

LIBERTY COUNTY BOARD OF EDUCATION
HINESVILLE, GEORGIA

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

LIBERTY COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	REQUIRED SUPPLEMENTARY INFORMATION	
	MANAGEMENT'S DISCUSSION AND ANALYSIS	i
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	GOVERNMENT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	4
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	5
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	6
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G	STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	8
H	NOTES TO THE BASIC FINANCIAL STATEMENTS	9
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA	33
2	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA	34
3	SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL OPEB FUND	35
4	SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF GEORGIA	36
5	SCHEDULE OF CONTRIBUTIONS – SCHOOL OPEB FUND	37
6	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	38
7	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	39

(This page left intentionally blank)

LIBERTY COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

8	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	40
9	SCHEDULE OF STATE REVENUE	41
10	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	43

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION V

MANAGEMENT’S CORRECTIVE ACTION FOR CURRENT YEAR FINDINGS

SCHEDULE OF MANAGEMENT’S CORRECTIVE ACTION

(This page left intentionally blank)

SECTION I

FINANCIAL

(This page left intentionally blank)

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

INDEPENDENT AUDITOR'S REPORT

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
Liberty County Board of Education

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(This page left intentionally blank)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 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.

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 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

(This page left intentionally blank)

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental 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 10, 2020 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

March 10, 2020

(This page left intentionally blank)

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

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2018 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of the School District exceeded liabilities and deferred inflows by $46.6 million.
- General revenues accounted for $48.6 million in revenue or 42.7% of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for $65.2 million in revenue or 57.3% of total revenues. Total revenues were $113.8 million.
- The School District had $114.5 million in expenses relating to governmental activities; only $65.2 million of these expenses are offset by program specific charges for services and grants and contributions. General revenues (primarily property taxes and sales taxes) of $48.6 million, along with the School District's beginning net position, were adequate to provide for these programs.
- On the government-wide financial statements, the School District reported deferred inflows of resources of $12.6 million and deferred outflows of resources of $16.8 million related to defined benefit pension plan and other postemployment benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of several parts including 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. Management's discussion and analysis of the School District's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2018 and fiscal year 2017.

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

The fund financial statements focus on the individual parts, reporting the School District's operation in more detail. The governmental fund financial statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary funds statement provides information about the financial relationships in which the School District acts solely as an agent for the benefit of others.

The fund financial statements reflect the School District's most significant funds. In the case of the Liberty County Board of Education, the general fund and capital projects fund are 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 financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question about whether the School District is in a better financial position than last year. The Statement of Net Position and the Statement of Activities provide the basis for answering this question.

These financial statements include all of the School District's assets and liabilities and use the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and any changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, implementation of new accounting pronouncements and other factors.

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

Fund Financial Statements

The School District uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detailed information about only the School District's significant or major funds.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. 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 differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled within 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 school activity 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

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 presents a summary of the School District's net position for fiscal year 2018 as compared to net position for fiscal year 2017.

Table 1
Net Position

	Governmental Activities		
	Fiscal Year 2018	Fiscal Year 2017 (1)	Net Change
Assets			
Cash and Cash Equivalents	$ 36,063,312	$ 35,424,905	$ 638,407
Investments	11,096	11,096	-
Accounts Receivable, Net			
Taxes	3,103,612	3,350,147	(246,535)
State Government	7,592,219	7,240,247	351,972
Federal Government	1,344,099	1,726,465	(382,366)
Other	-	214,915	(214,915)
Inventories	70,907	71,812	(905)
Prepaid Items	293,510	-	293,510
Capital Assets, Non-Depreciable	4,363,981	15,467,938	(11,103,957)
Capital Assets, Depreciable (Net)	158,963,537	151,665,030	7,298,507
Total Assets	211,806,273	215,172,555	(3,366,282)
Deferred Outflows of Resources			
Related to Defined Benefit Pension Plan	14,165,791	23,818,554	(9,652,763)
Related to Other Post Employment Benefit Plan	2,676,102	-	2,676,102
Total Deferred Outflows	16,841,893	23,818,554	(6,976,661)
Liabilities			
Accounts Payable	773,816	2,070,234	(1,296,418)
Salaries and Benefits Payable	12,362,973	11,653,931	709,042
Payroll Withholdings Payable	933,224	3,598	929,626
Contracts Payable	177,300	92,650	84,650
Retainages Payable	36,583	216,932	(180,349)
Deposits and Unearned Revenue	231,660	-	231,660
Long-Term Liabilities			
Due Within One Year	-	2,293,181	(2,293,181)
Due in More Than One Year	494,702	492,049	2,653
Net Pension Liability	84,709,975	97,750,842	(13,040,867)
Net OPEB Liability	69,788,679	-	69,788,679
Total Liabilities	169,508,912	114,573,417	54,935,495
Deferred Inflows of Resources			
Related to Defined Benefit Pension Plan	6,760,570	5,576,103	1,184,467
Related to Other Post Employment Benefit Plan	5,808,509	-	5,808,509
Total Deferred Inflows	12,569,079	5,576,103	6,992,976
Net Position			
Net Investment in Capital Assets	162,874,000	166,775,509	(3,901,509)
Restricted for			
Continuation of Federal Programs	2,403,985	2,996,195	(592,210)
Capital Projects	7,413,237	4,208,174	3,205,063
Unrestricted (Deficit)	(126,121,047)	(55,138,289)	(70,982,758)
Total Net Position	$ 46,570,175	$ 118,841,589	$ (72,271,414)

(1) Fiscal year balances do not reflect the effects of the restatement of net position.
See Note 13 in the Notes to the Basic Financial Statements for additional information.

Total net position decreased by $72.3 million in fiscal year 2018. The change is primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* which was adopted by the School District for fiscal year 2018.

Table 2 shows the changes in net position for fiscal year 2018 compared to the changes in net position for fiscal year 2017.

Table 2
Change in Net Position

	Governmental Activities		
	Fiscal Year 2018	Fiscal Year 2017 (1)	Net Change
Revenues			
Program Revenues:			
Charges for Services	$ 1,096,310	$ 1,106,586	$ (10,276)
Operating Grants and Contributions	64,006,136	62,967,440	1,038,696
Capital Grants and Contributions	100,451	231,649	(131,198)
Total Program Revenues	65,202,897	64,305,675	897,222
General Revenues:			
Taxes:			
Property Taxes			
For Maintenance and Operations	31,066,340	29,983,352	1,082,988
Sales Taxes			
Special Purpose Local Option Sales Tax			
For Capital Projects	7,863,303	7,503,313	359,990
Other Taxes	296,673	340,293	(43,620)
Grants and Contributions not Restricted to Specific Programs	7,392,583	6,839,553	553,030
Investment Earnings	317,482	130,049	187,433
Miscellaneous	1,687,852	2,665,743	(977,891)
Total General Revenues	48,624,233	47,462,303	1,161,930
Total Revenues	113,827,130	111,767,978	2,059,152
Program Expenses:			
Instruction	68,814,313	62,291,232	6,523,081
Support Services			
Pupil Services	6,163,749	7,338,770	(1,175,021)
Improvement of Instructional Services	4,934,510	5,961,893	(1,027,383)
Educational Media Services	2,054,392	2,326,772	(272,380)
General Administration	1,559,629	1,464,606	95,023
School Administration	6,472,365	7,038,119	(565,754)
Business Administration	707,475	697,929	9,546
Maintenance and Operation of Plant	8,378,083	8,498,068	(119,985)
Student Transportation Services	6,675,622	7,018,329	(342,707)
Central Support Services	885,820	738,240	147,580
Other Support Services	463,321	775,134	(311,813)
Enterprise Operations	261,568	259,126	2,442
Food Services	7,101,304	6,464,350	636,954
Interest on Short-Term and Long-Term Debt	18,116	38,601	(20,485)
Total Expenses	114,490,267	110,911,169	3,579,098
Increase (Decrease) in Net Position	$ (663,137)	$ 856,809	$ (1,519,946)

(1) Fiscal year balances do not reflect the effects of the restatement of net position.
See Note 13 in the Notes to the Basic Financial Statements for additional information.

Governmental Activities

The School District is dependent upon operating grants and property taxes to support governmental activities. Instruction comprises 60.1%, support services 33.4%, and enterprise operations and food services 6.4% of government program expenses. Although program revenue makes up 57.3% of all revenues, the School District is still dependent upon tax revenues and other general revenues which comprise 42.7% of all revenues.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

Cost of Services

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2017
Instruction	$ 68,814,313	$ 62,291,232	$ 23,088,503	$ 17,596,969
Support Services				
Pupil Services	6,163,749	7,338,770	5,034,685	6,373,293
Improvement of Instructional Services	4,934,510	5,961,893	2,951,360	3,912,106
Educational Media Services	2,054,392	2,326,772	814,114	1,108,709
General Administration	1,559,629	1,464,606	(17,820)	76,413
School Administration	6,472,365	7,038,119	3,931,980	4,383,256
Business Administration	707,475	697,929	702,070	694,263
Maintenance and Operation of Plant	8,378,083	8,498,068	5,322,361	5,439,017
Student Transportation Services	6,675,622	7,018,329	5,435,273	5,631,541
Central Support Services	885,820	738,240	879,261	731,573
Other Support Services	463,321	775,134	455,084	763,147
Operations of Non-Instructional Services				
Enterprise Operations	261,568	259,126	-	-
Food Services	7,101,304	6,464,350	672,382	(143,395)
Interest on Short-Term and Long-Term Debt	18,116	38,601	18,116	38,601
Total Expenses	$ 114,490,267	$ 110,911,169	$ 49,287,369	$ 46,605,493

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 of $113.9 million and total expenditures of $113.9 million. Revenues (primarily due to the increase of Taxes, State funds, Federal funds and Investment Earnings) increased and overall expenditures decreased from the previous year.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with Georgia law. The most significant budgeted fund is the general fund, which includes local, state and Federal funds collected and disbursed for the purpose of operating the School District.

The School District's budget is based on its overall mission and incorporates site-based budgeting into the budget process that provides flexibility for site management. For the general fund, the actual revenues of $105.8 million exceeded the final budgeted amount of $103.9 million by $1.9 million. This difference between actual revenues and final budget revenues was due to several reasons. State and Federal funds were higher than budgeted, as were investment earnings and miscellaneous revenue. Charges for Services were higher than budgeted because school activity account revenues were not budgeted.

The actual expenditures of $108.8 exceeded the final budgeted amount of $103.9 million as a result of an increase in instruction and also transportation costs.

Capital Assets

At fiscal year end June 30, 2018, the School District had $163.3 million invested in capital assets in the governmental activities. Table 4 reflects a summary of these balances net of accumulated depreciation. The School District's capital assets, net of accumulated depreciation, totaling $163.3 million are comprised of buildings and building improvements (87.7%), land and land improvements (8.4%), construction in progress (0.4%), and equipment (3.5%).

Due to the steady collection of Educational Special Purpose Local Option Sales Tax (ESPLOST) revenues, the School District has completed numerous construction projects and continues with the capital improvements program as well as improvement of technology and purchase of digital textbooks as outlined in the referendum approved by local voters.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		
	Fiscal Year 2018	Fiscal Year 2017	Net Change
Land	$ 3,663,262	$ 3,663,262	$ -
Land Improvements	10,085,614	10,995,851	(910,237)
Construction in Progress	700,719	11,804,676	(11,103,957)
Building and Improvements	143,179,417	135,801,618	7,377,799
Equipment	5,698,506	4,867,561	830,945
	$ 163,327,518	$ 167,132,968	$ (3,805,450)

Debt

At fiscal year end June 30, 2018, the School District had less than $0.5 million in long-term debt, which is comprised of compensated absences. During the fiscal the School District made the final payment of $2.3 million to extinguish the iPad lease.

Current Issues

The following statements should help to explain the current financial position of the School District and the effects the economic recession has had on it. Like most school districts in the State of Georgia, the School District has been negatively impacted by the effects of the economic recession. Beginning in fiscal year 2003, the state authorized austerity cuts (or amended formula adjustments), which negatively impacted the QBE funding formula funds that help to fund the education of our students. While the economic conditions of the State of Georgia continue to improve, the state continues to

underfund education. In addition, employer health insurance costs and employer retirement plan costs funded by the School District have risen over the past few years which have negatively impacted our financial position. Although frowned upon by state law, the general fund balance has accumulated beyond the maximum allowed by the State of Georgia. This additional fund balance will allow the school system to absorb rising healthcare and retirement costs, prevent future staff reductions, prevent future furlough days, and maintain an educational environment to meet the needs of our students. It has also allowed the School District to maintain or lower its local millage rate.

The School District will continue to look for ways to align resources and costs in a way to ensure the best opportunity for student success.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the 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 information, contact Janine Graham, CPA, Director of Finance at the Liberty County Board of Education, 200 Bradwell Street, Hinesville, Georgia 31313. You may also email your questions to Mrs. Graham at jgraham@liberty.k12.ga.us.

LIBERTY COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 36,063,311.99
Investments	11,095.73
Receivables, Net	
Taxes	3,103,612.07
State Government	7,592,218.64
Federal Government	1,344,098.66
Inventories	70,907.69
Prepaid Items	293,510.24
Capital Assets, Non-Depreciable	4,363,980.83
Capital Assets, Depreciable (Net of Accumulated Depreciation)	158,963,536.78
Total Assets	211,806,272.63
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	14,165,791.00
Related to OPEB Plan	2,676,102.00
Total Deferred Outflows of Resources	16,841,893.00
LIABILITIES	
Accounts Payable	773,816.33
Salaries and Benefits Payable	12,362,972.95
Payroll Withholdings Payable	933,223.82
Contracts Payable	177,300.00
Retainages Payable	36,582.93
Unearned Revenues	231,660.00
Net Pension Liability	84,709,975.00
Net OPEB Liability	69,788,679.00
Long-Term Liabilities	
Due in More Than One Year	494,702.25
Total Liabilities	169,508,912.28
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	6,760,570.00
Related to OPEB Plan	5,808,509.00
Total Deferred Inflows of Resources	12,569,079.00
NET POSITION	
Net Investment in Capital Assets	162,873,999.97
Restricted for	
Continuation of Federal Programs	2,403,984.71
Capital Projects	7,413,236.61
Unrestricted (Deficit)	(126,121,046.94)
Total Net Position	$ 46,570,174.35

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

LIBERTY COUNTY BOARD OF EDUCATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 68,814,312.62	$ -
Support Services		
Pupil Services	6,163,748.73	-
Improvement of Instructional Services	4,934,510.20	-
Educational Media Services	2,054,391.75	-
General Administration	1,559,629.43	-
School Administration	6,472,364.83	-
Business Administration	707,474.83	-
Maintenance and Operation of Plant	8,378,083.47	81,329.00
Student Transportation Services	6,675,622.31	-
Central Support Services	885,819.50	-
Other Support Services	463,321.15	-
Operations of Non-Instructional Services		
Enterprise Operations	261,567.91	261,567.91
Food Services	7,101,304.12	753,413.00
Interest on Short-Term and Long-Term Debt	18,116.13	-
Total Governmental Activities	$ 114,490,266.98	$ 1,096,309.91
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year (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
$	45,715,057.95	$ 10,751.31	$ (23,088,503.36)
	1,121,341.37	7,722.25	(5,034,685.11)
	1,982,961.13	188.92	(2,951,360.15)
	1,239,857.00	421.08	(814,113.67)
	1,577,357.46	92.06	17,820.09
	2,539,871.39	513.35	(3,931,980.09)
	5,369.49	35.71	(702,069.63)
	2,973,663.81	729.12	(5,322,361.54)
	1,163,030.12	77,319.58	(5,435,272.61)
	6,494.11	64.46	(879,260.93)
	6,754.68	1,482.20	(455,084.27)
	-	-	-
	5,674,377.53	1,131.54	(672,382.05)
	-	-	(18,116.13)
$	64,006,136.04	$ 100,451.58	(49,287,369.45)
			31,066,340.32
			7,863,302.95
			296,673.06
			7,392,583.00
			317,482.25
			1,687,851.35
			48,624,232.93
			(663,136.52)
			47,233,310.87
			$ 46,570,174.35

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

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 29,297,819.38	$ 6,765,492.61	$ 36,063,311.99
Investments	11,095.73	-	11,095.73
Receivables, Net			
Taxes	2,399,539.37	704,072.70	3,103,612.07
State Government	7,592,218.64	-	7,592,218.64
Federal Government	1,344,098.66	-	1,344,098.66
Inventories	70,907.69	-	70,907.69
Prepaid Items	293,510.24	-	293,510.24
Total Assets	$ 41,009,189.71	$ 7,469,565.31	$ 48,478,755.02
LIABILITIES			
Accounts Payable	$ 534,181.62	$ 239,634.71	$ 773,816.33
Salaries and Benefits Payable	12,362,972.95	-	12,362,972.95
Payroll Withholdings Payable	933,223.82	-	933,223.82
Contracts Payable	-	177,300.00	177,300.00
Retainages Payable	-	36,582.93	36,582.93
Deposits and Unearned Revenue	231,660.00	-	231,660.00
Total Liabilities	14,062,038.39	453,517.64	14,515,556.03
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	1,573,853.08	-	1,573,853.08
FUND BALANCES			
Nonspendable	364,417.93	-	364,417.93
Restricted	2,276,748.32	7,016,047.67	9,292,795.99
Assigned	627,413.90	-	627,413.90
Unassigned	22,104,718.09	-	22,104,718.09
Total Fund Balances	25,373,298.24	7,016,047.67	32,389,345.91
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 41,009,189.71	$ 7,469,565.31	$ 48,478,755.02

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

LIBERTY 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")		$ 32,389,345.91
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	$ 3,663,261.85	
Construction in progress	700,718.98	
Buildings and improvements	191,148,248.72	
Equipment	17,610,583.87	
Land improvements	20,754,506.64	
Accumulated depreciation	(70,549,802.45)	163,327,517.61
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (84,709,975.00)	
Net OPEB liability	(69,788,679.00)	(154,498,654.00)
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	$ 7,405,221.00	
Related to OPEB	(3,132,407.00)	4,272,814.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.		1,573,853.08
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable		(494,702.25)
Net position of governmental activities (Exhibit "A")		$ 46,570,174.35

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

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

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES			
Property Taxes	$ 20,078,256.11	$ -	$ 20,078,256.11
Sales Taxes	296,673.06	7,863,302.95	8,159,976.01
State Funds	60,662,306.65	-	60,662,306.65
Federal Funds	21,829,432.91	23,132.00	21,852,564.91
Charges for Services	1,096,309.91	-	1,096,309.91
Investment Earnings	173,189.47	144,292.78	317,482.25
Miscellaneous	1,687,851.35	-	1,687,851.35
Total Revenues	105,824,019.46	8,030,727.73	113,854,747.19
EXPENDITURES			
Current			
Instruction	67,132,926.25	2,397.00	67,135,323.25
Support Services			
Pupil Services	4,113,034.45	-	4,113,034.45
Improvement of Instructional Services	4,854,535.88	-	4,854,535.88
Educational Media Services	1,875,328.54	180,248.10	2,055,576.64
General Administration	1,621,558.59	-	1,621,558.59
School Administration	6,453,338.98	-	6,453,338.98
Business Administration	702,670.45	-	702,670.45
Maintenance and Operation of Plant	8,177,736.77	-	8,177,736.77
Student Transportation Services	6,092,911.63	530,619.59	6,623,531.22
Central Support Services	653,322.49	218,179.72	871,502.21
Other Support Services	60,366.94	-	60,366.94
Enterprise Operations	261,567.91	-	261,567.91
Food Services Operation	6,766,586.09	-	6,766,586.09
Capital Outlay	-	1,893,227.20	1,893,227.20
Debt Services			
Principal	-	2,293,181.52	2,293,181.52
Interest	-	18,116.13	18,116.13
Total Expenditures	108,765,884.97	5,135,969.26	113,901,854.23
Net Change in Fund Balances	(2,941,865.51)	2,894,758.47	(47,107.04)
Fund Balances - Beginning	28,315,163.75	4,121,289.20	32,436,452.95
Fund Balances - Ending	$ 25,373,298.24	$ 7,016,047.67	$ 32,389,345.91

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

LIBERTY 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")		$ (47,107.04)
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	$ 1,705,656.76	
Depreciation expense	(5,365,064.58)	(3,659,407.82)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(146,042.76)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		8,064.25
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.		
Capital lease payments		2,293,181.52
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	$ 2,203,637.00	
OPEB expense	(1,312,808.00)	890,829.00
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.		
Compensated absences		(2,653.67)
Change in net position of governmental activities (Exhibit "B")		$ (663,136.52)

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

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

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 212,831.76
LIABILITIES	
Funds Held for Others	$ 212,831.76

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE STATEMENTS:

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

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

1. Net investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

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

FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

- 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 compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted resources 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 (pensions and other postemployment benefits [OPEB]). The adoption of this statement does not have a significant impact on the School District's financial statements.

In fiscal year 2018, the School District adopted 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.

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	All	N/A
Land Improvements	$ 10,000.00	up to 60 years
Buildings and Improvements	$ 10,000.00	up to 60 years
Equipment	$ 10,000.00	10 to 50 years
Intangible Assets		
Software	$ 250,000.00	evaluated by case
Easements	$ 200,000.00	evaluated by case
Land Use Rights	$ 200,000.00	evaluated by case
Patents, Trademarks, Copyrights	$ 200,000.00	evaluated by case

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

COMPENSATED ABSENCES

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

Vacation leave of 5, 10 or 15 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. The rate of accrual is dependent upon the pay level of the employee on their respective salary scale. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, up to two times the accrual rate of the employee. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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

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 Liberty County Board of Commissioners adopted the property tax levy for the 2017 tax digest year (calendar year) on December 8, 2017 (levy date) based on property values as of January 1, 2017. Taxes were due on February 15, 2018 (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 Liberty County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2018, for maintenance and operations amounted to $18,257,760.59.

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	15.666 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $1,820,495.52 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 $7,863,302.95 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general fund. 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 and function. 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 Board must approve any changes between the appropriations by fund; however, the Superintendent or his/her designee shall have the authority to transfer appropriations within the fund level. 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 AND CASH EQUIVALENTS

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.

The School District participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in amount of up to 12% if economic or financial conditions warrants. The program lists the types of eligible criteria. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

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 $13,842,518.02 and a bank balance of $15,822,682.33. The bank balances insured by Federal depository insurance were $718,402.03, the bank balances collateralized with securities held by the pledging financial institution in the School District's name were $492,661.55 and the bank balances included in the State's Secure Deposit Program (SDP) were $14,611,618.75.

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

Cash and cash equivalents		
Statement of Net Position	$	36,063,311.99
Statement of Fiduciary Net Position		212,831.76
Total cash and cash equivalents		36,276,143.75
Add:		
Deposits with original maturity of three months or more reported as investments		11,095.73
Less:		
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		22,444,721.46
Total carrying value of deposits - June 30, 2018	$	13,842,518.02

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $22,444,721.46 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.

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 3,663,261.85	$ -	$ -	$ 3,663,261.85
Construction in Progress	11,804,676.48	682,919.03	11,786,876.53	700,718.98
Total Capital Assets Not Being Depreciated	15,467,938.33	682,919.03	11,786,876.53	4,363,980.83
Capital Assets Being Depreciated				
Buildings and Improvements	180,612,251.11	10,535,997.61	-	191,148,248.72
Equipment	16,677,064.24	2,064,795.74	1,131,276.11	17,610,583.87
Land Improvements	20,545,685.73	208,820.91	-	20,754,506.64
Less Accumulated Depreciation for:				
Buildings and Improvements	44,810,633.00	3,158,198.64	-	47,968,831.64
Equipment	11,809,502.92	1,087,808.94	985,233.35	11,912,078.51
Land Improvements	9,549,835.30	1,119,057.00	-	10,668,892.30
Total Capital Assets, Being Depreciated, Net	151,665,029.86	7,444,549.68	146,042.76	158,963,536.78
Governmental Activity Capital Assets - Net	$ 167,132,968.19	$ 8,127,468.71	$ 11,932,919.29	$ 163,327,517.61

Current year depreciation expense by function is as follows:

Instruction		$ 2,000,512.34
Support Services		
Pupil Services	$ 1,791,041.54	
Improvements of Instructional Services	43,816.39	
Educational Media Services	97,662.17	
General Administration	21,350.96	
School Administration	119,063.33	
Business Administration	8,281.30	
Maintenance and Operation of Plant	169,106.99	
Student Transportation Services	493,068.69	
Central Support Services	14,950.42	
Other Support Services	343,769.43	3,102,111.22
Food Services		262,441.02
		$ 5,365,064.58

NOTE 6: 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
Captal Leases	$ 2,293,181.52	$ -	$ 2,293,181.52	$ -
Compensated Absences(1)	492,048.58	379,973.10	377,319.43	494,702.25
	$ 2,785,230.10	$ 379,973.10	$ 2,670,500.95	$ 494,702.25

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

COMPENSATED ABSENCES

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

NOTE 7: 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 exceeded 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	$ -	$ 9,710.00	$ 9,710.00	$ -
2018	$ -	$ 14,235.00	$ 14,235.00	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 50,000.00

NOTE 8: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories	$ 70,907.69	
Prepaid Assets	293,510.24	$ 364,417.93
Restricted		
Continuation of Federal Programs	$ 2,333,077.02	
Capital Projects	6,959,718.97	9,292,795.99
Assigned		
School Activity Accounts		627,413.90
Unassigned		22,104,718.09
Fund Balance, June 30, 2018		$ 32,389,345.91

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 9: 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:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2018 (2)
Liberty County High School Tennis Court Improvements	$ 58,287.68	$ 145,329.32
Bradwell Institute Tennis Court Improvements	75,160.82	5,194.50
Bradwell Institute Gymnasium Renovation	61,860.00	287,300.00
Jordye Bacon Access Improvements	2,510.00	5,460.00
	$ 197,818.50	$ 443,283.82

(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 $97,004.28 for governmental activities for the year ended June 30, 2018. The following future minimum lease payments were required under operating leases at June 30, 2018:

Year Ending	Governmental Funds
2019	$ 97,004.28
2020	97,004.28
2021	97,004.28
2022	16,167.38
Total	$ 307,180.22

NOTE 10: 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 11: 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 $2,655,690.00 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 $69,788,679.00 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 0.496718%, which was a decrease of 0.003935% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of $3,968,498.00. 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	$ -	$ 5,314,230.00
Net difference between projected and actual earnings on OPEB plan investments	20,412.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	494,279.00
School District contributions subsequent to the measurement date	2,655,690.00	-
Total	$ 2,676,102.00	$ 5,808,509.00

School District contributions subsequent to the measurement date of $2,655,690.00 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	$ (1,039,593.00)
2020	$ (1,039,593.00)
2021	$ (1,039,593.00)
2022	$ (1,039,593.00)
2023	$ (1,044,696.00)
2024	$ (585,029.00)

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 for 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 assumption 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	$ 82,861,556.00	$ 69,788,679.00	$ 59,471,532.00

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	$ 57,846,864.00	$ 69,788,679.00	$ 85,336,904.00

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 12: 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 16.78% of payroll was required from the School District and 0.03% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $9,140,168.00 and $21,684.98 from the School District and the State, respectively.

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 $234,279.00.

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 $84,709,975.00 for its proportionate share of the net pension liability for TRS.

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	$ 84,709,975.00
State of Georgia's proportionate share of the net pension liability associated with the School District	205,554.00
Total	$ 84,915,529.00

The net pension liability for TRS 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 during the fiscal year ended June 30, 2017.

At June 30, 2017, the School District's TRS proportion was 0.455790%, which was a decrease of 0.018013% 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 $1,143,600.00.

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 $6,931,694.00 for TRS and $230,480.00 for PSERS and revenue of ($10,197.00) for TRS and $230,480.00 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	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,168,675.00	$ 319,687.00
Changes of assumptions	1,856,948.00	-
Net difference between projected and actual earnings on pension plan investments	-	582,946.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	5,857,937.00
School District contributions subsequent to the measurement date	9,140,168.00	-
Total	$ 14,165,791.00	$ 6,760,570.00

The School District contributions subsequent to the measurement date of $9,140,168.00 for TRS 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
2019	$ (2,886,537.00)
2020	$ 2,781,848.00
2021	$ 1,234,273.00
2022	$ (2,854,740.00)
2023	$ (9,791.00)

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.

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 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	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 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 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	$ 139,019,008.00	$ 84,709,975.00	$ 39,971,539.00

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

DEFINED CONTRIBUTION PLAN

On December 1, 2009, 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 an amount equal to 3% of the employee's base pay.

The employee becomes vested in the plan with 3 years of experience. Employees who had already achieved 3 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 3 years of service to the School District. If an employee terminates employment prior to achieving 3 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%	$ 65,005.94
2017	100%	$ 69,672.10
2016	100%	$ 67,424.34

NOTE 13: 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 $71,608,278.00. This change is in accordance with generally accepted accounting procedures.

Net Position, July 1, 2017 as previously reported	$	118,841,588.87
Prior Period Adjustment - Implementation of GASB No. 75: Net OPEB Liability (measurement date)		(74,198,205.00)
Deferred Outflows - School District's Contributions made during fiscal year 2017		2,589,927.00
Net Position, July 1, 2017, as restated	$	47,233,310.87

NOTE 14: TAX ABATEMENTS

The Liberty County Industrial Authority enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within Liberty County. For the year ended June 30, 2018, property tax revenues levied on December 8, 2017 were abated in the amount of $1,674,958.00.

(This page left intentionally blank)

LIBERTY 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	0.455790%	$ 84,709,975.00	$ 205,554.00	$ 84,915,529.00	$ 52,458,515.24	161.48%	79.33%
2017	0.473803%	$ 97,750,842.00	$ 228,180.00	$ 97,979,022.00	$ 52,072,438.79	187.72%	76.06%
2016	0.486293%	$ 74,033,280.00	$ 302,044.00	$ 74,335,324.00	$ 51,575,912.59	143.54%	81.44%
2015	0.494066%	$ 62,418,722.00	$ 250,273.00	$ 62,668,995.00	$ 50,628,646.00	123.29%	84.03%

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

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

SCHEDULE "2"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	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	0.00%	$ -	$ 1,143,600.00	$ 1,143,600.00	$ 1,857,137.97	N/A	85.69%
2017	0.00%	$ -	$ 1,584,221.00	$ 1,584,221.00	$ 1,810,800.89	N/A	81.00%
2016	0.00%	$ -	$ 1,040,299.00	$ 1,040,299.00	$ 1,826,085.54	N/A	87.00%
2015	0.00%	$ -	$ 943,529.00	$ 943,529.00	$ 1,818,492.63	N/A	88.29%

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

LIBERTY 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 "3"

Year Ended	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability 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	0.496718%	$ 69,788,679.00	$ -	$ 69,788,679.00	$ 38,506,811.15	181.24%	1.61%

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

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

SCHEDULE "4"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2018	$ 9,140,168.00	$ 9,140,168.00	$ -	$ 54,479,856.03	16.78%
2017	$ 7,462,878.53	$ 7,462,878.53	$ -	$ 52,458,515.24	14.23%
2016	$ 7,413,421.66	$ 7,413,421.66	$ -	$ 52,072,438.79	14.24%
2015 (1)	$ 6,782,232.51	$ 6,782,232.51	$ -	$ 51,575,912.59	13.15%
2014 (1)	$ 6,216,621.53	$ 6,216,621.53	$ -	$ 50,628,646.00	12.28%
2013 (1)	$ 6,209,789.18	$ 6,209,789.18	$ -	$ 54,424,094.48	11.41%
2012 (1)	$ 5,475,654.12	$ 5,475,654.12	$ -	$ 53,265,117.90	10.28%
2011 (1)	$ 5,437,771.10	$ 5,437,771.10	$ -	$ 52,896,606.03	10.28%
2010 (1)	$ 5,311,810.56	$ 5,311,810.56	$ -	$ 54,536,042.71	9.74%
2009 (1)	$ 5,217,679.26	$ 5,217,679.26	$ -	$ 56,224,992.03	9.28%

(1) These amounts include contributions paid on the School District's behalf by Georgia Department of Education.

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

SCHEDULE "5"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2018	$ 2,655,690.00	$ -	$ 2,655,690.00	$ 40,402,463.32	6.57%
2017	$ 2,589,927.00	$ -	$ 2,589,927.00	$ 38,506,811.15	6.73%

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).

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.

LIBERTY 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	$ 21,442,150.00	$ 21,200,000.00	$ 20,078,256.11	$ (1,121,743.89)
Sales Taxes	160,000.00	300,000.00	296,673.06	(3,326.94)
State Funds	57,425,000.00	58,705,000.00	60,662,306.65	1,957,306.65
Federal Funds	21,741,000.00	21,741,000.00	21,829,432.91	88,432.91
Charges for Services	836,350.00	900,000.00	1,096,309.91	196,309.91
Investment Earnings	41,500.00	55,000.00	173,189.47	118,189.47
Miscellaneous	230,000.00	950,000.00	1,687,851.35	737,851.35
Total Revenues	101,876,000.00	103,851,000.00	105,824,019.46	1,973,019.46
EXPENDITURES				
Current				
Instruction	61,589,000.00	63,600,000.00	67,132,926.25	(3,532,926.25)
Support Services				
Pupil Services	3,611,000.00	3,860,000.00	4,113,034.45	(253,034.45)
Improvement of Instructional Services	5,601,000.00	4,450,000.00	4,854,535.88	(404,535.88)
Educational Media Services	1,649,000.00	1,785,000.00	1,875,328.54	(90,328.54)
General Administration	1,270,000.00	1,423,500.00	1,621,558.59	(198,058.59)
School Administration	6,737,000.00	6,460,000.00	6,453,338.98	6,661.02
Business Administration	974,000.00	750,000.00	702,670.45	47,329.55
Maintenance and Operation of Plant	8,072,000.00	8,820,000.00	8,177,736.77	642,263.23
Student Transportation Services	5,438,000.00	5,565,000.00	6,092,911.63	(527,911.63)
Central Support Services	755,000.00	572,500.00	653,322.49	(80,822.49)
Other Support Services	254,000.00	55,000.00	60,366.94	(5,366.94)
Enterprise	-	-	261,567.91	(261,567.91)
Food Services Operation	5,926,000.00	6,510,000.00	6,766,586.09	(256,586.09)
Total Expenditures	101,876,000.00	103,851,000.00	108,765,884.97	(4,914,884.97)
Excess of Revenues over (under) Expenditures	-	-	(2,941,865.51)	(2,941,865.51)
Fund Balances - Beginning	23,000,000.00	23,000,000.00	28,315,163.75	5,315,163.75
Fund Balances - Ending	$ 23,000,000.00	$ 23,000,000.00	$ 25,373,298.24	$ 2,373,298.24

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $1,660,560.21 and $1,590,439.11, respectively.

The accompanying schedules 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.

LIBERTY COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	18185GA324N1099	$ 1,715,043.24
National School Lunch Program	10.555	18185GA324N1100	4,839,478.98
Total U. S. Department of Agriculture			6,554,522.22
Education, U. S. Department of			
Direct			
Impact Aid	84.041		10,723,709.03
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A160073	229,424.39
Grants to States	84.027	H027A170073	1,648,431.31
Preschool Grants	84.173	H173A170081	41,475.75
Total Special Education Cluster			1,919,331.45
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A160010	-
Career and Technical Education - Basic Grants to States	84.048	V048A170010	109,733.72
Education for Homeless Children and Youth	84.196	S196A160011	11,465.00
Education for Homeless Children and Youth	84.196	S196A170011	35,281.68
English Language Acquisition State Grants	84.365	S365A170010	7,639.57
Student Support and Academic Enrichment Program	84.424A	S424A170011	4,166.62
Supporting Effective Instruction State Grants	84.367	S367A160001	88,899.11
Supporting Effective Instruction State Grants	84.367	S367A170001	248,593.26
Title I Grants to Local Educational Agencies	84.010	S010A160010	361,854.52
Title I Grants to Local Educational Agencies	84.010	S010A170010	2,460,016.20
Total Other Programs			3,327,649.68
Total U. S. Department of Education			15,970,690.16
Defense, U. S. Department of			
Direct			
Department of the Defense			
Impact Aid	84.041		279,442.93
Department of the Army			
R.O.T.C. Program			137,375.34
Total U. S. Department of Defense			416,818.27
Total Expenditures of Federal Awards			$ 22,942,030.65

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 Liberty 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.

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

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 1,805,720.50
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	3,035,401.00
Kindergarten Program - Early Intervention Program	838,503.00
Primary Grades (1-3) Program	6,485,215.00
Primary Grades - Early Intervention (1-3) Program	1,750,611.00
Upper Elementary Grades (4-5) Program	3,237,766.00
Upper Elementary Grades - Early Intervention (4-5) Program	1,079,546.00
Middle School (6-8) Program	6,198,694.00
High School General Education (9-12) Program	4,807,970.00
Vocational Laboratory (9-12) Program	2,807,665.00
Students with Disabilities	9,137,317.00
Gifted Student - Category VI	1,674,536.00
Remedial Education Program	180,809.00
Alternative Education Program	452,372.00
English Speakers of Other Languages (ESOL)	127,543.00
Media Center Program	1,087,406.00
20 Days Additional Instruction	331,997.00
Staff and Professional Development	192,344.00
Principal Staff and Professional Development	3,216.00
Indirect Cost	
Central Administration	1,316,853.00
School Administration	2,091,244.00
Facility Maintenance and Operations	2,487,567.00
Amended Formula Adjustment	(812,782.00)
Charter System Adjustment	905,337.00
Categorical Grants	
Pupil Transportation	
Regular	1,000,577.00
Nursing Services	195,772.00
Education Equalization Funding Grant	7,392,583.00
Military Counselors	40,468.00
Other State Programs	
Food Services	156,112.00
Math and Science Supplements	59,177.34
Middle School Computer Coding Grants	25,000.00
Preschool Disability Services	178,405.00
Pupil Transportation - State Bonds	77,319.58
Teacher of the Year	507.25
Teachers Retirement	21,684.98
Vocational Education	24,565.00
Vocational Supervisors	33,006.00
Office of the State Treasurer	
Public School Employees Retirement	234,279.00
	$ 60,662,306.65

See notes to the basic financial statements.

(This page left intentionally blank)

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

SCHEDULE "10"

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
2011 ESPLOST Referendum							
1. Adding to, renovating, repairing, improving and demolishing, furnishing, equipping and completing existing school buildings and other buildings and facilities useful and desirable in connection therewith including, but not limited to, additional classrooms and physical education/athletic facilities, HVAC, gymnasium, flooring, roofing and paving;	$ 32,500,000.00	$ 23,815,523.24	$ -	$ 23,815,523.24	$ 23,815,523.24	$ -	Complete
2. Acquiring technology improvements, including safety and security improvements, computer technology and software and wiring upgrades;	12,500,000.00	20,748,727.41	-	20,748,727.41	20,748,727.41	-	Complete
3. Acquiring new school equipment, including, but not limited to, new buses maintenance vehicles and other school equipment;	5,000,000.00	2,276,572.87	-	2,276,572.87	2,276,572.87	-	Complete
4. Acquiring, constructing and equipping new school buildings and facilities useful and desirable in connection therewith, including, but not limited to, one new elementary school and/or one new middle school, athletic/physical education facilities and maintenance facilities;	7,500,000.00	1,414,958.05	-	1,414,958.05	1,414,958.05	-	Complete
5. Acquiring any necessary or desirable property, both real and personal, including textbooks and band instruments.	5,000,000.00	1,362,618.53	-	1,362,618.53	1,362,618.53	-	Complete
	62,500,000.00	49,618,400.10	-	49,618,400.10	49,618,400.10	-	
2017 ELOST Referendum							
1. Adding to, renovating, repairing, improving, furnishing, and equipping existing school buildings and other buildings and facilities useful and desirable in connection therewith, including, but not limited to, classrooms and physical education/athletic facilities, HVAC and other energy savings and management upgrades, roofing and paving;	20,880,000.00	20,880,000.00	2,274,155.02	-	-	-	June 30, 2022
2. Acquiring technology improvements, including safety and security improvements, computer technology and software and wiring upgrades;	8,800,000.00	8,800,000.00	2,328,797.65	-	-	-	June 30, 2022
3. Acquiring new school equipment and furnishings, including, but not limited to, new buses maintenance vehicles and other school equipment;	3,520,000.00	3,520,000.00	530,619.59	-	-	-	June 30, 2022
4. Acquiring, constructing and equipping new school buildings and facilities useful and desirable in connection therewith;	5,280,000.00	5,280,000.00	-	-	-	-	June 30, 2022
5. Acquiring land;	2,000,000.00	2,000,000.00	-	-	-	-	
6. Acquiring any necessary or desirable property, both real and personal, including textbooks and band instruments.	3,520,000.00	3,520,000.00	2,397.00	-	-	-	June 30, 2022
	44,000,000.00	44,000,000.00	5,135,969.26	-	-	-	
	$ 106,500,000.00	$ 93,618,400.10	$ 5,135,969.26	$ 49,618,400.10	$ 49,618,400.10	$ -	

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

(4) SPLOST 2011 is underfunded as of June 30, 2017 and the collection period has expired. Projects will be completed utilizing 2017 SPLOST funds.

(This page left intentionally blank)

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

(This page left intentionally blank)

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

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*

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
Liberty County Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty 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 10, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

(This page left intentionally blank)

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.*

School District Response to Findings

The School District's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

March 10, 2020

(This page left intentionally blank)

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

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

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
Liberty County Board of Education

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

(This page left intentionally blank)

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

March 10, 2020

(This page left intentionally blank)

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

(This page left intentionally blank)

LIBERTY 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

FS 2016-001	**Internal Controls at the Central Office**
Control Categories:	Accounting Controls (Overall) Cash and Cash Equivalents Employee Compensation Revenues/Receivables/Receipts Capital Assets
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved
Entity Response:	The School District continues to review the overall accounting controls and monitor that the controls are being followed by the employees. In addition, the School District has added additional employees and redesigned various roles and duties to help strengthen the controls as applicable.

FS 2016-002	**Inadequate Accounting Procedures over School Activity Accounts**
Control Categories:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved
Entity Response:	The School District is reviewing the overall accounting controls of the School Activity accounts as well as implementing a monitoring process to ultimately strengthen compensating controls and reduce the risk of errors and /or irregularities.

FS 2017-001	**Internal Controls at the Central Office**
Control Categories:	Cash and Cash Equivalents Employee Compensation Revenues/Receivables/Receipts General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved
Entity Response:	The School District continues to review the overall accounting controls and monitor that the controls are being followed by the employees. In addition, the School District has added additional employees and redesigned various roles and duties to help strengthen the controls as applicable.

LIBERTY 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

FS 2017-002	**Inadequate Accounting Procedures over School Activity Accounts**
Control Categories:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Partially Resolved
Entity Response:	The School District is reviewing the overall accounting controls of the School Activity accounts as well as implementing a monitoring process to ultimately strengthen compensating controls and reduce the risk of errors and /or irregularities.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

(This page left intentionally blank)

LIBERTY 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; Aggregate Remaining Fund Information — Unmodified

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiencies identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.041	Impact Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2018-001	Internal Controls at the Central Office
Control Categories:	Cash and Cash Equivalents
	Revenues/Receivables/Receipts
	Employee Compensation
	General Ledger
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-001 and FS 2016-001

Description:
The accounting procedures of the School District were insufficient to provide adequate internal controls over operations at the central office.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Condition:
Cash and Cash Equivalents

- The bank reconciliation function was not separate from the record keeping function.
- A total of fifteen bank reconciliations were reviewed over three months, and the following issues were noted:
  - Eight of the nine Central Office bank reconciliations were not prepared within 30 days of the bank statement date and all reviewed lacked a physical sign-off of the preparer and/or approver.
  - Three SPLOST bank reconciliations were not prepared within 30 days of the bank statement date and they lacked a physical sign-off of the preparer and/or approver.
  - Three School Nutrition bank reconciliations were not prepared within 30 days of the bank statement date and they lacked a physical sign-off of the preparer and/or approver.

Revenues/Receivables/Receipts

- The deposit preparation function was not separated from the cash custody function.
- Ten out of fifteen receipts reviewed were not recorded on the general ledger timely. The receipts were recorded between fifty-six and two hundred seventy-nine days after the deposit date.

Employee Compensation

A review of seven employee payroll records resulted in the following issue noted:

- Documentation for two employees' creditable years of service did not support the amounts used for their pay calculations resulting in an overpayment of $25,899.36.

General Ledger

- The journal entry preparation function was not separated from the record keeping function and cash custody functions.
- A review of fifteen journal entries revealed the following:
  - One adjusting entry affecting cash accounts was posted over seven months after the effective date.
  - Fourteen entries were not approved by supervisory personnel.
  - One entry was prepared and approved by the same person.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Cause:
In discussing these deficiencies with School District management, they stated that the enhanced controls were not fully implemented during the fiscal year, but they are continued to make changes to their processes and procedures throughout the year.

Effect or Potential Effect:
Without satisfactory accounting controls and procedures in place, the School District could place itself in a position where potential misappropriation of assets could occur. In addition, the lack of controls could impact its reporting of financial position and results of operations.

Recommendation:
The School District should continue to review the accounting procedures that are in place and design and implement procedures relative to the above control categories to strengthen the internal controls over the accounting functions.

FS 2018-002	Inadequate Accounting Procedures over School Activity Accounts
Control Categories:	Cash and Cash Equivalents
	Revenues/Receivables/Receipts
	Expenditures/Liabilities/Disbursements
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-002 and FS 2016-002

Description:
The accounting procedures of the School District were insufficient to provide adequate internal controls over the school activity accounts.

Criteria:
The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Condition:
Cash and Cash Equivalents

- A review of seventeen school activity account bank reconciliations revealed the following issues.
    - None were reviewed within thirty days of the statement dates.
    - Seventeen lacked a physical sign-off and date by the preparer.

Revenues/Receivables/Receipts

- The deposit preparation function was not separated from the record keeping and cash custody functions.
- A review of fifteen receipts revealed the following issues:
    - Six receipts had reports dated more than three days past the deposit date.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Expenditures/Liabilities/Disbursements

- The key accounting functions of check preparation, check processing and record keeping were not adequately separated.
- A review of fifteen expenditures revealed that seven checks were recorded in the accounting system more than three days after the check issue date.
- Review of the general ledger history for school activity accounts reflected a vendor named "SA ONE TIME PAY" whose payments totaled $551,499.65. These vendor payments consisted of manual checks written to various vendors, but the individual vendor names were not entered into the accounting system. This process circumvents the Transparency in Government Act requirement of providing detailed vendor payments by name and amount.

Cause:

In discussing these issues with the School District, they stated that these deficiencies were a direct result of the time limitations of the school bookkeepers.

Effect or Potential Effect:

Errors and/or irregularities may not be detected in a timely manner.

Recommendation:

The School District should implement necessary procedures to ensure that the key accounting functions of custody and record keeping are separated. In addition, the School District should implement procedures to ensure that disbursements and receipts of funds within the school activity accounts are adequately documented and recorded in a timely manner in the financial records. The School District should also establish a monitoring process to provide reasonable assurance that transactions are processed according to established procedures and provide training to employees on proper recordkeeping procedures.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V

MANAGEMENT'S CORRECTIVE ACTION

(This page left intentionally blank)

LIBERTY COUNTY
SCHOOL SYSTEM

Providing students an education which promotes excellence, good citizenship, and a love of learning

SUPERINTENDENT OF SCHOOLS
Dr. Franklin D. Perry

MEMBERS, BOARD OF EDUCATION Lily H. Baker, Chair • Carol Guyett, Vice Chair
Verdell Jones • Carolyn Smith Carter • James Johns • Dr. Chante Baker Martin • Donita Strickland

CORRECTIVE ACTION PLAN
CURRENT YEAR FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2018

FINANCIAL STATEMENTS FINDINGS AND QUESTIONED COSTS

Finding Control Number: FS2018-001

We concur with this finding. The Board hired an Executive Director of Finance on March 13, 2019. She is working diligently to ensure that separation of duties is maintained, that revenue and journal entries are recorded timely, and that bank reconciliations are prepared and reviewed timely. The deposit preparation function has been separated from the recordkeeping/cash custody functions. Duties have been reassigned to assure the separation of duties. Recording of revenue/receipts is being reviewed to ensure timely recording of revenue/receipts. Journal entries are prepared timely and are reviewed by a supervisor.

Human Resources is continuing to work diligently to ensure that adequate documentation of creditable years of service is included in the employees' personnel file.

Estimated Completion Date: June 30, 2019
Contact Person: Janine Graham, Director of Finance
Telephone: (912) 876-4979
Fax: (912) 876-7374
E-mail: jgraham@liberty.k12.ga.us

Finding Control Number: FS 2018-002

We concur with this finding. Procedures have been implemented to assure timeliness of bank account reconciliations and related review. The Board also hired an Executive Director of Finance on March 13, 2019. The Executive Director will continue to monitor this process and look for ways to strengthen internal controls.

Due to limited personnel in the schools, separation of duties is a challenge. We will review accounting procedures relative to the deposit preparation function and recordkeeping and cash custody functions to determine ways to strengthen internal controls over these functions. We will also review the accounting procedures relative to the check preparation and recordkeeping functions to determine ways to strengthen internal controls over these functions.

SUPERINTENDENT OF SCHOOLS
Dr. Franklin D. Perry

MEMBERS, BOARD OF EDUCATION Lily H. Baker, Chair • Carol Guyett, Vice Chair
Verdell Jones • Carolyn Smith Carter • James Johns • Dr. Chante Baker Martin • Donita Strickland

The Bookkeepers have been instructed to use Vendor SA One Time Pay to refund money to parents/guardians and students only. We will continue to monitor the SA One Time Pay vendor to ensure that it is only being used to reimburse parents/guardians and students.

Estimated Completion Date: June 30, 2020
Contact Person: Janine Graham, Director of Finance
Telephone: (912) 876-4979
Fax: (912) 876-7374
E-mail: jgraham@liberty.k12.ga.us

Dr. Franklin D. Perry, Liberty County Schools Superintendent