFERS

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

Transfers To	Transfers from Capital Projects Fund
Debt Service Fund	$ 2,403,252.85

Transfers are used to move Special Purpose Local Option Sales Tax revenue (SPLOST) collected by the capital projects fund to the debt service fund as needed for repayment of bond principal and interest.

NOTE 8: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
General Obligation (G.O.) Bonds	$ 3,000,000.00	$ -	$ 1,000,000.00	$ 2,000,000.00	$ 1,000,000.00
Revenue Bonds	112,268.43	-	34,920.00	77,348.43	36,360.00
Intergovernmental Agreement	12,345,000.00	-	800,000.00	11,545,000.00	825,000.00
	$ 15,457,268.43	$ -	$ 1,834,920.00	$ 13,622,348.43	$ 1,861,360.00

GENERAL OBLIGATION DEBT OUTSTANDING

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

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2015	0.975% - 2.1875%	7/30/2015	12/1/2019	$ 5,000,000.00	$ 2,000,000.00

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

	General Obligation Debt	
Fiscal Year Ended June 30:	Principal	Interest
2019	$ 1,000,000.00	$ 32,806.70
2020	1,000,000.00	11,056.07
Total Principal and Interest	$ 2,000,000.00	$ 43,862.77

REVENUE BONDS

The Greene County Board of Education entered into an agreement dated June 1, 2006, with the Northeast Georgia Regional Educational Service Agency for the construction and subsequent lease of the Rutland Center. Under the terms of the agreement, the School District will make annual payments through July 15, 2020.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Rutland Center Revenue Bonds	4.16%	6/1/2006	8/1/2020	$ 414,000.00	$ 77,348.43

The following schedule details debt service requirement to maturity for the School District's total Revenue Bonds payable:

Fiscal Year Ended June 30:	Revenue Bonds Principal	Revenue Bonds Interest
2019	$ 36,360.00	$ 3,085.06
2020	40,988.43	1,572.45
Total Principal and Interest	$ 77,348.43	$ 4,657.51

INTERGOVERNMENTAL AGREEMENT

The Greene County Board of Education entered into a contract with the Greene County Development Authority dated December 16, 2009 for the issuance of bonds to provide funds to Lake Oconee Academy, Inc. for the purpose of constructing Greene County School District educational facilities for use by Lake Oconee Academy, Inc. Under the terms of the contract, the Greene County Development Authority issues $17,205,000.00 in bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

The debt at June 30, 2018, associated with this agreement were as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2009	2.0% - 2.5%	12/16/2009	2/1/2029	$ 17,205,000.00	$ 11,545,000.00

The following schedule details debt service requirements to maturity for the School District's total intergovernmental agreement payable:

Fiscal Year Ended June 30:	General Obligation Debt Principal	General Obligation Debt Interest
2019	$ 825,000.00	$ 520,660.00
2020	870,000.00	479,410.00
2021	910,000.00	435,910.00
2022	955,000.00	390,410.00
2023	1,005,000.00	342,660.00
2024 - 2028	5,690,000.00	1,051,240.00
2029 - 2033	1,290,000.00	58,050.00
Total Principal and Interest	$ 11,545,000.00	$ 3,278,340.00

CAPITAL LEASES – INTERGOVERNMENTAL AGREEMENT AND REVENUE BONDS

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

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

Revenue Bonds		Governmental Activities
Land	$	41,185.00
Buildings and Improvements		341,842.42
Less: Accumulated Depreciation		61,465.71
	$	280,376.71

Intergovernmental Agreement		Governmental Activities
Land	$	1,174,999.65
Buildings and Improvements		12,226,220.14
Land Improvements		3,333,589.96
Equipment		11,843.70
	$	16,746,653.45

NOTE 9: RISK MANAGEMENT

INSURANCE

Commercial Insurance

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

WORKERS' COMPENSATION

Georgia Education Workers' Compensation Trust

The School District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of $1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of $2.0 million. The Trust covers the first $1.0 million of each Employers Liability claim with Safety National providing additional Employers Liability limits up to a $2.0 million per occurrence maximum. Safety National Casualty Company also provides $2.0 million in aggregate coverage to the Trust, attaching at 110% of the loss fund and based on the Fund's annual normal premium.

UNEMPLOYMENT COMPENSATION

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2017	$ -	$ 5,572.00	$ 5,572.00	$ -
2018	$ -	$ -	$ -	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 50,000.00

NOTE 10: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2018:

Nonspendable		
Inventories	$ 70,793.99	
Prepaid Assets	80,920.27	$ 151,714.26
Restricted		
Continuation of Federal Programs	$ 432,689.18	
Capital Projects	721,109.14	
Debt Service	1,331,645.12	2,485,443.44
Assigned		
School Activity Accounts		122,538.88
Unassigned		5,051,092.34
Fund Balance, June 30, 2018		$ 7,810,788.92

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

NOTE 11: SIGNIFICANT COMMITMENTS

COMMITMENTS UNDER CONSTRUCTION CONTRACTS

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

Project	Unearned Executed Contracts (1)	Payments through June 30, 2018 (2)	Funding Available From State (1)
Greene College and Career Academy	$ 3,221,238.42	$ 390,299.58	$ 2,640,571.75
UPSA Pre-K Renovations	94,000.00	-	-
	$ 3,315,238.42	$ 390,299.58	$ 2,640,571.75

(1) The amounts described are not reflected in the basic financial statements.
(2) Payments include Contracts and Retainages Payable at year end.

OPERATING LEASES

The School District leases copiers under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled $12,201.36 for governmental activities for the year ended June 30, 2018. The following future minimum lease payments were required under operating leases at June 20, 2018.

Year Ending	Governmental Funds
2019	$ 12,201.36
2020	12,201.36
2021	12,201.36
Total	$ 36,604.08

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

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

LITIGATION

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 POST-EMPLOYMENT BENEFITS (OPEB)

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT 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), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, 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 $1,009,734.00 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 $26,492,323.00 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 0.188558%, which was an increase of 0.006083% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of $1,677,646.00. 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	$ -	$ 2,017,323.00
Net difference between projected and actual earnings on OPEB plan investments	7,748.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	764,092.00	-
School District contributions subsequent to the measurement date	1,009,734.00	-
Total	$ 1,781,574.00	$ 2,017,323.00

School District contributions subsequent to the measurement date of $1,009,734.00 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	$ (223,465.00)
2020	$ (223,465.00)
2021	$ (223,465.00)
2022	$ (223,465.00)
2023	$ (225,402.00)
2024	$ (126,221.00)

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	
ERS	3.25% - 7.00%, including inflation
JRS	4.50%, including inflation
LRS	None
TRS	3.25 — 9.00%, including inflation
PSERS	N/A
Long-term expected rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2022

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

- For ERS, JRS and LRS 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 of assumptions 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. In addition, the discount rate increased from 3.07% to 3.58%.

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%	1.13%

* Rate shown is net of the 2.75% assumed rate of inflation.

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)	$ 31,454,889.00	$ 26,492,323.00	$ 22,575,855.00

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 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)	$ 21,959,118.00	$ 26,492,323.00	$ 32,394,550.00

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.

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the School District as defined in O.C.G.A §47-3-60 and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the *O.C.G.A.* assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers Retirement System of Georgia issues a publicly available separate financial 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% of annual School District payroll, of which 16.70% of payroll was required from the School District and 0.11% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $2,911,460.22 and $18,737.70 from the School District and the State, respectively.

EMPLOYEES' RETIREMENT SYSTEM

Plan description: The Employees' Retirement System of Georgia (ERS) is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the

O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

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

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

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the old plan are 4% of annual compensation, up to $4,200.00, plus 6% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's required contribution rate for the year ended June 30, 2018 was 24.81% of annual covered payroll for old and new plan members and 21.81% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.69% of annual covered payroll for old and new plan members and 21.69% for GSEPS members, plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees. 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 $11,838.96 for the current fiscal year.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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 $53,103.00.

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

At June 30, 2018, the School District reported a liability of $26,314,957.00 for its proportionate share of the net pension liability for TRS ($26,220,896.00) and ERS ($94,061.00).

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

School District's proportionate share of the net pension liability	$	26,220,896.00
State of Georgia's proportionate share of the net pension liability associated with the School District		478,200.00
Total	$	26,699,096.00

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 0.141084%, which was an increase of 0.005059% from its proportion measured as of June 30, 2016. At June 30, 2017, the School District's ERS proportion was 0.002316%, which was an a decrease of 0.000147% 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 $261,394.00.

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 $3,410,022.00 for TRS, ($41,309.00) for ERS and $52,681.00 for PSERS and revenue of $4,454.00 for TRS and $52,681.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 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 Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 980,823.00	$ 98,955.00	$ 1,031.00	$ 1.00
Changes of assumptions	574,795.00	-	214.00	-
Net difference between projected and actual earnings on pension plan investments	-	180,444.00	-	234.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,451,162.00	-	-	15,490.00
School District contributions subsequent to the measurement date	2,911,460.22	-	11,838.96	-
Total	$ 5,918,240.22	$ 279,399.00	$ 13,083.96	$ 15,725.00

The School District contributions subsequent to the measurement date of $2,911,460.22 for TRS and $11,838.96 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	$ 363,302.00	$ (15,163.00)
2020	$ 1,790,382.00	$ 2,294.00
2021	$ 1,013,697.00	$ 1,056.00
2022	$ (473,005.00)	$ (2,667.00)
2023	$ 33,005.00	$ -

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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 43,031,567.00	$ 26,220,896.00	$ 12,372,682.00

Employees' Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 132,762.00	$ 94,061.00	$ 61,047.00

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

DEFINED CONTRIBUTION PLAN

In November 01, 2001, the School District began an employer paid 403(b) annuity 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 of this group.

The School District selected VALIC as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan a maximum amount of $25.00 per month in matching contributions.

The employee becomes vested in the plan with 10 years of experience. Employees who had already achieved 10 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 10 years of service. If an employee terminates employment prior to achieving 10 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

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

Fiscal Year	Percentage Contributed		Required Contribution
2018	100%	$	6,310.65
2017	100%	$	6,854.26
2016	100%	$	8,102.57

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 require 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 $26,067,648.00 This change is in accordance with generally accepted accounting procedures.

Net Position, July 1, 2017 as previously reported	$	19,520,129.08
Prior Period Adjustment - Implementation of GASB No. 75: Net OPEB Liability (measurement date)		(27,043,317.00)
Deferred Outflows - School District's Contributions made during fiscal year 2017		983,157.00
Net Position, July 1, 2017, as restated	$	(6,540,030.92)

Net position in Governmental Activities and fund balance in the capital projects as of July 1, 2017 have been restated to restate beginning capital projects investments related to Rutland. These changes are in accordance with generally accepted accounting principles.

Net Position, July 1, 2017 after GASB No. 75 changes above	$	(6,540,030.92)
To restate beginning investments for Rutland Center		39,703.85
Net Position, July 1, 2017, as restated	$	(6,500,327.07)

NOTE 16: TAX ABATEMENTS

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

For the fiscal year ended June 30, 2018, Greene County abated property taxes due to the School District in the amount of $539,267.94 that was levied during the 2017 property tax digest year. The amount abated is due to a single tax abatement agreement with a lodging and hospitality organization that increases employment and economic development in the County.

NOTE 17: PLEDGED REVENUES

The School District has pledged, as security for a promissory note issued by Lake Oconee Academy, a portion of the Education Special Purpose Local Option Sales Tax (ESPLOST). The note, in the amount of $2,400,000.00, was used to fund the construction of buildings for Lake Oconee Academy and is payable through fiscal year 2019. The School District has pledged $500,000.00 annually from ESPLOST revenues. Total principal and interest remaining on the debt is $512,677.00.

NOTE 18: COMPONENT UNIT

The Lake Oconee Academy, Inc. (Charter School) was organized in April 2007 as a Georgia non-profit corporation. The Charter School is responsible for the public education of all students attending its schools.

Deposits for Component Unit:

Custodial credit risk is the risk that in the event of bank failure, the Charter School's deposits may not be returned to it. On June 30, 2018, the carrying amount of bank deposits was $4,266,083.00 and bank balances were $4,308,670.00

The Organization's bank, Bank South, began participating in the State of Georgia Secure Deposit Program by which participating banks pool collateral to secure deposits. In the event of a loss, the Organization would first apply insurance provided by the FDIC of $250,000.00 all other deposits would be insured by the pooled collateral. The program is administered by the State Treasurer. Therefore, there were no deposits exposed to custodial credit risk at June 30, 2018.

Long-Term Lease for Component Unit:

On December 20, 2017, the Lake Oconee Academy Foundation, Inc., entered into a construction promissory note in the amount of $18,085,000.00 to finance the construction of a 25,000 square foot high school and a 31,000 square foot student life center on approximately 22.92 acres of land located adjacent to the charter school's present location. Upon completion of the project, the Organization anticipates that the USDA will provide permanent financing for the project with a repayment term of 38 years at a fixed rate of interest at 3.25%. The Organization's is obligated to lease the facility upon its completion at a rate that is sufficient to pay the costs of ownership including debt service for the project. Management expects the project to be completed in approximately April 2019.

Capital Assets for Component Unit:

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

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land		-		-
Construction in Progress	$ 820,490.00	$ 498,597.00	$ 1,128,124.00	$ 190,963.00
Capital Assets Being Depreciated				
Buildings and Improvements	2,745,737.00	207,788.00	-	2,953,525.00
Equipment	1,330,726.00	9,876.00	-	1,340,602.00
Intangible Assets	67,632.00	-	-	67,632.00
Less Accumulated Depreciation for:				
Buildings and Improvements	261,155.00	83,587.00	-	344,742.00
Equipment	723,676.00	229,307.00	-	952,983.00
Intangible Assets	67,632.00	-	-	67,632.00
Total Capital Assets, Being Depreciated, Net	3,091,632.00	(95,230.00)	-	2,996,402.00
Governmental Activity Capital Assets - Net	$ 3,912,122.00	$ 403,367.00	$ 1,128,124.00	$ 3,187,365.00

Current year depreciation expense by function is as follows:

Instruction		$ 44,325.00
Support Services		
Maintenance and Operation of Plant	$ 239,892.00	
Student Transportation Services	9,910.00	249,802.00
Food Services		18,767.00
		$ 312,894.00

Long-Term Liabilities for Component Unit:

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

	Governmental Activities				
	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Promissory Notes	$ 999,563.00	$ -	$ 502,113.00	$ 497,450.00	$ 497,450.00

The Charter School constructed three buildings at a cost of $3.3 Million on its existing campus. The buildings totaling 26,390 square feet and include classroom and office space. Funding for the project was from proceeds of a construction loan from the Organization's bank which was converted to permanent financing as described below. The Organization contributed 20% of the construction cost from its general fund.

Proceeds from a promissory note with Bank South of $2,400,000.00 were utilized to fund the construction of the buildings.

The note is repayable from proceeds of the Greene County Board of Education "Education Special Purpose Local Option Sales Tax" (ESPLOST) at $500,000.00 per year beginning on August 1, 2015 and continuing for a total of four installments of $500,000.00 due on August 1 each year. Additional principal payments from general revenues were due in the amount of $56,081.00 on August 1, 2016, $55,949.00 on August 1, 2017, and $55,686.00 on August 1, 2018. However, this portion of the note was repaid in full on September 7, 2016.

The note matures and is due in full on August 1, 2018. Interest was due monthly with $167,057.00 repayable with interest at 2.75% per annum and the balance repayable with interest at 5.25% per annum. As noted above the $167,057.00 portion of the note was repaid early. As of June 30, 2018, $0.00 was due on the first tier and $497,450.00 was due on the second tier with total long-term debt outstanding at June 30 being $497,450.00.

Future requirements to reduce long-term debt and for interest are as follows:

	Promissory Notes	
Fiscal Year Ended June 30 2018:	Principal	Interest
2019	$ 497,450.00	$ 2,104.00

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

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.141084%	$ 26,220,896.00	$ 478,200.00	$ 26,699,096.00	$ 16,485,900.49	159.05%	79.33%
2017	0.136025%	$ 28,063,474.00	$ 735,706.00	$ 28,799,180.00	$ 15,311,822.79	183.28%	76.06%
2016	0.132034%	$ 20,100,865.00	$ 600,283.00	$ 20,701,148.00	$ 14,357,962.71	140.00%	81.44%
2015	0.131414%	$ 16,602,426.00	$ 509,137.00	$ 17,111,563.00	$ 13,816,894.27	120.16%	84.03%

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

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

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	0.002316%	$ 94,061.00	$ 56,808.87	165.57%	76.33%
2017	0.002463%	$ 116,510.00	$ 57,272.78	203.43%	72.34%
2016	0.004508%	$ 182,637.00	$ 97,835.48	186.68%	76.20%
2015	0.005517%	$ 206,922.00	$ 125,181.67	165.30%	77.99%

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

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

SCHEDULE "3"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's 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%	$ -	$ 261,394.00	$ 261,394.00	$ 951,641.31	N/A	85.69%
2017	0.00%	$ -	$ 346,042.00	$ 346,042.00	$ 956,860.21	N/A	81.00%
2016	0.00%	$ -	$ 235,801.00	$ 235,801.00	$ 998,454.91	N/A	87.00%
2015	0.00%	$ -	$ 200,687.00	$ 200,687.00	$ 980,963.47	N/A	88.29%

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

GREENE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30

SCHEDULE "4"

Year Ended	School District's proportion of the net OPEB 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-employee payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.188558%	$ 26,492,323.00	$ -	$ 26,492,323.00	$ 15,778,694.87	167.90%	1.61%

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

GREENE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
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	$ 2,911,460.22	$ 2,911,460.22	$ -	$ 17,431,278.52	16.70%
2017	$ 2,311,700.42	$ 2,311,700.42	$ -	$ 16,485,900.49	14.02%
2016	$ 2,129,171.85	$ 2,129,171.85	$ -	$ 15,311,822.79	13.91%
2015	$ 1,835,628.79	$ 1,835,628.79	$ -	$ 14,357,962.71	12.78%

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

GREENE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
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	$ 11,838.96	$ 11,838.96	$ -	$ 47,718.60	24.81%
2017	$ 14,094.28	$ 14,094.28	$ -	$ 56,808.87	24.81%
2016	$ 14,157.84	$ 14,157.84	$ -	$ 57,272.78	24.72%
2015	$ 21,484.66	$ 21,484.66	$ -	$ 97,835.48	21.96%

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

GREENE COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30

SCHEDULE "7"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2018	$ 1,009,734.00	$ 1,009,734.00	$ -	$ 16,631,062.70	6.07%
2017	$ 983,157.00	$ 983,157.00	$ -	$ 15,778,694.87	6.23%

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

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

Employees' Retirement System

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

Public School Employees Retirement System

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

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

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. Additionally, there were changes to the discount rate and an increase in the investment rate of return due to a longer-term investment strategy.

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.

GREENE COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 20,431,643.40	$ 20,431,643.40	$ 21,377,299.63	$ 945,656.23
Sales Taxes	-	-	222,603.15	222,603.15
State Funds	8,931,400.00	9,172,428.25	9,289,902.93	117,474.68
Federal Funds	3,239,320.48	3,306,468.50	3,333,806.98	27,338.48
Charges for Services	43,500.00	43,500.00	278,812.26	235,312.26
Investment Earnings	28,200.00	28,200.00	84,048.32	55,848.32
Miscellaneous	110,000.00	110,000.00	322,489.29	212,489.29
Total Revenues	32,784,063.88	33,092,240.15	34,908,962.56	1,816,722.41
EXPENDITURES				
Current				
Instruction	24,447,827.54	23,747,992.94	23,282,723.33	465,269.61
Support Services				
Pupil Services	863,081.26	933,226.26	859,347.33	73,878.93
Improvement of Instructional Services	652,875.18	1,112,144.18	1,298,077.07	(185,932.89)
Educational Media Services	578,560.75	578,560.75	583,332.59	(4,771.84)
General Administration	719,584.19	825,671.19	760,867.26	64,803.93
School Administration	1,625,173.20	1,625,173.20	1,718,191.16	(93,017.96)
Business Administration	476,892.05	476,892.05	423,421.69	53,470.36
Maintenance and Operation of Plant	2,129,938.68	2,114,638.68	1,931,015.16	183,623.52
Student Transportation Services	1,434,580.26	1,478,580.26	1,429,106.02	49,474.24
Central Support Services	109,227.68	109,227.68	85,471.84	23,755.84
Other Support Services	415,255.88	435,255.88	410,095.50	25,160.38
Enterprise Operations	-	-	169,238.37	(169,238.37)
Food Services Operation	1,454,340.73	1,454,340.73	1,938,150.84	(483,810.11)
Total Expenditures	34,907,337.40	34,891,703.80	34,889,038.16	2,665.64
Excess of Revenues over (under) Expenditures	(2,123,273.52)	(1,799,463.65)	19,924.40	1,819,388.05
OTHER FINANCING SOURCES (USES)				
Other Sources	9,911,662.43	9,911,662.43	-	(9,911,662.43)
Other Uses	(9,911,662.43)	(9,911,662.43)	-	9,911,662.43
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(2,123,273.52)	(1,799,463.65)	19,924.40	1,819,388.05
Fund Balances - Beginning	5,202,489.73	5,202,489.73	-	(5,202,489.73)
Adjustments	-	(4,830.96)	-	4,830.96
Fund Balances - Ending	$ 3,079,216.21	$ 3,398,195.12	$ 19,924.40	$ (3,378,270.72)

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $278,243.04 and $264,410.65, respectively. The School District does not budget expenditures for Lake Oconee Academy

The accompanying schedule of revenues, expenditures and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

See notes to the basic financial statements.

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	18185GA324N1099	413,938.46
National School Lunch Program	10.555	18185GA324N1100	1,425,304.34
Total Child Nutrition Cluster			1,839,242.80
Forest Service Schools and Road Cluster			
Pass-Through From Office of the State Treasurer			
Schools and Roads-Grants to States	10.665	486 Forest	18,724.79
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	185GA324L1603	40,280.90
Total U. S. Department of Agriculture			1,898,248.49
Education, U.S Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	570,266.14
Preschool Grants	84.173	H173A170081	34,999.00
Total Special Education Cluster			605,265.14
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A170010	25,648.00
English Language Acquisition State Grants	84.365	S365A160010	3,280.00
English Language Acquisition State Grants	84.365	S365A170010	6,956.51
Supporting Effective Instruction State Grants	84.367	S367A170001	74,739.70
Rural Education	84.358	S358B160010	3,216.31
Rural Education	84.358	S365B170010	35,558.01
Student Support and Academic Enrichment Program	84.424A	S424A170011	21,098.27
Title I Grants to Local Educational Agencies	84.010	S010A160010	37,900.78
Title I Grants to Local Educational Agencies	84.010	S010A170010	989,301.32
Total Other Programs			1,197,698.90
Total U. S. Department of Education			1,802,964.04
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.UNKNOWN		30,133.46
Total Expenditures of Federal Awards			$ 3,731,345.99

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 Greene 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 position 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 Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

GREENE COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2018

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES: GENERAL FUND	GOVERNMENTAL FUND TYPES: CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 342,823.05	-	$ 342,823.05
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	651,048.00	-	651,048.00
Kindergarten Program - Early Intervention Program	12,890.00	-	12,890.00
Primary Grades (1-3) Program	1,532,650.00	-	1,532,650.00
Primary Grades - Early Intervention (1-3) Program	45,683.00	-	45,683.00
Upper Elementary Grades (4-5) Program	635,162.00	-	635,162.00
Upper Elementary Grades - Early Intervention (4-5) Program	34,101.00	-	34,101.00
Middle School (6-8) Program	1,110,306.00	-	1,110,306.00
High School General Education (9-12) Program	942,544.00	-	942,544.00
Vocational Laboratory (9-12) Program	199,328.00	-	199,328.00
Students with Disabilities	1,198,282.00	-	1,198,282.00
Gifted Student - Category VI	204,265.00	-	204,265.00
Remedial Education Program	21,736.00	-	21,736.00
Alternative Education Program	78,852.00	-	78,852.00
English Speakers of Other Languages (ESOL)	116,596.00	-	116,596.00
Media Center Program	189,673.00	-	189,673.00
20 Days Additional Instruction	58,815.00	-	58,815.00
Staff and Professional Development	27,751.00	-	27,751.00
Principal Staff and Professional Development	811.00	-	811.00
Indirect Cost			
Central Administration	307,872.00	-	307,872.00
School Administration	441,923.00	-	441,923.00
Facility Maintenance and Operations	379,367.00	-	379,367.00
Amended Formula Adjustment	(134,331.00)	-	(134,331.00)
Categorical Grants			
Pupil Transportation			
Regular	375,797.00	-	375,797.00
Nursing Services	49,436.00	-	49,436.00
Other State Programs			
Food Services	44,932.00	-	44,932.00
Math and Science Supplements	41,751.16	-	41,751.16
Preschool Disability Services	53,989.00	-	53,989.00
Teacher of the Year	507.25	-	507.25
Teachers Retirement	18,737.00	-	18,737.00
Vocational Education	44,368.00	-	44,368.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	367,260.53	367,260.53
Office of the State Treasurer			
Public School Employees Retirement	53,103.00	-	53,103.00
Public Health, Georgia Department of			
Preventative Health and Health Services Block Grant			
School Nutrition and Physical Activity Award	10,000.00		10,000.00
Technical College System of Georgia			
Adult Education	4,000.00	-	4,000.00
Vocational-Technology School	146,666.66	-	146,666.66
CONTRACT			
Human Resources, Georgia Department of			
Family Connection	48,468.11	-	48,468.11
	$ 9,289,902.23	$ 367,260.53	$ 9,657,162.76

See notes to the basic financial statements.

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GREENE COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2018

SCHEDULE "12"

PROJECT 2014 ESPLOST	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
1. Adding to, renovating, repairing, improving, and equipping school system buildings and facilities including Greene County High School,	$ 4,820,096.00	$ 4,820,096.00	$ 2,668,782.69	$ 1,516,626.55	$ -	$ -	December 2019
2. Acquiring miscellaneous new equipment, fixtures and furnishings for the school system, including technology equipment and safety and security equipment,	1,671,639.00	3,000,000.00	374,116.97	2,128,203.63	-	-	December 2019
3. Acquiring school buses and transportation and maintenance equipment,	398,785.00	398,785.00	15,606.80	365,459.83	-	-	December 2019
4. Acquiring textbooks for the school system,	975,000.00	750,000.00	239,584.56	259,500.64	-	-	December 2019
5. Acquiring portable school classroom facilities,	3,500,000.00	3,500,000.00	500,000.00	2,180,013.00	-	-	December 2019
6. Paying a portion of the lease-purchase payments due under the Intergovernmental Agreement securing the Greene County Development Authority Revenue Bonds (Lake Oconee Academy Project), Series 2009, from January, 2015 through February, 2020 (the maximum amount of such payments not to exceed $6,660,213.00),	6,660,213.00	6,660,213.00	1,352,632.92	3,722,263.00	-	-	February 2020
7. Paying a portion of the purchase payments due under the Intergovernmental Agreement between the School District and Northeast Georgia RESA relating to the Rutland Center (the maximum amount of such payments not to exceed $189,267.00),	189,267.00	189,267.00	39,727.00	129,106.72	-	-	February 2020
8. Paying any general obligation debt of the School District issued in conjunction with the imposition of said sales and use tax, and	5,000,000.00	5,000,000.00	1,050,619.93	2,103,880.97	-	-	December 2019
9. Paying any expenses incident to accomplishing the foregoing.	185,000.00	185,000.00	1,100.00	111,509.00	-	-	December 2019
	$ 23,400,000.00	$ 24,503,361.00	$ 6,242,170.87	$ 12,516,563.34	$ -	$ -	

(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 Greene 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.

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 21, 2019

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Greene County Board of Education

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Greene County Board of Education (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 March 21, 2019.

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.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

March 21, 2019

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Greene County Board of Education

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

Report on Compliance for Each Major Federal Program

We have audited the Greene County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. The School District's major federal program is 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 the School District's major federal program 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.

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Opinion on Each Major Federal Program

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

Respectfully submitted,



Greg S. Griffin
State Auditor

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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GREENE COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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GREENE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue:

Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information; Discretely Presented Component Unit	Unmodified

Internal control over financial reporting:

▪ Material weaknesses identified?	No
▪ Significant deficiencies identified?	None Reported

Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:

▪ Material weaknesses identified?	No
▪ Significant deficiencies identified?	None Reported

Type of auditor's report issued on compliance for major programs:

All major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.