

# **Muscogee County School District**

## **Columbus, Georgia**



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**

# **Muscogee County School District Columbus, Georgia**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018**

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**Prepared by:  
Muscogee County Board of Education  
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**MUSCOGEE COUNTY SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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# **Introductory Section**





**To the Honorable Members  
of the Muscogee County Board of  
Education, the Citizens of Muscogee County, and the Financial Community:**

The Comprehensive Annual Financial Report (CAFR) of the Muscogee County School District (“the District”) for the fiscal year ending June 30, 2018, is submitted herewith. This report was prepared by the Division of Financial Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with management.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been reported.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes this transmittal letter, certificates, board composition, a list of administrative staff, and the Muscogee County School District's organizational chart. The Financial Section includes the Management's Discussion and Analysis (MD&A), the basic financial statements, the combining and individual fund financial statements, and the auditor's report on the financial statements. The Statistical Section includes financial trend data, debt capacity data, demographic and economic information, and operating information, generally presented on a multi-year basis.

The District is required to undergo an annual audit. The independent audit of the financial statements of Muscogee County School District is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and the auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Muscogee County School District's MD&A can be found immediately following the report of the independent auditor.

## PROFILE OF THE MUSCOGEE COUNTY SCHOOL DISTRICT

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Created by Constitutional Amendment as a separate independent District and separate political subdivision of the state of Georgia, the Muscogee County School District was a merger of the school systems of the City of Columbus, Georgia and Muscogee County, Georgia. Upon approval by the voters in the general election of November 2, 1948, these two school systems merged January 2, 1950.

The District is a legally separate financial entity and is not included in any other entity's financial reports. Under the Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, the various Parent-Teacher Association (PTAs), Parent-Teacher Organizations (PTOs), booster clubs, Columbus Museum, Inc., and the Muscogee County Library Foundation, Inc. are not component units of the District, and their financial activities are not included in the District's financial statements.

The Muscogee County Board of Education is the official governing body of the District and as such is responsible for the operation of all public schools within Muscogee County, Georgia. In accordance with Board Policy BBA – Board Officers and Georgia Code (O.C.G.A. §20-02-0057), at its January board meeting each year the Board elects a Chair and Vice-Chair to serve a one year term. Other Board personnel, which also requires annual election in accordance to referenced board policy and Georgia code, includes the Secretary, Parliamentarian and Treasurer. The Superintendent of Education serves as the Board Secretary. The School Board Attorney serves as Board Parliamentarian and the Chief Financial Officer serves as the Board Treasurer.

The Muscogee County Board of Education and Superintendent of Education form the governance leadership team, with a focus on improving student achievement and organizational effectiveness. The Muscogee County Board of Education believes that legislation and adoption of policies is the foremost responsibility of a school board and that the execution of the policies should rest with the Superintendent.

The Superintendent of Education is appointed by the Board and serves as the Chief Executive Officer. For a term defined by the Board, the Superintendent has general supervisory and administration responsibility for the day to day operations of all departments and personnel of the District. The Georgia Constitution provides that the management and control of the district rest with the Board of Education. The nine elected Board members have policy and decision-making authority.

The Muscogee County School District proudly embraces a long history of academic achievement, a beacon of excellence, and remains committed to providing the programs and services to students and staff in our efforts to become a premier school district. This long standing commitment to providing a quality education started years ago. For example, in 1905, Muscogee County Schools was the first public school system in the nation to offer kindergarten as part of the instructional program. It also was the first school system in the nation to have a vocational high school program. The District has a pervasive belief that it is through this commitment to providing educational excellence that we can inspire *all* students, regardless of socio-economic status, race,

neighborhood or family structure to achieve their fullest life potential. Through the continued investment in students and staff, the foundation is laid for further positive returns, which equates to community growth and an improved quality of life for the citizens of Muscogee County.

The District is comprised of 57 schools, centers and programs, along with two other entities. Service is provided to approximately 31,763 grades pre-K through 12 students. Of these students, 78.6% are eligible for free and reduced price meals. Roughly 92% of all school-aged children in Muscogee County attend Muscogee County Schools. As of June 30, 2018, the District encompassed the following facilities:

- ✓ 32 Elementary Schools (Grades Pre-K through 5)
- ✓ 12 Middle Schools (Grades 6-8)
- ✓ 10 High Schools (Grades 9-12)
- ✓ 3 Centers and Programs
- ✓ Columbus Museum
- ✓ Chattahoochee Valley Libraries

Muscogee County School District is the only school district in the state of Georgia with facilities that include both a public museum and public library.

For the fiscal year ending 2018, the District employed 5,159 employees, including roughly 1,972 classroom teachers; ranking as the second principal employer in Muscogee County. As of June 30, 2018, the composition of the certificated staff consisted of staff that held doctorates (total 85) as well as personnel that are identified as National Board Certified Teachers and Georgia Master Teachers.

The District provides the curricular required by both local, state, and federal policies and statutes with an emphasis on student achievement. A breadth of services are provided, which include the following: regular and special education instructional programs at the elementary, middle, and secondary levels; additional services in prekindergarten; regional public library services; a public art gallery museum; and numerous other programs and services that are designed to further propel student achievement to heighten levels.

Other highlights of the Muscogee County School District include the following academics and enrichments:

- Academic Competitions
- Advanced Placement
- After School Programs
- Arts and Humanities
- Athletics
- Career, Technology, and Agricultural Education (CTAE)
- Early Success Centers
- English for Speakers of Other Languages (ESOL) Instruction
- Gifted Education
- Guidance

- Health and Fitness
- Homeless Children Program
- Instructional Technology
- Junior Reserve Officer Training Corps (JROTC)
- Magnet and Charter Schools
- Mentoring Program
- Parenting Workshops and Services
- Positive Behavioral Interventions & Supports (PBIS)
- Professional Learning
- Reading Literacy
- Special Education Instruction
- Teacher Keys Effectiveness System (TKES)

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## **Muscookee County School District Columbus, Georgia**

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### **Mission**

Our mission is to inspire and equip all students to achieve unlimited potential.

### **Vision**

The MCSD is a beacon of educational excellence where all are known, valued, and inspired.

### **Values**

MCSD fosters a healthy organization where...

WE embrace equity and diversity

WE hold ourselves and others to the same high standards

WE commit to continuous learning and improvement

WE treat everyone with dignity and respect

...as WE serve the needs of others.

### **Strategic Anchors**

WE will make decisions...

that benefit student achievement

that are fiscally responsible with an eye on Return on Investment

that invest in stakeholders

that promote equity and access

## **ECONOMIC CONDITION AND OUTLOOK**

The Muscogee County School District, like school districts from around the country, continue to be challenged economically as we wrestle with securing the necessary funding to meet the ever-increasing needs of our student population while striving to provide a high quality education, for all students, that boost student achievement and ensure postsecondary success.

The economic outlook of the state of Georgia has a significant impact on defining the ability of the state to participate in the funding of public education. Statewide, particularly for the last five fiscal years (FY 2014 – FY 2018), there has been continued economic recovery. This modest upward trend is evident by the increase in consumer spending, which results in an increase in tax revenues. Tax revenues, as with other state governments, are the primary funding source for the state of Georgia. Tax revenues serve as the foundation for defining their overall participation in the sharing in the funding of public education.

Year-over-year, monthly Net Tax Collections (individual income tax, sales and use tax, corporate income tax, and motor vehicle tag & title fees) for the state of Georgia have basically continued to realize positive gains. For the month of June 2018, Net Tax Collections totaled nearly \$1.98 billion, up \$20.5 million or 1% from June 2017. In accordance to the Georgia Department of Revenue, Georgia's Net Tax Collections for the periods July 2017 through June 2018 are reflected below:

<b>Net Tax Collections Trends</b>		
<b>Jul 2017 - Jun 2018</b>		
Period	Net Tax Collections	Year-over-Year Change
Jul-17	\$1.72 billion	7.10%
Aug-17	\$1.69 billion	-0.20%
Sep-17	\$2.08 billion	3.10%
Oct-17	\$1.71 billion	-3.20%
Nov-17	\$1.84 billion	7.30%
Dec-17	\$2.26 billion	10.00%
Jan-18	\$2.57 billion	16.70%
Feb-18	\$1.23 billion	4.80%
Mar-18	\$1.56 billion	-0.50%
Apr-18	\$2.31 billion	2.20%
May-18	\$1.76 billion	1.80%
Jun-18	\$1.98 billion	1.00%

This upward trend in the state economy was again passed down to school districts in the form of the funding of the state mid-year budget adjustments for FY 2017. In addition, the favorable trend allowed for a continuance of the reduction in the Austerity Reductions, which is the state's inability to fully fund its share of the State Quality Basic Education (QBE) programs. Fiscal year 2018 marked the sixth consecutive year that the District has realized a reduction in this line item. Austerity Reductions for FY 2018 dropped to \$2.9 million from \$3.0 million, a decrease of \$62,630

or 2.08% compared to FY 2017. However, the state's continued withholding of earned State QBE Formula Earnings has increased the amount that local boards of education have to share in the funding of public education. These funding shortfalls or "Austerity Reductions" work to pass the revenue shortfalls realized by the state down to school districts.

As reflected in the chart below, for fiscal years 2003 through 2018, the District is projected to realize cumulative Austerity Reductions of \$192.6 million.

Fiscal Year	Austerity Reductions	Cumulative Reductions
2003	\$ 3,120,951	\$ 3,120,951
2004	\$ 6,504,569	\$ 9,625,520
2005	\$ 7,643,084	\$ 17,268,604
2006	\$ 7,643,015	\$ 24,911,619
2007	\$ 3,639,342	\$ 28,550,961
2008	\$ 2,947,041	\$ 31,498,002
2009	\$ 10,604,723	\$ 42,102,725
2010	\$ 29,126,485	\$ 71,229,210
2011	\$ 23,159,128	\$ 94,388,338
2012	\$ 24,074,612	\$ 118,462,950
2013	\$ 23,840,635	\$ 142,303,585
2014	\$ 21,238,578	\$ 163,542,163
2015	\$ 14,404,918	\$ 177,947,081
2016	\$ 8,749,798	\$ 186,696,879
2017	\$ 3,013,669	\$ 189,710,548
2018	\$ 2,951,039	\$ 192,661,587

From a local revenues perspective, the District experienced a modest recovery again in 2018 as in the prior fiscal year. This recovery was seen in the gains in the Net Maintenance and Operations (M&O) Local Property Tax Digest, which was projected to grow \$567.2 million or 12.58% in comparison to FY 2017. This double-digit growth was sparked by the calendar year 2017 county-wide revaluation of properties. However, as discussed in the Management's Discussion and Analysis, this growth that would have resulted in a double-digit percentage increase in local property tax revenues was not realized. For FY 2018, the District only realized a \$3.4 million or 3.25% year-over-year increase over FY 2017 in local property tax revenues. The year-over-year changes in the Net M&O Local Property Tax Digest and Property Tax Collections are reflected in the chart below.

**Property Tax Digest, Levies, and Revenues**  
**Actual FY 2013-FY 2018**

Fiscal Year	Calendar Year	Net M&O Tax Digest	Net M&O Change Tax Digest	Percent Change	Mill Levy	Property Tax Collections	Property Tax Collections Change (Dollars)	Change (Percent)
2013	2012	4,200,525,525	144,223,104	3.56%	23.37	\$102,163,235	\$1,562,010	1.55%
2014	2013	4,224,773,550	24,248,025	0.58%	23.37	\$104,142,654	\$1,979,419	1.94%
2015	2014	4,336,677,026	111,903,476	2.65%	23.37	\$105,910,345	\$1,767,691	1.70%
2016	2015	4,416,380,018	79,702,992	1.84%	23.37	\$106,923,792	\$1,013,447	0.96%
2017	2016	4,508,513,165	92,133,147	2.09%	23.37	\$107,241,615	\$317,823	0.30%
2018	2017	5,075,766,466	567,253,301	12.58%	23.321	\$110,725,553	\$3,483,938	3.25%

The District, as in prior years, continues to make a concerted effort to achieve the proper balance between financial resources and expenditures while yet ensuring funding for those programs and enrichment initiatives that will propel student learning to heightened levels. This is all done in our efforts to become a premier school district. To address the continued reduction in state funding, we are remaining fiscally responsible by closely monitoring expenditures, which includes evaluating programs for effectiveness and assessing the need for the closing and/or consolidating of schools. This is all done while taking into consideration population shifts and the age of existing facilities. Detailed facility information can be found in the Statistical Section.

According to the U.S. Census Bureau, for 2018 the population of Muscogee County was 194,058 versus 197,485 for 2017, a decrease of 3,427 or 1.7%. The labor work force for 2018 was 127,083 and the unemployment rate was 5.2%. For 2017, the labor work force was 124,300 and the unemployment rate was 6.0%. The year-over-year increase of 2,783 or 2.2% in the labor work force and the 0.8% drop in the unemployment rate were attributed to the transient nature of the overall population and the continuance of the modest economic recovery. Muscogee County has been consistently identified by the state of Georgia economists as one of the few metro counties outside of the Atlanta metropolitan area experiencing a continued recovery. Columbus, the county seat of Muscogee County, is Georgia's second largest city and fourth largest metropolitan area. It is located 90 miles southwest of Atlanta and is fortunate to enjoy the economic developments to the north.

The Major Industries – Industry Mix reporting for 2<sup>nd</sup> quarter 2018, which was the most recent statistic available, reflects the *average monthly* number of employees located in Muscogee County as 93,217. For this same period, the largest major industry sector was health care and social assistance, representing 13.5% of the average monthly number of employees. This was followed by accommodation and food services at 11.8%.

## **STUDENT ENROLLMENT**

The State QBE Act, which is the current mechanism used by the state of Georgia to provide funding for public education, requires school districts to report student enrollments in terms of Full-Time Equivalent (FTE) students. The funding weight or value assigned to each direct instructional program times the number of students enrolled equals the total State QBE funding earned by a school district. Since State QBE funding accounts for over 58% of the District's General Fund Total Revenues for FY 2018, the accuracy of the student enrollment count is critical to the District's continued solvency.

Of the school-aged children in Muscogee County, approximately 92% attend Muscogee County Schools. For the fiscal year ending June 30, 2018, the pupil teacher ratio is basically identical to the prior fiscal year ending. The District continues to primarily dedicate more and more resources to the classroom by funding additional teacher allocations, particularly for the most challenged schools. The District also continued to strategically focus resources to improve overall student achievement. The year-over-year academic gains realized in both state and national assessments is evident that the Muscogee County Schools once again remain postured for success.



The *average* student enrollment for grades Pre-K through Grade 12 for FY 2013 through FY 2018 is approximately 31,977, as reflected in the chart below. The District is projecting similar enrollments for future fiscal years.

<b>Enrollment Chart Grades Pre-K - 12</b>	
Fiscal Year Ended June 30	Enrollment
2013	32,172
2014	32,128
2015	32,312
2016	31,899
2017	31,590
2018	31,763

## **MAJOR INITIATIVES**

The District remains committed to addressing its challenges as it strives toward reaching the ultimate strategic goal of becoming a premier school district. The District's top three challenges in prioritized order include:

- Ensuring high expectations in support of all students achieving graduation and success beyond
- Ensuring flexible and formalized staffing and operational processes in support of student achievement
- Ensuring the District's culture reflects the transition from compliance to commitment as evidenced through engaged stakeholders

Some of the initiatives, as indicated in the updated Strategic Plan, and achievements earned during Fiscal Year 2018 include:

### **Initiatives:**

- Implementation of Achieve3000 reading and literacy program in all schools
- Launched implementation of Canvas, a new district-wide Learning Management System
- Turnitin, which is an automated digital learning program focused on accelerating literacy, is being implemented in grades 4-12
- Facilitated district-wide book study, Better Learning through Structured Teaching, with all Principals, Assistant Principals, Academic Coaches, Local Education Agency (LEA) Facilitators, and select district staff
- Completion of all Phase I 2015 SPLOST projects and significant completion of Phase II projects
- Continued to address issues of under-representation of minority students in gifted education

- Continued the district-wide implementation of Positive Behavior Intervention Strategies (PBIS) to improve discipline and reduce out- of-school suspensions
- Increased the number of fine arts and physical education teachers at the elementary level
- Increased the number of assistant principals at the elementary level
- Initiated the second phase to alleviate the salary compression within the non-certificated personnel compensation plan
- Continued rollout of Salary Compensation Study for non-certificated personnel district-wide
- Initiated new technology solution TalentEd, for recruitment, application processing, and hiring
- Continued implementation of zero-based budgeting process
- Continued process management training across all divisions by Project Management team using gradual release model
- Reading Wonders, an elementary Reading and English Language Arts (ELA) instructional materials program (core and intervention)
- enVision Math, an elementary Mathematics instructional materials program (core and intervention)
- Georgia Collections, a secondary English Language Arts (ELA) instructional materials program (core and intervention)
- Go Math, a middle school Mathematics instructional materials program (core and intervention)
- AGA, a high school Mathematics instructional materials program (core and intervention)
- Leveled Learning Intervention (LLI), a secondary English Language Art Intervention materials program (core and intervention)
- Continued redesign of School Improvement Plans (SIP) to include detailed plans beginning with FY 2017 for professional development days, coaching cycles, monitoring, and evaluation processes

#### Achievements:

- Board of Education recognized as Distinguished Board for 2018
- During the 2017-2018 school year the district increased its percentage of students identified as Proficient and Distinguished Learners in 50% (12 out of 24) of the content areas assessed by the 2018 Georgia Milestones End of Grade (EOG) and End of Course (EOC) tests. The district also decreased its numbers of students identified as Beginning Learners in 50% of those areas and outperformed the other Tier II Districts in 18 out of 24 assessed areas.
- Continued year-over-year graduation rate gains. Over the past four years, the MCSD graduation rate has increased by 4.3 percentage points, from 84.6 in 2014-2015 to 88.9 in 2017-2018 while the state's graduation rate increased by only 2.8 percentage points, from 78.8 in 2014-2015 to 81.6 in 2017-2018. This marks the fourth consecutive year that the District's performance has surpassed the state of Georgia at a higher rate.

- The 2018 American College Test (ACT) composite and subject results for the Muscogee County School District mark the second highest set of scores for the District to date. In addition, the number of students tested in Muscogee County increased year-to-date for the 2017-2018 school year. Additionally, the Muscogee County School District 2018 SAT results saw improvements in the District's composite and reading and writing scores. The District's reading and writing scores exceeded both the state and national averages for the first time. In addition, the District noted an increase in the number of test takers during the 2017-2018 school year.
- For the fiscal year ending June 30, 2018, due to the District's continued conscientious efforts in being fiscally responsible, which includes continuation of the zero based budgeting model, the General Fund Unassigned Fund Balance was \$32.4 million. This represents 39.14 days of operations and 10.7% of the total future year's (FY 2019) budgeted General Fund expenditures and transfers out, which is a reduction of 11.66 days in relation to the previous fiscal year ending June 30, 2017, as reflected in the chart below. However, it marks the fifth consecutive year since the tenure of Dr. David F. Lewis as Superintendent of Education that the District has exceeded the days of operations above the FY 2013 benchmark of 28.86 days. The Government Finance Officers Association (GFOA) recommends that governments, regardless of size, maintain unrestricted fund balance in their General Fund, at a minimum of 60 days. The Muscogee County Schools, in relation to comparable sized school districts, has been able to maintain a favorable fund balance while still providing the resources and services to meet the ever-changing needs of its students and staff.
- The Unassigned Fund Balance and Days of Operations for FY 2012 – FY 2018 is reflected below.

Fiscal Year	Fund Balance, Unassigned	Change (Dollars)	Cumulative Change	Fund Balance, Unassigned Days of Operational Expenditures+Transfers Out (Future Year)
2012	\$ 24,380,930	\$ (4,072,547)		31.86
2013	\$ 21,397,814	\$ (2,983,116)	-12.24%	28.86
2014	\$ 24,557,670	\$ 3,159,856	14.77%	33.86
2015	\$ 39,459,441	\$ 14,901,771	60.68%	53.59
2016	\$ 48,834,736	\$ 9,375,295	23.76%	64.90
2017	\$ 40,193,786	\$ (8,640,950)	-17.69%	50.80
<b>2018</b>	<b>\$ 32,462,389</b>	<b>\$ (7,731,397)</b>	<b>-19.24%</b>	<b>39.14</b>

Source: Comprehensive Annual Financial Report (CAFR) and School District Records

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The District's financial statements for all governmental fund types are presented on the modified accrual basis of accounting, with the revenues being recorded when available and measurable, and expenditures being recorded when the goods or services are received and the liabilities are incurred. There is one major exception to this rule: Expenditures for principal and interest on long-term debt are recognized when due.

The budget, as adopted by the Board of Education for the fiscal year, is prepared on the cash basis of accounting. Under the cash basis, certain revenues and the related assets are recognized when

received rather than when earned; and certain expenses are recognized when paid rather than when the obligation is incurred.

In developing and evaluating the District's accounting system, consideration is given to the accuracy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- the safeguarding of assets against loss from unauthorized use and/or disposition and
- the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- the cost of a control should not exceed the benefits likely to be derived and
- the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained at the function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors.

## **LONG-TERM FINANCIAL PLANNING**

Long-term financial planning is one of the major components of the District's capital outlay program. This planning includes the five-year facility plan, which works to ensure that the District's needs regarding capital outlay are met. Capital expenditures plans are formalized in consideration of programmatic needs, enrollment forecasts, current facility assessments, and anticipated annual receipts of capital outlay funds from the state of Georgia. The monitoring and assessment of anticipated capital outlay needs and securing the necessary funding is an ongoing process within the district.

Beginning with the fiscal year 2016 budget cycle, the District began the process of extending the long-term financial planning process in an effort to ensure the funding needed to achieve district-wide long-term or multi-year operational needs.

## **INDEPENDENT AUDIT**

As required by law, an annual audit of the financial records, books of account, and financial affairs of the District has been made by an independent auditor. The auditor's opinion, as prepared by Robinson, Grimes & Company, P.C., is included within the Financial Section of this report.

An audit is also performed of the various programs for which the District receives federal funding. This required audit is performed in accordance with the Title II U.S. Code of Federal Regulation ("CFR") Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The performance of the annual audit works to provide the additional level of review and assurance regarding the accountability and management of all funds.

## **AWARDS**

**Financial Reporting-**The Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials International (ASBO) awarded the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting, respectively, to the Muscogee County School District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017.

This marks the thirty-second and twenty-fifth consecutive year that the District has submitted and successfully achieved the prestigious Certificate of Achievement for Excellence in Financial Reporting from GFOA and the Certificate of Excellence in Financial Reporting from ASBO, respectively. To be awarded these awards, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that meets the prescribed program standards required by each organization. The report must also satisfy both generally accepted accounting principles and other legal requirements and regulations. Both certificates, the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting, are only valid for a period of one year. The District will submit the CAFR for the current fiscal year to both GFOA and ASBO for consideration. We are confident that the document continues to meet the standards for award.

**Budget Presentation-**The Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to the Muscogee County School District for its Annual Budget for the fiscal year beginning July 1, 2016 (FY 2017). This award represents a significant achievement for the District. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This marked the first year that the District received this prestigious award. The award is valid for a period of one year. The budget for the fiscal year beginning July 1, 2017 (FY 2018) has been submitted to GFOA for consideration and is currently under review. We are again confident that our current budget continues to conform to the program requirements for distinguished recognition and is committed to submitting our annual budget to GFOA for consideration each year.

**Procurement-**For 2017, the Muscogee County School District was awarded the nationally recognized Achievement of Excellence in Procurement Award by the National Procurement Institute, Inc. (NPI). This esteemed award is earned by public organizations that demonstrate excellence in the areas of innovation, professionalism, e-procurement, productivity, and leadership attributes of the procurement process.

Attainment of this award was the result of the District's system-wide implementation of procurement best practices for FY 2017. Muscogee County School District is proud to be one of only 13 agencies in the state of Georgia and one of the 26 school districts in the United States and Canada to receive this award. This marked the first year that the District earned this recognition.

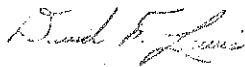
## ACKNOWLEDGMENT

This document could not have been made possible without the hard work and dedication of the entire staff of the Division of Financial Services. We also extend a special thanks to the many persons from across the District that assisted with this endeavor. Thanks for your thoughts and efforts and once again coming through for us.

To the citizens of the Muscogee County, we thank you and are honored to serve you. Please accept our appreciation for your continued support of the Muscogee County School District.

Finally, we would also like to thank the members of the Muscogee County Board of Education for their leadership, commitment, and unfailing support as we work together to become a premier school district; optimizing our financial resources to invest in the future of Muscogee County, our students.

Respectfully submitted,



Dr. David F. Lewis  
Superintendent of Education



Theresa Y. Thornton, MBA, CPA  
Chief Financial Officer/Treasurer

December 17, 2018



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Muscogee County School District**  
**Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Muscogee County School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

A handwritten signature in black ink, reading 'John D. Musso'.

**John D. Musso, CAE**  
Executive Director





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Muscogee County School District  
Georgia**

For the Fiscal Year Beginning

**July 1, 2016**

*Christopher P. Morrell*

Executive Director



July 24, 2017

Dr. David Lewis  
Superintendent Of Education  
Muscogee County School District  
Muscogee County Public Education Center  
Columbus, GA 31906

Dear Dr. Lewis,

I'm pleased to inform you that your agency's procurement department has earned the 2017 Annual Achievement of Excellence in Procurement® Award. The continuously evolving AEP criteria are designed to measure state of the art in best practices.

The Muscogee County School District is one of only 13 agencies in GA and one of only 26 School Districts in the United States and Canada to receive the award.

Congratulations on the 2017 Achievement of Excellence in Procurement® Award!

Sincerely,

Brian P. Garrity, CPSM, C.P.M., CPPB  
Achievement of Excellence in Procurement® Award Officer

cc: Ms. Amy Callahan, CPPO, Director of Purchasing and Supply Management

The Achievement of Excellence in Procurement® recognizes organizational excellence in public and non-profit procurement. The award criteria are designed to measure innovation, professionalism, e-procurement, productivity, and leadership attributes of the procurement function. The Achievement of Excellence in Procurement® is sponsored by the National Procurement Institute (NPI), the California Association of Public Procurement Officials (CAPPO), the Florida Association of Public Procurement Officials (FAPPO), the Institute for Supply Management (ISM), NIGP: The Institute for Public Procurement, the National Association of Educational Procurement (NAEP), the Texas Public Purchasing Association (TxPPA), and the Canadian Public Procurement Association / Conseil canadien des marchés publics.

National Procurement Institute, Inc.  
PO Box 2774, Rockport, TX 78381  
702-989-8095



## **MUSCOGEE COUNTY BOARD OF EDUCATION**

### **FUNCTION AND COMPOSITION**

All matters relating to the education and operations of the Muscogee County School District are governed and controlled by the Muscogee County Board of Education, as provided by Georgia law.

The Board has the responsibility to maintain a reasonable uniform system of public schools providing quality education for all young people of Muscogee County. With the advice of the Superintendent, it must determine the policies and prescribe the rules and regulations for the proper management of the school district.

The Board is legally responsible for the operation of the District and for establishing all related policy. The Board currently consists of nine elected members, eight elected from single member districts and one elected at-large. The members are elected to staggered four-year terms. The Board has independent taxing authority, which began in fiscal year 1995.

Regular meetings are held on the third Monday of each month at 6:00 p.m. in the Board Room at the Muscogee County Public Education Center. All meetings are open to the public. Special meetings may be called at other times by the Board Chairperson. At all meetings, a majority of the entire membership constitutes a quorum. The Board annually elects a Chairperson and Vice-Chairperson from its members.

For fiscal year ending June 30, 2018, the Board Members and terms are as follows:

<b>Name and Office Held</b>	<b>Term Started</b>	<b>Expiration of Term</b>	<b>Number of Years in Office</b>	<b>Principal Occupation</b>
Kia Chambers, Chair	1/1/2015	12/31/2018	3	Realtor
Mark Cantrell, Vice-Chair	1/1/2011	12/31/2018	7	Business
Naomi Buckner	1/1/2003	12/31/2018	15	Educator
Patricia Hugley-Green	1/1/2005	12/31/2020	13	Insurance Agent
Vanessa Jackson	1/1/2017	12/31/2020	1	Business
Laurie McRae	1/1/2017	12/31/2020	1	Attorney
Frank Myers	1/1/2015	12/31/2018	3	Attorney
John Thomas	1/1/2015	12/31/2018	3	IRS Agent
*Cathy Williams	1/1/2017	12/31/2020	1	Business

\*Prior to current term, Mrs. Williams served from 2007-2014 for a total years of service of 8 years.



## School Board Members

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**Kia Chambers**  
Board Chair  
Member At Large



**Mark Cantrell**  
Vice Chair District 6



**Naomi Buckner**  
Board Member District 4



**Patricia Hugley Green**  
Board Chair District 1



**Vanessa Jackson**  
Board Member District 3



**Frank Myers**  
Board Member District 8



**Laurie McRae**  
Board Member District 5



**Cathy Williams**  
Board Member District 7



**John Thomas**  
Board Member District 2



**Dr. David F. Lewis**  
Superintendent of Education  
Muscogee County School District

Dr. David F. Lewis began his career with Polk County Public Schools in 1979 as band director at Fort Meade Middle-Senior High School. He became Assistant Principal at Fort Meade Middle-Senior and also served as Assistant Principal at Frostproof Middle-Senior High School. He served as Principal at Frostproof Middle-Senior High School for ten years.

While at Frostproof High School, Dr. Lewis was the recipient of numerous local and state awards to include: School-to-Work Administrator of the Year, Florida Music Educators' Association Administrator of the year, Polk County Outstanding High School Principal, Frostproof Chamber of Commerce's Man of the Year, Education Commissioner's Award for Outstanding Leadership, Polk County's Principal Achievement Award, and Florida Principal of the Year.

In 2004, Governor "Jeb" Bush made an official visit to Frostproof Middle School in recognition of the school's successful reading initiatives under Dr. Lewis. In 2005, Dr. Lewis was promoted to the district level position of Senior Director of High Schools and was appointed Senior Director of Secondary Education in 2009. Effective September 1, 2010, Dr. Lewis was appointed as the Associate Superintendent for Learning of the Polk County District where he provided direct oversight for the curriculum and learning needs of 95,000 students, 6,000 teachers, and a \$126 million budget.

During his tenure in this leadership role, the district achieved seven consecutive years of improved graduation rates and was recognized as College Board's large District of the Year for the greatest increase in both student participation and performance on Advanced Placement assessments, particularly that of under-represented populations. Other leadership positions held by Dr. Lewis include President of the Division of Instructional Leaders for the Florida Association of School Administrators and President of the Florida School Music Association.

On July 23, 2013, Dr. David F. Lewis was appointed to the position of Superintendent of Education for the Muscogee County School District. On December 4, 2014, Dr. Lewis completed his dissertation to earn his doctorate degree in Educational Leadership. On June 12, 2015, Dr. Lewis received his doctorate degree in Educational Leadership. He is married to Karen, his wife of 35 plus years. Karen Lewis is a retired educator. They have three children, Monica, Douglas, and Stephanie, and one grandson, Noah David.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
ADMINISTRATIVE STAFF  
AS OF JUNE 30, 2018**

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**EXECUTIVE ADMINISTRATION**

Dr. David Lewis	Superintendent of Education
Vacant	Assistant Superintendent
Joseph Slaughter, III	Director - Internal Audit
Robert Hecht	Director - Construction
Mercedes Parham	Director - Communications

**TECHNOLOGY and INFORMATION SERVICES**

Ronald Pleasant	Chief Information Officer
John Broom	Senior Director - Enterprise Technology
Michael Barden	Senior Director - Technology, Learning & Support

**INSTRUCTIONAL SERVICES**

Keith Seifert	Chief Academic Officer
Terry Baker	Region Chief - West
Dr. Ronald Wiggins	Region Chief - East
James Wilson	Region Chief - Central
Lorrie Watt	Executive Director - K-12 Curriculum
Dr. Timothy Smith	Executive Director - Federal Programs
Roger Barros	Director - J.R.O.T.C.
Christine Hull	Director - Advanced Learning and Gifted Programs
Victoria Thomas	Director - Career, Technical and Agricultural Education
Dr. Sadiyah Abdullah	Director - Early Success Centers
Robbie Holt	Director - Arts and Humanities
Patrick Knopf	Director - Research, Accountability and Assessment
Kristen Raymond	Director - GaTAPP Program

**FINANCIAL SERVICES**

Theresa Thornton, MBA, CPA	Chief Financial Officer/Treasurer
Janice Bloodworth, CPA	Senior Director - Accounting
Capri Gunn	Director - Budget
Edwin Joseph	Director - Purchasing and Supply Management

**HUMAN RESOURCES**

Kathy Tessin	Chief Human Resources Officer
Brenda Reed	Director - Human Resources
Tracy Fox	Director - Risk Management

**STUDENT SERVICES**

Dr. Angela Vickers	Chief Student Services Officer
Dr. JoAnn Redden	Executive Director - Programs for Exceptional Children
Sarah Sillitto	Senior Director - Regulatory Compliance
Dr. Alfred Parham	Director - Student Services
LaChrista Thornton	Director - Woodall Center
Dr. Trikella Nelson	Director - Guidance
Jeffrey Battles	Director - System-Wide Athletics
Dr. Kenya Gilmore	Director - Georgia Project AWARE & PBIS

**BUSINESS AFFAIRS**

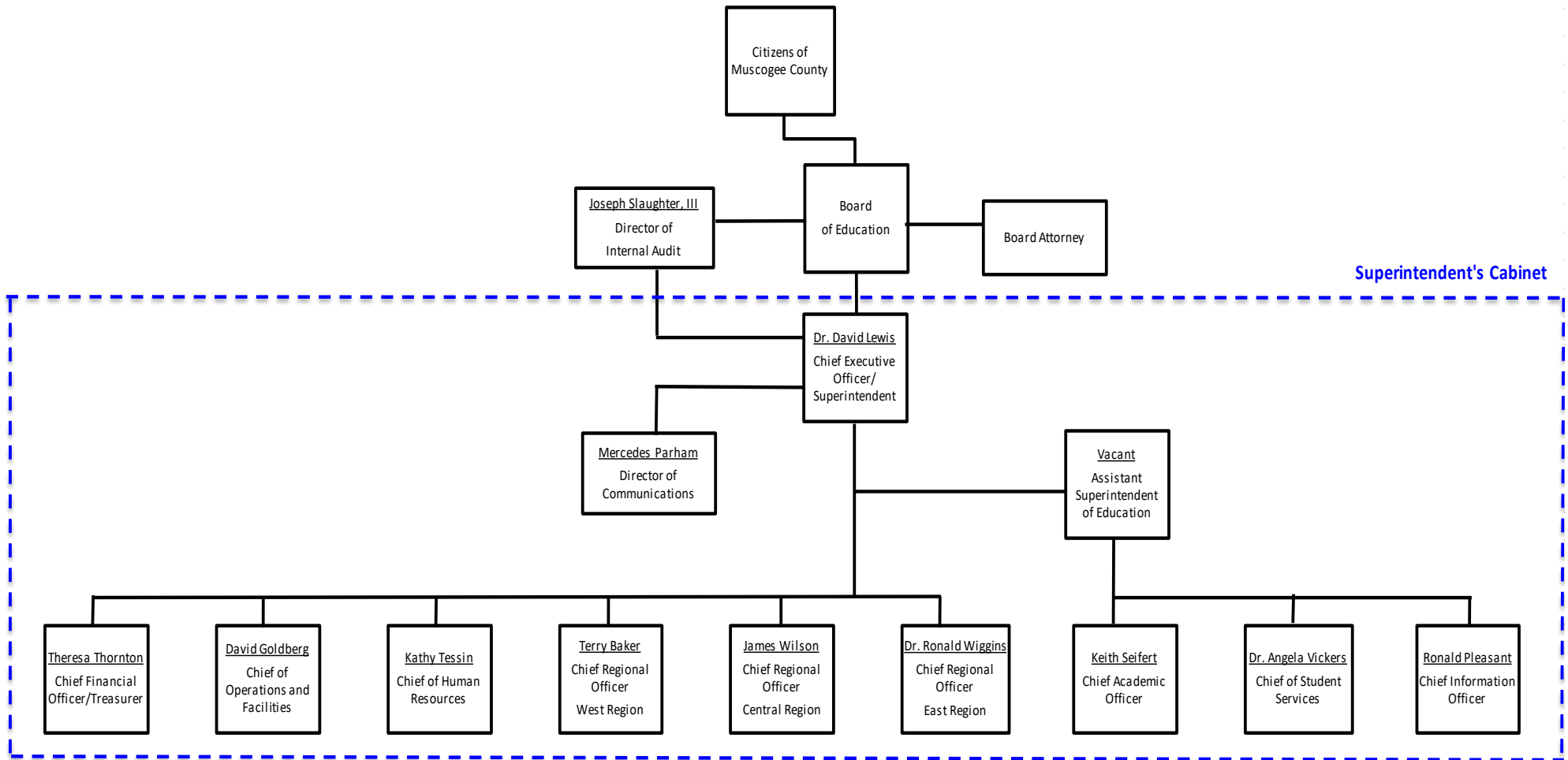
David Goldberg	Chief Operations and Facilities Officer-Interim
Herbert Hill	Director - Transportation
James Odom, Jr.	Director - Plant Services
Susan Schlader	Director - School Nutrition Program

**COMMUNITY SERVICES**

R. Allen Harkness	Director - Chattahoochee Valley Libraries
Marianne Richter	Director - Columbus Museum



**Muscooke County School District  
Organizational Chart  
June 30, 2018**



## **Financial Section**





Independent Auditor's Report

The Board of Education  
Muscogee County School District  
Columbus, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Muscogee County School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the government'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 government's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Muscogee County School District, as of June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and the Federal and State Programs Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Muscogee County School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical tables and the Schedule of Expenditures of Federal Awards, required by the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2018 on our consideration of the Muscogee County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Muscogee County School District's internal control over financial reporting and compliance.

*Robinson, Grimes + Company, P.C.*

Certified Public Accountants

December 17, 2018

**MUSCOGEE COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**Financial Highlights**

Key financial highlights for fiscal year 2018 are as follows:

- Third consecutive year that the District has dedicated funding to allow for salary and wage increases for staff district-wide, primarily addressing the inequity in pay and relieving the salary compression within pay grade for non-certificated staff. For the General Fund alone total expenditures grew to \$274.9 million from \$256.7 million, an increase of \$18.2 million or 7.1% over FY 2017.
- The ending fund balance of the General Fund decreased \$4.7 million from \$60.7 million for FY 2017 to \$56 million for FY 2018. The District's continued conscientious effort to direct additional resources to the classroom in response to growing student needs resulted in this modest year-over-year draw on reserves of 7.7%.
- The collections for the 2015 Special Purpose Local Option Sales Tax (SPLOST) totaled \$34.9 million.
- Adoption of Governmental Accounting Standards Board (GASB) statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This new statement requires cost sharing employers, such as school districts, to basically record its proportionate share of the net other post-employment benefit (OPEB) liability and expense for the OPEB plans. At June 30, 2018 the District reported a liability of \$238,216,646 for the proportionate share of the net OPEB liability. The associated OPEB expense was \$13,203,867.
- The short term borrowing or Tax Anticipation Note (TAN) of \$25 million that was secured in response to the delay in approval of the calendar year 2017, fiscal year 2018 property tax digest and subsequent delayed tax billing was timely repaid by the District on December 27, 2017.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to the statements. These statements are organized so the reader can understand Muscogee County School District as a

financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. Fund Financial Statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Muscogee County School District, the General Fund is by far the most significant fund. The Statement of Fiduciary Assets & Liabilities provides financial information about activities for which the District acts solely as an agent for the activities of various schools and other organizations within the District.

## **Reporting the District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting. This is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in position. From the change in net position, the reader is able to determine the District's overall financial performance as a whole. Specifically from the year-over-year comparison, the reader is able to ascertain if there was an improvement or decline in overall financial performance.

In the Statement of Net Position and the Statement of Activities, the District consists solely of governmental activities. The District's programs and services are reported here including instruction, support services, operation and maintenance of plant, and pupil transportation.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The District uses various funds to account for a multitude of financial transactions that are necessary for the successful day to day operation of the District. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Capital Projects Fund, Federal and State Programs, and the Debt Service Fund.

***Governmental Funds.*** All of the District's non-fiduciary activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at

year end that are available to meet future expenditure needs. The District's financial statements for all governmental fund types are presented on the modified accrual basis of accounting, with the revenues being recorded when available and measurable, and expenditures being recorded when the goods or services are received and the liabilities are incurred. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services that it provides. Governmental fund information helps determine if there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* reported in the Statement of Net Position and the Statement of Activities and governmental *funds* is reconciled in the financial statements.

***Fiduciary Fund.*** The District is the trustee, or fiduciary, for assets that belong to the various activities of schools and other locations. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

***Notes to the Basic Financial Statements.*** The notes to the financial statements provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements.

## **The District as a Whole**

The Net Position for the District increased by \$16.3 million, or 8.5% during FY 2018. This increase is evidenced by a decrease in the net pension and other post-employment benefits related liabilities of \$4.9 million and a decrease in bonds and short-term liabilities of \$20.2 million, which was offset by a decrease in total asset of \$8.8 million. The year-over-year increase in operating grants and contributions revenues of \$6.6 million also favorably impacted net position. In addition, for period ending June 30, 2018, the District realized an increase in local property taxes of \$4.1 million or 3.82%. Finally receipt of the sales tax proceeds associated with the 2015 Special Purpose Local Option Sales Tax (SPLOST) collections, which began July 1, 2015, also contributed to this increase in net position. Sales taxes revenues for the fiscal ending June 30, 2018 increased to \$35.7 million, an increase of \$1.2 million or 3.6% over the previous fiscal year end. As in prior years, capital assets activity contributed to this increase as well.

General revenues accounted for \$149.1 million or 40.9% of all revenues, which was an increase of \$5.6 million or 3.9% from the previous year end. The balance of the revenues are identified as program specific revenues, such as charges for services and sales, grants, and contributions. Program specific revenues accounted for \$215.9 million or 59.1% of total revenues of \$365.1 million.

The District realized \$349.4 million in expenses related to governmental activities; \$215.9 million of these expenses were offset by program specific charges for services, operating grants, and contributions. General revenues provided the necessary funding for these programs.

Below and on the following page are the condensed financial statements that were extracted from the government-wide financial statements.

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current and other assets	\$ 198,075,749	\$ 244,450,730
Capital assets, net of accumulated depreciation	<u>603,865,096</u>	<u>566,334,553</u>
Total assets	<u>801,940,845</u>	<u>810,785,283</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 53,239,789	 82,871,672
 <b>LIABILITIES</b>		
Current liabilities	78,975,596	79,941,551
Long-term liabilities	<u>525,794,413</u>	<u>597,990,107</u>
Total liabilities	<u>604,770,009</u>	<u>677,931,658</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 49,942,535	 31,581,757
 <b>NET POSITION</b>		
Net investment in capital assets	558,978,356	521,356,248
Restricted	78,539,910	101,232,804
Unrestricted	<u>(437,050,176)</u>	<u>(438,445,512)</u>
Total net position	<u>\$ 200,468,090</u>	<u>\$ 184,143,540</u>

\* Restated for adoption of GASB 75; see Note VI.



**MUSCOGEE COUNTY SCHOOL DISTRICT  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	Governmental Activities	
	2018	2017*
<b>Revenues</b>		
Program Revenues		
Charges for services	\$ 3,637,850	\$ 3,724,386
Operating grants and contributions	210,907,040	204,305,867
Capital grants and contributions	1,446,153	130,152
General Revenues		
Property taxes	112,042,314	107,924,848
Sales taxes	35,710,611	34,457,395
Investment income	1,668,777	680,339
Other revenues	404,266	495,148
Total revenues	<u>365,817,011</u>	<u>351,718,135</u>
<b>Expenses</b>		
Instruction	208,664,235	200,089,226
Student support services	11,716,026	10,256,987
Instructional staff services	11,052,649	12,894,190
Educational media services	4,986,210	4,873,364
General administration	2,889,338	2,767,243
School administration	20,018,476	19,420,178
Business support	4,064,992	3,951,043
Plant maintenance and operation	28,717,632	25,901,055
Student transportation services	16,059,998	15,296,940
School nutrition	20,599,687	20,070,638
Other support services	20,022,906	19,073,781
Interest on long term debt	700,312	809,893
Total governmental activity expenses	<u>349,492,461</u>	<u>335,404,538</u>
Change in net position	16,324,550	16,313,597
Net Position-Beginning of year	<u>184,143,540</u>	<u>167,829,943</u> *
Net Position-End of year	<u>\$ 200,468,090</u>	<u>\$ 184,143,540</u> *

\* FY 2017 does not include the effect of implementation of GASB 75.

## **The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$366.4 million and expenditures of \$412.2 million. The net decrease in governmental fund balances for the year was \$45.7 million. The year-over-year increases in revenues of \$13.1 million, which was specifically due to the revenue gains realized for the General Fund of \$11.4 million and Capital Projects of \$3 million, all worked to soften the overall impact on the ending total fund balance. The decrease in ending fund balance, all funds is due to the decline in the Capital Projects ending fund balance of \$42.7 million. Payment of the scheduled debt payment of \$19.1 million and construction expenditures in excess of collection of \$24.1 million resulted in this year over year reduction.

The largest governmental funds are the General Fund, Capital Projects Fund, and the Federal and State Programs Fund and the Debt Service Fund. State Quality Basic Education (QBE) Formula Earnings and Local Property Taxes are the two main sources of revenue for the General Fund. For the Capital Projects Fund, Sales Taxes or Special Purpose Local Option Sales Tax (SPLOST) proceeds is the primary funding source. The Federal and State Programs Fund is funded by federal and state grants.

Among major funds, the General Fund had \$278.2 million in revenues and \$274.9 million in expenditures. After transfers-out of \$7.8 million, the ending fund balance of the General Fund decreased \$4.7 million from \$60.7 million for FY 2017 to \$56 million for FY 2018. A detailed discussion of these changes is presented below. See *General Fund Operations and Budgetary Highlights*.

The Capital Projects Fund had \$37 million in revenues and \$61.1 million in expenditures. The increase in revenues over the prior year of \$3,028,478 is the result of the increase realized in the 2015 SPLOST sales tax collections and growth of capital outlay and grant revenues of \$1.2 million. For fiscal year 2018, actual SPLOST collections fell short of projections for ten of the twelve months in the reporting period. After transfers out of \$19.1 million to satisfy scheduled debt payments for outstanding general obligation (GO) bonds, the ending fund balance of the Capital Projects Fund dropped \$42.7 million from \$77 million for FY 2017 to \$34.3 million for FY 2018.

For the Debt Service Fund transfers-in associated with the 2015 SPLOST collections accounted for much of the activity for FY 2018, which will be used to satisfy scheduled debt service interest and principal payments for the 2016 and 2017 GO Bonds. Transfers-in from the capital project fund total \$19.1 million in addition, interest and fiscal charge of \$1.8 million were made, primarily for the 2017 GO debt issuance.

The Federal and State Programs Fund continues to be reported as a major fund. The revenue and expenditures totaled \$28.8 and \$28.9 million, respectively, representing a decrease of \$988,878 in revenue and \$918,168 in expenditures from fiscal year 2017. The ending fund balance of the Federal and State Program Fund at June 30, 2018 was \$791,103, which represented a decline of \$57,690 or 6.8% from FY 2017.

## **GENERAL FUND OPERATIONS AND BUDGETARY HIGHLIGHTS**

Revenues for the General Fund totaled \$278.2 million for fiscal year 2018. This represented an increase of \$11.4 million or 4.3% over FY 2017. Of this increase, \$8.2 million was primarily attributed to an increase in State QBE Formula Earnings. Fiscal year 2018 marked the third consecutive year that the Governor dedicated significant funding, statewide, to the restoration of State QBE Formula Earnings to school districts. The gains realized in state revenue were strengthened by the growth in the local property taxes, which grew \$3.4 million or 3.2% over fiscal year 2017. This was due to the county-wide revaluation of property. However, the massive number of properties under appeal that totaled 11,000, significantly reduced the actual projected revenue gains realized. In addition, the Governor's funding of a 2% state wide salary increase for certificated staff. This equated to additional state QBE formula earnings, which worked to support the year-over-year gain.

General Fund expenditures totaled \$274.9 million for fiscal year 2018, an increase of \$18.2 million, or 7.1% in comparison to fiscal year 2017. This growth was primarily attributed to the increase in Instructional Services, which include the following expenditure functions: Instruction, Student Support Services, Improvement of Instructional Services and Educational Media Services. Instructional Services Expenditures for FY 2018 and FY 2017, totaled \$198 million and \$185 million, respectively. General Fund expenditures rose primarily due to the following:

- Increase in State Health Benefit Plan employer's cost for non-certificated staff from \$846.20 per member per month to \$945, which is identical to the certificated staff rate effective January 1, 2018.
- Increase in Teachers Retirement System (TRS) employer rate to 16.81% effective July 1, 2017.
- Initial staffing for grades 6-10 for the new Rainey-McCullers School of the Arts, the first such school in the region which opened August 2018.

Additionally, FY 2018 marked the third consecutive year that the District funded salary and wage increases for staff, impacting approximately 85% of employees district-wide. These pay increases were to address inequity in pay for non-certificated staff as well as provide for a 2% increase for certificated personnel. Further, it included mandated increases for bus drivers and nurses. The FY 2018 budget also included funding for additional teacher supplements to address teacher shortages in high needs programmatic areas. Since salary and benefits account for over 86% of the total General Fund Budget, the year-over-year increase in expenditures was due to the new compensation funding.

The District, as with FY 2017, like districts from across the state, continue to face increasing challenges in recruiting and retaining qualified certificated staff to meet programmatic needs. Districts around the nation have been forewarned that this will continue to be an ongoing challenge for years to come as K-12 staffing needs continue to outpace the pool of qualified certificated applicants. The District, however, is committed to dedicating resources to attract, hire, and retain a qualified staffing pool to assist in its efforts to provide a learning environment conducive to meeting the academic needs of the students of Muscogee County, district-wide.

The General Fund's Total Fund Balance decreased by \$4.6 million over FY 2017. The General Fund Unassigned Fund Balance is \$32.4 million or 39.14 days of operations anticipated at June 30, 2018. Committed and Assigned Fund Balance as of June 30, 2018 is \$22.5 million. In comparison to FY 2017, days of operations dropped by 11.66 days from 50.80 days. There was an increase in the Assigned Fund Balance of \$1.8 million in order to dedicate the necessary funds to meet the projected fund balance usage for FY 2018. This resulted in the decrease in the Unassigned Fund Balance.

The District's budget is prepared according to Georgia law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Original budgeted revenues totaled \$271.5 million and final budgeted revenues totals \$272.4 million. Actual revenues received in accordance to cash basis were \$274.9 million. Original budgeted expenditures totaled \$282.7 million and final budgeted expenditures were \$285.7 million. Actual expenditures were \$272.1 million. The variance in budget to actual expenditures was a result of the staffing challenges discussed above as well as the on-going conscientious effort of the District to monitor expenditures throughout the fiscal year.

### **CAPITAL PROJECTS FUND OPERATIONS**

During the year, the District expended \$61.1 million on renovations, new construction, and other SPLOST expenditures. Current year expenditures for projects in excess of \$2 million were primarily dedicated to the following:

- Rainey-McCullers School of the Arts
- Replacement of Spencer High School
- Scheduled System-wide Technology Projects
- Replacement of Buses and Related Equipment

The Fund Balance of the Capital Projects Fund dropped \$42.7 million or 55.4% in comparison to FY 2017. This reduction was due to the drawdown of the necessary funding to meet the outstanding SPLOST projects, as authorized by the 2015 SPLOST referendum and the transfer of funds to repay a portion of the bonds authorized by the resolution.

### **DEBT ADMINISTRATION**

During FY 2018, the District made the first principal payment on the 2016 Series General Obligation Sales Tax Bond (GO) totaling \$17,190,000. In addition, the District issued and repaid a tax anticipation note totaling \$25 million. This short term note was issued in response to the delay in approval of the calendar year 2017 property tax digest and subsequent delayed property tax billing. More detailed information on debt service activity may be found in Note II. F. to the Basic Financial Statements.

## **CAPITAL ASSETS**

On June 30, 2018, the District had \$603.8 million of capital assets (net of depreciation) as scheduled below. The increase in building and improvements is the result of the completion of several projects, with the main project being the Rainey-McCullers School of Arts. The items related to the new Rainey-McCullers, resulted in an increase in equipment. Construction in Progress for FY2018 is mainly related to the new William Spencer High School. More detailed information on capital asset activity may be found in Note II. B. to the Basic Financial Statements.

The following shows the changes in capital assets for the District.

	2018	2017
Land and improvements	\$ 40,180,656	\$ 39,507,324
Construction in progress	52,516,317	55,525,628
Buildings and improvements	480,455,399	442,471,347
Equipment	29,004,613	26,584,254
Intangible assets	1,708,111	2,246,000
Total	<u>\$ 603,865,096</u>	<u>\$ 566,334,553</u>

### **Contacting the District's Financial Services Division**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances. Details regarding the District's accountability for the various financial resources that it receives in carrying out the day-to-day operations of the District are provided. Please direct questions about this report to:

Theresa Y. Thornton, MBA, CPA  
Chief Financial Officer/Treasurer  
Muscogee County School District  
P.O. Box 2427, Columbus, GA 31902-2427  
Email: Thornton.Theresa.Y@Muscogee.k12.ga.us



**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<u>ASSETS</u>	
Cash and cash equivalents	\$ 99,563,301
Property taxes receivable	13,891,205
Due from other governments	32,865,970
Investment income receivable	271,932
Other receivables	125,924
Inventories	939,112
Investments	22,063,346
Prepaid assets	611,799
Restricted cash held by fiscal agent	27,743,160
Capital assets, not depreciable	92,696,973
Capital assets, net of accumulated depreciation	511,168,123
Total assets	<u>801,940,845</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to defined benefit pension plans	44,285,896
Related to OPEB plans	8,953,893
Total deferred outflows of resources	<u>53,239,789</u>
<u>LIABILITIES</u>	
Accounts payable and other current liabilities	58,247,411
Accrued interest	398,437
Unearned revenue	229,440
Current portion of long-term liabilities	20,100,308
Long-term liabilities due after one year	
Bonds and other long-term liabilities	21,153,214
Net pension liability	266,424,553
Net OPEB liability	238,216,646
Total liabilities	<u>604,770,009</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to defined benefit pension plans	28,213,110
Related to OPEB plans	21,729,425
Total deferred inflows of resources	<u>49,942,535</u>
<u>NET POSITION</u>	
Net investment in capital assets	558,978,356
Restricted for:	
Capital projects	41,506,120
Debt service	18,137,838
Permanent funds-expendable	215,201
Permanent funds-non expendable	4,828,286
Special revenue funds-continuation of federal and state programs	13,852,465
Unrestricted	(437,050,176)
Total net position	<u>\$ 200,468,090</u>

The Notes to the Basic Financial Statements are an integral part of this Statement.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 208,664,235	\$ 259,263	\$ 151,700,160	\$ 1,278,965	(55,425,847)
Student support services	11,716,026	-	2,619,767	-	(9,096,259)
Instructional staff services	11,052,649	96,619	8,253,409	-	(2,702,621)
Educational media services	4,986,210	-	3,499,488	-	(1,486,722)
General administration	2,889,338	-	2,745,459	-	(143,879)
School administration	20,018,476	-	7,940,753	-	(12,077,723)
Business support	4,064,992	56,121	2,505,023	-	(1,503,848)
Plant maintenance and operation	28,717,632	256,108	8,681,032	-	(19,780,492)
Student transportation services	16,059,998	127,693	3,077,083	154,535	(12,700,687)
School nutrition	20,599,687	2,109,325	18,382,961	12,653	(94,748)
Other support services	20,022,906	732,721	1,501,905		(17,788,280)
Interest on long term debt and fiscal charges	700,312	-	-	-	(700,312)
Total governmental activities	\$ 349,492,461	\$ 3,637,850	\$ 210,907,040	\$ 1,446,153	(133,501,418)
General revenues					
Taxes:					
Property taxes levied for general purpose					112,042,314
Special purpose local option sales taxes and other sales taxes					35,710,611
Investment earnings					1,668,777
Other revenue					404,266
Total general revenues					149,825,968
Change in net position					16,324,550
Net position - beginning*					184,143,540
Net position - ending					\$ 200,468,090

\*Restated, see Note VI.

The Notes to the Basic Financial Statements are an integral part of this Statement.



**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	GENERAL FUND	CAPITAL PROJECTS FUND
<b>ASSETS</b>		
Cash and cash equivalents	\$ 56,664,265	\$ 28,761,039
Due from other funds	174,072	-
Receivables		
State Department of Education	23,235,271	-
State of Georgia Department of Revenue	-	3,048,125
Property tax	13,891,205	-
Other governmental agencies	140,167	666,772
Investment income receivable	12,729	3,344
Other receivables	84,349	13,465
Inventories	422,935	-
Investments	17,456,199	-
Prepaid assets	611,799	-
Restricted cash held by a fiscal agent	-	9,241,285
	<u>-</u>	<u>9,241,285</u>
Total assets	<u>\$ 112,692,991</u>	<u>\$ 41,734,030</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 2,045,487	\$ 227,910
Due to other funds	-	-
Accrued salaries and related employee benefits	32,796,114	-
Withholdings payable	9,772,563	-
Liability for compensated absences	27,081	-
Unearned revenue	229,440	-
Construction contracts payable	-	7,192,785
	<u>-</u>	<u>7,192,785</u>
Total liabilities	<u>44,870,685</u>	<u>7,420,695</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue - property taxes	11,796,893	-
	<u>11,796,893</u>	<u>-</u>
<b>Fund balances</b>		
<b>Nonspendable</b>		
Inventory	422,935	-
Prepays	611,799	-
Permanent funds	-	-
<b>Spendable</b>		
Restricted	-	33,179,478
Committed	2,297,388	1,133,857
Assigned	20,230,902	-
Unassigned	32,462,389	-
Total fund balances	<u>56,025,413</u>	<u>34,313,335</u>
	<u>56,025,413</u>	<u>34,313,335</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 112,692,991</u>	<u>\$ 41,734,030</u>

The Notes to the Basic Financial Statements are an integral part of this Statement.

FEDERAL AND STATE PROGRAMS FUND	DEBT SERVICE FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 14,137,997	\$ 99,563,301
-	-	-	174,072
5,488,280	-	-	28,723,551
-	-	-	3,048,125
-	-	-	13,891,205
-	-	287,355	1,094,294
201,275	35,025	19,559	271,932
-	-	28,110	125,924
-	-	516,177	939,112
-	-	4,607,147	22,063,346
-	-	-	611,799
-	18,501,875	-	27,743,160
<u>\$ 5,689,555</u>	<u>\$ 18,536,900</u>	<u>\$ 19,596,345</u>	<u>\$ 198,249,821</u>
\$ 353,391	\$ 625	\$ 192,524	\$ 2,819,937
174,072	-	-	174,072
3,364,492	-	1,000,765	37,161,371
1,002,548	-	298,207	11,073,318
3,949	-	-	31,030
-	-	-	229,440
-	-	-	7,192,785
<u>4,898,452</u>	<u>625</u>	<u>1,491,496</u>	<u>58,681,953</u>
-	-	-	11,796,893
-	-	516,177	939,112
-	-	-	611,799
-	-	4,828,286	4,828,286
791,103	18,536,275	12,760,386	65,267,242
-	-	-	3,431,245
-	-	-	20,230,902
-	-	-	32,462,389
<u>791,103</u>	<u>18,536,275</u>	<u>18,104,849</u>	<u>127,770,975</u>
<u>\$ 5,689,555</u>	<u>\$ 18,536,900</u>	<u>\$ 19,596,345</u>	<u>\$ 198,249,821</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

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Total fund balances - governmental funds	\$	127,770,975
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Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Taxes that are not available to pay for current period expenditures are deferred in the funds.		11,796,893
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Capital assets used in governmental activities are not financial  
resources and therefore are not reported as assets in  
governmental funds.

Cost of capital assets	\$ 799,821,916	
Accumulated depreciation and amortization	<u>(195,956,820)</u>	603,865,096

Net pension liability not due and payable in the current period and, therefore, are not reported in the funds		(266,424,553)
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Net OPEB liability not due and payable in the current period and, therefore, are not reported in the funds		(238,216,646)
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Deferred outflows and inflows of resources related to  
pensions and OPEB are applicable to future periods and,  
therefore, are not reported in the governmental funds.

Deferred outflows related to Pensions	\$ 44,285,896	
Deferred outflows related to OPEB	8,953,893	
Deferred inflows related to Pensions	(28,213,110)	
Deferred inflows related to OPEB	<u>(21,729,425)</u>	3,297,254

Long-term liabilities are not due and payable in the current  
period and therefore are not reported as liabilities in the  
funds. Long-term liabilities at year end consist of:

Accrued interest	\$ 398,437	
Bonds payable	36,120,000	
Unamortized bond premium	1,111,663	
Capital Lease	462,292	
Compensated absences	1,874,710	
Workers' compensation	<u>1,653,827</u>	<u>(41,620,929)</u>

Total net position - governmental activities	\$	<u>200,468,090</u>
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The Notes to the Basic Financial Statements are an integral part of this Statement.



**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	CAPITAL PROJECTS FUND	FEDERAL AND STATE PROGRAMS FUND
REVENUES			
State sources	\$ 161,939,418	\$ 1,278,965	\$ 4,576,509
Property taxes	110,725,553	-	-
Sales taxes	806,572	34,904,039	-
Federal sources	1,380,576	-	23,442,424
Investment income	735,428	587,812	-
Charges for meals	-	-	-
Other revenue	2,625,422	256,108	857,028
Total revenues	<u>278,212,969</u>	<u>37,026,924</u>	<u>28,875,961</u>
EXPENDITURES			
Current operating			
Instruction	179,857,735	7,553,962	15,452,243
Student support services	9,590,902	-	1,942,851
Improvement of instructional services	3,624,303	-	7,611,674
Educational media services	5,022,812	-	78,116
General administration	1,453,962	-	1,916,940
School administration	19,964,697	-	352,965
Business support	3,625,536	-	-
Plant maintenance and operation	26,787,672	139,671	70,493
Student transportation services	14,174,994	3,101,588	815,104
School nutrition services	-	-	-
Other support services	10,724,198	-	693,265
Capital outlay			
Facilities acquisition and construction	-	50,379,843	-
Debt service			
Principal retirement	45,636	-	-
Interest and fiscal charges	125,863	-	-
Total expenditures	<u>274,998,310</u>	<u>61,175,064</u>	<u>28,933,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,214,659</u>	<u>(24,148,140)</u>	<u>(57,690)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	500,000	-
Transfers out	<u>(7,893,146)</u>	<u>(19,137,567)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,893,146)</u>	<u>(18,637,567)</u>	<u>-</u>
Net change in fund balances	(4,678,487)	(42,785,707)	(57,690)
Fund balance, beginning	<u>60,703,900</u>	<u>77,099,042</u>	<u>848,793</u>
Fund balance, ending	<u>\$ 56,025,413</u>	<u>\$ 34,313,335</u>	<u>\$ 791,103</u>

The Notes to the Basic Financial Statements are an integral part of this Statement.

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DEBT SERVICE FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,388,165	\$ 169,183,057
-	-	110,725,553
-	-	35,710,611
-	17,695,377	42,518,377
197,321	148,216	1,668,777
-	2,109,325	2,109,325
-	817,530	4,556,088
<u>197,321</u>	<u>22,158,613</u>	<u>366,471,788</u>
-	-	202,863,940
-	-	11,533,753
-	-	11,235,977
-	-	5,100,928
-	-	3,370,902
-	-	20,317,662
-	-	3,625,536
-	987,365	27,985,201
-	-	18,091,686
-	20,326,494	20,326,494
-	6,801,907	18,219,370
-	-	50,379,843
17,190,000	-	17,235,636
1,848,119	-	1,973,982
<u>19,038,119</u>	<u>28,115,766</u>	<u>412,260,910</u>
<u>(18,840,798)</u>	<u>(5,957,153)</u>	<u>(45,789,122)</u>
19,137,567	7,393,146	27,030,713
-	-	(27,030,713)
<u>19,137,567</u>	<u>7,393,146</u>	<u>-</u>
296,769	1,435,993	(45,789,122)
<u>18,239,506</u>	<u>16,668,856</u>	<u>173,560,097</u>
<u>\$ 18,536,275</u>	<u>\$ 18,104,849</u>	<u>\$ 127,770,975</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Total net change in fund balances - governmental funds	\$	(45,789,122)
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental funds report pension/OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension/OPEB benefits earned net of employee contributions is reported as pension/OPEB expense.

District pension contributions	\$ 28,493,007	
District OPEB contributions	8,884,218	
Pension contribution-State support	539,215	
Cost of benefits earned net of employee contributions	(19,750,625)	
OPEB expense	(13,203,867)	4,961,948

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,316,761
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Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.

Capital expenditures	\$ 53,268,635	
Net book value of disposed capital assets	(839,302)	
Depreciation expense	(14,898,790)	37,530,543

Repayment of bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		17,235,636
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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. These activities consist of:

Decrease in compensated absences	\$ (195,294)	
Decrease in worker's compensation liability	(9,592)	(204,886)

When debt is first issued the bond premium is reported as other financing sources in the Government fund, but is reported as part of the debt on the Statement of Net Position and amortized over the term of the debt. This amount is the amortization for the current year.

	\$ 1,150,917	1,150,917
--	--------------	-----------

Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.

		122,753
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Change in net position of governmental activities.	\$	16,324,550
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The Notes to the Basic Financial Statements are an integral part of this Statement.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	POSITIVE (NEGATIVE)
<b>REVENUES</b>				
State sources	\$ 156,826,530	\$ 156,833,341	\$ 159,174,221	\$ 2,340,880
Property taxes	109,182,146	109,182,146	109,992,412	810,266
Sales taxes	806,572	806,572	806,572	-
Federal sources	1,475,000	1,475,000	1,380,576	(94,424)
Investment income	500,000	500,000	991,510	491,510
Other revenue	2,722,240	3,661,225	2,604,031	(1,057,194)
Total revenues	<u>271,512,488</u>	<u>272,458,284</u>	<u>274,949,322</u>	<u>2,491,038</u>
<b>EXPENDITURES</b>				
Instruction	185,100,167	186,858,820	177,474,006	9,384,814
Student support services	9,150,311	9,408,953	9,570,439	(161,486)
Improvement of instructional services	5,776,618	5,200,881	3,657,416	1,543,465
Educational media services	4,095,317	4,665,595	4,981,221	(315,626)
General administration	2,132,108	2,162,108	1,607,305	554,803
School administration	19,622,874	19,632,430	19,773,578	(141,148)
Business support	3,477,038	3,696,157	3,625,726	70,431
Plant maintenance and operation	27,636,006	27,721,576	26,731,782	989,794
Student transportation services	12,050,634	12,747,190	13,896,650	(1,149,460)
Other support services	13,677,677	13,696,323	10,706,123	(373,233)
Debt service				
Principal retirement	-	-	46,636	(46,636)
Interest and fiscal charges	-	-	125,863	(125,863)
Total expenditures	<u>282,718,750</u>	<u>285,790,033</u>	<u>272,196,745</u>	<u>13,593,288</u>
Excess (deficiency) of revenues over (under) expenditures	(11,206,262)	(13,331,749)	2,752,577	16,084,326
<b>OTHER FINANCING USES</b>				
Transfers out	(7,093,041)	(7,893,146)	(7,893,146)	-
Total other financing uses	<u>(7,093,041)</u>	<u>(7,893,146)</u>	<u>(7,893,146)</u>	<u>-</u>
Net change in fund balances	(18,299,303)	(21,224,895)	(5,140,569)	16,084,326
<b>FUND BALANCE</b>				
July 1, (Budget Basis)	<u>70,275,343</u>	<u>70,275,343</u>	<u>70,275,343</u>	
<b>FUND BALANCE</b>				
June 30, (Budget Basis)	<u>\$ 51,976,040</u>	<u>\$ 49,050,448</u>	65,134,774	
Adjustments from budgetary basis to generally accepted accounting principles:				
Fair market value adjustment			(612,801)	
Revenues				
June 30, accruals			25,337,388	
Expenditures				
June 30, accruals			<u>(33,833,948)</u>	
FUND BALANCE JUNE 30, (GAAP Basis)			<u>\$ 56,025,413</u>	

The Notes to the Financial Statements are an integral part of this Statement.



**MUSCOGEE COUNTY SCHOOL DISTRICT  
FEDERAL AND STATE PROGRAMS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
REVENUES				
State sources	\$ 4,498,827	\$ 4,500,267	\$ 4,582,322	\$ 82,055
Federal sources	23,255,744	25,349,257	24,118,897	(1,230,360)
Other revenue	228,000	228,000	773,229	545,229
Total revenues	27,982,571	30,077,524	29,474,448	(603,076)
EXPENDITURES				
Instruction	14,750,827	15,871,495	15,545,619	325,876
Student support services	2,287,348	2,408,290	1,813,150	595,140
Improvement of instructional services	7,891,037	8,572,165	7,798,177	773,988
Educational media services	65,655	96,394	91,718	4,676
General administration	1,880,318	2,009,349	1,906,079	103,270
School administration	333,690	338,171	350,467	(12,296)
Plant maintenance and operation	-	-	70,493	(70,493)
Student transportation services	855,693	852,932	805,579	47,353
Other support services	121,786	137,511	712,496	(574,985)
Total expenditures	28,186,354	30,286,307	29,093,778	1,192,529
Excess (deficiency) of revenues over (under) expenditures	(203,783)	(208,783)	380,670	589,453
Net change in fund balances	(203,783)	(208,783)	380,670	589,453
FUND BALANCE				
July 1, (Budget Basis)	(1,557,290)	(1,557,290)	(1,557,290)	
FUND BALANCE				
June 30, (Budget Basis)	\$ (1,761,073)	\$ (1,766,073)	(1,176,620)	
Adjustments from budgetary basis to generally accepted accounting principles:				
Revenues				
June 30, accruals			5,689,555	
Expenditures				
June 30, accruals			(3,721,832)	
FUND BALANCE JUNE 30, (GAAP Basis)			\$ 791,103	

\*The original and final budgets include budgeted revenues and expenditures for certain grants for which the ending date extends past the fiscal year.

The Notes to the Financial Statements are an integral part of this Statement.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2018**

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	ACTIVITY FUND
ASSETS	
Cash and cash equivalents	\$ 2,241,387
Accounts receivable	<u>5,742</u>
Total assets	<u><u>\$ 2,247,129</u></u>
LIABILITIES	
Accounts payable and other current liabilities	\$ 95,055
Amounts due to student and other groups	<u>2,152,074</u>
Total liabilities	<u><u>\$ 2,247,129</u></u>

The Notes to the Basic Financial Statements are an integral part of this Statement.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Muscogee County School District have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), specifically as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant District accounting policies are described below.

**A: Reporting Entity**

Created by Constitutional Amendment as a separate independent District and separate political subdivision of the state of Georgia, the Muscogee County School District was a merger of the school systems of the City of Columbus, Georgia and Muscogee County, Georgia. Upon approval by the voters in the general election of November 2, 1948, these two school systems merged January 1, 1950.

The District operates under the guidance of the Board of Education of the Muscogee County School District consisting of nine members elected by the voters of Muscogee County. The 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 District is a primary government and consists of all the organizations that compose its legal entity.

The Muscogee County School District is not considered to be a component unit of the Consolidated Government of Columbus, Georgia. Neither is the Consolidated Government of Columbus, Georgia considered to be a component unit of the Muscogee County School District. Under the Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, the various Parent-Teacher Associations (PTAs) and booster clubs, Columbus Museum, Inc. and the Muscogee County Library Foundation, Inc. are not component units of the District, and their financial activities are not included in these financial statements.

**B: Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are allocated proportionally among the functions.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B: Government-wide and Fund Financial Statements** (continued)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

Taxes and other items not properly included among program revenues are reported as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C: Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned. Expenses are recorded when the related fund liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund is reported on the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the liability is incurred.

Property taxes, sales taxes, grant funds, and interest associated with the current fiscal year are all considered to be susceptible to accrual as revenue of the current fiscal year, and, therefore, have been recognized as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The state of Georgia reimburses the District for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C: Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(continued)

In accordance with the respective rules and regulations of the QBE program, the state of Georgia reimburses the School System over the same twelve month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued. Since the state of Georgia recognizes its QBE liability for the July and August salaries at June 30, the District recognizes its portion of that reimbursement as a receivable and revenue, consistent with symmetrical recognition.

The District reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used in the acquisition, construction, or improvement of major capital facilities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related expenses.

Federal and State Programs Fund - The Federal and State Programs Fund is a special revenue fund used to account for the revenues and expenditures associated with various federal and state grants.

The District reports the following non-major funds:

Non Major Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Included in the District's Special Revenue Funds are the School Nutrition Fund and the Library Fund.

The School Nutrition Fund is used to account for the revenues and expenses associated with the operations of school cafeterias.

The Library Fund is used to account for the revenues and expenditures associated with the operations of the Columbus Public Library and its various branches. Management classifies the Library Fund as a Special Revenue Fund due to the funding it receives from outside sources as well as the internal transfer of tax revenues.

Permanent Funds - Permanent Funds are used to account for assets held by the District in a trustee capacity for other government and private organizations.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C: Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(continued)

The Permanent Funds apply the current financial resources measurement focus and modified accrual basis of accounting. The District's Permanent Funds are expendable or non-expendable. Expendable permanent funds consist of various donations of cash and securities from which both the income and corpus may be spent. Non-expendable permanent funds account for assets of which the principal may not be spent. These funds are restricted to the support of teachers, libraries and cultural arts.

The District reports a fiduciary fund (agency fund) which accounts for assets held by the District as an agent for various funds, or individuals. This fund primarily consists of the assets of the school student activity organizations and other organizations within the District.

**D: Assets, Liabilities, and Net Position or Equity**

**1. Cash, Cash Equivalents and Investments**

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 District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

The 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 District in nonparticipating interest-earning contracts (such as certificates of deposit) are reported at cost. Georgia Fund 1 is valued at the pool's share price, \$1.00 per share. 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.

**2. 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.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D: Assets, Liabilities, and Net Position or Equity** (continued)

2. Receivables (continued)

Amounts listed as receivable from the Consolidated Government of Columbus, Georgia are property taxes, intangibles taxes, and fuel costs receivable. Amounts due from the state of Georgia reflect QBE allotments related to unpaid contract salaries in the General Fund and sales tax revenue in the Capital Projects Fund.

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

3. Inventories and prepaid assets

Inventories consist of school and maintenance supplies and food commodities. All are stated at cost using the first-in, first-out method. The cost is recorded as expenditure at the time individual items are used. Donated commodities are reported at their federally assigned value. At year end, the inventory balance is comprised of purchased inventories and USDA commodities.

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

4. Capital Assets

On the government-wide financial statements, capital assets are recorded at cost. 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.

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.

Certain capital assets are not depreciated. These include land, construction in progress, and works of art or historical treasures. These capital assets are placed on the books at historical cost or at acquisition value as of the date of donation.

During the fiscal year ending June 30, 2018, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the District.

Depreciable capital assets of the District are depreciated using the straight line method to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D: Assets, Liabilities, and Net Position or Equity (continued)**

**4. Capital Assets (continued)**

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

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Buildings, permanent	75	\$ 100,000
Buildings, temporary	25	20,000
Building improvements	20	100,000
Equipment and vehicles	5-20	5,000
Library collection	7	all
Software	10	1,000,000

**5. Compensated Absences**

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

Vacation leave of 12 days is awarded on a calendar year basis to all full time personnel on twelve-month contracts. No other employees are eligible to earn vacation leave. One additional day is awarded for each year of service over 10 up to a maximum vacation leave of 20 days. Vacation leave must be utilized during the calendar year. Vacation leave not utilized during the calendar year may be carried over to the next calendar year, provided such vacation leave does not exceed 5 days. Generally, unused vacation exceeding 5 days is forfeited. It is the District's policy to accrue all vested compensated absences that are payable within 60 days of year end to terminated employees at the fund level. All compensated absences at year end are accrued at the government-wide level.

**6. Long-term Obligations**

In the District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums 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.



**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D: Assets, Liabilities, and Net Position or Equity** (continued)

**6. Long-term Obligations** (continued)

In the governmental fund financial statements, the 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.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or the balance sheet 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 net position and/or the balance sheet 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.

**8. Pensions**

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

**9. 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.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D: Assets, Liabilities, and Net Position or Equity** (continued)

**10. Fund Balances and Net Position**

The District's fund balances are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources are either (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education is the 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 – Amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education may assign fund balance. In addition, the Board has an established policy which authorizes the Superintendent or Chief Financial Officer to assign amounts to be used for specific purposes.

Unassigned – The residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use for the same purpose, the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

When committed, assigned and unassigned resources are available for use for the same purpose, the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D: Assets, Liabilities, and Net Position or Equity** (continued)

**10. Fund Balances and Net Position** (continued)

Fund balances of the governmental funds at June 30, 2018, are as follows:

	General Fund	Capital Projects Fund	Federal and State Programs Fund	Debt Service	Non Major Governmental funds	Total Governmental Funds
Nonspendable	\$ 1,034,734	\$ -	\$ -	\$ -	\$ 5,344,463	\$ 6,379,197
Restricted						
SPLOST funded capital projects	-	33,179,478	-	-	-	33,179,478
Continuation of grant programs	-	-	791,103	-	-	791,103
Debt service obligations	-	-	-	18,536,275	-	18,536,275
Continuation of other projects	-	-	-	-	12,760,386	12,760,386
Total restricted	-	33,179,478	791,103	18,536,275	12,760,386	65,267,242
Committed						
Employee benefits	505,690	-	-	-	-	505,690
Continuation of capital projects	-	1,133,857	-	-	-	1,133,857
Board approved encumbrances	1,791,698	-	-	-	-	1,791,698
Total committed	2,297,388	1,133,857	-	-	-	3,431,245
Assigned						
Amounts designated for next fiscal year	20,133,886	-	-	-	-	20,133,886
School distribution	65,474	-	-	-	-	65,474
Other encumbrances	31,542	-	-	-	-	31,542
Total assigned	20,230,902	-	-	-	-	20,230,902
Unassigned	32,462,389	-	-	-	-	32,462,389
Total governmental fund balances	\$ 56,025,413	\$ 34,313,335	\$ 791,103	\$ 18,536,275	\$ 18,104,849	\$ 127,770,975

Amounts of fund balance reserved for encumbrances have been presented throughout the restricted, committed and assigned fund balance classifications above. Total encumbrances by fund type are as follows:

General fund	\$ 1,823,240
Capital projects fund	20,905,562
Federal and State Programs	101,991
Other non major governmental funds	23,350
Total encumbrances	<u>\$ 22,854,143</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D: Assets, Liabilities, and Net Position or Equity** (continued)

**10. Fund Balances and Net Position** (continued)

The District's net position in the District-wide Statements is classified as follows:

Net investment in capital assets -This represents the District's total investment in capital assets, net of 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.

Restricted net position - This represents resources for which the District is legally or contractually obligated to spend resources for capital projects, expendable and non-expendable permanent funds, and continuation of federal and state programs, in accordance with restrictions imposed by external third parties.

Unrestricted net position - Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of Investment of Capital Assets and Restricted net position.

The District-wide Statement of Net Position includes a deficit Unrestricted Net Position at June 30, 2018. The balance of Unrestricted Net Position is as follows:

	<u>2018</u>	<u>2017</u>
Net Pension Obligations affecting Net Position	\$ (250,351,767)	\$ (259,633,364)
Net OPEB Obligations affecting Net Position	(250,992,178)	(246,672,529)
Unrestricted Net Position, non pension and OPEB related	<u>64,293,769</u>	<u>67,860,381</u>
Net Position, Unrestricted, June 30	<u>\$ (437,050,176)</u>	<u>\$ (438,445,512)</u>

**E: Budgetary Information**

**1. General Budget Policies**

Prior to the May regular meeting of the Board of Education, the Administration submits to the Board of Education the proposed Operating Budget for the General Fund for the fiscal year commencing the following July 1. The Operating Budget includes proposed expenditures and the means of financing them. The tentative budget is advertised as required, by State regulations, at least one time in the general area of the local unit of administration, and public hearings are conducted to obtain taxpayer questions and comments. At the next regular or special meeting (as advertised by date, time, and place) the budget, including revisions made by the Board, is adopted. The millage rate necessary to fund the budget is forwarded to the Tax Commissioner of Muscogee County to levy, collect, and disburse the taxes to the District.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E: Budgetary Information** (continued)

1. General Budget Policies (continued)

The budgeted amounts reflected in the accompanying financial statements recognize budget revisions made during the year, including changes in anticipated revenues from federal, state, and local sources, and transfers between certain classifications of expenditures within the funds. The Board of Education may legally amend the budget at any time during the year without the approval of the Georgia Department of Education. The legal level of budgetary control is the function level. Functions describe the activities for which services or materials are acquired to accomplish the objectives of an enterprise, and are classified into broad categories to include, but not limited to, Instruction, Support Services, and Operation of Non-Instructional Services.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, the Special Revenue Funds, and the Capital Projects Fund. Encumbrances outstanding at year-end are reported as components of spendable fund balance. They are reappropriated in the subsequent fiscal year since appropriations lapse at year end.

3. Budgetary Reporting

Annual budgets are prepared for all governmental fund types except for capital projects, permanent and agency funds. These budgets are prepared on a cash basis (budget basis). Georgia State law prohibits deficit financing at the fund level. Actual results on all budget statements have been presented on the cash basis at the fund level. Reappropriations of GAAP fund balances are used to fund any deficits. If these are insufficient, the General Fund will fund the difference. Capital projects funds are prepared on a project length basis.

**F. Revenues and Expenditures**

1. Property Taxes

Ad valorem property taxes for the fiscal year ending June 30, 2018, were levied on July 1, 2017, on assessed valuations as of January 1, 2017. Taxes were due on October 1, 2017, and could be paid in two installments, the last of which was due December 1, 2017. The enforceable lien date for unpaid property taxes was December 20, 2017. Taxes collected within the current fiscal year or within 60 days after year end are reported as revenue in the current fiscal year. According to GASB codification section P 70.103, the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was levied, provided the "available" criteria are met.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**F. Revenues and Expenditures** (continued)

**1. Property Taxes** (continued)

*Available* means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. At the fund level, amounts not collected within 60 days of year end have been recorded as deferred inflows of resources. Total property tax revenues reported for the fiscal year amounted to \$110.7 million, including \$13.9 million listed as taxes receivable of which \$11.8 million is reflected as unavailable revenue in the General Fund.

**2. Non-Monetary Transactions**

The District receives from the United States Department of Agriculture (“USDA”) commodities for school breakfast and lunch programs. The value of items received and consumed have been reflected in the financial statements as revenues and expenditures in the School Nutrition Fund.

Other non-monetary transactions consist of on-behalf payments. The State Department of Education paid \$69,746 to the Teachers’ Retirement System and \$606,001 to the Public School Employees Retirement System on behalf of the District for the fiscal year ending June 30, 2018. These on-behalf payments were reported in the General Fund and the School Nutrition Program Fund, as both revenues and expenditures. Funds paid on behalf of the District are reported in governmental funds. See Note IX - Retirement Plans for the State support related to the Net Pension Liability.

**G: Interfund Activity and Balances**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of interfund services provided and used. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

**H: 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.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I: New Accounting Pronouncements**

In fiscal year 2018, the District adopted the following Governmental Accounting Standards Board (GASB) statements:

- **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 District's financial statements. As noted in the Restatement of Net Position note disclosure, the District restated beginning net position for the cumulative effect of this accounting change.
- **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 District's financial statement.
- **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 District's financial statement.
- **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 District's financial statement.

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**A: Cash and Cash Equivalents and Investments** (continued)

The District maintains a cash and investment pool that is available for use by all governmental funds. Each fund type's portion of this pool is included in "Cash and cash equivalents." In addition, deposits are separately held by several of the District's funds.

As of June 30, 2018, the District's cash and cash equivalents, and investments are displayed below.

Cash and Cash Equivalents	Maturities	General Fund	Capital Projects Fund	Debt Service Fund	Non Major Governmental Funds	Total Governmental Funds	Fiduciary Fund
Bank deposits	open	\$ 23,698,450	\$ 1,743,738	\$ -	\$ 14,137,997	\$ 39,580,185	\$ 2,241,102
Money Market Account	open	813,245	-	-	-	813,245	-
Georgia Fund 1	10 days	<u>32,152,570</u>	<u>27,017,301</u>	<u>-</u>	<u>-</u>	<u>59,169,871</u>	<u>-</u>
Total cash and cash equivalents		56,664,265	28,761,039	-	14,137,997	99,563,301	2,241,102
<u>Restricted cash equivalents</u>							
Federated Money Market Fund	open	-	9,241,285	18,501,875	-	27,743,160	-
Total cash and cash equivalents		<u>\$ 56,664,265</u>	<u>\$ 38,002,324</u>	<u>\$ 18,501,875</u>	<u>\$ 14,137,997</u>	<u>\$ 127,306,461</u>	<u>\$ 2,241,102</u>
<u>Investments</u>							
MBS FHLM	9 yr.	\$ 164,612	\$ -	\$ -	\$ 1,222,832	\$ 1,387,444	\$ -
FHLB	10-11yr	14,442,300	-	-	1,784,176	16,226,476	-
BMW Bk - CD	3 yr.	246,029	-	-	-	246,029	-
American Express Centurion Bk-CD	3 yr.	250,247	-	-	-	250,247	-
Capital One	2 yr.	249,942	-	-	-	249,942	-
Community Bank	3 yr.	247,245	-	-	-	247,245	-
JP Morgan	3 yr.	98,703	-	-	-	98,703	-
First Bank	3 yr.	221,821	-	-	-	221,821	-
Wells Fargo	4 yr.	244,660	-	-	-	244,660	-
Discover	2 yr.	247,525	-	-	-	247,525	-
Comenity Cap	3 yr.	245,000	-	-	-	245,000	-
Capital One Mclean	4 yr.	243,173	-	-	-	243,173	-
Citibank	4 yr.	70,069	-	-	-	70,069	-
Goldman Sachs	5 yr.	240,965	-	-	-	240,965	-
Sallie Mae	5 yr.	243,908	-	-	-	243,908	-
Marketable securities	open	-	-	-	1,600,139	1,600,139	-
Total investments		<u>\$ 17,456,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,607,147</u>	<u>\$ 22,063,346</u>	<u>\$ -</u>



**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**A: Cash and Cash Equivalents and Investments** (continued)

The Official Code of Georgia Annotated Section 36-83-4 authorizes the District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

- (1) Obligations issued by the state of Georgia or by other states,
- (2) Obligations issued by the United States government,
- (3) Obligations fully insured or guaranteed by the United States government or a United States government agency,
- (4) Obligations of any corporation of the United States government,
- (5) Prime banker's acceptances,
- (6) The local government investment pool (Georgia Fund 1) administered by the state of Georgia, Office of the State Treasurer,
- (7) Repurchase agreements, and
- (8) Obligations of other political subdivisions of the state of Georgia,
- (9) Certificates of Deposit.

The District has not adopted a formal investment policy that is more restrictive than State law. The District has few investments and chooses to disclose its investments by specifically identifying each. Most of the District's cash is invested in Georgia Fund 1, a state investment pool and the Georgia Bankers Association Collateral Pool. Other investments consist of securities backed by Federal Government agencies. The following will disclose deposit and investment risks that could affect the District's ability to provide services and meet its obligations as they become due.

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.

Custodial credit risk is the risk in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The bank balances were covered by Federal Depository Insurance Corporation, Securities Investor Protection Corporation or collateralized with securities held by the pool in the name of the pledging financial institution.

Georgia Fund 1 which 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. The pool is an AAA rated investment

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**A: Cash and Cash Equivalents and Investments** (continued)

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.

The Georgia Fund 1, Local Government Investment Pool (GF1- LGIP), which is administered by the state of Georgia, Office of the State Treasurer is not required to be categorized since the 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](http://www.audits.ga.gov/SGD/CAFR.html)

The District has not adopted a formal investment policy; however, formal administrative procedures have been adopted for the operation of the investment program.

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

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

The District's investments are valued using quoted market price (Level 1 Inputs).

*Custodial credit risk.* For investments, credit risk is the risk in the event of the failure of the counterparty to a transaction or bank failure, the District may not be able to recover the value of the investment or collateralized securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**A: Cash and Cash Equivalents and Investments** (continued)

would further limit its investment choices. The FHLB and FHLM investments held by the District are rated AAA by Moody.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District is not limited in the amount that may be invested in any one issuer. More than 5% of the District's investments are invested in Georgia Fund 1 LGIP and FHLB, as referenced on the preceding page.

**B: Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
Capital assets not being depreciated					
Land and improvements	\$ 39,507,324	\$ -	\$ (10,000)	\$ 683,332	\$ 40,180,656
Construction in progress	55,525,628	47,421,794	-	(50,431,105)	52,516,317
Total capital assets not being depreciated	95,032,952	47,421,794	(10,000)	(49,747,773)	92,696,973
Capital assets being depreciated					
Buildings and improvements	564,295,634	-	(492,135)	48,669,153	612,472,652
Equipment	87,866,981	5,846,841	(5,519,040)	1,078,620	89,273,402
Intangible assets	5,378,889	-	-	-	5,378,889
Total capital assets being depreciated	657,541,504	5,846,841	(6,011,175)	49,747,773	707,124,943
Less accumulated depreciation for:					
Buildings and improvements	121,824,287	10,445,598	(252,632)	-	132,017,253
Equipment	61,282,727	3,915,303	(4,929,241)	-	60,268,789
Intangible assets	3,132,889	537,889	-	-	3,670,778
Total accumulated depreciation	186,239,903	14,898,790	(5,181,873)	-	195,956,820
Total capital assets being depreciated, net	471,301,601	(9,051,949)	(829,302)	49,747,773	511,168,123
Total governmental activity capital assets, net	\$ 566,334,553	\$ 38,369,845	\$ (839,302)	\$ -	\$ 603,865,096

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**B: Capital Assets** (continued)

Governmental activity depreciation was allocated to the various governmental functions as follows:

Instruction	\$ 9,628,863
Student support services	335,531
Instructional staff services	72,596
General administration	249,729
School administration	56,656
Business support	594,629
Plant maintenance and operation	283,354
Student transportation services	1,137,034
School nutrition services	187,908
Other support services	2,352,490
Total depreciation	<u>\$ 14,898,790</u>

**C: Accrued Salaries and Employee Benefits**

Accrued salaries and employee benefits relate primarily to salaries of employees paid over a twelve-month period for contract services of ten or eleven months. The twelve-month pay period begins September 1 and ends August 31. Salaries payable in July and August along with the employee benefits relating to those salaries are accrued as of the end of the fiscal year.

Salaries and benefits accrued as of June 30, 2018 are as follows:

	General Fund	Federal and State Programs Fund	Non Major Governmental Funds
Salaries	\$ 22,647,235	\$ 2,251,539	\$ 719,490
Employee benefits	<u>10,148,879</u>	<u>1,112,953</u>	<u>281,275</u>
Total accrued salaries and benefits	<u>\$ 32,796,114</u>	<u>\$ 3,364,492</u>	<u>\$ 1,000,765</u>

Included in the General Fund receivables from the State Department of Education is the State's reimbursement amount for its portion of the above referenced general fund salaries and benefits, which totaled \$23,050,426 at June 30, 2018.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**D: Interfund Assets and Liabilities and Transfers**

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund transfers occurred throughout the fiscal year. At June 30, 2018, the Federal and State Programs Fund reported \$174,072 due to the General Fund. This amount was due to the timing difference between payment for services and goods and reimbursement from grant programs.

These transfers were made in accordance to interfund transfer requirements, providing local funding and supplemented various capital projects.

The table below shows the interfund transfers that occurred during the year.

	Transfers in			Totals
	Capital Projects	Debt Service	Non Major Governmental	
Transfers out	Fund	Fund	Funds	
General Fund	\$ 500,000	\$ -	\$ 7,393,146	\$ 7,893,146
Non Major Governmental Funds	-	-	-	-
Capital Projects Fund	-	19,137,567	-	19,137,567
	<u>\$ 500,000</u>	<u>\$ 19,137,567</u>	<u>\$ 7,393,146</u>	<u>\$ 27,030,713</u>

**E. Short-Term Debt**

The District issued tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. This short-term debt was to provide cash for operations until property tax collections are received by the 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	\$ -	\$ 25,000,000	\$ 25,000,000	\$ -

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**F: Long-Term Debt**

As of June 30, 2018, the other long-term liability amounts are as follows:

	Balance			Balance	Amount
	June 30, 2017	Additions	Reductions	June 30, 2018	Due in One Year
GO Bonds	\$ 53,310,000	\$ -	\$ (17,190,000)	\$ 36,120,000	\$ 17,705,000
Unamortized Bond Premium	2,262,580	-	(1,150,917)	1,111,663	909,561
Net GO Bonds	55,572,580	-	(18,340,917)	37,231,663	18,614,561
Capital Leases	507,928	-	(45,636)	462,292	45,062
Compensated Absences	1,740,774	1,082,842	(917,876)	1,905,740	503,179
Worker's Compensation	1,644,235	1,203,651	(1,194,059)	1,653,827	937,506
Total	<u>\$ 59,465,517</u>	<u>\$ 2,286,493</u>	<u>\$ (20,498,488)</u>	<u>\$ 41,253,522</u>	<u>\$ 20,100,308</u>

**General Obligation Bonds**

The District issued the following General Obligation ("GO") Sales Tax Bonds. The GO Bonds will provide temporary financing for the acquisition and construction of major capital facilities. The GO Bonds will be repaid from future SPLOST proceeds.

2016 Series General Obligation Bonds – On March 14, 2016, the District issued \$20,000,000 of General Obligation Sales Tax bonds, Series 2016, with interest payments due semiannually on April 1 and October 1 and principal payments due on October 1 of each fiscal year. Interest rates vary from 3.0% to 4.0%. The amount of debt related to this issue still outstanding at June, 30, 2018 is \$2,810,000.

2017 Series General Obligation Bonds – On March 27, 2017, the District issued \$33,310,000 of General Obligation Sales Tax bonds, Series 2017, with interest payments due semiannually on April 1 and October 1 and principal payments due on October 1 of each fiscal year. Interest rates vary from 4.0% to 5.0%. The amount of debt related to this issue still outstanding at June, 30, 2018 is \$33,310,000.

The bond covenants required that all bond proceeds, debt service accumulations and excess 2015 SPLOST collections be held by the District's fiscal agent. Requests to use bond proceeds were prepared periodically by the District and when approved, the District's fiscal agent transferred the proceeds to the District's Operating accounts. The District was also required to exhaust all GO Bond proceeds related to bonded projects prior to using 2015 SPLOST collections for the bonded projects.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**F: Long-Term Debt** (continued)

**General Obligation Bonds** (continued)

In addition, the District was to satisfy its annual debt requirement by transferring SPLOST collections to the debt service fund sufficient for amounts owed on calendar year basis prior to accumulating or consuming SPLOST collections on non-bonded debt related projects.

The covenants also define allowable investments of the GO Bond proceeds and require that the District not enter into any additional debt secured by 2015 SPLOST proceeds unless certain conditions are met. As of June 30, 2018, the District was in compliance with the bond covenants.

Future annual principal and interest are as follows:

Fiscal Year <u>Ended June 30</u>	General Obligation Debt, Series 2016			General Obligation Debt, Series 2017		
	<u>Principal</u>	<u>Interest</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Rate</u>
2019	\$ 2,810,000	\$ 56,200	4%	\$ 14,895,000	\$ 1,108,975	5%
2020	\$ -	\$ -	-	\$ 18,415,000	\$ 368,300	4%

**Capital Lease**

The District entered into a lease agreement in fiscal year 2018 as lessee for financing the acquisition of light emitting diode (LED) sports lighting at a cost of \$507,928. This lease qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the date of inception. The LED sports lighting equipment is included in the equipment class of assets and is amortized on a straight line basis.

Capital leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
LED Sports Lighting	3.45%	5/30/2018	6/30/2027	\$ 507,928	\$ 462,292

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**F: Long-Term Debt** (continued)

**Capital Lease** (continued)

The following is a schedule of total capital lease payments:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Minimum Lease Payments</u>
2019	\$ 45,062	\$ 15,241	\$ 60,303
2020	46,641	13,662	60,303
2021	48,276	12,027	60,303
2022	49,968	10,335	60,303
2023	51,719	8,583	60,302
2024-2027	220,626	15,558	236,184
Total Principal and Interest	<u>\$ 462,292</u>	<u>\$ 75,406</u>	\$ 537,698
		Less: amounts representing interest	<u>(75,406)</u>
		Present value of future minimum lease payments	<u><u>\$ 462,292</u></u>

**Certificates of Participation**

In fiscal year 2009, the District defeased certain Certificates of Participation (“COP”) by placing 2003 SPLOST proceeds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's basic financial statements. At June 30, 2018, \$8,775,000 of Certificates of Participation remain outstanding and is considered defeased.

**Operating Leases**

The District leases various equipment and buildings under cancelable operating leases. Expenses for fiscal year 2018 under these leases totaled \$285,812.

**Compensated Absences and Workers’ Compensation**

The District’s other long-term liabilities also consist of compensated absences and workers’ compensation. Liabilities associated with compensated absences are liquidated through the General Fund, Federal and State Program Fund, School Nutrition Fund and the Library Fund management program for workers' compensation claims. A premium is charged when needed by the Internal Service Fund to each user program on the basis of the percentage of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The District accounts for claims with expense and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be



**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**II. DETAIL NOTES ON FUNDS** (continued)

**F: Long-Term Debt** (continued)

**Compensated Absences and Workers' Compensation** (continued)

reasonably estimated. The schedule for compensated absences below shows the amounts expected to be paid within one year as current. However, these amounts differ from the amounts shown as fund liabilities on the balance sheet. The fund liabilities include only those amounts attributable to employees already separated from service. Although the District expects to pay \$503,179 for compensated absences during fiscal year 2019, only \$31,030 for compensated absences is attributable to employees already separated from service.

A comparison of changes in the liability for compensated absences for the past three fiscal years is shown below:

Fiscal Year	Beginning Fiscal Year Liability	Claims and Changes		Ending Fiscal Year End	Current Portion
		in Current Year Liability	Claim Payments		
2016	\$ 1,647,227	\$ 874,991	\$ (780,756)	\$ 1,741,462	\$ 389,175
2017	\$ 1,741,462	\$ 803,183	\$ (803,871)	\$ 1,740,774	\$ 414,697
2018	\$ 1,740,774	\$ 1,082,842	\$ (917,876)	\$ 1,905,740	\$ 503,179

A comparison of changes in the liability for workers' compensation for the past three fiscal years is shown below:

Fiscal Year	Beginning Fiscal Year Liability	Claims and Changes		Ending Fiscal Year End	Current Portion
		in Current Year Liability	Claim Payments		
2016	\$ 1,337,838	\$ 1,562,430	\$ (1,156,842)	\$ 1,743,426	\$ 774,778
2017	\$ 1,743,426	\$ 769,135	\$ (868,326)	\$ 1,644,235	\$ 794,844
2018	\$ 1,644,235	\$ 1,203,651	\$ (1,194,059)	\$ 1,653,827	\$ 937,506

**III. SPECIAL PURPOSE LOCAL OPTION SALES TAX**

On November 4, 2003, the voters of Muscogee County approved, by referendum, the establishment of a one cent Special Purpose Local Option Sales Tax ("SPLOST") for a period of five years to provide funding for the cost of capital outlay projects within the District. The 2003 SPLOST generated \$163.8 million in revenue and was collected through December 31, 2008. The District continues to expend these funds to meet the needs of the remaining projects.

The voters of Muscogee County on September 15, 2009, approved by referendum, to reinstate the one cent SPLOST for a period of five years. The 2009 SPLOST proceeds are primarily dedicated

**MUSCOGEE COUNTY SCHOOL DISTRICT  
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**III. SPECIAL PURPOSE LOCAL OPTION SALES TAX** (continued)

to finance school construction and to meet system-wide technological needs. Additional funding to meet the approved projects is provided by the Georgia State Financing & Investment Commission (“GSFIC”) and local funds. Collections associated with the 2009 SPLOST which began January 1, 2010 and ended December 31, 2014 totaled \$178 million. The District continues to expend these funds to meet the needs of the remaining projects.

On March 17, 2015, the voters again approved, by referendum, to reinstate the one cent SPLOST for the District. The 2015 SPLOST provided for revenues up to \$192,185,000 for a period of 60 months, with collections beginning July 1, 2015. Collections associated with the 2015 SPLOST total \$99,566,152. Some of the major 2015 SPLOST capital outlay projects, which include those projects \$10 million and above, consist of the following:

- Construction of New Spencer High School
- New Gym at Fort Middle School
- Technology and Infrastructure Improvement
- New Multi-Sport Complex for District-wide use
- General Facilities Needs

**IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

The District is periodically subject to legal proceedings and potential claims which involve both private and governmental parties and cover a wide range of matters, including employment discrimination, negligence in supervision, personal injury, and contract collection.

The District is the defendant in litigation arising from its normal operations, including a number of cases related to the above risk areas. In the opinion of management, these matters, which are often covered by liability insurance policies, are expected to be resolved with no material effect on the financial condition of the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2018 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore no provision has been recorded in the accompanying basic financial statements for such contingencies.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES** (continued)

The District is committed under outstanding construction contracts in the Capital Projects fund in the amount of \$18,926,153 as detailed below.

	Contracts		
	Awarded as of	Expended to	
	June 30, 2018	June 30, 2018	Committed
Auditoriums Upgrades	\$ 891,364	\$ 190,911	\$ 700,453
Athletic Fields Upgrades	7,346,349	1,225,566	6,120,783
Dimon Elementary School Roof	519,400	340,778	178,622
Hardaway High School Roof	1,959,537	585,268	1,374,269
Parking Lot Resurfacing	675,500	36,068	639,432
Shaw High School Alterations	7,011,651	965,133	6,046,518
Spencer High School	52,759,500	48,999,572	3,759,928
Other	238,000	131,852	106,148
Total	<u>\$ 71,401,301</u>	<u>\$ 52,475,148</u>	<u>\$ 18,926,153</u>

**V. RISK MANAGEMENT**

The 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; acts of God and unemployment compensation.

There was no significant reductions in insurance coverage in the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The District has elected to be a member of the Georgia School Boards Association-Risk Management Fund (GSBA-RMF), an interlocal risk management agency created under Georgia law. Coverage for losses arising from certain liability and property risks to the Districts provided through a group self-insurance plan. For accounting purposes, this plan is considered to be a Risk Transfer Pool. For property losses under this plan, the District is responsible for the first \$50,000 of each property loss, the first \$2,500 for each computer loss and the first \$2,500 for each auto physical damage loss. For liability losses, the District is responsible for the first \$10,000 of each School Leaders Liability claim, the first \$25,000 of each auto liability accident. The plan assumes certain risks of the District in excess of the stated retentions up to certain customary coverage limits. The District is required to make a financial contribution to the plan each year in an amount that is determined on the basis of actuarial projections of losses.

The District participates in the Georgia School Boards Association Workers' Compensation Fund (GSBA-WCF), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The District pays an annual premium to the GSBA-WCF for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the GSBA-WCF with the Safety National Casualty Corporation to provide coverage for potential losses sustained by GSAB-

**MUSCOGEE COUNTY SCHOOL DISTRICT  
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YEAR ENDED JUNE 30, 2018**

**V. RISK MANAGEMENT** (continued)

WCF in excess of \$600,000 loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$600,000 loss per occurrence, up to \$2.0 million. In addition to the \$600,000 per occurrence retention, the GSAB-WCF also retains an additional \$150,000 per year corridor retention. For Workers' Compensation losses under the plan, the District is responsible for the first \$100,000 of each loss.

Management of GSBA-RMF has informed the District that it had outstanding liabilities within the loss retentions stated in the preceding paragraph of \$1,727,028 as of June 30, 2018.

Management of GSBA-RMF and GSBA-WCF has also informed the District that there is a possibility of additional contribution in the event that the plan is terminated or the District elects to withdraw prematurely. No amount has been recorded in financial statements due to the belief that plan termination is unlikely and withdrawal by the District is not contemplated.

The District has elected to self-insure with regard to unemployment and workers' compensation claims. Estimated claims are budgeted by management based on experience and prior claims filed in an amount considered sufficient to cover anticipated expenses. Claims are expensed in an internal service fund as they incur. Annually, the General Fund, Federal and State Program funds, Library Fund, and School Nutrition Fund are charged a five year average cost per employee paid. The liability for workers' compensation is determined by the projection of claim costs using a weighted average claims paid. Unemployment claims paid during the year totaled \$24,691. During fiscal years 2017 and 2016, the District paid \$22,102 and \$22,213 respectively for unemployment claims. Workers' compensation claims paid during the year totaled \$1,194,059. Insurance covers any workers' compensation claim in excess of the self-insured amount of \$100,000 for claims made after July 1, 2015. The accrued liability for workers' compensation claims as of June 30, 2018 totaled \$1,653,827.

**VI. RESTATEMENT OF PRIOR YEAR NET POSITION**

For fiscal year 2018, the District made prior period adjustments due to the adoption of GASB Statement No. 75, as described in "New Accounting Pronouncements", which required 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 \$246,672,529. This change is in accordance with generally accepted accounting procedures.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**VI. RESTATEMENT OF PRIOR YEAR NET POSITION** (continued)

The following schedule details the restatement of prior year net position:

Net Position, July 1, 2107 as previously reported	\$ 430,816,069
Prior Period Adjustment-Implementation of GASB No. 75:	
Net OPEB Liability (measurement date)	(255,512,991)
Deferred Outflows - District Contributions made during fiscal year 2017	<u>8,840,462</u>
Net Position, July 1, 2017, as restated	<u>\$ 184,143,540</u>

**VII. TAX ABATEMENTS**

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

As of June 30, 2018, the District provides tax abatements through four programs – the Industrial Revenue Bond, Enterprise Zone, Historic Preservation, and the Conversation Use Valuation Assessment (CUVA).

**Industrial Revenue Bond Program**

The Development Authority offers ad valorem property tax abatements to entice new and expanding companies to select Columbus as the location of their investment, thus providing local incentives based on investment and the creation of jobs. Actual incentives will be based on project scope and discussions with the company. Application is made to the Development Authority. Property tax abatements are provided to a company that chooses to finance its capital investment (land, building and equipment) using Industrial Revenue Bonds (IRBs). Pursuant to IRB financing, title to the assets is vested in the local development authority and the project is leased to the company with the rent being used to pay the bonds. The specific tax abatement is determined by the local board of assessors upon recommendation by the Development Authority. Based on the level of the bond, full taxation of depreciated value is applicable for personal property between year 6 and year 11, and for real property between year 6 and year 21, or earlier if the lease is terminated. Certification of project completion is to be no more than 36 months from date of bond closing. Each project will include the expansion of an existing facility or the creation of a new facility, retaining existing jobs or creating a predetermined number of new jobs. The bonds typically have a 20 year term, some with 10 year terms.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**VII. TAX ABATEMENTS** (continued)

**Enterprise Zone Program**

The Enterprise Zone Program was established to revitalize the area's residential neighborhoods, while creating and retaining jobs for its residents. Business and residential developments, which plan to invest in these areas, are given special state and local tax incentives as well as other possible fee exemptions. Application is made to the Planning Department. Businesses/residential developments may receive tax abatements for the first ten years of operation, excluding property taxes imposed by school districts. The following describes the tax exemptions that a qualified business/residential development may receive for the first 10 years of operation: year 1-5, 100%; year 6-7, 80%; year 8, 60%; year 9, 40%; year 10, 20%. These abatements have a 10 year term and are not renewable.

- A. In order to be eligible for incentives, eligible businesses must: increase employment by 5 or more new full-time jobs; maintain the jobs for the duration of the tax exemption period; whenever possible, at least 10% of the new employees filling the jobs that satisfy the job creation requirement should be low or moderate income individuals; provide economic stimulus with sufficient quantity and quality as shall be determined by the local government; and such business or service enterprise may be new, an expansion, or reinvestment of an existing business or service enterprise, or a successor to such business or service enterprise.

To qualify for tax exemption for the housing enterprise zone, to include new residential construction, residential rehabilitation, or other rehabilitation of an existing structure, the value of the improvement must: exceed the value of the land by a ratio of five to one (exceptions apply to any entity); and in no event shall the value of the property tax exceptions granted to qualifying business or service enterprises within an enterprise zone created by the City exceed 10% of the value of the property tax digest of the jurisdiction.

- B. Additional considerations for tax and fee abatements: Capital investment or reinvestment by the project equal to or greater than the amount of ad valorem tax abated over the first five years of the tax incentive and consideration for meeting some or all of the following criteria:
- locating in a vacant building
  - demolishing a pre-existing or abandoned structure
  - assembling 4 or more tracts of land for one project
  - creating jobs above the state threshold
  - creating jobs for residents of the Columbus Business Development Center and surrounding areas

**Historic Preservation Program**

The Georgia Preferential Property Tax Assessment incentive is designed to encourage the continued use of historic properties through rehabilitation. This incentive for rehabilitated historic property is available to both private residential properties as well as income- producing properties. Certification is made to the Georgia Department of Natural Resources. Once certified and rehabilitation is

**MUSCOGEE COUNTY SCHOOL DISTRICT  
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**VII. TAX ABATEMENTS** (continued)

**Historic Preservation Program** (continued)

complete, application is made to Tax Assessors' Department. Property tax assessment is frozen for eight years, with a partial exemption in year nine, and returning to full taxation in year 10. The property may qualify thereafter as rehabilitated historic property if such property is subject to subsequent rehabilitation and qualifies under the same state code provisions. In order for a property to be eligible, it must be a "certified structure," which means it must be listed in, or eligible for listing in, the Georgia/National Registers of Historic Places, either individually or as a contributing structure in a Georgia/National Register historic district. The Historic Preservation Division must certify the rehabilitation. If the property is eligible, but not yet listed in the Georgia/National Registers, the applicant must pursue getting it formally listed. Additionally, the property must be in the process of or has been substantially rehabilitated, provided that in the case of owner occupied residential real property the rehabilitation has increased the fair market value of the building or structure by not less than 50%, or, in the case of income-producing real property, the rehabilitation has increased the fair market value of the building or structure by not less than 100%, or, in the case of real property used primarily as residential property but partially as income-producing property, the rehabilitation has increased the fair market value of the building or structure by not less than 75%. These abatements have a ten year term with a renewable option based on the appraised value.

**Conservation Use Valuation Assessment (CUVA) Program**

Designed to protect property owners from being pressured by the property tax burden to convert their land from agricultural use to residential or commercial use. Application is made at the Tax Assessors' Department. Conservation use property is assessed at 40% of current use value which gives a reduced assessment to the property when compared to other property, which is assessed at 40% of the fair market value. The property owner must keep the land undeveloped in a qualifying use for a period of 10 years or incur substantial penalties. Owners who breach their conservation use covenant must pay back to the taxing authorities twice the savings they have received over the life of the covenant up to the point it was breached. These abatements have a 10 year term and are renewable.

The taxes abated for Muscogee County, which includes abatement for *all* taxing authorities combined (Muscogee County Schools and Columbus Consolidated Government) for calendar year 2017, FY 2018 totals \$8,857,494 as reflected below:

*Note: At the time of publication, the taxes abated for the Muscogee County School District alone were not available.*

<i>Tax Abatement Program</i>	<i>Amount of Taxes Abated during the Fiscal Year</i>
<i>Industrial Revenue Bond</i>	\$7,918,374
<i>Enterprise Zones</i>	\$ 151,958
<i>Historic Preservation</i>	\$ 336,834
<i>Conservation Use Valuation Assessment</i>	\$ 450,328

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**VIII. 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 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 District were \$8,884,218 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 District reported a liability of \$238,216,646 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the District's proportion was 1.695497%, which was a decrease of (.028579) % from its proportion measured as of June 30, 2016.



**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (continued)

**Georgia School Personnel Post-Employment Health Benefit Fund** (continued)

For the year ended June 30, 2018, the District recognized OPEB expense of \$13,203,867. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes in Assumptions	0	18,139,590
Net difference between projected and actual earnings on OPEB plan investments	69,675	0
Changes in proportion and differences between School District contributions and proportionate share of contributions	0	3,589,835
School District contributions subsequent to the measurement date	<u>8,884,218</u>	<u>0</u>
Total	<u>\$ 8,953,893</u>	<u>\$ 21,729,425</u>

The District contributions subsequent to the measurement date of \$8,884,218 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:	<u>OPEB</u>
2019	\$ (3,890,752)
2020	(3,890,752)
2021	(3,890,752)
2022	(3,890,752)
2023	(3,908,170)
2024	<u>(2,188,572)</u>
Thereafter	<u>\$ -</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (continued)

**Georgia School Personnel Post-Employment Health Benefit Fund** (continued)

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

Inflation	2.75%
Salary increases	3.25% - 7.00%, average, including inflation
ERS	4.50%, including inflation
JRS	4.50%, including inflation
LRS	None
TRS	3.25 - 9.00%, including inflation
PSERS	N/A
	3.88%, compounded annually, net of investment expense, and including inflation
Long-term expected rate of return	
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.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (continued)

**Georgia School Personnel Post-Employment Health Benefit Fund** (continued)

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

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

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

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

<u>Asset class</u>	<u>OPEB Target allocation</u>
Fixed income	
Agency	18.05%
U.S. Treasury	9.27%
Cash	70.40%
Asset Backed Securities	<u>2.28%</u>
Total	<u>100.00%</u>

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

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (continued)

**Georgia School Personnel Post-Employment Health Benefit Fund** (continued)

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability (asset)	282,839,596	238,216,646	203,000,101

***Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates:*** The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (asset)	197,454,460	238,216,646	291,288,950

***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>.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**IX. RETIREMENT PLANS**

**Deferred Compensation Plan**

The District offers its employees a tax deferred annuity plan created in accordance with the Internal Revenue Code Section 403b. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation is optional. Participants who are also eligible for PSERS received a 2% match in FY 2018 and a 1% match in FY 2017 and FY 2016. Contributions from the District totaled \$37,302, \$28,094, and \$22,744 for the years ended June 30, 2018, 2017, and 2016, respectively. During and as of June 30, 2018, 2017, 2016 none of the plans held securities issued by the District or other related parties.

The District participates in various retirement plans administered by the state of Georgia. There are two major retirement systems in which the District participates: Teachers Retirement System of Georgia (TRS) and Employees' Retirement System of Georgia (ERS). These systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

**TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)**

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

**MUSCOGEE COUNTY SCHOOL DISTRICT  
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**IX. RETIREMENT PLANS** (continued)

**TEACHERS' RETIREMENT SYSTEM OF GEORGIA (TRS)** (continued)

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 District's contractually required contribution rate for the year ended June 30, 2018 was 16.81% of annual District payroll.

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

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2018	100%	\$ 28,463,807
2017	100%	\$ 23,473,245
2016	100%	\$ 22,896,054

**EMPLOYEES RETIREMENT SYSTEM (ERS)**

**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](http://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

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**IX. RETIREMENT PLANS** (continued)

**EMPLOYEES RETIREMENT SYSTEM (ERS)** (continued)

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:** 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 ERS Board. Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2018, was 26.69% of annual covered payroll for both the old plan and the new plan members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

	Percentage	Required
<u>Fiscal Year</u>	<u>Contributed</u>	<u>Contribution</u>
2018	100%	\$ 29,200
2017	100%	\$ 31,652
2016	100%	\$ 30,658

**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

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**IX. RETIREMENT PLANS** (continued)

**PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)** (continued)

benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/formspubs/formspubs](http://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:** Per Title 47 of the O.C.G.A., contribution requirements of active employees, as actuarially determined, are established and may be amended by the PSERS Board. 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 by the state was \$609,949.

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

At June 30, 2018, the District reported a liability of \$266,424,553 for its proportionate share of the net pension liability for TRS of \$266,215,394 and ERS of \$209,159.



**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**IX. RETIREMENT PLANS** (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

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

School District's proportionate share of the net pension liability	\$ 266,215,394
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>616,475</u>
Total	<u>\$ 266,831,869</u>

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

At June 30, 2017, the District's TRS proportion was 1.432397%, which was a decrease of .030588% from its proportion measured as of June 30, 2016. At June 30, 2017, the District's ERS proportion was .005150%, which was a decrease of .000192% from its proportion measured as of June 30, 2016.

At June 30, 2018, the 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 District is \$3,026,548.

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 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 District recognized pension expense of \$19,139,956 for TRS, \$720 for ERS and \$609,949 for PSERS, and revenue of \$609,949 for PSERS and a reduction of revenue of \$70,734 for TRS.

The revenue is support provided by the state of Georgia. For TRS the state of Georgia support is provided only for certain support personnel.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**IX. RETIREMENT PLANS** (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

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

	TRS		ERS	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,958,096	\$ 1,004,669	\$ 2,292	\$ 2
Changes of assumptions	5,835,772	-	476	-
Net difference between projected and actual earnings on pension plan investments	-	1,832,007	-	521
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	25,367,003	-	8,908
School District contributions subsequent to the measurement date	28,463,807	-	29,200	-
Total	<u>\$ 44,257,675</u>	<u>\$ 28,203,679</u>	<u>\$ 31,968</u>	<u>\$ 9,431</u>

The District contributions subsequent to the measurement date of June 30, 2017, for TRS and 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	\$ (11,674,081)	\$ (9,493)
2020	4,944,097	6,413
2021	2,615,093	2,348
2022	(8,352,321)	(5,931)
2023	57,401	-
Total	<u>\$ (12,409,811)</u>	<u>\$ (6,663)</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**IX. RETIREMENT PLANS** (continued)

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

**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

Mortality rates were based on the RP-2000 Mortality Tables.

**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

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

**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

Mortality rates were based on the RP-2000 Combined Mortality Table set forward one year for males for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016, valuation for TRS, ERS and PSERS 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

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**IX: RETIREMENT PLANS** (continued)

**Actuarial assumptions:** (continued)

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 table below.

<b>Asset Class</b>	<b>TRS Target Allocation</b>	<b>ERS/PSERS Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Fixed Income	30%	30%	-0.50%
Domestic Large Stocks	39.8%	37.2%	9.00%
Domestic Mid Stocks	3.7%	3.4%	12.00%
Domestic Small Stocks	1.5%	1.4%	13.50%
International Developed Market Stocks	19.4%	17.8%	8.00%
International Emerging Market Stocks	5.6%	5.2%	12.00%
Alternative	0.0%	5.0%	10.50%
Total	<u>100%</u>	<u>100%</u>	

\* 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.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**IX. RETIREMENT PLANS** (continued)

**Actuarial assumptions:** (continued)

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

**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	\$ 436,890,696	\$ 266,215,394	\$ 125,617,306

**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	\$ 295,217	\$ 209,159	\$ 135,748

**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](http://www.trsga.com/publications) and [www.ers.ga.gov/formspubs/formspubs](http://www.ers.ga.gov/formspubs/formspubs).

**MUSCOGEE COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
OTHER POST-EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>2018</u>
System's proportion of the collective net OPEB liability	1.695497%
System's proportionate share of the collective net OPEB liability	\$ 238,216,646
School District's covered payroll	\$ 174,280,785
System's proportionate share of the collective net OPEB as a percentage of its covered payroll	136.69%
Plan fiduciary net position as a percentage of the total collective OPEB liability	1.61%

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This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Schedule includes all significant plans and funds administered by the Muscogee County Board of Education.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF GEORGIA  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	1.432397%	1.462985%	1.543251%	1.694781%
School District's proportionate share of the net pension liability	\$ 266,215,394	\$ 301,830,118	\$ 234,944,640	\$ 214,113,225
State of Georgia's proportionate share of the net pension liability	<u>616,475</u>	<u>863,206</u>	<u>820,726</u>	<u>851,763</u>
Total	<u>\$ 266,831,869</u>	<u>\$ 302,693,324</u>	<u>\$ 235,765,366</u>	<u>\$ 214,964,988</u>
School District's covered payroll	\$ 164,976,296	\$ 160,964,145	\$ 163,604,070	\$ 173,094,937
School District's proportionate share of the net pension liability as a percentage of its covered payroll	161.37%	187.51%	143.61%	123.70%
Plan fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%

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This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Schedule includes all significant plans and funds administered by the Muscogee County Board of Education.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.005150%	0.005342%	0.006029%	0.007109%
School District's proportionate share of the net pension liability	\$ 209,159	\$ 252,699	\$ 244,259	\$ 266,631
State of Georgia's proportionate share of the net pension liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 209,159</u>	<u>\$ 252,699</u>	<u>\$ 244,259</u>	<u>\$ 266,631</u>
School District's covered payroll	\$ 117,695	\$ 124,215	\$ 147,258	\$ 174,898
School District's proportionate share of the net pension liability as a percentage of its covered payroll	177.71%	203.44%	165.87%	152.45%
Plan fiduciary net position as a percentage of the total pension liability	76.33%	72.34%	76.20%	77.99%

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This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Schedule includes all significant plans and funds administered by the Muscogee County Board of Education.



**MUSCOGEE COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability	<u>3,026,458</u>	<u>4,071,396</u>	<u>2,697,842</u>	<u>2,471,146</u>
Total	<u>\$ 3,026,458</u>	<u>\$ 4,071,396</u>	<u>\$ 2,697,842</u>	<u>\$ 2,471,146</u>
School District's covered payroll	\$ 9,178,157	\$ 9,346,464	\$ 9,581,481	\$ 10,072,522
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	85.69%	81.00%	87.00%	88.29%

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This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Schedule includes all significant plans and funds administered by the Muscogee County Board of Education.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
OTHER POST-EMPLOYMENT BENEFITS SYSTEM OF GEORGIA  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>2018</u>
Contractually required contribution	\$ 8,884,218
Contributions in relation to the contractually required contribution	\$ 8,884,218
Contribution deficiency (excess)	\$ -
School District's covered payroll	\$ 179,273,245
Contributions as a percentage of covered payroll	4.96%

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\* Information not available for reporting period

This schedule is intended to show information for 10 years. Due to the retention policy of the Muscogee County School District, the District is only able to display three years of complete information. Additional years will be displayed as they become available. Schedule includes all significant plans and funds administered by the Muscogee County School District.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF GEORGIA  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 28,463,807	\$ 23,473,245	\$ 22,896,054	\$ 21,433,389	\$ 21,197,812	\$ 19,978,741	\$ 17,813,430	\$ 17,807,888
Contributions in relation to the contractually required contribution	\$ 28,463,807	\$ 23,473,245	\$ 22,896,054	\$ 21,433,389	\$ 21,197,812	\$ 19,978,741	\$ 17,813,430	\$ 17,807,888
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 169,753,272	\$ 164,976,296	\$ 160,964,145	\$ 163,604,070	\$ 173,904,937	\$ 174,727,354	*	*
Contributions as a percentage of covered payroll	16.77%	14.23%	14.22%	13.10%	12.19%	11.43%	*	*

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\* Information not available for reporting period

This schedule is intended to show information for 10 years. Due to the retention policy of the Muscogee County School District, the District is only able to display six years of complete information. Additional years will be displayed as they become available. Schedule includes all significant plans and funds administered by the Muscogee County School District.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA  
FOR THE YEAR ENDED JUNE 30, 2018**

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	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 29,200	\$ 31,652	\$ 30,658	\$ 29,729	\$ 29,066	\$ 20,199	\$ 23,339	\$ 23,421
Contributions in relation to the contractually required contribution	\$ 29,200	\$ 31,652	\$ 30,658	\$ 29,729	\$ 29,066	\$ 20,199	\$ 23,339	\$ 23,421
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 117,695	\$ 126,332	\$ 124,215	\$ 147,258	\$ 174,898	*	*	*
Contributions as a percentage of covered payroll	24.81%	25.05%	24.68%	20.19%	16.62%	*	*	*

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\* Information not available for reporting period

This schedule is intended to show information for 10 years. Due to the retention policy of the Muscogee County School District, the District is only able to display three years of complete information. Additional years will be displayed as they become available. Schedule includes all significant plans and funds administered by the Muscogee County School District.

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**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.

***Method and assumptions used in calculations of actuarially determined contributions:*** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2018, reported in that schedule:

Valuation date	June 30, 2016
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	3.75% - 7.00% including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

**Employees' Retirement System**

***Changes of assumptions:*** There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

***Method and assumptions used in calculations of actuarially determined contributions:*** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2018, reported in that schedule:

Valuation date	June 30, 2016
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	22.6 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	5.45%-9.25%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Public School Employees' Retirement System**

***Changes of assumptions:*** There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

***Method and assumptions used in calculations of actuarially determined contributions:*** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2018, reported in that schedule:

Valuation date	June 30, 2016
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	23.9
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Cost-of-Living Adjustments	1.50% semi-annually

**Other Post-Employment Benefits**

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

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

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

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

***Method and assumptions used in calculations of actuarially determined contributions:*** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Other Post-Employment Benefits** (continued)

following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

Valuation date	June 30, 2016
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open infinite
Remaining amortization period	Infinite
Asset valuation method	Fair value of assets
Inflation rate	2.75%
Salary increase	N/A
ERS	3.25%
GJRS	4.50%
LRS	N/A
Investment rate of return (net of investment expense, including inflation)	7.50%





## **Other Supplemental Information**



**MUSCOGEE COUNTY SCHOOL DISTRICT  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

	SPECIAL REVENUE	
	LIBRARY FUND	SCHOOL NUTRITION FUND
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,797,733	\$ 3,914,600
Receivables		
Other governmental agencies	-	287,355
Investment income receivable	193	-
Other receivables	-	28,110
Inventories	-	516,177
Investments	-	-
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 9,797,926</u>	<u>\$ 4,746,242</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 114,350	\$ 69,484
Accrued salaries and related employee benefits	46,216	954,549
Withholdings payable	13,771	284,436
	<u>          </u>	<u>          </u>
Total liabilities	<u>174,337</u>	<u>1,308,469</u>
<b>Fund balances</b>		
<b>Nonspendable</b>		
Inventory	-	516,177
Permanent funds	-	-
<b>Spendable</b>		
Restricted	9,623,589	2,921,596
	<u>          </u>	<u>          </u>
Total fund balances	<u>9,623,589</u>	<u>3,437,773</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 9,797,926</u>	<u>\$ 4,746,242</u>

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PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 425,664	\$ 14,137,997
-	287,355
19,366	19,559
-	28,110
-	516,177
<u>4,607,147</u>	<u>4,607,147</u>
<u>\$ 5,052,177</u>	<u>\$ 19,596,345</u>
\$ 8,690	\$ 192,524
-	1,000,765
-	298,207
<u>8,690</u>	<u>1,491,496</u>
-	516,177
4,828,286	4,828,286
<u>215,201</u>	<u>12,760,386</u>
<u>5,043,487</u>	<u>18,104,849</u>
<u>\$ 5,052,177</u>	<u>\$ 19,596,345</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>SPECIAL REVENUE</u>	
	<u>LIBRARY FUND</u>	<u>SCHOOL NUTRITION FUND</u>
<b>REVENUES</b>		
State sources	\$ 712,959	\$ 675,206
Federal sources	-	17,695,377
Investment income	-	30,471
Charges for meals	-	2,109,325
Other revenue	<u>756,455</u>	<u>61,075</u>
Total revenues	<u>1,469,414</u>	<u>20,571,454</u>
<b>EXPENDITURES</b>		
Current operating		
Plant maintenance and operation	987,365	-
School nutrition services	-	20,326,494
Other support services	<u>6,678,043</u>	<u>-</u>
Total expenditures	<u>7,665,408</u>	<u>20,326,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,195,994)</u>	<u>244,960</u>
<b>OTHER FINANCING SOURCES</b>		
Transfers in	<u>7,393,146</u>	<u>-</u>
Total other financing sources	<u>7,393,146</u>	<u>-</u>
Net change in fund balances	1,197,152	244,960
Fund balance, beginning	<u>8,426,437</u>	<u>3,192,813</u>
Fund balance, ending	<u>\$ 9,623,589</u>	<u>\$ 3,437,773</u>

---

PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 1,388,165
-	17,695,377
117,745	148,216
-	2,109,325
-	817,530
<u>117,745</u>	<u>22,158,613</u>
-	987,365
-	20,326,494
<u>123,864</u>	<u>6,801,907</u>
<u>123,864</u>	<u>28,115,766</u>
<u>(6,119)</u>	<u>(5,957,153)</u>
-	7,393,146
-	7,393,146
(6,119)	1,435,993
<u>5,049,606</u>	<u>16,668,856</u>
<u>\$ 5,043,487</u>	<u>\$ 18,104,849</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
State sources	\$ 712,959	\$ 712,959	\$ -
Other revenue	<u>758,601</u>	<u>756,454</u>	<u>(2,147)</u>
Total revenues	<u>1,471,560</u>	<u>1,469,413</u>	<u>(2,147)</u>
<b>EXPENDITURES</b>			
Plant maintenance and operation	1,203,302	935,135	268,167
Other support services	<u>7,442,585</u>	<u>6,769,875</u>	<u>672,710</u>
Total expenditures	<u>8,645,887</u>	<u>7,705,010</u>	<u>940,877</u>
Excess (deficiency) of revenues over (under) expenditures	(7,174,327)	(6,235,597)	938,730
<b>OTHER FINANCING SOURCES</b>			
Transfers in	7,393,146	7,393,146	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>7,393,146</u>	<u>7,393,146</u>	<u>-</u>
Net change in fund balances	218,819	1,157,549	938,730
<b>FUND BALANCE</b>			
July 1, (Budget Basis)	<u>8,626,606</u>	<u>8,626,606</u>	
<b>FUND BALANCE</b>			
June 30, (Budget Basis)	<u>\$ 8,845,425</u>	9,784,155	
Adjustments from budgetary basis to generally accepted accounting principles:			
Revenues			
June 30, accruals		-	
Expenditures			
June 30, accruals		<u>(160,566)</u>	
FUND BALANCE JUNE 30, (GAAP Basis)		<u>\$ 9,623,589</u>	

**MUSCOGEE COUNTY SCHOOL DISTRICT  
SCHOOL NUTRITION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

---

	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
State sources	\$ 510,000	\$ 502,442	\$ (7,558)
Federal sources	16,867,187	16,263,103	(604,084)
Investment income	9,000	30,471	21,471
Charges for meals	2,347,000	2,121,413	(225,587)
Other revenue	51,000	61,075	10,075
Total revenues	<u>19,784,187</u>	<u>18,978,504</u>	<u>(805,683)</u>
<b>EXPENDITURES</b>			
School nutrition services	<u>19,776,917</u>	<u>18,189,985</u>	<u>1,586,932</u>
Total expenditures	<u>19,776,917</u>	<u>18,189,985</u>	<u>1,586,932</u>
Net change in fund balances	7,270	788,519	781,249
<b>FUND BALANCE</b>			
July 1, (Budget Basis)	<u>3,357,822</u>	<u>3,357,822</u>	
<b>FUND BALANCE</b>			
June 30, (Budget Basis)	<u>\$ 3,365,092</u>	4,146,341	
Adjustments from budgetary basis to generally accepted accounting principles:			
Revenues			
June 30, accruals		315,465	
Expenditures			
June 30, accruals		<u>(1,024,033)</u>	
FUND BALANCE JUNE 30, (GAAP Basis)		<u>\$ 3,437,773</u>	



**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,061,368	\$ 4,737,083	\$ (4,557,064)	\$ 2,241,387
Accounts receivable	<u>1,971</u>	<u>5,742</u>	<u>(1,971)</u>	<u>5,742</u>
 Total assets	 <u>\$ 2,063,339</u>	 <u>\$ 4,742,825</u>	 <u>\$ (4,559,035)</u>	 <u>\$ 2,247,129</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 122,788	\$ 95,055	\$ (122,788)	\$ 95,055
Amounts due to student and other groups	<u>1,940,551</u>	<u>4,647,771</u>	<u>(4,436,247)</u>	<u>2,152,074</u>
 Total liabilities	 <u>\$ 2,063,339</u>	 <u>\$ 4,742,826</u>	 <u>\$ (4,559,035)</u>	 <u>\$ 2,247,129</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT  
SCHEDULE OF APPROVED 2003 LOCAL OPTION SALES TAX PROJECTS  
FOR THE YEAR ENDED JUNE 30, 2018**

Project	Estimated Budget	Amount		Status
		Expended in Current Year	Expended in Prior Years	
Allen Elementary	\$ 753,429	\$ -	\$ 753,429	Completed
Arnold Magnet Academy	574,594	-	574,594	Completed
Benning Hills Elementary	1,144,651	-	1,144,651	Completed
Blackmon Road	26,001	-	26,001	Completed
Blanchard Elementary	804,162	-	804,162	Completed
Bradley Museum	1,929,117	-	1,929,117	Completed
Britt David Elementary	366,773	-	366,773	Completed
Carver High	2,196,784	-	2,196,784	Completed
Clubview Elementary	427,162	-	427,162	Completed
Columbus High	7,421,121	-	7,421,121	Completed
Cusseta Road Elem	952,699	-	952,699	Completed
Dawson Elementary	733,807	-	733,807	Completed
Dimon Elementary	142,405	-	142,405	Completed
Double Churches Elem	472,976	-	472,976	Completed
Double Churches Middle	7,775	-	7,775	Completed
Downtown Elementary	22,999	-	22,999	Completed
Eddy Middle	515,129	-	515,129	Completed
Edgewood Elementary	318,722	-	318,722	Completed
Educational Services Center	20,885,040	-	20,885,040	Completed
Forrest Road Elementary	481,765	-	481,765	Completed
Fort Middle	18,001	-	18,001	Completed
Fox Elementary	719,273	-	719,273	Completed
Gentian Elementary	708,659	-	708,659	Completed
Georgetown Elementary	439,028	-	439,028	Completed
Hannan Elementary	158,615	-	158,615	Completed
Hardaway High	189,081	-	189,081	Completed
Johnson Elementary	1,869,059	-	1,869,059	Completed
Jordan High	6,614,038	-	6,614,038	Completed
Kendrick High	4,366,262	-	4,366,262	Completed
Key Elementary	439,093	-	439,093	Completed
Lonnie Jackson Elementary	450,288	-	450,288	Completed
Marshall Middle	2,313,887	-	2,313,887	Completed
Mathews Elementary	2,478,726	-	2,478,726	Completed
Mildred Terry Library	4,272,342	-	4,272,342	Completed
Muscogee Elementary	1,115,892	-	1,115,892	Completed
New Elementary # 5	7,800,002	-	7,800,002	Completed
New Elementary # 6	13,183,338	-	13,183,338	Completed
New Middle #5	12,403,819	-	12,403,819	Completed
Northside High	60,926	-	60,926	Completed
Reese Road Elementary	767,722	-	767,722	Completed
Richards Middle	1,440,419	-	1,440,419	Completed
Rigdon Road Elementary	9,196,639	-	9,196,639	Completed
River Road Elementary	1,255,716	-	1,255,716	Completed
Road at the North Site	1,658,540	-	1,658,540	Completed
Rothschild Middle	196,197	-	196,197	Completed
Shaw High	697,172	-	697,172	Completed
South Columbus Elementary	596,264	-	596,264	Completed
Spencer High	1,335,857	-	1,335,857	Completed
St Mary's Elementary	368,497	-	368,497	Completed
Waddell Elementary	1,167,952	-	1,167,952	Completed
Wesley Heights Elementary	133,232	-	133,232	Completed
Wynnton Elementary	294,437	-	294,437	Completed
System wide Technology	41,416,508	-	41,416,508	Completed
Fine and Performing Arts Academy	1,740,000	-	1,740,000	Completed
Purchase of Buses	4,675,000	-	4,675,000	Completed
Total completed projects	166,717,592	-	166,717,592	

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF APPROVED 2003 LOCAL OPTION SALES TAX PROJECTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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Project	Estimated Budget	Amount		Status
		Expended in Current Year	Expended in Prior Years	
Roofs	\$ 6,670,000	\$ 994,356	\$ 91,406	In Progress
Energy Upgrade Projects	1,906,624	39,362	1,444,579	Ongoing
Not Project Related	6,392,833	2,000	6,245,215	
Total in progress	<u>14,969,457</u>	<u>1,035,718</u>	<u>7,781,200</u>	
 Total	 <u>\$ 181,687,049</u>	 <u>\$ 1,035,718</u>	 <u>\$ 174,498,792</u>	

(1) Projects are to be funded from:

Maximum cost from proceeds of the tax as specified in the referendum	\$ 148,720,000
Additional proceeds in final quarter are allowed by law	<u>15,075,742</u>
Total SPLOST proceeds	163,795,742
Other funds	<u>17,891,307</u>
Total estimated costs	<u>\$ 181,687,049</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF APPROVED 2009 LOCAL OPTION SALES TAX PROJECTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Project	Estimated Budget	Amount Expended in Current Year	Amount Expended in Prior Years	Status
HVAC Gymnasiums	\$ 10,575,366	\$ -	\$ 10,575,366	Completed
Re Roofing	2,617,412	-	2,617,412	Completed
Land Purchases	3,260,255	-	3,260,255	Completed
New Carver High School	43,909,425	-	43,909,425	Completed
New Middle School	21,173,591	-	21,173,591	Completed
Kinnett	2,070,696	-	2,070,696	Completed
Northside HS Add./Renov	4,505,414	-	4,505,414	Completed
Richards Middle School	5,429,618	-	5,429,618	Completed
Lorenzo Road	562,746	-	562,746	Completed
New Elementary School	18,997,967	-	18,997,966	Completed
Jordan Auditorium	1,200,000	-	1,132,068	Completed
Kinnett Stadium Turf	790,000	5,900	686,453	Completed
Athletic Equipment	810,000	47,822	233,122	On going
Museum	1,000,000	8,308	905,836	On going
Other Facilities Needs	1,452,766		1,452,766	Completed
Security	1,265,000	152,271	948,049	On going
School Furniture and Equipment	866,023	1,324	775,226	On going
Technology	35,861,093	1,380,203	34,480,890	Completed
Buses	4,742,415	183,491	4,558,924	Completed
Playgrounds	1,358,500	-	1,124,670	On going
Fine Arts Academy	28,300,000	2,590,487	25,709,513	Completed
Debt Service, Project Management, Not Project Related	8,520,785	10,037	8,329,937	
Total	<u>\$ 199,269,073</u>	<u>\$ 4,379,843</u>	<u>\$ 193,439,943</u>	

(1) Projects are to be funded from:

Maximum cost from proceeds of the tax as specified in the referendum	\$ 223,155,784
Less collection shortfall	<u>(45,131,791)</u>
Total SPLOST proceeds	178,023,993
Other funds	<u>21,245,080</u>
Total estimated costs	<u>\$ 199,269,073</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF APPROVED 2015 LOCAL OPTION SALES TAX PROJECTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Project	Estimated Budget	Amount Expended in Current Year	Amount Expended in Prior Years	Status
Replacement Spencer High School	\$ 56,000,000	\$ 34,557,241	\$ 15,266,921	Ongoing
Replacement Gym at Fort Middle School	3,680,000	113,807	3,483,706	Completed
Virtual E-Library in North Columbus	400,000	-	-	Not Started
Multi-Sport Complex for District-Wide Use (Stadium, Track)	11,000,000	-	800,879	Ongoing
Retrofit Existing Space to Accommodate Level Specific Autistic Programming	3,500,000	872,177	1,348,565	Ongoing
Expansion of Northside Cafeteria	500,000	500,000	-	Completed
Adding to the South Columbus Library Branch	600,000	-	-	Not Started
Adding to and renovating Shaw High School	4,000,000	537,584	-	Ongoing
Adding to or renovating Weight/Wrestling Rooms at High Schools (Shaw, Columbus, Jordan, Northside, Kendrick)	5,000,000	658,414	196,707	Ongoing
Program Enhancement for Fine Arts School	6,000,000	3,380,903	2,393,107	Completed
Upgrading Kinnett Stadium (Field House, Press Box, Concessions, Restrooms)	3,585,000	490,939	3,076,332	Completed
Upgrading Softball and Baseball Fields (Hardaway, Shaw, Jordan, Kendrick, Columbus)	10,632,906	1,166,116	64,850	Ongoing
Upgrading Furniture, Fixtures & Equipment (FF&E)	2,400,000	143,008	320,206	Ongoing
Upgrading Transportation Facilities & Alternative Energy Sources Study	250,000	-	-	Not Started
Updating Playgrounds at Elementary Schools	250,000	-	-	Not Started
Upgrading Cafeteria and Auditorium (Arnold, Clubview, Eddy, Hardaway, Columbus, Kendrick)	1,000,000	192,015	-	Ongoing
Upgrading or Replacing Electrical & Mechanical Equipment at the Museum	3,350,000	-	3,093,848	Ongoing
Repairing and Replacing Roofing	5,215,054	861,361	1,410,036	Ongoing
Refurbish School Nutrition Outdated Kitchens	4,000,000	1,577,757	90,216	Ongoing
Addressing General Facilities Needs As Reflected in the Five-Year Facilities Plan	29,308,603	1,870,996	1,672,098	Ongoing
Making Certain Technology and Infrastructure Improvement and Upgrades	34,000,000	5,371,953	5,205,906	Ongoing
District Wide Security Improvements & Replacement of Outdated Communications Equipment	1,500,000	-	234,245	Ongoing
Replacement of Outdated Buses and Related Equipment	5,200,000	2,918,097	1,863,304	Ongoing
Debt Service, Project Management, Not Project Related	6,886,353	1,607,008	2,205,769	Ongoing*
Total	<u>\$ 198,257,916</u>	<u>\$ 56,819,376</u>	<u>\$ 42,726,695</u>	

(1) Projects are to be funded from:

Maximum cost from proceeds of the tax as specified in the referendum	\$ 192,185,000
Other funds	<u>6,072,916</u>
Total estimated cost	<u>\$ 198,257,916</u>

\*Prior year amount was restated to include transfer to debt service for interest payments

## **Statistical Section**

**Muscogee County School District**  
**Comprehensive Annual Financial Report for the Year Ended June 30, 2018**

**Statistical Section** (unaudited)

This part of Muscogee County School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time  
.....89-92

**Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.....93-97

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and its ability to issue debt in the future.....98-101

**Demographic and Economic Information**

These schedules offer demographic and economic information to help the reader understand the environment within which the District's financial activities take place.....102-105

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.....106-116

**Other Information**

These schedules provide additional information to interest the reader and that is not presented elsewhere in the report .....117

**Sources**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
GOVERNMENT-WIDE  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net position is as follows:										
Net investment in capital assets	\$ 558,978,356	\$ 521,356,248	\$ 518,700,405	\$ 525,692,254	\$ 518,802,999	\$ 493,753,654	\$ 461,791,061	\$ 455,706,106	\$ 470,925,912	\$ 461,615,456
Restricted position	78,539,910	101,232,804	91,527,291	64,828,256	72,872,850	83,042,284	100,856,757	80,464,596	50,889,761	64,986,922
Unrestricted position	<u>(437,050,176)</u>	<u>(438,445,512)</u> **	<u>(195,725,224)</u>	<u>(222,230,615)</u>	<u>(240,085,798)</u> *	<u>48,492,188</u>	<u>55,128,031</u>	<u>55,850,267</u>	<u>40,668,336</u>	<u>35,694,554</u>
Total net position	<u>\$ 200,468,090</u>	<u>\$ 184,143,540</u>	<u>\$ 414,502,472</u>	<u>\$ 368,289,895</u>	<u>\$ 351,590,051</u>	<u>\$ 625,288,126</u>	<u>\$ 617,775,849</u>	<u>\$ 592,020,969</u>	<u>\$ 562,484,009</u>	<u>\$ 562,296,932</u>

Source: Internal financial records of Muscogee County School District

\* Adoption of GASB 68

\*\* Adoption of GASB 75



**MUSCOGEE COUNTY SCHOOL DISTRICT  
GOVERNMENT-WIDE  
CHANGES IN NET POSITION  
LAST TEN YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>PROGRAM REVENUES</b>										
Operating grants and contributions	\$ 210,907,040	\$ 204,305,867	\$ 199,940,538	\$ 195,469,536	\$ 197,931,222	\$ 207,066,250	\$ 210,223,513	\$ 230,503,840	\$ 215,892,681	\$ 218,624,609
Charges for services-Meals	2,109,325	2,390,854	2,830,534	3,018,081	3,145,274	3,631,152	3,840,513	3,762,174	4,404,476	5,154,602
Charges for services-Tuition	259,263	439,481	385,660	503,651	267,708	302,888	375,935	359,150	288,821	370,981
Charges for services-Other	1,269,262	894,051	797,862	1,002,130	740,719	639,012	417,733	-	-	-
Capital grants and contributions	1,446,153	130,152	34,950	111,178	2,763,222	660,039	7,608,036	4,686,336	77,201	3,900,475
Total program revenues	215,991,043	208,160,405	203,989,544	200,104,576	204,848,145	212,299,341	222,465,730	239,311,500	220,663,179	228,050,667
<b>PROGRAM EXPENSES</b>										
Instruction	208,664,235	200,089,226	176,304,028	185,056,035	209,366,875	211,189,533	207,677,135	208,251,465	210,121,010	208,480,212
Student support services	11,716,026	10,256,987	8,669,392	8,336,923	7,529,621	7,692,523	6,621,083	5,087,519	6,441,138	6,253,966
Instructional staff services	11,052,649	12,894,190	11,574,303	10,830,628	12,494,348	13,992,635	14,661,563	13,347,118	17,116,008	16,153,997
Educational media services(1)	4,986,210	4,873,364	4,559,785	5,021,921	5,775,720	5,738,746	6,465,352	5,830,812	-	-
General administration	2,889,338	2,767,243	3,235,153	4,089,745	4,393,140	4,201,894	4,444,611	4,632,752	5,361,941	3,229,200
School administration	20,018,476	19,420,178	17,150,863	18,088,364	16,614,109	17,278,483	17,882,495	18,339,951	16,378,347	17,879,930
Business support	4,064,992	3,951,043	3,989,842	2,534,375	2,656,308	1,886,581	4,057,935	2,708,620	2,693,263	3,045,344
Plant maintenance and operation	28,717,632	25,901,055	25,859,555	25,431,730	26,371,206	27,307,867	27,487,733	27,710,066	25,677,328	25,990,094
Student transportation services	16,059,998	15,296,940	13,732,811	12,397,288	12,612,289	12,617,511	11,636,671	11,466,782	10,356,620	13,652,279
Other support services	20,022,906	19,073,781	17,577,693	18,765,475	20,467,069	20,658,595	18,098,202	18,835,763	22,696,088	17,764,042
School nutrition services	20,599,687	20,070,638	20,205,545	19,434,584	20,180,011	19,354,295	17,897,243	17,050,091	16,257,937	17,390,860
Interest on long term debt	700,312	809,893	260,288	225,898	253,799	680,032	1,168,784	1,404,130	463,991	1,190,993
Total program expenses	349,492,461	335,404,538	303,119,258	310,212,966	338,714,495	342,598,695	338,098,807	334,665,069	333,563,671	331,030,917
NET PROGRAM REVENUE (EXPENSE)	(133,501,418)	(127,244,133)	(99,129,714)	(110,108,390)	(133,866,350)	(130,299,354)	(115,633,077)	(95,353,569)	(112,900,492)	(102,980,250)
<b>GENERAL REVENUES</b>										
Taxes:										
Property taxes levied for general purpose	112,042,314	107,924,848	108,172,122	105,618,821	104,875,570	100,730,596	102,666,668	96,868,118	96,857,864	95,435,639
Special purpose local option sales taxes	35,710,611	34,457,395	35,102,769	19,027,189	35,465,951	36,816,404	37,243,987	36,051,970	16,563,536	18,278,705
Investment earnings	1,668,777	680,339	1,514,990	1,183,577	737,535	(712,887)	343,585	735,679	522,815	1,709,073
Other revenue	404,266	495,148	552,410	978,647	1,039,761	977,517	1,133,717	1,648,199	2,369,621	2,227,850
OTHER REVENUE (LOSS)	-	-	-	-	-	-	-	(10,413,437)	(3,226,267)	-
Total general revenues and donations	149,825,968	143,557,730	145,342,291	126,808,234	142,118,817	137,811,630	141,387,957	124,890,529	113,087,569	117,651,267
Changes in net position	\$ 16,324,550	\$ 16,313,597	\$ 46,212,577	\$ 16,699,844	\$ 8,252,467	\$ 7,512,276	\$ 25,754,880	\$ 29,536,960	\$ 187,077	\$ 14,671,017

(1)-In year 2007-2010, the media services expenses were included with instructional staff services. The information to restate prior year balances is not available

Source: Internal financial records of Muscogee County School District

**MUSCOGEE COUNTY SCHOOL DISTRICT  
FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Nonspendable										
Inventory	\$ 422,935	\$ 450,368	\$ 600,335	\$ 651,786	\$ 736,867	\$ 1,034,422	\$ 1,146,673	\$ 1,064,396		
Prepays	611,799	567,749	22,512	22,512	19,020	16,614	16,781	16,563		
Spendable										
Committed	2,297,388	1,099,817	603,000	724,568	672,535	1,011,550	640,585	968,132		
Assigned	20,230,902	18,392,180	7,711,504	5,104,449	10,047,509	20,078,809	23,114,442	22,152,538		
Unassigned	32,462,389	40,193,786	48,834,736	39,459,441	24,557,670	21,397,814	24,380,930	28,453,477		
Total general fund	<u>\$ 56,025,413</u>	<u>\$ 60,703,900</u>	<u>\$ 57,772,087</u>	<u>\$ 45,962,756</u>	<u>\$ 36,033,601</u>	<u>\$ 43,539,209</u>	<u>\$ 49,299,411</u>	<u>\$ 52,655,106</u>		
All other governmental funds										
Nonspendable										
Inventory	\$ 516,177	\$ 508,944	\$ 485,192	\$ 421,819	\$ 298,747	\$ 259,672	\$ 299,918	\$ 256,622		
Permanent funds	4,828,286	4,824,735	4,816,785	4,528,377	4,394,119	4,266,594	4,253,409	4,261,074		
Spendable										
Restricted	65,267,242	106,423,098	99,274,233	58,213,962	63,630,903	74,303,014	89,014,437	122,844,063		
Committed	1,133,857	1,099,420	943,543	1,296,347	1,397,406	609,965	405,563	1,902,514		
Total all other governmental funds	<u>\$ 71,745,562</u>	<u>\$ 112,856,197</u>	<u>\$ 105,519,753</u>	<u>\$ 64,460,505</u>	<u>\$ 69,721,175</u>	<u>\$ 79,439,245</u>	<u>\$ 93,973,327</u>	<u>\$ 129,264,273</u>		
Prior to Fiscal Year 2011										
Fund balances are as follows:										
Reserved, other governmental funds									\$ 96,196,812	\$ 55,862,710
Reserved, general fund									2,858,858	3,034,773
Unreserved, reported in:										
Special revenue fund									5,120,992	4,603,631
General fund									<u>34,600,865</u>	<u>31,161,944</u>
Total fund balances									<u>\$ 138,777,527</u>	<u>\$ 94,663,058</u>

Source: Internal financial records of Muscogee County School District  
During Fiscal year 2011, the District adopted GASB 54. .

**MUSCOGEE COUNTY SCHOOL DISTRICT  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>REVENUES</b>										
State sources	\$ 167,904,092	\$ 159,906,134	\$ 158,152,900	\$ 153,456,777	\$ 152,318,366	\$ 159,397,476	\$ 159,734,561	\$ 172,257,646	\$ 156,853,042	\$ 178,315,249
Property taxes	110,725,553	107,241,615	106,923,792	105,910,345	104,142,654	102,163,235	100,601,225	96,713,398	95,099,274	94,925,353
Sales taxes	35,710,611	34,457,395	35,102,769	19,027,189	35,465,951	36,816,404	37,243,987	36,051,970	16,563,536	18,278,705
Georgia State Financing and Investment Commission	1,278,965	107,671	-	-	1,289,694	-	7,283,013	4,324,330	-	500,000
Federal sources	42,518,377	43,621,773	41,444,089	42,128,370	44,958,977	46,860,416	50,009,493	58,246,097	59,039,638	40,309,360
Investment income	1,668,777	680,339	1,514,990	575,882	743,044	439,664	311,561	406,969	464,513	1,963,408
Charges for meals	2,109,325	2,390,854	2,830,534	3,018,081	3,145,274	3,631,152	3,840,513	3,762,174	4,404,476	5,154,602
Change in fair value of investments (1)	-	-	-	607,695	(5,509)	(1,152,551)	32,024	328,710	58,302	(254,335)
Other revenue	4,556,088	4,879,251	5,059,369	5,251,845	6,447,016	5,287,624	5,246,812	5,028,631	4,795,163	4,183,672
Total revenues	366,471,788	353,285,032	351,028,443	329,976,184	348,505,467	353,443,420	364,303,189	377,119,925	337,277,944	343,376,014
<b>EXPENDITURES</b>										
Current operating										
Instruction	202,863,940	186,457,374	176,475,272	180,944,880	196,506,414	199,631,606	201,523,740	198,200,760	208,626,908	208,102,309
Student support services	11,533,753	9,974,440	8,774,409	8,331,352	7,419,656	7,606,210	6,547,822	5,064,459	6,415,111	6,208,577
Instructional staff services	11,235,977	12,808,916	11,974,051	10,979,066	12,419,869	13,892,814	14,542,225	13,204,151	16,957,725	16,086,905
Educational media services	5,100,928	4,877,903	4,827,191	5,205,607	5,775,658	5,738,746	6,465,352	5,830,812	-	-
General administration	3,370,902	3,797,862	3,088,869	3,906,291	3,874,997	3,943,063	4,164,378	4,380,479	3,710,963	3,167,114
School administration	20,317,662	18,677,225	19,512,373	18,701,542	16,325,850	17,266,377	16,984,556	17,035,170	16,172,715	17,901,437
Business support	3,625,536	3,198,760	3,605,061	3,517,839	3,601,996	3,562,069	3,950,688	3,731,457	3,899,384	4,211,163
Plant maintenance and operation	27,985,201	25,550,601	25,195,296	25,196,165	25,740,639	26,430,183	26,604,457	26,212,087	24,981,134	25,854,247
Student transportation services	18,091,686	16,440,514	15,015,167	12,360,589	12,516,429	12,628,559	13,177,488	11,714,363	10,070,057	11,978,889
School nutrition services	20,326,494	19,744,311	20,377,830	19,441,450	20,137,231	19,265,304	17,762,786	16,872,049	16,252,512	17,278,512
Other support services	18,219,370	17,900,887	17,527,711	17,449,411	18,587,293	18,521,053	16,928,540	18,430,409	17,684,439	17,426,779
Capital outlay										
Facilities acquisition and construction	50,379,843	58,576,246	11,329,887	2,801,256	24,229,388	26,270,770	54,866,705	26,484,563	25,961,180	31,841,961
Debt service										
Defeasement of certificates of participation	-	-	-	-	-	-	-	-	-	12,815,000
Principal retirement	17,235,636	-	1,000,000	17,985,000	17,610,000	17,320,000	17,085,000	3,586,946	634,045	608,809
Interest and fiscal charges	1,973,982	929,443	243,321	325,632	983,725	1,660,950	2,346,093	2,536,507	556,381	699,676
Total expenditures	412,260,910	378,934,482	318,946,438	327,146,080	365,729,145	373,737,704	402,949,830	353,284,212	351,922,554	374,181,378
Excess (deficiency) of revenues over (under) expenditures	(45,789,122)	(25,649,450)	32,082,005	2,830,104	(17,223,678)	(20,294,284)	(38,646,641)	23,835,713	(14,644,610)	(30,805,364)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from debt issuance	-	33,310,000	20,000,000	-	-	-	-	19,306,139	55,257,129	-
Premiums from bonds issuance	-	2,099,779	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	507,928	786,574	1,838,381	-	-	-	-	-	-
Transfers in	27,030,713	25,613,753	8,298,503	6,765,620	26,164,108	26,255,610	26,626,026	27,839,430	7,824,444	20,112,030
Transfers out	(27,030,713)	(25,613,753)	(8,298,503)	(6,765,620)	(26,164,108)	(26,255,610)	(26,626,026)	(27,839,430)	(7,824,444)	(20,112,030)
Total other financing sources (uses)	-	35,917,707	20,786,574	1,838,381	-	-	-	19,306,139	55,257,129	-
Net change in fund balances	\$ (45,789,122)	\$ 10,268,257	\$ 52,868,579	\$ 4,668,485	\$ (17,223,678)	\$ (20,294,284)	\$ (38,646,641)	\$ 43,141,852	\$ 40,612,519	\$ (30,805,364)
Debt service as a percentage of noncapital expenditures	5.35%	0.29%	0.41%	5.65%	5.44%	5.52%	5.66%	1.88%	0.37%	4.24%

(1) Beginning with FY 2016, change in fair value of investments included in Investment income.

Source: Internal financial records of Muscogee County School District

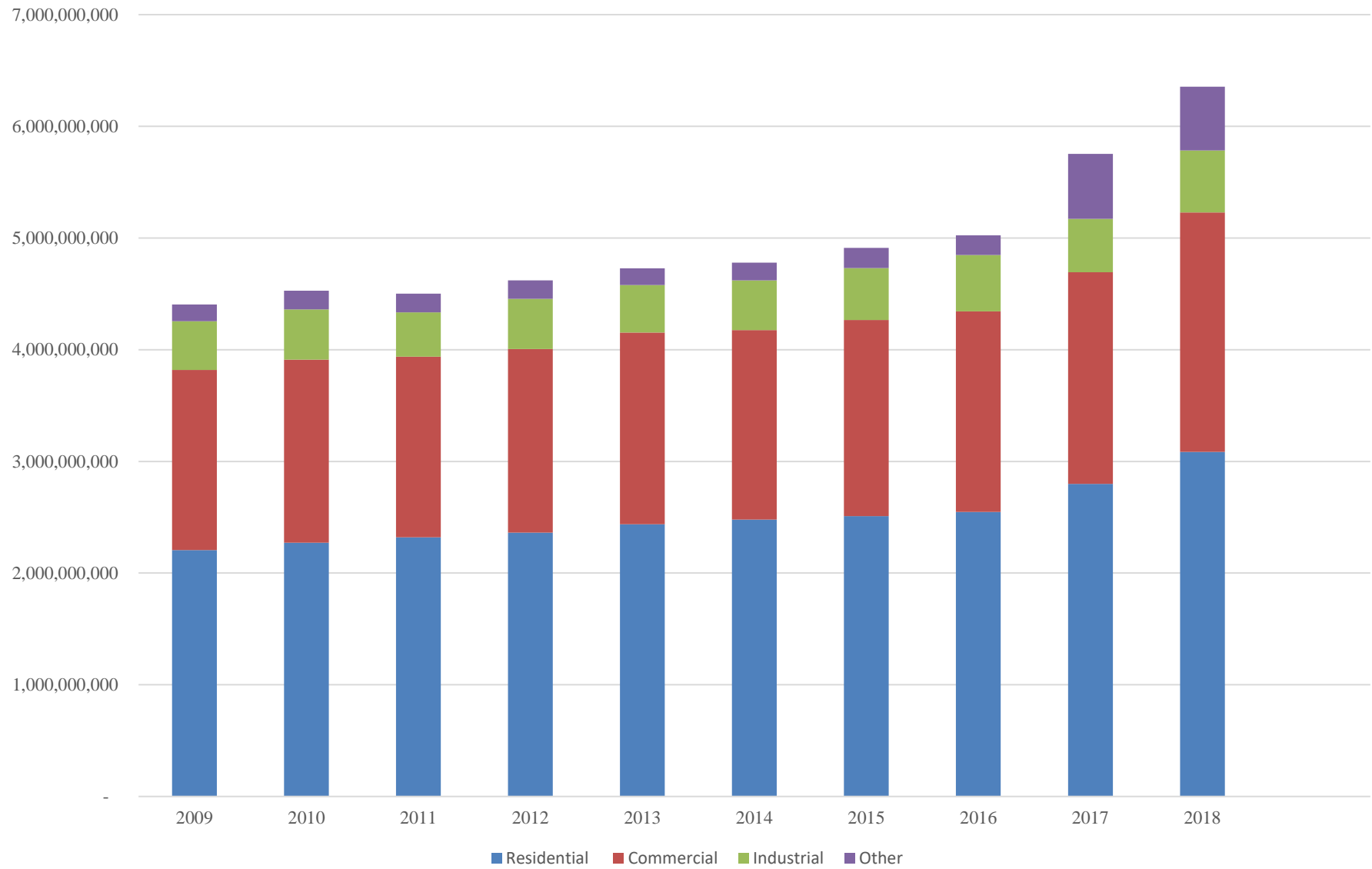
**MUSCOGEE COUNTY SCHOOL DISTRICT  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year		Commercial		Other Real and		Total Direct	Estimated Actual Taxable	Assessed Value as a
Ending	Residential Property	Property	Industrial Property	Personal Property	Total Gross Digest	Tax Rate	Value	Percentage of Gross
								Digest
2009	2,205,333,662	1,613,855,068	435,158,795	151,453,700	4,405,801,225	23.37	11,013,753,063	40.00%
2010	2,271,465,035	1,638,868,078	449,922,406	167,842,284	4,528,097,803	23.37	11,320,244,508	40.00%
2011	2,320,550,018	1,616,723,012	397,370,848	167,461,713	4,502,105,591	23.37	11,255,263,978	40.00%
2012	2,361,789,119	1,645,094,691	448,164,431	164,668,009	4,619,716,250	23.37	11,549,290,625	40.00%
2013	2,437,623,516	1,715,053,141	425,525,452	150,748,544	4,728,950,653	23.37	11,822,376,633	40.00%
2014	2,479,979,750	1,696,099,289	445,257,146	157,653,114	4,778,989,299	23.37	11,947,473,248	40.00%
2015	2,510,095,243	1,755,755,693	465,958,512	179,543,973	4,911,353,421	23.37	12,278,383,553	40.00%
2016	2,547,300,301	1,796,364,857	503,589,657	175,753,872	5,023,008,687	23.37	12,557,521,718	40.00%
2017	2,798,421,559	1,895,807,237	478,370,765	581,454,086	5,754,053,647	23.37	14,385,134,118	40.00%
2018	3,085,560,108	2,142,544,262	555,997,857	570,419,260	6,354,521,487	23.32	15,886,303,718	40.00%

Source: Muscogee County Tax Commissioner

**Muscogee County School District  
Taxable Assessed Value (Unaudited)  
Last 10 Fiscal Years**

UNAUDITED



**MUSCOGEE COUNTY SCHOOL DISTRICT  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

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<u>FISCAL YEAR</u>	<u>DIRECT RATE</u>	<u>OVERLAPPING RATES</u>		<u>TOTAL MILLAGE LEVY</u>
	<u>MUSCOGEE COUNTY SCHOOL DISTRICT (1)</u>	<u>CONSOLIDATED GOV'T OF COLUMBUS</u>	<u>STATE OF GEORGIA</u>	
2009	23.37	18.96	0.25	42.58
2010	23.37	18.96	0.25	42.58
2011	23.37	12.10	0.25	35.72
2012	23.37	12.10	0.25	35.72
2013	23.37	18.61	0.20	42.18
2014	23.37	14.94	0.15	38.46
2015	23.37	15.03	0.10	38.50
2016	23.37	15.03	0.05	38.45
2017	23.37	15.03	0.00	38.40
2018	23.32	15.03	0.00	38.35

The millage levy is the rate applied per \$1,000 of assessed property value.

(1) The only component of the direct rate is operating

Source: Muscogee County Tax Commissioner

Direct and overlapping rates has been calculated by the District in consideration of the total assessment for Muscogee County given that the County and City are consolidated entities and the District serves the total consolidated entity.

UNAUDITED

**MUSCOGEE COUNTY SCHOOL DISTRICT  
COMPARISON OF PRINCIPAL TAXPAYERS  
YEARS ENDING 2018 AND 2009**

JUNE 30, 2018				JUNE 30, 2009			
NAME	TYPE OF BUSINESS	ASSESSED VALUE	% OF GROSS ASSESSED VALUE	NAME	TYPE OF BUSINESS	ASSESSED VALUE	% OF GROSS ASSESSED VALUE
AFLAC	Insurance	\$ 82,834,069	1.75%	Georgia Power Co.	Utility	\$ 46,550,161	1.64%
Georgia Power	Utility	78,120,284	1.65%	Matshushita-Ulta Tech	Manufacturing	40,919,868	1.44%
Pratt & Whitney	Manufacturing	76,278,803	1.61%	Bellsouth Telecomm	Telephone	35,542,146	1.25%
St. Francis Hospital	Healthcare	73,199,946	1.55%	AFLAC	Insurance	35,150,823	1.24%
Total System Services, Inc.	Finance	66,938,785	1.42%	Swift Textiles, Inc.	Textiles	24,602,695	0.87%
Wal-Mart	Retail	42,039,133	0.89%	GNB Technologies	Manufacturing	24,495,456	0.86%
Peachtree Mall, LLC	Shopping Center	27,185,091	0.57%	State of Calif. Retirement Sys.	Shopping Center	23,873,636	0.84%
Liberty Utilities	Utility	22,499,074	0.48%	Total System Services, Inc.	Finance	19,204,915	0.68%
IBM Credit LLC	Creditor	22,037,634	0.47%	IBM Credit Corp	Finance	18,798,620	0.66%
SRL Whisperwood LLC	Real Estate	<u>21,301,416</u>	0.45%	Precision Components	Manufacturing	<u>18,307,428</u>	<u>0.65%</u>
Total		<u>\$ 512,434,235</u>	<u>10.84%</u>	Total		<u>\$ 287,445,748</u>	<u>10.13%</u>

Source:  
Muscogee County Tax Commissioner

**MUSCOGEE COUNTY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Adjustments	Net taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Taxes Receivable at End of Fiscal Year
				Amount	Percentage of Levy		Amount	Percentage of Levy	
2009	87,090,696	802,863	87,893,559	83,715,457	95.25%	3,279,774	86,995,231	98.98%	898,329
2010	89,282,799	316,740	89,599,539	85,023,514	94.89%	3,765,629	88,789,143	99.10%	810,395
2011	89,709,410	151,488	89,860,898	86,146,935	95.87%	2,970,419	89,117,354	99.17%	743,544
2012	91,925,629	(970,396)	90,955,233	88,585,101	97.39%	1,654,821	90,239,922	99.21%	715,311
2013	94,605,947	(1,254,407)	93,351,540	91,098,895	97.59%	1,567,022	92,665,917	99.27%	685,623
2014	95,304,243	(178,297)	95,125,946	92,830,588	97.59%	1,513,701	94,344,289	99.18%	781,656
2015	98,116,931	(790,264)	97,326,667	95,848,560	98.48%	710,260	96,558,820	99.21%	767,846
2016	100,477,101	(775,575)	99,701,526	97,862,656	98.16%	918,299	98,780,955	99.08%	920,570
2017	103,046,806	(962,267)	102,084,539	99,775,485	97.74%	839,744	100,615,229	98.56%	1,469,310
2018	105,960,330	(1,088,014)	104,872,316	101,603,702	96.88%	-	101,603,702	96.88%	3,268,614

Source:  
Muscogee County Tax Commissioner



**MUSCOGEE COUNTY SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS (1)	CAPITAL LEASES	QZAB	TOTAL OUTSTANDING DEBT	PERCENTAGE OF PERSONAL INCOME(2)	DEBT PER CAPITA (3)
2009	-	4,220,991	649,385	4,870,376	0.26%	-
2010	55,036,074	3,586,946	693,932	59,316,952	2.02%	291
2011	73,382,068	-	741,536	74,123,604	4.16%	389
2012	55,048,399	-	792,405	55,840,804	3.14%	289
2013	36,479,730	-	846,764	37,326,494	2.10%	188
2014	18,136,855	-	904,852	19,041,707	0.64%	89
2015	-	-	1,000,000	1,000,000	0.03%	-
2016	20,702,531	-	-	20,702,531	0.59%	109
2017	55,572,580	507,928	-	56,080,508	1.60%	284
2018	37,231,663	462,292	-	37,693,955	1.04%	194

Sources: Details regarding the District's outstanding debt can be found in the notes to the financial statements

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Demographic Statistics schedule

(3) Population data can be found in the Demographic Trend statistics schedule

UNAUDITED

**MUSCOGEE COUNTY SCHOOL DISTRICT  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS(1)	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUNDS(2)	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2009	-	-	-	0.00%	-
2010	55,036,074	1,172,061	53,864,013	1.22%	285
2011	73,382,068	18,423,812	54,958,256	1.21%	292
2012	55,048,399	18,319,925	36,728,474	0.82%	193
2013	36,479,730	18,263,667	18,216,063	0.39%	94
2014	18,136,855	18,307,724	(170,869)	0.00%	(1)
2015	-	-	-	0.00%	-
2016	20,702,531	326,274	20,376,257	0.41%	107
2017	55,572,580	18,239,506	37,333,074	0.65%	189
2018	37,231,663	18,536,275	18,695,388	0.29%	96

Sources: Details regarding the District's outstanding debt can be found in the notes to the financial statements

(1) This is the general bonded debt of governmental, net of original issuance discounts and premiums

(2) This is the amount restricted for debt service principal payments

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property schedule for property value data.

(4) Population data can be found in the Demographic Trend statistics

**MUSCOGEE COUNTY SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2018**

Governmental Unit:	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Consolidated Government of Columbus, Georgia			
Columbus Building Authority	\$ 109,870,540		
GMA Lease Pool	14,541,721		
Total Consolidated Government of Columbus, Georgia	124,412,261	100%	124,412,261
Subtotal, overlapping debt			124,412,261
Muscogee County School District direct debt			37,693,955
Total direct and overlapping debt			\$ 162,106,216

Source: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Muscogee County School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

	Net Assessed Valuation County Wide School Bonds July 1, of fiscal year	Debt Limit 10% of Assessed Value	Total Bonded Debt	Assets in Debt Service Fund	Total Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Ratio of Legal Debt Margin to Debt Limit
2009	4,187,179,416	418,717,942	-	-	-	418,717,942	1.0
2010	4,266,030,953	426,603,095	55,036,074	1,172,061	53,864,013	372,739,082	0.9
2011	4,275,779,966	427,577,997	73,382,068	18,423,668	54,958,400	372,619,597	0.9
2012	4,365,534,136	436,553,414	55,048,399	18,319,925	36,728,474	399,824,940	0.9
2013	4,469,344,625	446,934,463	36,479,730	18,263,667	18,216,063	428,718,400	1.0
2014	4,488,250,421	448,825,042	18,136,855	18,307,724	(170,869)	448,995,911	1.0
2015	4,606,100,631	460,610,063	-	-	-	460,610,063	1.0
2016	4,702,023,222	470,202,322	20,702,531	326,274	20,376,257	449,826,065	1.0
2017	5,272,223,687	527,222,369	55,572,580	18,239,506	37,333,074	489,889,295	0.9
2018	5,664,781,162	566,478,116	37,231,663	18,536,275	18,695,388	547,782,728	1.0

Source: Muscogee County Tax Commissioner

UNAUDITED

**MUSCOGEE COUNTY SCHOOL DISTRICT  
COMPARISON OF MAJOR EMPLOYERS  
YEARS ENDING 2018 AND 2009**

JUNE 30, 2018				JUNE 30, 2009			
EMPLOYER	NUMBER OF EMPLOYEES	RANK	% OF TOTAL CITY EMPLOYMENT	EMPLOYER	NUMBER OF EMPLOYEES	RANK	% OF TOTAL CITY EMPLOYMENT
Fort Benning	40,000	1	33.2%	Fort Benning	33,779	1	38.9%
Muscogee County School District	5,159	2	4.3%	Muscogee County School District	6,527	2	7.5%
TSYS	4,690	3	3.9%	Total System Services, Inc.	4,300	3	5.0%
Aflac	3,670	4	3.0%	Aflac	4,100	4	4.7%
Columbus Regional Healthcare System	3,180	5	2.6%	Columbus Consolidated Government	2,820	5	3.3%
Columbus Consolidated Government	3,130	6	2.6%	Columbus Regional Healthcare System	2,700	6	3.1%
KIA Motors Manufacturing	3,000	7	2.5%	Blue Cross Blue Shield of Georgia	1,540	7	1.8%
St. Francis Hospital Inc.	3,000	8	2.5%	Pezold Management	1,500	8	1.7%
BlueCross BlueShield of Georgia	1,650	9	1.4%	St. Francis Hospital	1,470	9	1.7%
Columbus State University	1,360	10	<u>1.1%</u>	Synovus	1,021	10	<u>1.2%</u>
Total	68,839		<u>57.50%</u>	Total	59,757		<u>68.90%</u>

Source:

Columbus, Georgia Chamber of Commerce

US Bureau of Labor Statistics

Muscogee County School District

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**DEMOGRAPHIC STATISTICS**  
**JUNE 30, 2018**

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Square miles	221
Population	194,058
Average Density (Persons/Square Mile)	861

Source: U.S. Census Bureau

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Climate	Average Temperatures/Precipitation		Average Monthly Rainfall in Inches
	High	Low	
September	86.4	66.7	3.06
December	59.2	38.9	4.27
March	69.5	46.1	5.46
June	90.0	69.7	3.72
Normal Annual Mean Temperature:	76.2	55.0	
Normal Annual Rainfall:			46.78

Source: National Climatic Data Center (www.ncdc.noaa.gov)

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	<u>2009</u>	<u>2018</u>
Population		
Total Population	190,414	194,058
Median Age	31.8	33.5
Age Distribution		
17 and under	27,632	55,018
18 to 64	140,516	117,945
65 and over	22,266	21,095
Race Distribution		
White population	90,020	89,849
Black population	86,689	88,296
Other population	13,705	15,913

Sources:

U.S. Census Bureau  
General Demographic Characteristics

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	<u>2009</u>	<u>2018</u>
Housing		
Number of households units	74,569	84,743
Effective Buying Income		
Median household	\$39,438	\$42,661
Per Capita	20,234	23,747

Sources:

U.S. Census Bureau  
General Demographic Characteristics  
American FactFinder

**MUSCOGEE COUNTY SCHOOL DISTRICT  
DEMOGRAPHIC TRENDS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Age</u>	<u>School Employment</u>	<u>Labor Force</u>	<u>Unemployment Rate (County)</u>	<u>Median Household Income</u>
	(1)	(1)	(2)	(3)	(3)	(1)
2009	188,456	32.9	6,230	128,400	9.7%	41,840
2010	190,414	31.8	6,159	128,300	9.7%	39,438
2011	190,417	33.5	6,080	131,800	10.1%	35,384
2012	194,107	33.6	5,987	132,700	9.8%	37,333
2013	198,413	33.0	5,737	131,700	9.2%	45,178
2014	202,824	33.5	5,568	130,900	8.5%	40,388
2015	200,887	33.5	5,287	125,500	8.2%	42,669
2016	200,579	33.5	5,115	124,200	7.1%	41,592
2017	197,485	33.5	5,126	124,300	6.0%	42,306
2018	194,058	33.5	5,159	127,083	5.2%	42,661

Sources:

- (1) U.S. Census actual counts and projections
  - (2) Muscogee County School District
  - (3) U.S. Bureau of Labor Statistics
- Reporting changed in 2008 from single city/county to MSA. The Columbus MSA includes Chattahoochee, Harris, Marion and Muscogee counties in Georgia, and Russell County in Alabama.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
EMPLOYMENT STATISTICS  
JUNE 30, 2018**

Total Columbus Nonagricultural Employment (000's)	122.2
Total private	79.6
Goods producing industries	11.1
Service providing industries	68.5
Trade, transportation and public utilities	18.0
Retail trade	11.1
Information	1.3
Financial activities	13.1
Financial and insurance	10.2
Insurance carriers	3.1
Professional and business services	14.1
Leisure and hospitality	15.4
Government	20.6
Federal	6.5
State and local	13.9

Source:

Department of Labor

Based on Columbus MSA which includes Muscogee and  
Chattahoochee County, Georgia, and Russell County, Alabama



**MUSCOGEE COUNTY SCHOOL DISTRICT  
ENROLLMENT BY GRADE LEVEL  
LAST TEN FISCAL YEARS**

Grade level	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PK	1,089	1,121	1,115	1,157	1,172	1,176	1,185	1,114	1,099	1,077
KK	2,464	2,465	2,488	2,602	2,782	2,691	2,577	2,493	2,394	2,388
Grade 1	2,457	2,453	2,439	2,556	2,598	2,761	2,699	2,546	2,441	2,448
Grade 2	2,469	2,429	2,356	2,352	2,475	2,480	2,690	2,604	2,465	2,453
Grade 3	2,486	2,478	2,408	2,368	2,337	2,445	2,472	2,668	2,578	2,436
Grade 4	2,403	2,496	2,448	2,375	2,332	2,312	2,419	2,402	2,560	2,545
Grade 5	2,381	2,382	2,489	2,431	2,366	2,262	2,325	2,341	2,350	2,540
Grade 6	2,397	2,277	2,361	2,462	2,420	2,305	2,238	2,226	2,281	2,315
Grade 7	2,389	2,326	2,299	2,335	2,329	2,426	2,289	2,202	2,192	2,258
Grade 8	2,399	2,378	2,340	2,294	2,280	2,274	2,357	2,246	2,241	2,201
Grade 9	3,021	2,925	2,787	2,644	2,618	2,516	2,567	2,649	2,551	2,647
Grade 10	2,563	2,504	2,517	2,434	2,345	2,318	2,225	2,270	2,327	2,287
Grade 11	2,186	2,314	2,193	2,232	2,131	2,151	2,098	2,055	2,105	2,107
Grade 12	<u>1,881</u>	<u>1,910</u>	<u>2,048</u>	<u>1,989</u>	<u>1,987</u>	<u>2,011</u>	<u>2,171</u>	<u>2,083</u>	<u>2,006</u>	<u>2,061</u>
<b>Total</b>	<u><u>32,585</u></u>	<u><u>32,458</u></u>	<u><u>32,288</u></u>	<u><u>32,231</u></u>	<u><u>32,172</u></u>	<u><u>32,128</u></u>	<u><u>32,312</u></u>	<u><u>31,899</u></u>	<u><u>31,590</u></u>	<u><u>31,763</u></u>
Annual % Change	-0.5%	-0.4%	-0.5%	-0.2%	-0.2%	-0.1%	0.6%	-1.3%	-1.0%	0.5%

Source: Georgia Department of Education, [www.gadoe.org](http://www.gadoe.org)

UNAUDITED

**MUSCOGEE COUNTY SCHOOL DISTRICT  
COMPARISON OF GOVERNMENT-WIDE EXPENSES - PER PUPIL COST  
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>EXPENSES</u>	<u>ENROLLMENT</u>	<u>ENROLLMENT COST PER PUPIL</u>	<u>AVERAGE DAILY ATTENDANCE</u>	<u>CLASSROOM TEACHERS</u>	<u>PUPIL/TEACHER RATIO</u>
2009	331,030,917	32,585	10,159	30,871	(1)	(1)
2010	333,563,671	32,458	10,277	30,754	(1)	(1)
2011	334,665,069	32,288	10,365	30,013	(1)	(1)
2012	338,098,807	32,231	10,490	30,342	(1)	(1)
2013	342,482,803	32,172	10,645	30,226	2,311	14:1
2014	338,714,495	32,128	10,543	29,693	2,142	15:1
2015	310,212,966	32,312	9,601	30,456	1,878	17:1
2016	303,119,258	31,899	9,502	30,130	1,852	17:1
2017	335,404,538	31,590	10,617	29,005	1,964	16:1
2018	349,492,461	31,763	11,003	30,598	1,972	16:1

Sources: Internal financial records of Muscogee County School District  
Georgia Department of Education website, [www.gadoe.org](http://www.gadoe.org)

**MUSCOGEE COUNTY SCHOOL DISTRICT  
SCHOOL LUNCH AND BREAKFAST PROGRAMS  
LAST TEN FISCAL YEARS**

	LUNCH				BREAKFAST				TOTAL MEALS SERVED			
	Free	Reduced	Paid	Total	Free	Reduced	Paid	Total	Free	Reduced	Paid	Total
2009	2,524,951	406,098	1,381,736	4,312,785	1,361,452	139,496	263,369	1,764,317	3,886,403	545,594	1,645,105	6,077,102
% by category	58.5	9.4	32.0	100	77.2	7.9	14.9	100	64.0	9.0	27.1	100
2010	2,711,892	364,346	1,282,858	4,359,096	1,356,153	119,126	241,229	1,716,508	4,068,045	483,472	1,524,087	6,075,604
% by category	62.2	8.4	29.4	100	79.0	6.9	14.1	100	67.0	8.0	25.1	100
2011	2,876,593	326,276	1,168,506	4,371,375	1,407,481	101,629	184,112	1,693,222	4,284,074	427,905	1,352,618	6,064,597
% by category	65.8	7.5	26.7	100	83.1	6.0	10.9	100	70.6	7.1	22.3	100
2012	2,993,889	341,988	1,075,838	4,411,715	1,534,764	112,450	179,631	1,826,845	4,528,653	454,438	1,255,469	6,238,560
% by category	65.8	7.8	24.4	98	84.0	6.2	9.8	100	72.6	7.3	20.1	100
2013	3,036,363	318,316	974,412	4,329,091	1,537,472	114,717	179,161	1,831,350	4,573,835	433,033	1,153,573	6,160,441
% by category	70.1	7.4	22.5	100	84.0	6.3	9.8	100	74.2	7.0	18.7	100
2014	3,370,632	186,814	721,518	4,278,964	1,699,748	54,655	105,596	1,859,999	5,070,380	241,469	827,114	6,138,963
% by category	78.8	4.4	16.9	100	91.4	2.9	5.7	100	82.6	3.9	13.5	100
2015	3,507,505	186,081	662,512	4,356,098	1,808,141	56,967	99,055	1,964,163	5,315,646	243,048	761,567	6,320,261
% by category	80.5	4.3	15.2	100	92.1	2.9	5.0	100	84.1	3.8	12.0	100
2016	3,475,138	185,302	597,852	4,258,292	1,828,920	60,870	98,296	1,988,086	5,304,058	246,172	696,148	6,246,378
% by category	81.6	4.4	14.0	100	92.0	3.1	4.9	100	84.9	3.9	11.1	100
2017	3,693,781	107,084	430,273	4,231,138	1,920,159	33,446	62,870	2,016,475	5,613,940	140,530	493,143	6,247,613
% by category	87.3	2.5	10.2	100	95.2	1.7	3.1	100	89.9	2.2	7.9	100
2018	3,545,632	74,977	522,606	4,143,215	1,821,867	23,486	145,121	1,990,474	5,367,499	98,463	667,727	6,133,689
% by category	85.6	1.8	12.6	100	91.5	1.2	7.3	100	87.5	1.6	10.9	100

Source: Muscogee County School District School Nutrition Division

UNAUDITED

**MUSCOGEE COUNTY SCHOOL DISTRICT  
EMPLOYEES BY FUNCTION  
LAST EIGHT FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Direct instruction	3,135	3,065	3,291	3,165	3,393	3,497	3,588	3,881
Maintenance and transportation	443	512	544	542	592	670	709	743
School nutrition	327	163	312	343	364	357	355	303
Others	<u>1,254</u>	<u>1,386</u>	<u>968</u>	<u>1,237</u>	<u>1,219</u>	<u>1,213</u>	<u>1,335</u>	<u>1,153</u>
Total employees	<u>5,159</u>	<u>5,126</u>	<u>5,115</u>	<u>5,287</u>	<u>5,568</u>	<u>5,737</u>	<u>5,987</u>	<u>6,080</u>
Average Monthly Payroll	<u>\$ 16,417,773</u>	<u>\$ 15,873,289</u>	<u>\$ 15,453,425</u>	<u>\$ 15,466,891</u>	<u>\$ 16,454,503</u>	<u>\$ 17,007,591</u>	<u>\$ 16,232,776</u>	<u>\$ 16,795,065</u>

Source: Internal records of Muscogee County School District  
Muscogee County School District has not reported this information in previous year.

**MUSCOGEE COUNTY SCHOOL DISTRICT  
SCHOOL BUILDINGS  
PRIOR EIGHT YEARS**

School Name	Occupied Year	2018	2017	2016	2015	2014	2013	2012	2011
Allen ES	1967								
Square feet		53,997	53,997	53,997	53,997	53,997	53,997	53,997	53,997
Classrooms		30	30	30	30	30	30	30	30
FTE		432	469	474	546	464	464	450	459
Aaron Cohn MS	2013								
Square feet		110,000	110,000	110,000	110,000	110,000	Note <sup>1</sup>	Note <sup>1</sup>	Note <sup>1</sup>
Classrooms		46	46	46	46	46			
FTE		567	559	521	457	481			
Arnold MS	1959								
Square feet		80,295	80,295	80,295	80,295	80,295	80,295	80,295	80,295
Classrooms		42	42	42	42	42	42	42	42
FTE		607	673	688	708	711	774	814	826
Baker MS	1952								
Square feet		105,691	105,691	105,691	105,691	98,051	98,051	98,051	98,051
Classrooms		44	44	44	44	43	43	43	43
FTE		503	523	566	559	587	428	Note <sup>2</sup>	Note <sup>2</sup>
Blackmon Road MS	1995								
Square feet		98,663	98,663	98,663	98,663	98,663	98,663	98,663	98,663
Classrooms		49	49	49	49	49	49	49	49
FTE		642	660	601	606	615	757	832	858
Blanchard ES	1963								
Square feet		61,844	61,844	61,844	61,844	61,844	61,844	61,844	61,844
Classrooms		39	39	39	39	38	38	38	38
FTE		548	538	493	518	577	580	592	593
Brewer ES	1991								
Square feet		68,754	68,754	68,754	68,754	68,754	68,754	68,754	68,754
Classrooms		44	44	44	44	43	43	43	43
FTE		476	485	514	499	606	518	466	440
Britt David ES	1955								
Square feet		58,474	58,474	58,474	58,474	58,474	58,474	58,474	58,474
Classrooms		35	35	35	35	35	35	35	35
FTE		563	570	567	575	560	544	542	547
Carver HS	2012								
Square feet		235,354	235,354	235,354	235,354	235,354	235,354	Note <sup>2</sup>	Note <sup>2</sup>
Classrooms		67	67	67	67	67	67	Note <sup>2</sup>	Note <sup>2</sup>
FTE		1136	1,138	1,191	1,200	1,193	1,112	881	967

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHOOL BUILDINGS (Continued)**  
**PRIOR EIGHT YEARS**

School Name	Occupied Year	2018	2017	2016	2015	2014	2013	2012	2011
Clubview ES	1953								
Square feet		63,423	63,423	63,423	63,423	63,423	63,423	63,423	63,423
Classrooms		34	34	35	35	35	35	35	35
FTE		501	542	549	534	561	533	499	496
Columbus HS	1926								
Square feet		145,325	145,325	145,325	145,325	145,325	145,325	145,325	145,325
Classrooms		62	62	62	62	61	61	61	61
FTE		1286	1,267	1,269	1,255	1,292	1,306	1,313	1,333
Cusseta Road ES	1965								
Square feet		Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	63,038	63,038	63,038	63,038
Classrooms						36	36	36	36
FTE						299	311	351	352
Davis ES	1952								
Square feet		60,732	60,732	60,732	60,732	60,732	60,732	60,732	60,732
Classrooms		40	40	40	40	39	39	39	39
FTE		381	416	447	474	407	438	404	390
Dawson ES	1960								
Square feet		37,563	37,563	37,563	37,563	37,563	37,563	37,563	37,563
Classrooms		32	32	32	32	32	32	32	32
FTE		268	269	288	283	327	351	370	355
Dimon ES	1967								
Square feet		58,068	58,068	58,068	58,068	58,068	58,068	58,068	58,068
Classrooms		34	34	34	34	34	34	34	34
FTE		496	545	489	450	488	496	469	474
Dbl Churches ES	1951								
Square feet		62,231	62,231	62,231	62,231	62,231	62,231	62,231	62,231
Classrooms		39	39	39	39	39	39	39	39
FTE		572	566	579	569	440	436	434	437
Dbl Churches MS	2000								
Square feet		95,760	95,760	95,760	95,760	95,760	95,760	95,760	95,760
Classrooms		42	42	42	42	42	42	42	42
FTE		451	456	456	470	459	442	404	445
Dorothy Height ES	2014								
Square feet		91,000	91,000	91,000	91,000	Note: <sup>1</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>
Classrooms		47	47	47	47				
FTE		712	762	712	672				

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHOOL BUILDINGS (Continued)**  
**PRIOR EIGHT YEARS**

School Name	Occupied Year	2018	2017	2016	2015	2014	2013	2012	2011
Downtown ES	1995								
Square feet		70,502	70,502	70,502	70,502	70,502	70,502	70,502	70,502
Classrooms		36	36	36	36	37	37	37	37
FTE		302	330	294	486	537	550	534	536
Eagle Ridge ES	2007								
Square feet		81,089	81,089	81,089	81,089	81,089	81,089	81,089	81,089
Classrooms		44	44	44	44	44	44	44	44
FTE		749	730	756	769	720	694	678	681
Early College Academy	1920								
Square feet		21,572	21,572	21,572	21,572	48,205	48,205	48,205	48,205
Classrooms		15	15	15	15	15	15	15	15
FTE		158	170	169	181	162	169	156	158
E. Columbus MS	2000								
Square feet		86,685	86,685	86,685	86,685	86,685	86,685	86,685	86,685
Classrooms		42	42	42	42	42	42	42	42
FTE		546	549	601	627	640	611	624	661
Eddy MS	1961								
Square feet		75,339	75,339	75,399	75,399	75,399	75,399	75,399	75,399
Classrooms		40	40	40	40	40	40	40	40
FTE		453	417	414	481	453	425	373	373
Edgewood ES	1954								
Square feet		Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	48,825	48,825	48,825
Classrooms							31	31	31
FTE							345	353	353
Forrest Road ES	1954								
Square feet		48,019	48,019	48,019	48,019	48,019	48,019	48,019	48,019
Classrooms		34	34	34	34	34	34	34	34
FTE		448	431	452	440	354	344	326	339
Fort MS	1978								
Square feet		107,938	107,938	85,195	85,195	85,195	85,195	85,195	85,195
Classrooms		39	39	39	39	39	39	39	39
FTE		544	566	523	510	579	605	565	565
Fox ES	2001								
Square feet		63,400	63,400	63,400	63,400	63,400	63,400	63,400	63,400
Classrooms		32	32	32	32	32	32	32	32
FTE		325	358	419	430	326	332	333	360
Gentian ES	1955								
Square feet		52,245	52,245	52,245	52,245	52,245	52,245	52,245	52,245
Classrooms		34	34	34	34	34	34	34	34
FTE		444	413	419	417	462	411	413	448

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHOOL BUILDINGS (Continued)**  
**PRIOR EIGHT YEARS**

School Name	Occupied Year	2018	2017	2016	2015	2014	2013	2012	2011
Georgetown ES	1966								
Square feet		46,984	46,984	46,984	46,984	46,984	46,984	46,984	46,984
Classrooms		33	33	33	33	33	33	33	33
FTE		513	480	498	504	541	465	455	449
Hannan ES	1990								
Square feet		62,772	62,772	62,772	62,772	62,772	62,772	62,772	62,772
Classrooms		39	39	39	39	39	39	39	39
FTE		491	501	522	478	501	501	477	487
Hardaway HS	1965								
Square feet		166,400	166,400	166,400	166,400	167,909	167,909	167,909	167,909
Classrooms		64	64	64	64	64	64	64	64
FTE		1273	1,288	1,276	1,369	1,482	1,592	1,647	1,767
Johnson ES	1949								
Square feet		61,222	61,222	61,122	61,122	61,122	61,122	61,122	61,122
Classrooms		30	30	30	30	30	30	30	30
FTE		439	350	353	337	356	360	351	328
Jordan HS	1939								
Square feet		231,695	231,695	231,695	231,695	231,695	231,695	231,695	231,695
Classrooms		70	70	70	70	79	79	79	79
FTE		766	765	787	740	716	754	649	773
Kendrick HS	1964								
Square feet		163,398	163,398	163,398	163,398	163,398	163,398	163,398	163,398
Classrooms		71	71	71	71	72	72	72	72
FTE		898	896	945	905	842	826	696	793
Key ES	1957								
Square feet		49,532	49,532	49,532	49,532	49,532	49,532	49,532	49,532
Classrooms		31	31	31	31	31	31	31	31
FTE		373	331	341	362	349	377	325	321
Lonnie Jackson ES	1952								
Square feet		52,391	52,391	52,391	52,391	52,391	52,391	52,391	52,391
Classrooms		34	34	34	34	34	34	34	34
FTE		489	461	488	533	416	410	396	390
Marshall MS	1953								
Square feet		Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	106,702	106,702	106,702
Classrooms							43	43	43
FTE							357	586	659



**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHOOL BUILDINGS (Continued)**  
**PRIOR EIGHT YEARS**

School Name	Occupied Year	2018	2017	2016	2015	2014	2013	2012	2011
Martin Luther King ES	2000								
Square feet		61,577	61,577	61,577	61,577	61,577	61,577	61,577	61,577
Classrooms		34	34	34	34	34	34	34	34
FTE		503	541	618	613	563	659	558	679
Mathews ES	1952								
Square feet		64,012	64,012	64,012	64,012	64,012	64,012	64,012	64,012
Classrooms		37	37	37	37	37	37	37	37
FTE		738	700	697	672	560	501	527	520
Midland Academy ES	2000								
Square feet		73,560	73,560	73,560	73,560	73,560	73,560	73,560	73,560
Classrooms		38	38	38	38	37	37	37	37
FTE		594	577	564	564	657	653	660	667
Midland MS	1999								
Square feet		108,855	108,855	108,855	108,855	108,855	108,855	108,855	108,855
Classrooms		55	55	55	55	55	55	55	55
FTE		413	392	434	462	410	691	723	747
Muscogee ES	1957								
Square feet		Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	Note: <sup>3</sup>	52,226	52,226	52,226	52,226
Classrooms						30	30	30	30
FTE						371	373	360	377
North Columbus ES	2006								
Square feet		78,654	78,654	78,654	78,654	75,961	75,961	75,961	75,961
Classrooms		44	44	44	44	43	43	43	43
FTE		755	681	722	737	756	747	711	683
Northside HS	2002								
Square feet		220,862	220,862	220,862	220,862	220,862	220,862	220,862	220,862
Classrooms		79	79	79	79	79	79	60	60
FTE		1,446	1,404	1,357	1,344	1,322	1,448	1,490	1,563
Rainey-McCullers School of Art	2017								
Square feet		118,500	Note: <sup>1</sup>	Note: <sup>1</sup>	Note: <sup>1</sup>	Note: <sup>1</sup>	Note: <sup>1</sup>	Note: <sup>1</sup>	Note: <sup>1</sup>
Classrooms		37							
FTE		310							
Reese Road ES	1958								
Square feet		55,074	55,074	55,074	55,074	55,074	55,074	55,074	55,074
Classrooms		34	34	34	34	34	34	34	34
FTE		499	481	460	472	552	553	554	548

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHOOL BUILDINGS (Continued)**  
**PRIOR EIGHT YEARS**

School Name	Occupied Year	2018	2017	2016	2015	2014	2013	2012	2011
Richards MS	1960								
Square feet		108,358	108,358	108,358	108,358	92,798	92,798	92,798	92,798
Classrooms		40	40	40	40	39	39	39	39
FTE		698	760	701	732	758	793	743	761
Rigdon Road ES	2008								
Square feet		77,665	77,665	77,665	77,665	77,005	77,005	77,005	77,005
Classrooms		41	41	41	41	43	43	43	43
FTE		605	656	646	680	510	421	422	414
River Road ES	1957								
Square feet		54,262	54,262	54,262	54,262	54,262	54,262	54,262	54,262
Classrooms		34	34	34	34	34	34	34	34
FTE		404	423	437	422	431	431	415	413
Rothschild MS	1966								
Square feet		88,547	88,547	88,547	88,547	88,547	88,547	88,547	88,547
Classrooms		47	47	47	47	47	47	47	47
FTE		529	523	545	556	639	509	501	512
Shaw HS	1978								
Square feet		153,614	153,614	153,614	153,614	153,614	153,614	153,614	153,614
Classrooms		55	55	55	55	55	55	55	55
FTE		1251	1,235	1,225	1,244	1,197	1,157	1,148	1,190
South Columbus ES	1952								
Square feet		58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950
Classrooms		38	38	38	38	38	38	38	38
FTE		534	554	558	563	447	447	440	453
Spencer HS	1978								
Square feet		150,985	150,985	150,985	150,985	150,985	150,985	150,985	150,985
Classrooms		55	55	55	55	52	52	52	52
FTE		813	826	838	823	767	717	691	755
St. Marys ES	1956								
Square feet		45,148	45,148	45,148	45,148	45,148	45,148	45,148	45,148
Classrooms		29	29	29	29	29	29	29	29
FTE		355	394	406	439	479	469	443	448
Veteran's Memorial MS	2007								
Square feet		96,595	96,595	96,595	96,595	96,595	96,595	96,595	96,595
Classrooms		42	42	42	42	42	42	42	42
FTE		586	636	624	627	614	637	675	684

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHOOL BUILDINGS (Continued)**  
**PRIOR EIGHT YEARS**

School Name	Occupied Year	2018	2017	2016	2015	2014	2013	2012	2011
Waddell ES	1966								
Square feet		58,315	58,315	58,315	58,315	58,315	58,315	58,315	58,315
Classrooms		36	36	36	36	36	36	36	36
FTE		462	462	525	522	524	542	517	556
Wesley Heights ES	1963								
Square feet		49,234	49,234	49,234	49,234	49,234	49,234	49,234	49,234
Classrooms		34	34	34	34	34	34	34	34
FTE		443	395	401	447	467	432	430	441
Wynnton ES	1918								
Square feet		56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
Classrooms		28	28	28	28	28	28	28	28
FTE		473	476	480	449	644	374	407	407
GRAND TOTALS									
Square feet		4,708,104	4,589,604	4,566,821	4,566,821	4,592,674	4,638,201	4,402,847	4,369,921
Classrooms		2,251	2,214	2,215	2,215	2,236	2,264	2,178	2,178
FTE		31,763	31,590	31,899	32,312	32,171	32,172	31,173	31,984

ES - Elementary School  
MS - Middle School  
HS - High School  
FTE - Full Time Equivalent

Note: (1) School not in existence

(2) Rebuilding Carver HS, Carver HS students were at Baker Middle ; Baker Middle students were at Marshall Middle

(3) School Closed

Source: Muscogee County School District ---Division of Facilities and Operations and Student Services  
GaDOE Report FT002

**MUSCOGEE COUNTY SCHOOL DISTRICT  
MISCELLANEOUS STATISTICS  
JUNE 30, 2018**

**Other Statistics:**

- Certificated Staff: 85 Hold Doctorates

***Profile of an average classroom teacher:***

- ▣ Years of experience - 8+ years
- ▣ Salary excluding benefits - \$52,902
- Age - 42.7
- Sex - Female
- Education - Masters Degree +

***Other significant events:***

- Free public education established in Muscogee County in 1866
- First public school system in the nation to offer kindergarten as part of the educational process (1905)
- First municipal vocational high in the nation
- Muscogee County School District is accredited by the AdvanceED
- The Board of Education is composed of nine elected members who are paid \$1,000 per month

Source: Internal records of Muscogee County School District

## **Compliance with the Uniform Guidance**

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

The Board of Education  
Muscogee County School District  
Columbus, Georgia

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Muscogee County School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

The Board of Education  
Muscogee County School District  
Page Two

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the 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.

We noted certain matters that we have reported to management of the District in a separate letter dated December 17, 2018.

**Purpose of this Report**

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

*Robinson, Grimes + Company, P.C.*

Certified Public Accountants

December 17, 2018

Independent Auditor's Report on Compliance for Each  
Major Federal Program and Report on Internal Control over  
Compliance in Accordance with the Uniform Guidance

The Board of Education  
Muscogee County School District  
Columbus, Georgia

**Report on Compliance for Each Major Federal Program**

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



***Opinion on Each Major Federal Program***

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

**Report on Internal Control over Compliance**

Management of the 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 District's internal control over compliance with requirements that could have a direct and material effect on a 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 District's internal control over compliance.

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

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

The Board of Education  
Muscogee County School District  
Page Three

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.

*Robinson, Grimes + Company, P.C.*

Certified Public Accountants

December 17, 2018

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF 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			
Cash Assistance			
Food Services			
School Breakfast Program	10.553	18185GA324N1099	\$ 3,891,955
National School Lunch Program	10.555	18185GA324N1100	12,231,899
Non Cash Assistance			
U.S. Department of Agriculture (USDA) Commodities	10.550		1,460,399
Total Child Nutrition Cluster			<u>17,584,253</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	185GA324L1603	98,470
Equipment Stimulus Grant	10.579	17GA350M8103	12,653
Total Other Programs			<u>111,123</u>
Total U.S. Department of Agriculture			<u>17,695,376</u>
Education, U.S. Department of Impact Aid Cluster			
Direct			
Impact Aid	84.041		<u>644,197</u>
Education for Homeless Children and Youth Cluster			
Pass-Through From Georgia Department of Education			
Education for Homeless Children and Youth	84.196	S196A160011	30,860
Education for Homeless Children and Youth	84.196	S196A170011	44,454
Total Education for Homeless Children and Youth Cluster			<u>75,314</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Grants to States			
GA Network for Educational & Therapeutic Support (GNETS) Federal VIB	84.027	H027A160073	39,428
GA Network for Educational & Therapeutic Support (GNETS) Federal VIB	84.027	H027A170073	229,363
Special Ed - VIB Flowthrough	84.027	H027A170073	6,118,404
Preschool Grants			
Special Ed - Preschool, Regular Project	84.173	H173A170081	191,742
Total Special Education Cluster			<u>6,578,937</u>
School Improvement Grants Cluster			
Pass-Through From Georgia Department of Education			
School Improvement Federal - G funds	84.377	S377A150011	<u>2,295,789</u>
Title I, Part A Cluster			
Pass-Through From the Georgia Department of Education			
Title I Grant to Local Educational Agencies			
Title I-A, Improving the Academic Achievement of the Disadvantaged	84.010	S010A160010	2,566,261
Title I-A, Improving the Academic Achievement of the Disadvantaged	84.010	S010A170010	8,495,367
Title I-A, School Improvement	84.010	S010A160010	30,463
Title I-A, School Improvement	84.010	S010A170010	398,775
Total Title I, Part A Cluster			<u>11,490,866</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF JUNE 30, 2018**

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Other Programs			
Pass-Through From the Georgia Department of Education			
Career, Technical & Agricultural Education (CTAE) - Basic Grants to States			
CTAE - Perkins IV Reserve - Perkins Plus	84.048	V048A170010	25,000
CTAE - Perkins IV Grants - Program Improvement	84.048	V048A170010	297,538
CTAE - Perkins IV Grants - Perkins Carryover	84.048	V048A160010	16,081
English Language Acquisition Grants			
Title III-A, Immigrant	84.365	S365A170010	9,338
Title III-A, Limited English Proficient (LEP)	84.365	S365A160010	21,271
Title III-A, Limited English Proficient (LEP)	84.365	S365A170010	100,954
Supporting Effective Instruction			
Title II-A, Advanced Placement Grant	84.367	S367A170001	4,620
Title II-A, Improving Teacher Quality	84.367	S367A160001	1,036,218
Title II-A, Improving Teacher Quality	84.367	S367A170001	319,379
Student Support and Academic Enrichment			
Title IV Student Support and Academic Enrichment	81.334S	S424A170011	199,982
Special Education			
Substance Abuse and Mental Health Services Administration (SAMHSA)			
Now is the Time GA Project Aware	93.243	H79SM061777	465,417
Total Other Programs			<u>2,495,798</u>
Title II, Part B Cluster			
Pass-Through From Georgia Department of Education			
Title II Grant to Local Educational Agencies			
Title II-B, Mathematics and Science Partnerships	84.366	S366B160011	<u>102,325</u>
Other Programs			
Transportation, U.S. Department of Highway Safety Cluster			
Pass-Through From Georgia Governor's Office of Highway Safety			
Students Against Destructive Decisions (SADD)	20.600	2018-402TSP	<u>8,248</u>
U.S. Department of Education			
Pass-Through From Board of Regents of the University System of Georgia			
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334	P334S160030	<u>41,035</u>
U.S. National Security Agency			
Pass-Through From Columbus State University			
Igniting Interest in Cybersecurity Education in Middle School	12.905	H98230-17-1-0293	<u>38,017</u>
Defense, U.S. Department of Defense			
Direct			
DoDEA Grant	12.556		316,096
R.O.T.C Program	12.Unknown		<u>730,137</u>
Total U.S. Department of Defense			<u>1,046,233</u>
Total Federal Financial Assistance			<u>\$ 42,512,135</u>

**MUSCOGEE COUNTY SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1. BASIS OF PRESENTATION**

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized as the following, where 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.

MUSCOGEE COUNTY SCHOOL DISTRICT  
COLUMBUS, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

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**SUMMARY OF AUDITOR'S RESULTS**

1. An unmodified opinion, dated December 17, 2018, was issued on the financial statements for the year ended June 30, 2018.
2. The "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" dated December 17, 2018, disclosed no significant deficiencies or material weaknesses for the year ended June 30, 2018.
3. The "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" dated December 17, 2018, disclosed no instances of noncompliance for the year ended June 30, 2018.
4. The "Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Uniform Guidance," dated December 17, 2018, disclosed no significant deficiencies or material weaknesses in internal control over major federal programs for the year ended June 30, 2018.
5. An unmodified opinion, dated December 17, 2018, was issued on the District's compliance with its major federal programs in the "Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Uniform Guidance," for the year ended June 30, 2018.
6. No audit findings were disclosed that are required to be reported under 2 CFR 200.516(a) for the year ended June 30, 2018.
7. The major programs for the Muscogee County School District for the year ending June 30, 2018, were:

Special Education Cluster

Pass-Through from Georgia Department of Education:

Grants to States

GA Network for Education & Therapeutic Support (GNETS) Federal VIB 84.027

GA Network for Education & Therapeutic Support (GNETS) Federal VIB 84.027

Special Ed - Preschool, Regular Project 84.027

Preschool Grants

Special Ed – Preschool, Regular Project 84.173

Total Special Education Cluster

MUSCOGEE COUNTY SCHOOL DISTRICT  
COLUMBUS, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

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**SUMMARY OF AUDITOR'S RESULTS (Continued)**

School Improvement Grants Cluster	
Pass-Through from Georgia Department of Education	
School Improvement Federal – G funds	84.377
8.	The dollar threshold used to distinguish between Type A and Type B programs is \$1,275,364 as described in 2 CFR 200.518.
9.	Under 2 CFR 200.520, the Muscogee County School District did qualify as a low-risk auditee for the year ended June 30, 2018.

**FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

The “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” dated December 17, 2018, disclosed no findings required to be reported in accordance with GAGAS for the year ended June 30, 2018.

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

The “Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Uniform Guidance” dated December 17, 2018, disclosed no findings or questions costs for Federal awards as defined in 2 CFR 200.516(a), for the year ended June 30, 2018.