

CITY OF THOMASVILLE BOARD OF EDUCATION
THOMAS COUNTY, GEORGIA

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

CITY OF THOMASVILLE BOARD OF EDUCATION – THOMAS COUNTY

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	GOVERNMENT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	4
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	5
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	6
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G	STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	8
H	STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS	9
I	NOTES TO THE BASIC FINANCIAL STATEMENTS	10
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA	37
2	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	38
3	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA	39
4	SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL OPEB FUND	40
5	SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF GEORGIA	41
6	SCHEDULE OF CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	42
7	SCHEDULE OF CONTRIBUTIONS – SCHOOL OPEB FUND	43
8	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	44
9	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	45

(This page left intentionally blank)

CITY OF THOMASVILLE BOARD OF EDUCATION – THOMAS COUNTY

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

10	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	46
11	SCHEDULE OF STATE REVENUE	47
12	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	49

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

January 31, 2020

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
City of Thomasville Board of Education

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Thomasville 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 opinion 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

(This page left intentionally blank)

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

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

Opinions

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the 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.

(This page left intentionally blank)

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 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

(This page left intentionally blank)

CITY OF THOMASVILLE BOARD OF EDUCATION – THOMAS COUNTY

(This page left intentionally blank)

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 7,759,428.27
Accounts Receivable, Net	
Taxes	919,732.99
State Government	1,988,807.13
Federal Government	817,463.82
Inventories	22,358.36
Restricted Assets	
Cash with Fiscal Agent or Trustee	1,827,813.69
Capital Assets, Non-Depreciable	1,092,437.68
Capital Assets, Depreciable (Net of Accumulated Depreciation)	39,813,402.53
Total Assets	54,241,444.47
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	4,545,320.19
Related to OPEB Plan	936,261.00
Total Deferred Outflows of Resources	5,481,581.19
LIABILITIES	
Accounts Payable	268,480.12
Salaries and Benefits Payable	3,387,476.53
Interest Payable	99,451.56
Retainages Payable	46,820.43
Net Pension Liability	26,205,068.00
Net OPEB Liability	25,022,275.00
Long-Term Liabilities	
Due Within One Year	1,894,445.01
Due in More Than One Year	13,107,462.28
Total Liabilities	70,031,478.93
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	2,364,355.00
Related to OPEB Plan	2,552,907.00
Total Deferred Inflows of Resources	4,917,262.00
NET POSITION	
Net Investment in Capital Assets	33,864,738.71
Restricted for	
Continuation of Federal Programs	22,358.36
Debt Service	2,461,532.82
Capital Projects	392,701.41
Unrestricted (Deficit)	(51,967,046.57)
Total Net Position	$ (15,225,715.27)

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 19,653,132.68	$ 368,086.63
Support Services		
Pupil Services	2,595,046.07	-
Improvement of Instructional Services	1,576,497.70	-
Educational Media Services	450,065.99	-
General Administration	438,829.03	-
School Administration	2,408,493.11	-
Business Administration	331,205.02	-
Maintenance and Operation of Plant	2,549,900.73	93,600.00
Student Transportation Services	555,740.26	-
Central Support Services	379,776.69	-
Other Support Services	15,750.00	-
Operations of Non-Instructional Services		
Enterprise Operations	57,460.13	-
Community Services	54,091.53	53,453.19
Food Services	1,994,630.28	190,311.17
Interest on Short-Term and Long-Term Debt	266,611.17	-
Total Governmental Activities	$ 33,327,230.39	$ 705,450.99
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
Other Sales Tax		
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
$	12,571,347.20	$ 188,867.24	$ (6,524,831.61)
	467,231.87	6,649.43	(2,121,164.77)
	957,738.21	4,399.01	(614,360.48)
	372,563.43	1,680.18	(75,822.38)
	700,549.19	2,627.19	264,347.35
	843,260.83	8,227.78	(1,557,004.50)
	1,888.56	-	(329,316.46)
	830,378.45	-	(1,625,922.28)
	30,099.94	-	(525,640.32)
	2,816.32	-	(376,960.37)
	53.75	-	(15,696.25)
	35,637.85	-	(21,822.28)
	10,556.11	-	9,917.77
	1,588,454.16	1,028.47	(214,836.48)
	-	-	(266,611.17)
$	18,412,575.87	$ 213,479.30	(13,995,724.23)
			11,580,357.16
			21,190.06
			2,504,345.66
			170,214.62
			64,639.60
			1,038,400.03
			15,379,147.13
			1,383,422.90
			(16,609,138.17)
			$ (15,225,715.27)

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY

EXHIBIT "C"

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 2,824,707.65	$ 4,161,100.23	$ 773,620.39	$ 7,759,428.27
Accounts Receivable, Net				
Taxes	720,096.32	-	199,636.67	919,732.99
State Government	1,988,807.13	-	-	1,988,807.13
Federal Government	817,463.82	-	-	817,463.82
Inventories	22,358.36	-	-	22,358.36
Restricted				
Investments with Fiscal Agent or Trustee	-	240,086.37	1,587,727.32	1,827,813.69
Total Assets	$ 6,373,433.28	$ 4,401,186.60	$ 2,560,984.38	$ 13,335,604.26
LIABILITIES				
Accounts Payable	$ 247,031.62	$ 21,448.50	$ -	$ 268,480.12
Salary and Benefits Payable	3,387,476.53	-	-	3,387,476.53
Retainages Payable	-	46,820.43	-	46,820.43
Total Liabilities	3,634,508.15	68,268.93	-	3,702,777.08
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	384,429.60	-	-	384,429.60
FUND BALANCES				
Nonspendable	22,358.36	-	-	22,358.36
Restricted	-	4,332,917.67	2,560,984.38	6,893,902.05
Assigned	262,986.50	-	-	262,986.50
Unassigned	2,069,150.67	-	-	2,069,150.67
Total Fund Balances	2,354,495.53	4,332,917.67	2,560,984.38	9,248,397.58
Total Liabilities and Fund Balances	$ 6,373,433.28	$ 4,401,186.60	$ 2,560,984.38	$ 13,335,604.26

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
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")		$ 9,248,397.58
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	$ 556,331.92	
Construction in progress	536,105.76	
Buildings and improvements	43,768,744.68	
Equipment	962,635.05	
Land improvements	2,410,309.09	
Accumulated depreciation	(7,328,286.29)	40,905,840.21
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (26,205,068.00)	
Net OPEB liability	(25,022,275.00)	(51,227,343.00)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	$ 2,180,965.19	
Related to OPEB	(1,616,646.00)	564,319.19
Taxes that are not available to pay for current period expenditures are deferred in the funds.		384,429.60
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (10,000,000.00)	
Accrued interest payable	(99,451.56)	
Intergovernmental agreement payable	(2,000,000.00)	
Energy efficiency lease payable	(2,834,494.96)	
Compensated absences payable	(167,412.33)	(15,101,358.85)
Net position of governmental activities (Exhibit "A")		$ (15,225,715.27)

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

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 11,534,910.54	$ -	$ -	$ 11,534,910.54
Sales Taxes	170,214.62	-	2,504,345.66	2,674,560.28
State Funds	14,268,740.02	111,650.30	-	14,380,390.32
Federal Funds	4,160,877.08	-	-	4,160,877.08
Charges for Services	705,450.99	-	-	705,450.99
Investment Earnings	13,304.63	32,320.75	19,014.22	64,639.60
Miscellaneous	1,038,400.03	-	101,829.00	1,140,229.03
Total Revenues	31,891,897.91	143,971.05	2,625,188.88	34,661,057.84
EXPENDITURES				
Current				
Instruction	19,044,873.11	-	-	19,044,873.11
Support Services				
Pupil Services	2,637,689.32	-	-	2,637,689.32
Improvement of Instructional Services	1,561,504.40	40,583.20	-	1,602,087.60
Educational Media Services	455,827.55	-	-	455,827.55
General Administration	452,583.78	-	-	452,583.78
School Administration	2,432,245.60	-	-	2,432,245.60
Business Administration	323,215.79	-	-	323,215.79
Maintenance and Operation of Plant	2,559,141.88	-	-	2,559,141.88
Student Transportation Services	662,401.60	-	-	662,401.60
Central Support Services	357,599.68	-	-	357,599.68
Other Support Services	15,750.00	-	-	15,750.00
Enterprise Operations	57,460.13	-	-	57,460.13
Community Services	54,091.53	-	-	54,091.53
Food Services Operation	1,975,395.85	-	-	1,975,395.85
Capital Outlay	-	1,156,967.17	-	1,156,967.17
Debt Services				
Principal	-	-	2,508,263.04	2,508,263.04
Dues and Fees	-	-	14,007.76	14,007.76
Interest	-	-	456,283.46	456,283.46
Total Expenditures	32,589,780.22	1,197,550.37	2,978,554.26	36,765,884.85
Excess of Revenues over (under) Expenditures	(697,882.31)	(1,053,579.32)	(353,365.38)	(2,104,827.01)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	200,000.00	200,000.00
Transfers Out	(200,000.00)	-	-	(200,000.00)
Total Other Financing Sources (Uses)	(200,000.00)	-	200,000.00	-
Net Change in Fund Balances	(897,882.31)	(1,053,579.32)	(153,365.38)	(2,104,827.01)
Fund Balances - Beginning	3,252,377.84	5,386,496.99	2,714,349.76	11,353,224.59
Fund Balances - Ending	$ 2,354,495.53	$ 4,332,917.67	$ 2,560,984.38	$ 9,248,397.58

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
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")		$ (2,104,827.01)
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	$ 1,097,508.08	
Depreciation expense	(629,359.41)	468,148.67
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		66,636.68
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Bond principal retirements	$ 2,445,000.00	
Capital lease payments	63,263.04	
Amortization of bond premium	164,190.80	2,672,453.84
District pension and OPEB 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 and OPEB liability is measured a year before the District's report date. Pension and OPEB expense, which is the change in the net pension and OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, is reported in the Statement of Activities.		
Pension expense	$ 729,704.63	
OPEB expense	(409,345.00)	320,359.63
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest on issuance of bonds	$ 25,481.49	
Compensated absences increase	(64,830.40)	(39,348.91)
Change in net position of governmental activities (Exhibit "B")		$ 1,383,422.90

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ -	$ 149,035.85
Investments	160,727.56	-
Total Assets	$ 160,727.56	$ 149,035.85
LIABILITIES		
Cash Overdraft	$ 2,240.00	$ -
Funds Held for Others	-	149,035.85
Total Liabilities	$ 2,240.00	$ 149,035.85
NET POSITION		
Held in Trust for Private Purposes	$ 158,487.56	

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Investment Earnings	
Interest	$ 156.27
Other Additions	5,500.00
Total Additions	5,656.27
DEDUCTIONS	
Other Deductions	3,000.00
Change in Net Position	2,656.27
Net Position - Beginning	155,831.29
Net Position - Ending	$ 158,487.56

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 City of Thomasville 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), Bond Proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund types:

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

BASIS OF ACCOUNTING

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

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The adoption of this statement has a significant impact on the School District's financial statements. As noted in the Restatement of Net Position note disclosure, the School District restated beginning net position for the cumulative effect of this accounting change.

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

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 statement.

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 statement.

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.

RESTRICTED ASSETS

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds and Qualified School Construction Bond sinking funds.

CAPITAL ASSETS

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any amount	N/A
Land Improvements	$ 50,000.00	80 years
Buildings and Improvements	$ 50,000.00	15 to 80 years
Equipment	$ 50,000.00	5 to 25 years
Intangible Assets	$ 50,000.00	Over 1 year

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

COMPENSATED ABSENCES

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

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

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

LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

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

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

PENSIONS

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

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 City of Thomasville adopted the property tax levy for the 2017 tax digest year (calendar year) on October 2, 2017 (levy date) based on property values as of January 1, 2017. Taxes were due on December 20, 2017 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2017 tax digest are reported as revenue in the governmental funds for fiscal year 2018. The City of Thomasville City Clerk bills and collects the property taxes for the School District, withholds 1.25% 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 $10,766,530.49.

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	17.869 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $747,189.99 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 $2,504,345.66 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.

The City of Thomasville (City Government) sold general obligation bonds to provide advance funding for capital outlay projects associated with issuance of Education Special Purpose Local Option Sales Tax (ESPLOST). In fiscal year 2018, the School District provided $2,622,300.00 of ESPLOST proceeds to the City Government for debt services on said general obligation debt.

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, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

NOTE 4: DEPOSITS 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.

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 $8,962,564.22, and a bank balance of $9,932,581.62. The bank balances insured by Federal depository insurance were $2,248,454.88 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District’s name were $5,004,401.34. The bank balances included in the State’s Secure Deposit Program (SDP) were $2,679,725.40.

At June 30, 2018, $2,919,811.77 of the School District's bank balance was exposed to custodial credit risk. Of this amount $2,679,725.40 was covered in the State’s Secure Deposit Program and $240,086.37 was uninsured.

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 to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. 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.

At June 30, 2018, $2,919,811.77 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	240,086.37
Uninsured with collateral held by the pledging financial institution		-
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School District's name		2,679,725.40
Total	$	2,919,811.77

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

Cash and cash equivalents		
Statement of Net Position	$	9,587,241.96
Statement of Fiduciary Net Position		149,035.85
Total cash and cash equivalents		9,736,277.81
Add:		
Deposits with original maturity of three months or more reported as investments		160,727.56
Less:		
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		934,441.15
Total carrying value of deposits - June 30, 2018	$	8,962,564.22

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $934,441.15 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: RESTRICTED ASSETS

The restricted assets represent the cash balance of $1,587,727.32 for the QSCB Bond Sinking Fund and the cash balance of $240,086.37 for the equipment lease escrow account.

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 556,331.92	$ -	$ -	$ 556,331.92
Construction in Progress	2,902,518.11	536,105.76	2,902,518.11	536,105.76
Total Capital Assets Not Being Depreciated	3,458,850.03	536,105.76	2,902,518.11	1,092,437.68
Capital Assets Being Depreciated				
Buildings and Improvements	41,332,139.92	2,436,604.76	-	43,768,744.68
Equipment	846,014.05	116,621.00	-	962,635.05
Land Improvements	1,499,614.42	910,694.67	-	2,410,309.09
Less Accumulated Depreciation for:				
Buildings and Improvements	5,897,670.09	531,423.81	-	6,429,093.90
Equipment	317,341.96	73,218.05	-	390,560.01
Land Improvements	483,914.83	24,717.55	-	508,632.38
Total Capital Assets, Being Depreciated, Net	36,978,841.51	2,834,561.02	-	39,813,402.53
Governmental Activity Capital Assets - Net	$ 40,437,691.54	$ 3,370,666.78	$ 2,902,518.11	$ 40,905,840.21

Current year depreciation expense by function is as follows:

Instruction	$ 552,932.08
Support Services	
Student Transportation Services	76,427.33
	$ 629,359.41

NOTE 7: INTERFUND TRANSFERS

INTERFUND TRANSFERS

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

Transfers to	Transfers From General Fund
Debt Service Fund	$ 200,000.00

Transfers are used to move property tax revenues collected by the general fund to cover required deposits into the Qualified School Construction Bonds sinking fund maintained in the debt service fund.

NOTE 8: SHORT-TERM DEBT

The School District issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. This short-term debt is to provide cash for operations until property tax collections are received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75% of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

Short-term debt activity for the fiscal year is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ -	$ 2,000,000.00	$ 2,000,000.00	$ -

NOTE 9: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
General Obligation (G.O.) Bonds	$ 12,445,000.00	$ -	$ 2,445,000.00	$ 10,000,000.00	$ 1,825,000.00
Unamortized Bond Premiums	164,190.80	-	164,190.80	-	-
Intergovernmental Agreement	2,000,000.00	-	-	2,000,000.00	-
Energy Efficiency Leases	2,897,758.00	-	63,263.04	2,834,494.96	69,445.01
Compensated Absences (1)	102,581.93	127,460.89	62,630.49	167,412.33	-
	$ 17,609,530.73	$ 127,460.89	$ 2,735,084.33	$ 15,001,907.29	$ 1,894,445.01

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

GENERAL OBLIGATION DEBT OUTSTANDING

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

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2016	1.59%	5/10/2016	4/1/2023	$ 10,000,000.00	$ 10,000,000.00
				$ 10,000,000.00	$ 10,000,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt Principal	Interest
2019	$ 1,825,000.00	$ 159,000.00
2020	1,975,000.00	129,982.00
2021	2,020,000.00	98,580.00
2022	2,065,000.00	66,462.00
2023	2,115,000.00	33,628.00
Total Principal and Interest	$ 10,000,000.00	$ 487,652.00

INTERGOVERNMENTAL CONTRACT

The School District entered into a contract with the South Georgia Governmental Services Authority, dated July 22, 2010, for the issuance of Taxable Revenue bonds (Thomasville School Projects) (Taxable-Qualified School Construction Bonds–Direct Payment) to provide funds to finance the cost of acquiring, constructing and equipping certain facility improvements of the School District. Under the terms of the contract, the South Georgia Governmental Services Authority issued $2,000,000.00 in Taxable Revenue bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

Debt currently outstanding under the Intergovernmental Agreement is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Intergovernmental Contract	5.46%	7/22/2010	4/1/2020	$ 2,000,000.00	$ 2,000,000.00

The following schedule of total Intergovernmental Agreement is as follow:

Fiscal Year Ended June 30:	Principal	Interest
2020	$ 2,000,000.00	$ -

OBLIGATIONS UNDER ENERGY EFFICIENCY LEASES

An energy efficiency lease agreement dated November 15, 2016 was executed by and between the School District, the lessee, and Texas Capital Bank, N. A., the lessor. The agreement authorized the borrowing of $2,897,758.00 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the School District's capital projects fund.

Debt currently outstanding is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Schneider Electric Energy Saving Contract	3.37%	11/15/2016	11/15/2036	$ 2,897,758.00	$ 2,834,494.96

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

Fiscal Year Ended June 30:	Principal	Interest
2019	$ 69,445.01	$ 95,522.49
2020	75,956.81	93,182.19
2021	82,813.20	90,622.45
2022	90,029.55	87,831.64
2023	97,621.85	84,797.65
2024 - 2028	616,356.93	369,047.65
2029 - 2033	872,979.11	248,734.94
2034 - 2037	929,292.50	80,699.08
Total Principal and Interest	$ 2,834,494.96	$ 1,150,438.09

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 10: RISK MANAGEMENT

INSURANCE

Commercial Insurance

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

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	$ -	$ 2,640.00	$ -	$ 2,640.00
2018	$ 2,640.00	$ 118.79	$ 2,758.79	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 50,000.00

NOTE 11: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories		$ 22,358.36
Restricted		
Capital Projects	$ 4,332,917.67	
Debt Service	2,560,984.38	6,893,902.05
Assigned		
School Activity Accounts		262,986.50
Unassigned		2,069,150.67
Fund Balance, June 30, 2018		$ 9,248,397.58

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 12: 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)
Veterans Memorial Stadium Renovations	$ 77,632.69	$ 493,707.31
Schneider Electric	98,797.50	2,793,960.50
	$ 176,430.19	$ 3,287,667.81

(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 intangible assets 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(s) totaled $40,583.20 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	$	40,583.20
2020		40,583.20
2021		40,583.20
2022		40,583.20
Total	$	162,332.80

NOTE 13: 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 14: 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 $928,943.00 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 $25,022,275.00 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 0.178095%, which was a decrease of 0.005155% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of $1,338,288.00. 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	-	1,905,382.00
Net difference between projected and actual earnings on OPEB plan investments	7,318.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	647,525.00
School District contributions subsequent to the measurement date	928,943.00	-
Total	$ 936,261.00	$ 2,552,907.00

School District contributions subsequent to the measurement date of $928,943.00 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	$ (457,326.00)
2020	$ (457,326.00)
2021	$ (457,326.00)
2022	$ (457,326.00)
2023	$ (459,156.00)
Thereafter	$ (257,129.00)

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

OPEB:

Inflation	2.75%
Salary increases	
ERS	3.25% - 7.00%, including inflation
JRS	4.50%, including inflation
LRS	None
TRS	3.25 — 9.00%, including inflation
PSERS	N/A
Long-term expected rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2022

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

- For ERS, JRS and LRS members: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years or both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used for the period after disability retirement.

- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.

- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

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

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

Additionally, there was a change of assumptions that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the School OPEB Fund is based on their current or last employer payroll location. Current and former employees of public school districts, libraries, regional educational service agencies and community colleges are allocated to the School OPEB Fund irrespective of retirement system affiliation. In addition, the discount rate increased from 3.07% to 3.58%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Local Government Investment Pool	100.00%	1.13%

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

Discount rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.58% was used as the discount rate. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.56% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2115. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2029. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	$ 29,709,471.00	$ 25,022,275.00	$ 21,323,130.00

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	$ 20,740,616.00	$ 25,022,275.00	$ 30,596,990.00

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 15: 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 16.52% of payroll was required from the School District and 0.29% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $2,866,488.00 and $43,766.23 from the School District and the State, respectively.

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

Contributions: Member contributions under the old plan are 4% of annual compensation, up to $4,200.00, plus 6% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation.

The School District's required contribution rate for the year ended June 30, 2018 was 24.81% of annual covered payroll for old and new plan members and 21.81% for GSEPS members. The rated include the annual actuarially determined employer contributions rate of 24.69% of annual covered

payroll for old and new plan members and 21.69% for GSEPS members, plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $26,792.19 for the current fiscal year.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $21,085.00.

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

At June 30, 2018, the School District reported a liability of $26,205,068.00 for its proportionate share of the net pension liability for TRS ($26,040,990.00) and ERS ($164,078.00).

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

School District's proportionate share of the net pension liability	$	26,040,990.00
State of Georgia's proportionate share of the net pension liability associated with the School District		390,106.00
Total	$	26,431,096.00

The net pension liability for TRS and ERS was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2017.

At June 30, 2017, the School District's TRS proportion was 0.140116%, which was a decrease of 0.006965% from its proportion measured as of June 30, 2016. At June 30, 2017, the School District's ERS proportion was 0.004040%, which was an increase of 0.004040% 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 $110,276.00.

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 $2,130,327.00 for TRS, $81,978.00 for ERS and $22,225.00 for PSERS and revenue of $25,585.00 for TRS and $22,225.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 974,093.00	$ 98,276.00	$ 1,798.00	$ 1.00
Changes of assumptions	570,851.00	-	374.00	-
Net difference between projected and actual earnings on pension plan investments	-	179,206.00	-	409.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	2,086,463.00	104,924.00	-
School District contributions subsequent to the measurement date	2,866,488.00	-	26,792.19	-
Total	$ 4,411,432.00	$ 2,363,945.00	$ 133,888.19	$ 410.00

The School District contributions subsequent to the measurement date of $2,866,488.00 for TRS and $26,792.19 for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2019	$ (916,654.00)	$ 63,651.00
2020	$ 691,809.00	$ 45,845.00
2021	$ 329,757.00	$ 1,842.00
2022	$ (916,065.00)	$ (4,652.00)
2023	$ (7,848.00)	$ -

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

Teachers Retirement System:

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

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

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

Employees' Retirement System:

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

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

actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

Public School Employees Retirement System:

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

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

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

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

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

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

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

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 42,736,320.00	$ 26,040,990.00	$ 12,287,791.00

Employees' Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$ 231,588.00	$ 164,078.00	$ 106,490.00

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

DEFINED CONTRIBUTION PLAN

In January 1981, the School District began an employer paid 403(b) annuity plan for all.

The School District selected Variable Annuity Life Insurance Company (VALIC) as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to 4 percent of the employee's base pay, dropping to 2 percent for the 2011-2012 fiscal year.

The employee becomes vested in the plan with 2 years of experience. Employees who had already achieved 2 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 2 years of service to the School District. If an employee terminates employment prior to achieving 2 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

The vendor for the plan changed to Hartford in November 2006 and to Mass Mutual in March 2013.

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

Fiscal Year	Contributed		Contribution
2018	100%	$	355,319.56
2017	100%	$	323,017.71
2016	100%	$	323,201.90

NOTE 16: RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2018, the School District made prior period adjustments due to the adoption of GASB Statement No. 75, as described in "New Accounting Pronouncements", which require the restatement of the June 30, 2017, net position in Governmental Activities. The result is a decrease in net position at July 1, 2017 of $26,229,576.00. This change is in accordance with generally accepted accounting procedures.

Net Position, July 1, 2017 as previously reported	$	9,620,437.83
Prior Period Adjustment - Implementation of GASB No. 75: Net OPEB Liability (measurement date)		(27,158,174.00)
Deferred Outflows - School District's Contributions made during fiscal year 2017		928,598.00
Net Position, July 1, 2017, as restated	$	(16,609,138.17)

(This page left intentionally blank)

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
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	0.140116%	$ 26,040,990.00	$ 390,106.00	$ 26,431,096.00	$ 16,339,657.87	159.37%	79.33%
2017	0.147081%	$ 30,344,450.00	$ 438,411.00	$ 30,782,861.00	$ 16,369,248.13	185.37%	76.06%
2016	0.149375%	$ 22,740,860.00	$ 305,546.00	$ 23,046,406.00	$ 16,017,281.04	141.98%	81.44%
2015	0.159512%	$ 20,152,237.00	$ 298,155.00	$ 20,450,392.00	$ 16,619,380.78	121.26%	84.03%

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY

SCHEDULE "2"

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

FOR THE YEAR ENDED JUNE 30

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2018	0.004040%	$ 164,078.00	$ -	0.00%	76.33%

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY

SCHEDULE "3"

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

FOR THE YEAR ENDED JUNE 30

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%	$ -	$ 110,276.00	$ 110,276.00	$ 324,119.53	N/A	85.69%
2017	0.00%	$ -	$ 156,801.00	$ 156,801.00	$ 323,674.72	N/A	81.00%
2016	0.00%	$ -	$ 93,626.00	$ 93,626.00	$ 265,522.14	N/A	87.00%
2015	0.00%	$ -	$ 74,883.00	$ 74,883.00	$ 228,419.29	N/A	88.29%

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

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

SCHEDULE "4"

Year Ended	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability	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	0.178095%	$ 25,022,275.00	$ -	$ 25,022,275.00	$ 14,028,425.79	178.37%	1.61%

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

SCHEDULE "5"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2018	$ 2,866,488.00	$ 2,866,488.00	$ -	$ 17,351,144.56	16.52%
2017	$ 2,297,282.56	$ 2,297,282.56	$ -	$ 16,339,657.87	14.06%
2016	$ 2,302,624.81	$ 2,302,624.81	$ -	$ 16,369,248.13	14.07%
2015	$ 2,077,614.70	$ 2,077,614.70	$ -	$ 16,017,281.04	12.97%

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

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2018	$ 26,792.19	$ 26,792.19	$ -	$ 107,989.47	24.81%

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2018	$ 928,943.00	$ 928,943.00	$ -	$ 14,891,069.64	6.24%
2017	$ 928,598.00	$ 928,598.00	$ -	$ 14,028,425.79	6.62%

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

Teachers Retirement System

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

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

Employees' Retirement System

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

Public School Employees Retirement System

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

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

School OPEB Fund

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

Changes in assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location. Additionally, there were changes to the discount rate and an increase in the investment rate of return due to a longer-term investment strategy.

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

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL(1)	FINAL(1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 11,600,000.00	$ 11,600,000.00	$ 11,534,910.54	$ (65,089.46)
Sales Taxes	-	-	170,214.62	170,214.62
State Funds	13,079,187.00	13,824,387.00	14,268,740.02	444,353.02
Federal Funds	300,000.00	2,737,368.00	4,160,877.08	1,423,509.08
Charges for Services	90,000.00	90,000.00	705,450.99	615,450.99
Investment Earnings	5,000.00	5,000.00	13,304.63	8,304.63
Miscellaneous	50,000.00	50,000.00	1,038,400.03	988,400.03
Total Revenues	25,124,187.00	28,306,755.00	31,891,897.91	3,585,142.91
EXPENDITURES				
Current				
Instruction	16,122,298.00	18,002,951.76	19,044,873.11	(1,041,921.35)
Support Services				
Pupil Services	1,732,267.00	2,883,447.00	2,637,689.32	245,757.68
Improvement of Instructional Services	692,511.00	876,640.00	1,561,504.40	(684,864.40)
Educational Media Services	399,966.00	399,966.00	455,827.55	(55,861.55)
General Administration	417,198.00	470,568.00	452,583.78	17,984.22
School Administration	2,067,668.00	2,067,668.00	2,432,245.60	(364,577.60)
Business Administration	363,548.00	363,549.00	323,215.79	40,333.21
Maintenance and Operation of Plant	2,886,670.00	2,886,670.00	2,559,141.88	327,528.12
Student Transportation Services	565,240.00	569,477.00	662,401.60	(92,924.60)
Central Support Services	329,132.00	329,130.00	357,599.68	(28,469.68)
Other Support Services	17,281.00	17,281.00	15,750.00	1,531.00
Enterprise Operations	-	-	57,460.13	(57,460.13)
Community Services	-	-	54,091.53	(54,091.53)
Food Services Operation	-	1,840,000.00	1,975,395.85	(135,395.85)
Total Expenditures	25,593,779.00	30,707,347.76	32,589,780.22	(1,882,432.46)
Excess of Revenues over (under) Expenditures	(469,592.00)	(2,400,592.76)	(697,882.31)	1,702,710.45
OTHER FINANCING USES				
Operating Transfers To Other Funds	(200,000.00)	(200,000.00)	(200,000.00)	-
Net Change in Fund Balances	(669,592.00)	(2,600,592.76)	(897,882.31)	1,702,710.45
Fund Balances - Beginning	3,393,272.27	3,393,272.27	3,252,377.84	(140,894.43)
Adjustments	22,842.73	(126,657.95)	-	126,657.95
Fund Balances - Ending	$ 2,746,523.00	$ 666,021.56	$ 2,354,495.53	$ 1,688,473.97

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 $782,880.94 and $762,671.33 respectively.

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

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE 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	$ 343,123.95
National School Lunch Program	10.555	18185GA324N1100	1,152,664.76
Total U.S Department of Agriculture			1,495,788.71
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	195GA324L1603	36,605.62
Total of U.S. Department of Agriculture			1,532,394.33
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	39,952.00
Grants to States	84.027	H027A180073	655,279.72
Preschool Grants	84.173	H173A160081	8,240.00
Preschool Grants	84.173	H173A170081	24,125.17
Total Special Education Cluster			727,596.89
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A180010	32,748.54
Rural Education	84.358	S358B160010	113.00
Rural Education	84.358	S365B170010	57,762.25
Student Support and Academic Enrichment Program	84.424A	S424A180011	26,006.18
Supporting Effective Instruction State Grants	84.367	S367A170001	11,256.00
Supporting Effective Instruction State Grants	84.367	S367A180001	123,673.81
Title I Grants to Local Educational Agencies	84.010	S010A160010	83,557.00
Title I Grants to Local Educational Agencies	84.010	S010A170010	1,357,005.20
Total Other Programs			1,692,121.98
Total U. S. Department of Education			2,419,718.87
Defense, U. S. Department of			
Direct			
Department of the Air Force	12.UNKNOWN		60,830.51
R.O.T.C. Program			
Total Expenditures of Federal Awards			$ 4,012,943.71

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 City of Thomasville 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.

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
SCHEDULE OF STATE REVENUE
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE "11"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES: GENERAL FUND	GOVERNMENTAL FUND TYPES: CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 837,785.74	$ -	$ 837,785.74
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	945,643.00	-	945,643.00
Kindergarten Program - Early Intervention Program	113,306.00	-	113,306.00
Primary Grades (1-3) Program	1,890,139.00	-	1,890,139.00
Primary Grades - Early Intervention (1-3) Program	250,693.00	-	250,693.00
Upper Elementary Grades (4-5) Program	958,760.00	-	958,760.00
Upper Elementary Grades - Early Intervention (4-5) Program	133,002.00	-	133,002.00
Middle School (6-8) Program	1,562,328.00	-	1,562,328.00
High School General Education (9-12) Program	1,485,719.00	-	1,485,719.00
Vocational Laboratory (9-12) Program	235,805.00	-	235,805.00
Students with Disabilities	1,948,892.00	-	1,948,892.00
Gifted Student - Category VI	1,145,564.00	-	1,145,564.00
Remedial Education Program	263,855.00	-	263,855.00
Alternative Education Program	109,198.00	-	109,198.00
English Speakers of Other Languages (ESOL)	7,190.00	-	7,190.00
Media Center Program	297,899.00	-	297,899.00
20 Days Additional Instruction	87,349.00	-	87,349.00
Staff and Professional Development	48,403.00	-	48,403.00
Principal Staff and Professional Development	1,215.00	-	1,215.00
Indirect Cost			
Central Administration	512,168.00	-	512,168.00
School Administration	667,091.00	-	667,091.00
Facility Maintenance and Operations	641,589.00	-	641,589.00
Mid-term Adjustment Hold-Harmless	27,614.00	-	27,614.00
Amended Formula Adjustment	(219,034.00)	-	(219,034.00)
Categorical Grants			
Pupil Transportation			
Regular	39,324.00	-	39,324.00
Nursing Services	55,859.00	-	55,859.00
Other State Programs			
Food Services	47,326.00	-	47,326.00
Math and Science Supplements	9,702.05	-	9,702.05
Move on When Ready Grant	8,393.00	-	8,393.00
Preschool Disability Services	45,110.00	-	45,110.00
Teachers Retirement	43,766.23	-	43,766.23
Vocational Education	37,749.00	-	37,749.00
Vocational Supervisors	8,252.00	-	8,252.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	111,650.30	111,650.30
Office of the State Treasurer			
Public School Employees Retirement	21,085.00	-	21,085.00
	$ 14,268,740.02	$ 111,650.30	$ 14,380,390.32

See notes to the basic financial statements.

(This page left intentionally blank)

CITY OF THOMASVILLE BOARD OF EDUCATION - THOMAS COUNTY
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2018

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
2016 SPLOST							
Renovations, new construction, and improvements to Thomasville High School to include improvement/ replacement of storm drains; improvement to the AFJROTC/CTAE Tech Building to comply with industry certified standards; upgrade restrooms; and renovation of science labs.	$ 5,332,313.00	$ 53,708.00	$ 1,429.11	$ 39,707.73	$ -	$ -	6/30/2020
Renovations, new construction, and improvements to MacIntyre Park Middle School & Scholars Academy Building to include renovations/addition to the auditorium stage; improvement/upgrades to lighting and sound system; new stage curtains; parking lot improvements; furnishings; electrical upgrades; restroom and hallway renovations; and upgrades to the cafeteria.	-	86,524.78	-	86,524.78	-	-	6/30/2020
Renovations and improvements to Harper Elementary School to the kitchen and cafeteria;	-	15,455.55	4,298.45	11,157.10	-	-	6/30/2020
Renovations, new construction, and improvements to Jerger Elementary School to include playground upgrades; improvements to drainage on campus; construction/improvement of covered drive-thru (extend front/cafeteria area); and landscape improvements including new turf near gym;	-	68,365.00	-	68,364.44	-	-	6/30/2020
Renovations, new construction, and improvements to Scott Elementary School to include HVAC repair/ replacements, roof repair and replacement as needed, and new construction;	-	9,515.00	-	9,514.29	-	-	6/30/2020
Renovations, new construction, and improvements to Scholars Academy to include renovation of the "multi-purpose" room (old media center); South Building moisture eradication; exterior lighting at North and South Buildings; and separate intercom systems for SA, MPMS, and fieldhouse;	-	-	-	-	-	-	6/30/2020
Renovations, new construction, and improvements system-wide to: athletic facilities for all sports, including landscape improvements for athletic fields including but not limited to fencing and other upgrades; stadium renovations; heating and air conditioning systems; roof renovations/modifications; acquisition of lawn equipment and maintenance equipment; technology upgrades/ replacements and acquisition of software; computers, routers, tablets, switches, cabling; infrastructure modifications; band/music/fine arts program upgrades; acquiring instruments, uniforms; equipment (accessory support); establish landscaping (including drainage); perform signage improvements; parking lot resurfacing and/or new construction furnishings; acquisition and installation of safety & security system upgrades/ installation; cameras; alarm systems; entry/exit identification system; new intercom systems; lighting (exterior); crisis kits (first aid kits, defib machines, etc.); computer controlled HVAC Systems; and transportation upgrades including acquisition of replacement/new buses and replacement vehicles to fleet.	3,120,000.00	5,250,174.10	1,101,939.20	4,148,234.90	-	-	6/30/2020
Renovations, new construction, and improvements to athletic facilities and programs including acquisition of material, as needed, and installation of new lighting at stadium field and practice field; new softball parking lot, floor coverings, wall painting, lighting, volleyball (add-on Sport Title IX), relocate home-side (to original side), replace scoreboards (football, baseball), renovate restrooms and concessions at stadium, renovate fieldhouse locker rooms, construct new scoreboard in new gym; and upgrade/renovations of the gym including new metal skin, windows, floors, and locker rooms;	30,000.00	8,247.32	-	8,247.32	-	-	6/30/2020
Renovations, new construction, and improvements to Jackson Street Board Office including renovation and/or new construction of warehouse and maintenance facilities; and	-	-	-	-	-	-	6/30/2020
Renovations, new construction, and improvements to the Federal Building Broad Street Office including intercom system, completion of the "Innovation Classroom" space and other second floor space; renovation of windows for energy conservation; and exterior upgrades.	-	98,794.00	-	98,793.54	-	-	6/30/2020
	$ 8,482,313.00	$ 5,590,783.75	$ 1,107,666.76	$ 4,470,544.10	$ -	$ -	

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

See notes to the basic financial statements.

(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

January 31, 2020

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
City of Thomasville Board of Education

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Thomasville 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 January 31, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* as items FS 2018-001, FS 2018-002 and FS 2018-003 to be material weaknesses.

(This page left intentionally blank)

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item FS 2018-003, to be a significant deficiency.

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's 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

(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

January 31, 2020

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
City of Thomasville Board of Education

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

Report on Compliance for Each Major Federal Program

We have audited the City of Thomasville (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)

Basis for Qualified Opinion on Titfle I Grants to Local Educational Agencies (CFDA 84.010)

As described in the accompanying *Schedule of Findings and Questioned Costs*, the School District did not comply with requirements regarding Title I Grants to Local Educational Agencies (CFDA 84.010) as described in item FA 2018-003 for Reporting and Special Tests and Provisions, Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

Qualified Opinion on Title I Grants to Local Educational Agencies (CFDA 84.010)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies (CFDA 84.010) for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2018.

Other Matters

The School District's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

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

(This page left intentionally blank)

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as item FA 2018-003, to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items FA 2018-001 and FA 2018-002, to be significant deficiencies.

The School District's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

(This page left intentionally blank)

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

(This page left intentionally blank)

CITY OF THOMASVILLE BOARD OF EDUCATION – THOMAS COUNTY
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 2015-001 **IT General Controls**

Control Category: Accounting Controls (OVERALL)
Internal Control Impact: Material Weakness
Compliance Impact: None

Finding Status: Unresolved

Entity's response: PC Genesis is a legacy IT system that currently has limited options for segregating duties. Additionally, turnover within several departments and lack of strict adherence to policies and procedures resulted in a deficiency in the internal controls. The district will continue to evaluate the procedures and policies in order to improve the controls throughout the finance function.

FS 2016-001 **IT General Controls**

Control Category: Accounting Controls (OVERALL)
Internal Control Impact: Material Weakness
Compliance Impact: None

Finding Status: Unresolved

Entity's response: PC Genesis is a legacy IT system that currently has limited options for segregating duties. Additionally, turnover within several departments and lack of strict adherence to policies and procedures resulted in a deficiency in the internal controls. The district will continue to evaluate the procedures and policies in order to improve the controls throughout the finance function.

FS 2017-001 **IT General Controls**

Control Category: Accounting Controls (OVERALL)
Internal Control Impact: Material Weakness
Compliance Impact: None

Finding Status: Unresolved

Entity's response: PC Genesis is a legacy IT system that currently has limited options for segregating duties. Additionally, turnover within several departments and lack of strict adherence to policies and procedures resulted in a deficiency in the internal controls. The district will continue to evaluate the procedures and policies in order to improve the controls throughout the finance function.

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

FS 2016-002	Internal Controls over Financial Reporting Process
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Unresolved
Entity's response:	Due to the size of the School District, there is a challenge with segregation of duties; however, the System is reviewing and working to utilize other staff to review accounting work to insure accurate and reconciled reports. Additionally, turnover across departments impacted the system's ability to adhere to policies and procedures due to deficiency in continuity.
FS 2017-002	Internal Controls over Financial Reporting Process
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Unresolved
Entity's response:	Due to the size of the School District, there is a challenge with segregation of duties; however, the System is reviewing and working to utilize other staff to review accounting work to insure accurate and reconciled reports. Additionally, turnover across departments impacted the system's ability to adhere to policies and procedures due to deficiency in continuity.
FS 2016-003	Internal Control Procedures
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements Employee Compensation Journal Entries
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Unresolved
Entity's response:	As mentioned previously regarding internal controls, the School District's size creates challenges with separation of duties – several staff provide support and complete numerous aspects of the accounting functions. However, the district has been utilizing additional staff to review work and signoff to insure adequate controls. Additionally, significant turnover has impacted the System's ability to provide the best internal control systems and oversight.

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

FS 2017-003	**Internal Control Procedures**
Control Category:	Cash and Cash Equivalents Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements Employee Compensation Journal Entries
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Unresolved
Entity's response:	As mentioned previously regarding internal controls, the School District's size creates challenges with separation of duties – several staff provide support and complete numerous aspects of the accounting functions. However, the district has been utilizing additional staff to review work and signoff to insure adequate controls. Additionally, significant turnover has impacted the System's ability to provide the best internal control systems and oversight.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(This page left intentionally blank)

SECTION IV

FINDINGS AND QUESTIONED COSTS

(This page left intentionally blank)

THE CITY OF THOMASVILLE BOARD OF EDUCATION – THOMAS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue:
Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information — Unmodified

Internal control over financial reporting:
- Material weaknesses identified? — Yes
- Significant deficiency identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — Yes
- Significant deficiencies identified? — Yes

Type of auditor's report issued on compliance for major programs:
Unmodified for all major programs except for Title I Grants to Local Educational Agencies, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? — Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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	IT General Controls
Control Category:	Accounting Controls (Overall)
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-001; FS 2016-001; FS 2015-001

Description:
The policies and procedures of the School District were insufficient to provide adequate controls over logical access and system backup and recovery related to the School District's significant financial application, student information system and school food service point of sale system.

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

Condition:
The School District does not have adequate logical access controls in place to ensure only appropriate users have access to the School District's significant financial application, student information system and school food service point of sale system. For the financial application, we noted several users with access rights that exceeded their need to complete their assigned job functions. Further, the access granted did not adequately separate the functions of initiating, authorizing, and recording transactions, reconciliations, and maintaining the custody of assets. In addition, the School District does not have a formal policy for managing user access to the financial application, student information system, school food service system and supporting infrastructure. For the student information system and the school food service system, we noted the School District did not have adequate password policies. Lastly, it was noted that backup and recovery procedures for the student information system and school food service point of sale system are not adequate.

Cause:
Transition of software systems, personnel, and limiting factors with legacy financial software have all been part of the challenges the district faces regarding this weakness. We continue to work towards improving and expanding our controls; however, we are limited by our software systems and personnel.

Effect or Potential Effect:
The lack of adequate controls over the logical access to the School District's financial system may result in errors and/or irregularities which would not be detected in a timely manner.

Recommendation:
The School District should enhance logical access controls to include formal policies and procedures for granting, approving and rescinding user access to the applications and access to supporting infrastructure, and for the student information system and school food service point of sale system, password policies to deter unauthorized access. Application access controls in the accounting information system should complement the system of internal control by limiting an employee's access to only the accounting functions necessary for the performance of the employee's duties. Management should ensure that proper separation of duties exists. In the case when management determines separation of duties is not cost beneficial, management should implement compensating controls that assist in assuring that financial transactions are properly processed and reported.

View of Responsible Officials:
We concur with this finding.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2018-002	Internal Controls over Financial Reporting Process
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-002; FS 2016-002

Description:
The School District did not have adequate internal controls in place over the financial statement reporting process.

Criteria:
Management is responsible for having adequate controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The School District's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments (statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Chapter II - 2 - *Annual Financial Reporting of* the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:
The following errors and omissions were noted in the School District's financial statements, note disclosures and supplementary information presented for audit:

- A material adjustment totaling $155,009.98 was proposed and accepted by the client to properly present the proceeds and expenditures associated with the energy efficiency lease in the capital projects fund on the governmental fund financial statements.
- A material reclassification entry in the amount of $1,247,240.75 was proposed and accepted by the client to correctly report net position net investment in capital assets and unrestricted net position. The bond series 2012 was paid off by the entity in fiscal year 2018; however, the entity still included the bond's related uncapitalized bond proceeds in their calculation of net investment of capital assets resulting in an overstatement of the net position.
- A review of federal grant fund balances revealed that several grants were not properly closed out at year-end. Federal programs should be reviewed each year to determine if funds should be refunded to the grantor or if a transfer or receivable is necessary to cover a deficit balance.
- Other immaterial audit adjustments and reclassifications were proposed and accepted by the client to properly present the School District's financial statements, note disclosures and supplemental information.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Cause:
High turnover within the finance department has caused this to continue to be a weakness. Lack of controls over the process and continuity within the department increased the potential for misstatements. We continue to work on improving these areas by recognizing the weaknesses and working to develop procedures to reduce their potential.

Effect or Potential Effect:
Material misstatements were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operation.

Recommendation:
The School District should strengthen their internal controls and preparation and review procedures over financial reporting to ensure that the financial statements, including disclosures, presented for audit are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of GAAP, the applicable GASB pronouncements and knowledge of the School District's activities and operations. The School District should also consider implementing the use of a review checklist to assist in the review process over the financial statements.

View of Responsible Officials:
We concur with this finding.

FS 2018-003	Internal Control Procedures
Control Category:	Cash and Cash Equivalents
	Capital Assets
	Revenues/Receivables/Receipts
	Expenditures/Liabilities/Disbursements
	Employee Compensation
	Financial Reporting
	Journal Entries
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-003; FS 2016-003

Description:
The accounting procedures of the School District were insufficient to provide adequate internal controls over numerous control categories.

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.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Condition:

Cash and Cash Equivalents

- A separation of duties issue in the cash maintenance process was noted. Finance personnel had the ability to complete bank reconciliations, record and process revenue, and record journal entries.
- Ten of the bank reconciliations reviewed by auditors did not have evidence of a separate preparer and/or reviewer. One of the ten bank reconciliations reviewed by auditors did not have any signatures.
- Three of the bank reconciliations reviewed by auditors included per book balances that did not agree to the general ledger by insignificant amounts.
- One bank reconciliation reviewed by auditors had checks written in fiscal year 2018 that did not clear in the bank in fiscal year 2018. In addition, these checks were not noted on the outstanding check list as of June 30, 2018.
- Two of the student activity account bank reconciliation reviewed by auditors had a reviewer signature dated prior to the preparer signature.
- One bank account was under the entity's federal identification number inappropriately.

Capital Assets

- Eight of nine capital asset additions tested were not properly approved.
- The School District had an ongoing project that remained in construction-in-progress and was also added to the land improvement category on the capital asset listing. In addition to the capital asset being capitalized twice, the entity did not capitalize the asset at the correct amount. This resulted in an overstatement of capital assets in the amount of $421,383.88.
- The School District capitalized two land improvement assets at the incorrect amounts. One asset was overstated by $43,188.30 and one asset was understated by $44,884.41.
- Land improvement assets on the School District's capital asset listing were not depreciated according to the School District's estimated useful life within its capitalization policies resulting in an overstatement of depreciation expense and an understatement of capital assets of $72,210.05.
- Assets were approved for surplus that remained on the School District's capital asset listing.
- Immaterial expenditures were incorrectly capitalized.

Revenues/Receivables/Receipts

- A separation of duties issue in the revenue process was noted. Finance personnel record, process, and report the revenue/receivables and receipts and complete bank reconciliations and record journal entries.

Expenditures/Liabilities/Disbursements

- The School District did not follow their purchasing policy during the year under review. The policy states that all purchases made by the School District will be made by the central office on written purchase orders. The six voucher packages reviewed by the auditors did not have approved purchase orders. The amount of purchases tested that did not have approved purchase orders were $3,808.22.
- A separation of duties issue exists as finance personnel had the ability to enter purchases, approve invoices and perform bank reconciliations.
- Auditor noted that reimbursements totaling $4,659.37 were paid to School District employees from Special Purpose Local Option Sales Tax (SPLOST) funds.
- Auditor noted that employees were being paid using SPLOST funds for approved SPLOST work, but the expense was not run through payroll or noted on a 1099.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

- The auditors reviewed 63 capital project funds expenditures. Twenty-five of the purchases made with these funds were not properly approved. The amount of purchases that were not properly approved was $514,003.68.

Employee Compensation

- Immaterial variances were noted in the calculation of the Superintendent's pay.
- One employee received a $7,000.00 supplement not supported by an approved pay scale. This supplement was set by the principal where the employee worked.

Journal Entries

- For thirty-two journal entries, there was no proof of a separate preparer and reviewer. The journal entries only had one signature.
- Fourteen out of thirty-three journal entries did not have proper documentation supporting the entries.

Cause:

Lack of separation of duties due to limited personnel as well as high turnover within the department have contributed to these deficiencies. Due to these issues, this has been and will continue to be a challenge for the district to resolve. Improved software systems could assist with this deficiency or increased personnel within the department.

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 impacted its reporting of financial position and results of operations.

Recommendation:

The School District should review accounting procedures in place and design and implement procedures relative to the above control categories to strengthen the internal controls over the accounting function.

View of Responsible Officials:

We concur with this finding.

FS 2018-004	Internal Controls over School Activity Accounts
Control Category:	Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursements
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None

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.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Condition:

Revenues/Receivables/Receipts

During a review of five school activity account receipts, we observed that the five receipts lacked adequate documentation verifying the correct deposit amount.

Expenditures/Liabilities/Disbursements

During a review of fourteen school activity expenditures, we observed the following control deficiency:

- Eleven of the expenditures did not have an approved check request or purchase order.
    - Two of the eleven expenditures had a check request that was requested by the principal. Both of these expenditures were paid with a check that was written by the principal, and the check was signed by the principal.
- One expenditure did not have adequate documentation to support that the appropriate amount was paid.
- Three expenditures did not have adequate supporting documentation.
    - One expenditure was to the American Society of Clinical Oncology with no supporting documentation. The expenditure was requested by the principal with the note for leadership fees.
    - One expenditure was a handwritten note to tip a bus driver $100.00 for driving students and staff on a field trip.

Cause:

Lack of adherence to policies and procedures as well as lack of proper oversight have created this deficiency. We have implemented additional oversight to attempt to reduce this deficiency.

Effect or Potential Effect:

The lack of adequate separation of duties and the failure to maintain adequate internal controls over student activity accounts increases the risk of theft, fraud, or misuse of School District resources that may result in errors and/or irregularities not being detected in a timely manner.

Recommendation:

Management should implement procedures to ensure that disbursement and receipt of funds within the school activity accounts are adequately documented and recorded in the financial records. Additionally, management should establish a monitoring process to provide reasonable assurance that transactions are processed according to established procedures.

View of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2018-001	Improve Controls over Cash Management
Compliance Requirement:	Cash Management
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	84.010 Title I Grants to Local Education Agencies
Federal Award Numbers:	S010A160010, S010A170010
Questioned Costs:	None Identified

Description:
A review of cash drawdowns related to the Title I Grants to Local Educational Agencies program revealed that the School District's internal control procedures were not operating appropriately to ensure that appropriate reviews and approvals occurred and adequate documentation was maintained.

Criteria:
2 CFR 200.303(a) states in part that the "non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award… (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

In addition, 2 CFR 200.302(b)(6) requires that the entity develop written cash management procedures.

Condition:
A review of all cash drawdowns related to the Title I program was performed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. For five out of 13 cash drawdowns reviewed, adequate supporting documentation could not be provided. In addition, these five cash drawdowns did not reflect appropriate evidence of review or approval prior to submission to the Georgia Department of Education.

Cause:
Due to high turnover within the finance department as well as lack of strong procedures, this oversight occurred; however, it was corrected moving forward. Due to limited personnel and oversight, the programs did not have the support needed to eliminate this deficiency.

Effect or Potential Effect:
Failure to adequately monitor procedures over cash drawdowns could result in the School District accruing a Federal interest liability that would be owed to the Federal government. In addition, the School District could obtain more Federal funding than they were eligible to receive. Furthermore, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

Recommendation:
The School District should develop and implement procedures to accurately forecast the cash needs of the Title I program. These procedures should be documented in accordance with 2 CFR 200.302(b)(6). In addition, management should develop and implement a monitoring process to ensure that these procedures are followed and evidence of review and approval is maintained.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

View of Responsible Officials:
We concur with this finding.

FA 2018-002	Improve Controls over Program Income Receipts
Compliance Requirement:	Program Income
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Child Nutrition Cluster (CFDA 10.553 and 10.555)
Federal Award Numbers:	18185GA324N1099 - School Breakfast Program 18185GA324N1100 - National School Lunch Program
Questioned Costs:	None Identified

Description:
A review of program income receipts related to the Child Nutrition Cluster (CFDA 10.533 and 10.555) revealed that the School District's internal control procedures were not operating appropriately to ensure that appropriate reviews and approvals occurred.

Criteria:
2 CFR 200.303(a) states in part that the "non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award… (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

Condition:
A sample of 11 program income receipts were randomly selected for testing using a non-statistical sampling approach. These receipts were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. It was determined that eight of the receipts were entered into the general ledger via the journal entry process, and none of these eight receipt journal entries reflected appropriate evidence of review and approval.

Cause:
Turnover and reductions within the food service department have created challenges with oversight and internal controls. Due to lack of personnel, there are numerous duties applied to fewer positions, in order to eliminate these deficiencies it will require improved procedures and expanded review by other departments.

Effect or Potential Effect:
Failure to ensure that receipts are reviewed appropriately exposes the School District to unnecessary risk of error and misuse of Federal funds. Additionally, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

Recommendation:
The School District should review current internal control procedures related to Child Nutrition Cluster receipts. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that all receipt entries reflect evidence of review. Furthermore, management should develop and implement a monitoring process to ensure that controls are functioning properly.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

View of Responsible Officials:
We concur with this finding.

FA 2018-003	Improve Controls over Financial Reporting
Compliance Requirement:	Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	84.010 Title I Grants to Local Education Agencies
Federal Award Numbers:	S010A160010, S010A170010
Questioned Costs:	None Identified

Description:
The School District did not file accurate completion reports for Title I Local Grants to Educational Agencies program.

Criteria:
2 CFR 200.302(a) states in part that "the non-Federal entity's financial management systems must… be sufficient to permit the preparation of reports required by general and program-specific terms and conditions." In addition, 2 CFR 200.302(b)(2) states in part that the non-Federal entity's financial management systems must provide for "accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements."

Furthermore, 2 CFR 200.303(a) states in part that the "non-Federal must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award… (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards."

Condition:
A review of the School District's accounting records and the program completion reports revealed the following:

1. The Title I completion report for the period ending June 30, 2018 was over reported by $44,428.80.
2. The Title I completion report for the period ending September 30, 2018 was over reported by $125,353.75.

Cause:
Due to high turnover within the district finance department and lack of strong procedures and controls, the district had a deficiency in oversight of federal programs and reviews.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Effect or Potential Effect:

Failure to accurately report Federal award expenditures through the completion report process could lead to the filing of reimbursement requests that do not agree to actual expenditures. Therefore, the School District may obtain more or less Federal funding than they were eligible to receive. Additionally, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

Recommendation:

The School District should revise and implement internal control procedures to ensure that completion reports submitted to the Georgia Department of Education are supported by the accounting records and reimbursement requests are prepared based upon actual expenditures incurred. In addition, management should develop and implement a monitoring process to ensure that control procedures are being followed.

Views of Responsible Officials:

We concur with this finding.

(This page left intentionally blank)

SECTION V

MANAGEMENT'S CORRECTIVE ACTION

(This page left intentionally blank)

Thomasville City Schools

FIVE SCHOOLS – ONE MISSION

Opening Windows of Opportunity for World Class Leaders

404 North Broad Street, FL-3
Thomasville, GA 31792
229-225-2600

Corrective Action Plan – Audit FY 18

To Whom It May Concern:

Below are the Thomasville City School Districts response and planned actions in order to correct and amend outlined material weakness findings. Please review the outlined plans below and if you have any questions, concerns, or comments please do not hesitate to contact the district.

Sincerely,



Bo Rosser
CFO
Thomasville City Schools

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENTS:

FS 2018 001	IT General Controls
Control Category:	Accounting Controls (Overall)
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-001, FS 2016-001, FS 2015-001

The policies and procedures of the School District were insufficient to provide adequate controls over logical access and system backup and recovery related to the School District's significant financial application, student information system, and school food service point of sale system.

Corrective Action Plans:
The district utilizes a legacy accounting, budgeting, and payroll IT systems – i.e. PC Genesis - that lack several of the more modern segregation functions; however, by utilizing compensating and secondary controls we should be able to eliminate this weakness by proving the necessary oversight from additional staff review – even outside of the department – to provide adequate control. Additionally, the district is reviewing additional software to interface with our current systems to improve these processes in a cost effective manner.

Estimated Completion Date: July 1, 2020
Contact Person: Bo Rosser, CFO
Telephone: 229.225.2666 ext. 1013; E-mail: rossert@tcitys.org

Corrective Action Plan – Audit FY 18 *Cont'd*

FS 2018 002	Internal Control over Financial Reporting Process
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-002, FS 2016-002

The School District did not have adequate internal controls in place over the financial statement reporting process.

Corrective Action Plans:
Due to the size of the district accounting and finance department, there are challenges with segregation of duties; however, the district has started utilizing other staff in order to provide the review and oversight of the financial process to increase our internal controls and hopefully eliminate this weakness.

Estimated Completion Date: July 1, 2020
Contact Person: Bo Rosser, CFO
Telephone: 229.225.2666 ext. 1013; E-mail: rossert@tcitys.org

FS 2018 003	Internal Control Procedures
Control Category:	Cash and Cash Equivalents
	Capital Assets
	Revenues/Receivables/Receipts
	Expenditures/Liabilities/Disbursements
	Employee Compensation
	Financial Reporting
	Journal Entries
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2017-003, FS 2016-003

The accounting procedures of the School District were insufficient to provide adequate internal controls over numerous control categories.

Corrective Action Plans:
Due to the size of the district accounting and finance department, there are challenges with segregation of duties; however, the district has started utilizing other staff in order to provide the review and oversight of the financial process to increase our internal controls and hopefully eliminate this weakness. Additionally, the district is reviewing additional software solutions – i.e. SoftDocs – to interface with our current systems to improve these processes through required pre-approvals, in a cost effective manner.

Estimated Completion Date: July 1, 2020
Contact Person: Bo Rosser, CFO
Telephone: 229.225.2666 ext. 1013; E-mail: rossert@tcitys.org

Corrective Action Plan – Audit FY 18 *Cont'd*

FS 2018 004	Internal Controls over School Activity Accounts
Control Category:	Revenues/Receivables/Receipts Expenditures/Liabilities/Disbursement
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	None

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

Corrective Action Plans:
We will implement additional oversight by utilizing a senior school bookkeeper to improve training and review on a monthly basis with all school activities. Additionally, we will review ways to test during the year to insure proper compliance.

Estimated Completion Date: July 1, 2020
Contact Person: Bo Rosser, CFO
Telephone: 229.225.2666 ext. 1013; E-mail: rossert@tcitys.org

CORRECTIVE ACTION PLANS – FEDERAL AWARDS:

FA 2018 001	Improve Controls over Cash Management
Compliance Requirement:	Cash Management
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	84.010 Title I Grants to Local Education Agencies
Federal Award Number:	S010A160010; S010A140010
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	None

A review of cash drawdowns related to the Title I Grants to Local Educational Agencies program revealed that the School District's internal control procedures were not operating appropriately to ensure that appropriate reviews and approvals occurred and adequate documentation was maintained.

Corrective Action Plans:
The District has implemented a process that requires approval and review after and during the drawdown process to ensure there is compliance and review of federal program expenditures and reimbursement requests.

Estimated Completion Date: July 1, 2019
Contact Person: Bo Rosser, CFO
Telephone: 229.225.2666 ext. 1013; E-mail: rossert@tcitys.org

Corrective Action Plan – Audit FY 18 *Cont'd*

FA 2018 002	Improve Controls over Program Income Receipts
Compliance Requirement:	Program Income
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	10.553 and 10.555 Child Nutrition Cluster
Federal Award Number:	18185GA324N1099; 18185GA324N1100
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	None

A review of program income receipts related to the Child Nutrition Cluster (CFDA 10.533 and 10.555) revealed that the School District's internal control procedures were not operating appropriately to ensure that appropriate reviews and approvals occurred.

Corrective Action Plans:
The entity will review their internal control procedures and ensure they are designed and operating appropriately. Additional software tools are being reviewed that may provide additional separation of duties to reduce and potentially eliminate this in the future.

Estimated Completion Date: July 1, 2020
Contact Person: Bo Rosser, CFO
Telephone: 229.225.2666 ext. 1013; E-mail: rossert@tcitys.org

FA 2018 003	Improve Controls over Financial Reporting
Compliance Requirement:	Reporting
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	84.010 Title I Grants to Local Education Agencies
Federal Award Number:	S010A160010, S010A170010
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	None

The School District did not file accurate completion reports for Title I Local Grants to Educational Agencies program.

Corrective Action Plans:
The entity will review their internal control procedures and ensure they are designed and operating appropriately. This will include review, prior to submission, of reports to ensure their accuracy.

Estimated Completion Date: July 1, 2020
Contact Person: Bo Rosser, CFO
Telephone: 229.225.2666 ext. 1013; E-mail: rossert@tcitys.org