

CLARKE COUNTY BOARD OF EDUCATION
ATHENS, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019
(Including Independent Auditor's Reports)

CLARKE COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
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Greg S. Griffin
STATE AUDITOR
(404) 656-2174

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarke County Board of Education (School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

March 17, 2020

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CLARKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

INTRODUCTION

The Clarke County Board of Education's (School District) financial statements for the fiscal year ended June 30, 2019 includes a series of basic financial statements that report financial information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both a short-term and long-term view of the School District's finances on a global basis. The fund financial statements provide information about all of the School District's funds. Information about these funds, such as the School District's general fund, is important in its own right, but will also give insight into the School District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

On the government-wide financial statements:

- Government-wide net position at June 30, 2019 was $87.3 million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred inflows of resources. The net position at June 30, 2019 of $87.3 million represented an increase of $21.3 million in net position when compared to the prior year. This increase is primarily due to capital outlay funds of $8.8 million received in fiscal year 2019. The School District also received more operating grants and contributions, property taxes, and sales taxes. Overall program expenses decreased as well.

- The School District had $194.3 million in expenses relating to governmental activities; only $110.7 million of these expenses were offset by program specific charges for services, grants and contributions. The School District also incurred a net loss in the amount of $4.0 million on the demolition and disposal of capital assets. This net loss is primarily due to the School District's plan to demolish and rebuild Hilsman Middle School. However, general revenues (primarily property and sales taxes) of $108.9 million were adequate to provide for these programs and cover the loss on demolition and disposal of capital assets.

- As stated above, general revenues accounted for $108.9 million or about 49.6% of all revenues totaling $219.6 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues.

On the fund financial statements:

- Among major funds, the general fund had $185.2 million in revenues and $183.9 million in expenditures. The general fund balance of $35.5 million at June 30, 2019 was $1.3 million greater than the prior year.

- The capital projects fund had $34.4 million in revenues and $46.0 million in expenditures. An additional $13.6 million was transferred out of the capital projects fund into the debt service fund to pay general obligation bond principal and interest. The capital project fund balance of $40.1 million was $25.1 million less than the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'governmental funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'fiduciary funds' statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the Clarke County Board of Education, the general fund, capital projects fund, and debt service fund are all considered to be major funds. The School District has no nonmajor funds as defined by GASB Statement No. 34 for the purposes of this report.

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

Government-wide Statements

Since the Clarke County Board of Education has no operations that have been classified as "business activities", the government-wide financial statements are basically a consolidation of all of the School District's operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The 'Statement of Net Position' and the 'Statement of Activities' provides the basis for answering this question. These financial statements include all of the School District's assets and liabilities and uses the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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

When analyzing government-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position as follows:
    - *Net Investment in capital assets*
    - *Restricted net position* are those resources with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
    - *Unrestricted net position* are resources that do not meet any of the above restrictions.

Fund Financial Statements

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District's significant or major funds. As discussed previously, the School District has no nonmajor funds as defined by generally accepted accounting principles.

The School District has two kinds of funds as discussed below:

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position, which is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one indicator of the financial condition of the School District. When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. The relationship between revenues and expenses can be thought of as the School District's operating results. The School District's net position, as measured in the Statement of Net Position, can be one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position - as measured in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. However, the School District's goal and mission is to

provide success for each child's education, not to generate profits as private corporations do. For this reason, many other nonfinancial factors should be considered in assessing the overall health of the School District.

In the case of the Clarke County Board of Education, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $87.3 million at June 30, 2019. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the $87.3 million of net position, about $38.1 million was restricted for continuation of state and federal programs, debt service and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had $285.4 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is *not* available for future spending.

The remaining balance of unrestricted net position is ($236.2) million. The negative unrestricted net position is due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68*, Accounting and Financial Reporting for Pensions*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB No. 68, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB Statement No. 68 and GASB Statement No. 71 portion of unrestricted net position includes Teachers Retirement System (TRS) pension of ($107.3) million and Employees' Retirement System (ERS) pension of ($0.3) million. The GASB Statement No. 75 portion of unrestricted net position includes Other Post-Employment Benefits (OPEB) of ($148.7) million. The remaining balance of $20.1 million may be used to meet the School District's ongoing obligations to citizens and creditors.

Table 1 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
Assets		
Current and Other Assets	$ 104,606,656	$ 134,986,975
Capital Assets, Net	324,169,331	293,747,992
Total Assets	428,775,987	428,734,967
Deferred Outflows of Resources	43,149,748	37,301,559
Total Assets and Deferred Outflows of Resources	471,925,735	466,036,526
Liabilities		
Current and Other Liabilities	298,516,822	318,056,672
Long-Term Liabilities	56,166,990	68,802,547
Total Liabilities	354,683,812	386,859,219
Deferred Inflows of Resources	29,937,313	13,148,693
Total Liabilities and Deferred Inflows of Resources	384,621,125	400,007,912
Net Position		
Net Investment in Capital Assets	285,358,591	270,675,241
Restricted	38,103,913	31,128,524
Unrestricted (Deficit)	(236,157,894)	(235,775,151)
Total Net Position	$ 87,304,610	$ 66,028,614

Total net position increased $21.3 million in fiscal year 2019 from the prior year. This increase is primarily due to GASB Statement No. 68, GASB Statement No. 71, GASB Statement No. 75 and long-term liabilities activity. Deferred outflows of resources related to defined benefit pension plans increased by $6.0 million, deferred inflows of resources due to other post-employment benefit plans increased by $14.4 million and long-term liabilities decreased by $12.6 million which, in turn, all contributed to the increase in net position.

Table 2 also shows the changes in net position as compared to the prior fiscal year.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
Revenues		
Program Revenues:		
Charges for Services	$ 1,586,277	$ 1,756,967
Operating Grants and Contributions	100,211,602	97,441,419
Capital Grants and Contributions	8,908,335	204,986
Total Program Revenues	110,706,214	99,403,372
General Revenues:		
Property Taxes	78,515,231	76,203,007
Sales Taxes	26,219,485	25,229,731
Investment Earnings	1,646,230	1,088,021
Miscellaneous	2,474,962	2,651,033
Special Items		
Loss on Disposal of Capital Assets	(4,019,312)	(267,582)
Total General Revenues and Special Items	104,836,596	104,904,210
Total Revenues	215,542,810	204,307,582
Program Expenses		
Instruction	120,738,345	123,674,916
Support Services		
Pupil Services	7,728,229	6,709,981
Improvement of Instructional Services	9,339,460	7,612,016
Educational Media Services	2,031,780	2,136,997
General Administration	2,671,490	2,792,118
School Administration	8,977,327	9,066,798
Business Administration	1,393,529	1,420,038
Maintenance and Operation of Plant	14,796,125	15,618,184
Student Transportation Services	11,226,371	11,650,713
Central Support Services	2,952,725	3,867,834
Other Support Services	207,630	197,137
Operations of Non-Instructional Services		
Enterprise Operations	165,038	181,851
Community Services	1,039,825	1,134,019
Food Services	9,780,907	10,113,225
Interest on Short-Term and Long-Term Debt	1,218,033	821,466
Total Expenses	194,266,814	196,997,293
Increase in Net Position	$ 21,275,996	$ 7,310,289

The increase in net position for fiscal year 2019 was $14.0 million more than the increase in net position that occurred in fiscal year 2018. The School District believes this increase is due to reimbursements received from Georgia Department of Education's capital outlay program, as well as more state and federal revenue, and more property and sales taxes received in fiscal year 2019.

Cost of Providing Services

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity as compared to the prior fiscal year.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2018
Instruction	$ 120,738,345	$ 123,674,916	$ 44,313,772	$ 59,132,235
Support Services				
Pupil Services	7,728,229	6,709,981	4,935,475	3,753,132
Improvement of Instructional Services	9,339,460	7,612,016	5,067,483	1,909,581
Educational Media Services	2,031,780	2,136,997	96,937	373,236
General Administration	2,671,490	2,792,118	(1,219,646)	(857,137)
School Administration	8,977,327	9,066,798	5,203,460	5,376,349
Business Administration	1,393,529	1,420,038	1,354,381	1,387,466
Maintenance and Operation of Plant	14,796,125	15,618,184	10,406,496	11,570,645
Student Transportation Services	11,226,371	11,650,713	9,473,909	9,625,771
Central Support Services	2,952,725	3,867,834	2,741,739	3,849,938
Other Support Services	207,630	197,137	159,433	145,977
Operations of Non-Instructional Services:				
Enterprise Operations	165,038	181,851	66,478	(7,266)
Community Services	1,039,825	1,134,019	31,374	179,559
Food Services	9,780,907	10,113,225	(288,724)	332,969
Interest on Short-Term and Long-Term Debt	1,218,033	821,466	1,218,033	821,466
Total Expenses	$ 194,266,814	$ 196,997,293	$ 83,560,600	$ 97,593,921

Expenses for fiscal year 2019 decreased about 1.4% from prior year expenses, while the net cost of services decreased 14.4%. The total expenses decreased in fiscal year 2019 as a result of pension and other post-employment benefits activity.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of $219.6 million and total expenditures of $243.5 million in fiscal year 2019. Total governmental fund balances of $75.6 million at June 30, 2019, decreased $23.9 million from the prior year. This decrease in fund balance resulted primarily from net change in fund balance for the capital projects fund due to construction of schools during fiscal year 2019.

General Fund Budget Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund. During the course of fiscal year 2019, the School District amended its general fund budget as needed.

The School District budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget, but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

For the general fund, the final actual revenues of $185.2 million were less than the final budgeted of almost of $188.9 million by $3.7 million. This difference (final actual vs. final budget) was primarily attributable the School District receiving $5.3 million less in federal and state funds than anticipated. The decrease in state funds was due to a reduction in the total number of students served. The fall in student population triggered a decrease in the Quality Basic Education (QBE) formula and the fiscal year 2019 accrual was affected. The School District did not include revenues for school activity accounts (included in miscellaneous revenues) in the final budget.

The general fund's final actual expenditures of $183.9 million were less than the final budget amount of $191.6 million by $7.7 million. This difference (final vs. budget) was primarily due to actual instructional expenditures falling short of what was anticipated by roughly $7.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the School District had $324.2 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation, and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
Land	$ 2,630,097	$ 2,630,097
Construction in Progress	24,194,735	36,351,849
Building and Improvements	291,704,249	579,468
Equipment	5,051,987	248,651,082
Land Improvements	588,264	5,535,496
Total	$ 324,169,332	$ 293,747,992

Additional information about the School District's capital assets can be found in the Notes to the Basic Financial Statements.

Long-Term Liabilities

At June 30, 2019, the School District had $56.2 million in total liabilities outstanding which consisted of $49.0 million in bond debt, $4.1 million unamortized premiums on bonds sold, $1.8 million in financed purchases and $1.3 million in compensated absences liabilities. Table 5 summarizes the School District's liabilities as compared to the prior fiscal year.

Table 5
Changes in Long-Term Liabilities

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
Bonds Payable	$ 49,000,000	$ 60,000,000
Financed Purchases	1,781,345	2,087,507
Compensated Absences	1,261,122	1,288,035
Unamortized Bond Premiums	4,124,523	5,427,005
Total	$ 56,166,990	$ 68,802,547

Additional information about the School District's debt can be found in the Notes to the Basic Financial Statements.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The School District is financially stable. The School District's operating millage rate for fiscal year 2019 was 20.0 mills, which produced approximately $3.9 million per mill. The School District continues to construct new facilities and renovate existing buildings to accommodate moderate growth, implement a neighborhood school model, improve instructional spaces and reduce the number of portable classrooms district-wide. The School District plans to fund additional capital projects with the one percent local sales tax revenue approved in 2016 and with state capital outlay grants.

- The School District continues to prioritize elements of its educational program due to scarce resources. There will always be limitations to the financial aspirations of any organization. The School District leadership is constantly prioritizing where to invest funds to best align to the School District's strategic plan. The School District has converted to the Fund 150 allotment system, maximizing financial flexibility and ensuring resources are provided to children. The School District has earned an Aa 2 bond rating, which is a higher than normal rating in the state of Georgia. The School District is committed to a conservative budget approach and presents annual budgets to the public that are balanced.

- As with all school districts and public higher education institutions nationally, one challenge is setting enough funds aside for increasing health costs and other post-retirement benefits. Further complicating the issue is the uncertainty of the federal and state governments commitments to fully funding education, specifically school districts like Clarke County Board of Education which have a significant number of children who are classified as living in poverty. These complex and competing fiscal demands do not only reflect a financial challenge, but present the need for clarity and a strategic focus to fully meet the needs of all students. To that end, the School District has prioritized increasing staff in the areas of counseling and social work, preserving low class sizes in grades Kindergarten through 8th grade, and maintaining staff levels in Special Education.

- Given the current and anticipated fiscal landscapes, the School District will continue to be fiscally conservative, carefully determining the best investment of the limited funds provided by taxpayers to effectively educate the children of Clarke County. And while there are challenges, the School District benefits from Title I funding through the Community Eligibility Provision that enables all students to eat meals at no cost. Additionally, the School District qualifies for special grants and other opportunities afforded districts with children in need. The focus is on determining how to properly leverage the resources provided to significantly improve student performance.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Byron Schueneman, Interim Chief Financial Officer, Clarke County Board of Education, 500 Whitehead Road Annex, Athens, Georgia 30606. You may also email your questions to Mr. Schueneman at schuenemanb@Clarke.k12.ga.us.

CLARKE COUNTY BOARD OF EDUCATION

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CLARKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 65,293,054.85
Investments	19,931,493.36
Receivables, Net	
Interest	66,137.23
Taxes	3,788,496.23
State Government	10,122,095.78
Federal Government	4,858,131.10
Local	83,777.47
Inventories	438,469.50
Prepaid Items	25,000.00
Capital Assets, Non-Depreciable	26,824,832.03
Capital Assets, Depreciable (Net of Accumulated Depreciation)	297,344,499.88
Total Assets	428,775,987.43
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	32,758,181.00
Related to OPEB Plan	10,391,567.00
Total Deferred Outflows of Resources	43,149,748.00
LIABILITIES	
Accounts Payable	2,180,312.21
Salaries and Benefits Payable	21,317,307.26
Payroll Withholdings Payable	2,018,035.92
Interest Payable	807,466.67
Contracts Payable	1,196,823.72
Retainages Payable	1,476,006.93
Deposits and Unearned Revenues	19,431.75
Net Pension Liability	136,067,963.00
Net OPEB Liability	133,433,475.00
Long-Term Liabilities	
Due Within One Year	13,078,488.97
Due in More Than One Year	43,088,501.03
Total Liabilities	354,683,812.46
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	4,297,955.00
Related to OPEB Plan	25,639,358.00
Total Deferred Inflows of Resources	29,937,313.00
NET POSITION	
Net Investment in Capital Assets	285,358,590.62
Restricted for	
Continuation of State and Federal Programs	3,667,263.31
Debt Service	11,853,733.33
Capital Projects	22,582,916.70
Unrestricted (Deficit)	(236,157,893.99)
Total Net Position	$ 87,304,609.97

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

CLARKE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 120,738,344.67	$ -
Support Services		
Pupil Services	7,728,229.39	-
Improvement of Instructional Services	9,339,460.42	-
Educational Media Services	2,031,780.10	-
General Administration	2,671,490.41	-
School Administration	8,977,326.98	-
Business Administration	1,393,528.86	-
Maintenance and Operation of Plant	14,796,124.69	30,050.65
Student Transportation Services	11,226,371.28	332,644.97
Central Support Services	2,952,725.43	-
Other Support Services	207,629.72	-
Operations of Non-Instructional Services		
Enterprise Operations	165,037.87	98,559.54
Community Services	1,039,825.07	1,003,252.36
Food Services	9,780,906.71	121,769.49
Interest on Short-Term and Long-Term Debt	1,218,033.19	-
Total Governmental Activities	$ 194,266,814.79	$ 1,586,277.01
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Investment Earnings		
Miscellaneous		
Special Items		
Loss on Demolition and Disposal of Capital Assets		
Total General Revenues and Special Items		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

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

EXHIBIT "B"

	PROGRAM REVENUES		NET (EXPENSES)
	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
$	68,220,826.45	$ 8,203,746.65	$ (44,313,771.57)
	2,792,754.11	-	(4,935,475.28)
	4,271,977.34	-	(5,067,483.08)
	1,934,842.84	-	(96,937.26)
	3,886,495.74	4,641.18	1,219,646.51
	3,773,866.96	-	(5,203,460.02)
	39,148.37	-	(1,354,380.49)
	4,010,143.14	349,434.68	(10,406,496.22)
	1,342,497.95	77,319.58	(9,473,908.78)
	11,336.50	199,649.82	(2,741,739.11)
	48,196.23	-	(159,433.49)
	-	-	(66,478.33)
	5,198.55	-	(31,374.16)
	9,874,317.73	73,543.67	288,724.18
	-	-	(1,218,033.19)
$	100,211,601.91	$ 8,908,335.58	(83,560,600.29)
			78,450,693.93
			64,535.92
			24,754,614.00
			1,464,871.41
			1,646,229.89
			2,474,962.34
			(4,019,311.51)
			104,836,595.98
			21,275,995.69
			66,028,614.28
			$ 87,304,609.97

CLARKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 24,442,252.39	$ 40,850,641.99	$ 160.47	$ 65,293,054.85
Investments	19,931,493.36	-	-	19,931,493.36
Receivables, Net				
Interest	-	66,137.23	-	66,137.23
Taxes	1,771,361.10	2,017,135.13	-	3,788,496.23
State Government	10,122,095.78	-	-	10,122,095.78
Federal Government	4,858,131.10	-	-	4,858,131.10
Local	83,777.47	-	-	83,777.47
Inventories	438,469.50	-	-	438,469.50
Prepaid Items	25,000.00	-	-	25,000.00
Total Assets	$ 61,672,580.70	$ 42,933,914.35	$ 160.47	$ 104,606,655.52
LIABILITIES				
Accounts Payable	$ 2,026,858.44	$ 153,453.77	$ -	$ 2,180,312.21
Salaries and Benefits Payable	21,317,307.26	-	-	21,317,307.26
Payroll Withholdings Payable	2,018,035.92	-	-	2,018,035.92
Contracts Payable	-	1,196,823.72	-	1,196,823.72
Retainages Payable	-	1,476,006.93	-	1,476,006.93
Deposits and Unearned Revenue	19,431.75	-	-	19,431.75
Total Liabilities	25,381,633.37	2,826,284.42	-	28,207,917.79
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	810,663.91	-	-	810,663.91
FUND BALANCES				
Nonspendable	463,469.50	-	-	463,469.50
Restricted	3,380,041.54	40,107,629.93	160.47	43,487,831.94
Committed	645,384.14	-	-	645,384.14
Assigned	3,635,579.48	-	-	3,635,579.48
Unassigned	27,355,808.76	-	-	27,355,808.76
Total Fund Balances	35,480,283.42	40,107,629.93	160.47	75,588,073.82
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 61,672,580.70	$ 42,933,914.35	$ 160.47	$ 104,606,655.52

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

CLARKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")			$ 75,588,073.82
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Land	$	2,630,096.61	
Construction in progress		24,194,735.42	
Buildings and improvements		369,150,636.02	
Equipment		20,084,212.17	
Land improvements		1,750,352.54	
Accumulated depreciation		(93,640,700.85)	324,169,331.91
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liability	$	(136,067,963.00)	
Net OPEB liability		(133,433,475.00)	(269,501,438.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.			
Related to pensions	$	28,460,226.00	
Related to OPEB		(15,247,791.00)	13,212,435.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.			810,663.91
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.			
Bonds payable	$	(49,000,000.00)	
Accrued interest payable		(807,466.67)	
Energy efficiency leases		(1,781,344.54)	
Compensated absences payable		(1,261,121.95)	
Unamortized bond premiums		(4,124,523.51)	(56,974,456.67)
Net position of governmental activities (Exhibit "A")			$ 87,304,609.97

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

CLARKE COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	$ 78,270,125.13	$ -	$ -	$ 78,270,125.13
Sales Taxes	1,464,871.41	24,754,614.00	-	26,219,485.41
State Funds	73,290,001.11	8,831,016.00	-	82,121,017.11
Federal Funds	27,306,779.13	-	-	27,306,779.13
Charges for Services	1,586,277.01	-	-	1,586,277.01
Investment Earnings	795,982.72	850,247.17	-	1,646,229.89
Miscellaneous	2,474,962.34	-	-	2,474,962.34
Total Revenues	185,188,998.85	34,435,877.17	-	219,624,876.02
EXPENDITURES				
Current				
Instruction	112,496,460.77	-	-	112,496,460.77
Support Services				
Pupil Services	7,815,296.25	-	-	7,815,296.25
Improvement of Instructional Services	9,427,718.45	-	-	9,427,718.45
Educational Media Services	2,049,145.38	-	-	2,049,145.38
General Administration	2,696,226.05	-	-	2,696,226.05
School Administration	9,119,788.59	-	-	9,119,788.59
Business Administration	1,413,221.74	-	-	1,413,221.74
Maintenance and Operation of Plant	14,490,151.07	-	-	14,490,151.07
Student Transportation Services	10,082,331.09	386,524.00	-	10,468,855.09
Central Support Services	2,743,538.76	-	-	2,743,538.76
Other Support Services	203,665.06	-	-	203,665.06
Enterprise Operations	241,916.45	-	-	241,916.45
Community Services	1,039,844.24	-	-	1,039,844.24
Food Services Operation	9,633,127.76	-	-	9,633,127.76
Capital Outlay	102,626.13	45,601,979.74	-	45,704,605.87
Debt Services				
Principal	306,162.03	-	11,000,000.00	11,306,162.03
Interest	43,114.29	-	2,587,400.00	2,630,514.29
Total Expenditures	183,904,334.11	45,988,503.74	13,587,400.00	243,480,237.85
Revenues over (under) Expenditures	1,284,664.74	(11,552,626.57)	(13,587,400.00)	(23,855,361.83)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	13,587,400.00	13,587,400.00
Transfers Out	-	(13,587,400.00)	-	(13,587,400.00)
Total Other Financing Sources (Uses)	-	(13,587,400.00)	13,587,400.00	-
Net Change in Fund Balances	1,284,664.74	(25,140,026.57)	-	(23,855,361.83)
Fund Balances - Beginning	34,195,618.68	65,247,656.50	160.47	99,443,435.65
Fund Balances - Ending	$ 35,480,283.42	$ 40,107,629.93	$ 160.47	$ 75,588,073.82

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

CLARKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")		$ (23,855,361.83)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 42,676,888.57	
Depreciation expense	(8,236,237.22)	34,440,651.35
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(4,019,311.51)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		245,104.72
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Bond principal retirements	$ 11,000,000.00	
Energy efficiency leases	306,162.03	11,306,162.03
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.		
Pension expense	$ 2,609,793.19	
OPEB expense	(890,437.00)	1,719,356.19
Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.		1,412,481.10
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		26,913.64
Change in net position of governmental activities (Exhibit "B")		$ 21,275,995.69

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

CLARKE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

EXHIBIT "G"

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 162,200.52
LIABILITIES	
Funds Held for Others	$ 162,200.52

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE STATEMENTS:

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), bond proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

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

BASIS OF ACCOUNTING

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

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

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

matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2019, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The adoption of this statement did not have an impact on the School District's financial statements.

In fiscal year 2019, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The School District included additional information in the Long-Term Liabilities note disclosure.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

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

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

RECEIVABLES

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

INVENTORIES

Consumable Supplies Inventory

Inventories of consumable supplies are reported at cost using weighted average method. The School District uses the consumption method to account for inventories whereby consumable supplies are recorded as an asset when purchased and expenses are recorded as the inventory items are used.

Food Inventories

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

PREPAID ITEMS

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

CAPITAL ASSETS

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	$ 5,000.00	15 to 99 years
Buildings and Improvements	$ 5,000.00	Up to 99 years
Equipment	$ 5,000.00	3 to 10 years
Intangible Assets	$ 100,000.00	Individually Determined

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

COMPENSATED ABSENCES

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

Vacation leave of 15 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 60 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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

LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

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

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

PENSIONS

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

FUND BALANCES

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

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

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

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

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

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

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

USE OF ESTIMATES

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

PROPERTY TAXES

The Clarke County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on July 6, 2018 (levy date) based on property values as of January 1, 2018. Taxes were due on October 20, 2018 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. The Clarke County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations amounted to $77,367,264.70.

The tax millage rate levied for the 2018 tax year (calendar year) for the School District was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	20.00 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $838,324.51 during fiscal year ended June 30, 2019.

SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $24,754,614.00 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

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

The Superintendent is authorized by the Board to approve adjustments of less than ten percent (10%) of the amount budgeted for expenditures in any budget function for any fund. The Superintendent will report to the Board concerning such adjustments not later than the next regular meeting of the Board. If at any time during the budget year, expenditures of funds in any budget function for any fund is anticipated to exceed by ten percent (10%) or more the amended budget for that function in the Board approved budget, the Superintendent is directed to request a budget amendment by the Board to authorize the additional anticipated expenditures. Under no circumstances is the Superintendent or other staff authorized to spend funds that exceed the total budget as approved by the Board of Education.

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

NOTE 4: DEPOSITS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

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

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

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

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

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

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

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

The School District participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in amount of up to 125% if economic or financial conditions warrant. The program lists the types of eligible collateral. The OST approves authorized custodians.

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2019, the School District had deposits with a carrying amount of $65,455,255.37, and a bank balance of $66,904,482.14. The bank balances insured by Federal depository insurance were $500,000.00, and the bank balances included in the State's Secure Deposit Program (SDP) were $66,404,482.14.

CATEGORIZATION OF INVESTMENTS

At June 30, 2019, the School District had the following investments:

Investment Type	Fair Value	Investment Maturity Less Than 1 Year
Debt Securities		
U. S. Treasuries	$ 19,931,493.36	$ 19,931,493.36

Fair Value of Investments

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

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

The School District has the following recurring fair value measurements as of June 30, 2019:

U.S. Treasuries of $19,931,493.36 are valued using quoted market prices. (Level 1 inputs)

Interest Rate Risk

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

Custodial Credit Risk

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

At June 30, 2019, $19,931,493.36 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2018	Increases	Decreases	Balances June 30, 2019
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 2,630,096.61	$ -	$ -	$ 2,630,096.61
Construction in Progress	36,351,849.42	41,752,688.69	53,909,802.69	24,194,735.42
Total Capital Assets Not Being Depreciated	38,981,946.03	41,752,688.69	53,909,802.69	26,824,832.03
Capital Assets Being Depreciated				
Buildings and Improvements	323,315,080.08	53,909,802.69	8,074,246.75	369,150,636.02
Equipment	19,726,638.35	872,099.88	514,526.06	20,084,212.17
Land Improvements	1,698,252.54	52,100.00	-	1,750,352.54
Less Accumulated Depreciation for:				
Buildings and Improvements	74,663,998.54	6,878,290.18	4,095,901.89	77,446,386.83
Equipment	14,191,142.09	1,314,642.98	473,559.41	15,032,225.66
Land Improvements	1,118,784.30	43,304.06	-	1,162,088.36
Total Capital Assets, Being Depreciated, Net	254,766,046.04	46,597,765.35	4,019,311.51	297,344,499.88
Governmental Activities Capital Assets - Net	$ 293,747,992.07	$ 88,350,454.04	$ 57,929,114.20	$ 324,169,331.91

Current year depreciation expense by function is as follows:

Instruction		$ 6,857,052.38
Support Services		
General Administration	$ 3,879.31	
Maintenance and Operation of Plant	292,072.88	
Student Transportation Services	854,885.51	
Central Support Services	166,876.10	1,317,713.80
Food Services		61,471.04
		$ 8,236,237.22

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	$ 13,587,400.00

Transfers are used to move sales tax revenues collected by the capital projects fund to the debt service fund for payment of general obligation bonds.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
General Obligation (G.O.) Bonds	$ 60,000,000.00	$ -	$ 11,000,000.00	$ 49,000,000.00	$ 11,450,000.00
Unamortized Bond Premiums	5,427,004.61	-	1,302,481.10	4,124,523.51	1,302,481.10
Financed Purchases	2,087,506.57	-	306,162.03	1,781,344.54	313,007.87
Compensated Absences	1,288,035.59	622,425.14	649,338.78	1,261,121.95	13,000.00
	$ 68,802,546.77	$ 622,425.14	$ 13,257,981.91	$ 56,166,990.00	$ 13,078,488.97

The School District's outstanding bond from direct placement related to governmental activities of $49,000,000.00 contain a provision that in an event of nonpayment, the paying agent will notify the State of Georgia Department of Education to withhold state appropriations.

The School District's outstanding financed purchases related to governmental activities of $1,781,344.54 contain a provision that in an event of default, outstanding amounts become immediately due if the School District is unable to make payment. Additionally, the financed purchases contain a provision that should the School District fail to budget, appropriate, or otherwise make available funds to pay rental payments the agreement shall be deemed terminated at the end of the renewal term, and the School District shall cease to use the equipment and peaceably remove and deliver the equipment to the lessor at the School District's expense to the location(s) specified by the lessor.

GENERAL OBLIGATION DEBT OUTSTANDING

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

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	3.00% - 5.00%	5/25/2017	9/1/2022	$ 60,000,000.00	$ 49,000,000.00

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

	General Obligation Debt		Unamortized Bond
Fiscal Year Ended June 30:	Principal	Interest	Premium
2020	$ 11,450,000.00	$ 2,136,150.00	$ 1,302,481.10
2021	11,900,000.00	1,552,400.00	1,302,481.10
2022	12,500,000.00	956,200.00	1,302,481.10
2023	13,150,000.00	328,750.00	217,080.21
Total Principal and Interest	$ 49,000,000.00	$ 4,973,500.00	$ 4,124,523.51

OBLIGATIONS UNDER FINANCED PURCHASES

Energy efficiency lease agreements dated March 5, 2014 and June 15, 2016 were executed by and between the School District, the lessee, and Banc Of America Public Capital Corp., the lessor. The agreements authorized the borrowing of $2,878,056.00 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the leases shall be made from the School District's general fund.

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

	Governmental Activities
Equipment	$ 81,336.00
Less: Accumulated Depreciation	81,336.00
	$ -

Debt currently outstanding is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Equipment Leases/Purchase	2.26%	3/5/2014	11/5/2024	$ 2,200,785.00	$ 1,272,331.17
Equipment Leases/Purchase	2.10%	6/15/2016	11/5/2024	677,271.00	509,013.37
				$ 2,878,056.00	$ 1,781,344.54

The following is a schedule of total finance purchase payments:

Fiscal Year Ended June 30:	Principal	Interest
2020	$ 313,007.87	$ 36,268.45
2021	320,006.93	29,269.39
2022	327,162.66	22,113.66
2023	334,478.58	14,797.74
2024	341,958.29	7,318.03
2025	144,730.21	802.00
Total Principal and Interest	$ 1,781,344.54	$ 110,569.27

COMPENSATED ABSENCES

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

NOTE 8: RISK MANAGEMENT

INSURANCE

Commercial Insurance

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

Georgia School Boards Association Risk and Insurance Management System

The School District participates in the Georgia School Boards Association Risk and Insurance Management System (the System), a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the System for its general insurance coverage. Additional coverage is provided through agreements by the System with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the System varies by line of coverage.

WORKERS' COMPENSATION

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), 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 School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of $550 thousand 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 $550 thousand loss per occurrence, up to $2.0 million. In addition to the $550,000.00 per occurrence retention, the Fund also retains an additional $200,000.00 per year corridor retention.

UNEMPLOYMENT COMPENSATION

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2018	$ -	$ 9,661.16	$ 9,661.16	$ -
2019	$ -	$ 4,356.00	$ 4,356.00	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 250,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2019:

Nonspendable		
Inventories	$ 438,469.50	
Prepaid Assets	25,000.00	$ 463,469.50
Restricted		
Continuation of Federal Programs	$ 3,380,041.54	
Capital Projects	27,446,590.40	
Debt Service	12,661,200.00	43,487,831.94
Committed		
School Activity Accounts		645,384.14
Assigned		
After School Program	$ 380,642.08	
Local Capital Outlay Projects	23,448.96	
Local Programs	3,231,488.44	3,635,579.48
Unassigned		27,355,808.76
Fund Balance, June 30, 2019		$ 75,588,073.82

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

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

NOTE 10: BROADBAND SPECTRUM LEASE

Effective April 10, 2008, the School District entered into a 30-year lease agreement with Clearwire Spectrum Holdings for the lease of excess spectrum capacity on Education Broadband Service licenses currently held by School District. These licenses were granted to the School District by the Federal Communications Commission. The lease agreement requires monthly lease payments over the term of the lease, of which $32,400.00 was recognized during fiscal year 2019 as a general revenue on the Statement of Activities.

NOTE 11: SIGNIFICANT COMMITMENTS

COMMITMENTS UNDER CONSTRUCTION CONTRACTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2019, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2019 (2)	Funding Available From State (1)
Hilsman Middle School	$ 2,618,652.93	$ 23,217,853.94	$ 574,115.00

(1) The amounts described are not reflected in the basic financial statements.

(2) Payments include contracts and retainages payable at year end.

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

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

LITIGATION

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

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

Plan Description: Certified teachers and non-certified public school employees of the School District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits Provided: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $5,723,393.00 for the year ended June 30, 2019. 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, 2019, the School District reported a liability of $133,433,475.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the School District's proportion was 1.049856%, which was an increase of 0.002157% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of $6,613,830.00. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,035,086.00
Changes of assumptions	-	22,604,272.00
Net difference between projected and actual earnings on OPEB plan investments	180,535.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	4,487,639.00	-
School District contributions subsequent to the measurement date	5,723,393.00	-
Total	$ 10,391,567.00	$ 25,639,358.00

School District contributions subsequent to the measurement date 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2020	$ (3,969,421.00)
2021	$ (3,969,421.00)
2022	$ (3,969,421.00)
2023	$ (3,980,207.00)
2024	$ (3,534,761.00)
Thereafter	$ (1,547,953.00)

Actuarial assumptions: The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 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, 2018:

OPEB:

Inflation	2.75%
Salary increases	3.25% - 9.00%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.50%
Medicare Eligible	5.50%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	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 TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 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.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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.

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. During fiscal year 2018, the School OPEB fund updated their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	(0.50)%
Domestic Stocks -- Large Cap	37.20%	9.00%
Domestic Stocks -- Mid Cap	3.40%	12.00%
Domestic Stocks -- Small Cap	1.40%	13.50%
Int'l Stocks - Developed Mkt	17.80%	8.00%
Int'l Stocks - Emerging Mkt	5.20%	12.00%
Alternatives	5.00%	10.50%
Total	100.00%	

*Net of Inflation

Discount rate: The discount rate has changed since the prior measurement date from 3.58% to 3.87%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.87% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% 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 2118. 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 2018. Therefore, the calculated discount rate of 3.87% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what the School 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 (2.87%) or 1 percentage-point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
School District's proportionate share of the Net OPEB Liability	$ 155,808,462.00	$ 133,433,475.00	$ 115,390,390.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB Liability	$ 112,178,597.00	$ 133,433,475.00	$ 160,596,427.00

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

NOTE 14: RETIREMENT PLANS

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

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional

amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2019. The School District's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School District payroll, of which 20.84% of payroll was required from the School District and 0.06% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $18,471,698.67 and $51,798.75 from the School District and the State, respectively.

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

Contributions: Member contributions under the old plan are 4% of annual compensation, up to $4,200.00, plus 6% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's required contribution rate for the year ended June 30, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.66% of annual covered payroll of new and old plan members and 21.66% of GSEPS members, plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $101,373.33 for the current fiscal year.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of $15.00, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $349,664.00.

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

At June 30, 2019, the School District reported a liability of $136,067,963.00 for its proportionate share of the net pension liability for TRS ($135,548,000.00) and ERS ($519,963.00).

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

School District's proportionate share of the net pension liability	$	135,548,000.00
State of Georgia's proportionate share of the net pension liability associated with the School District		358,064.00
Total	$	135,906,064.00

The net pension liability for TRS and ERS was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2018.

At June 30, 2018, the School District's TRS proportion was 0.730239%, which was an increase of 0.006340% from its proportion measured as of June 30, 2017. At June 30, 2018, the School District's ERS proportion was 0.012648%, which was an increase of 0.002280% from its proportion measured as of June 30, 2017.

At June 30, 2019, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $2,020,944.00.

The PSERS net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2018.

For the year ended June 30, 2019, the School District recognized pension expense of $15,485,355.00 for TRS, $100,910.00 for ERS and $467,922.00 for PSERS and revenue of ($374,318.00) for TRS and $467,922.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,973,469.00	$ 279,368.00	$ 16,172.00	$ -
Changes of assumptions	2,045,370.00	-	24,497.00	-
Net difference between projected and actual earnings on pension plan investments	-	3,706,145.00	-	11,982.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	3,068,898.00	300,460.00	56,703.00	-
School District contributions subsequent to the measurement date	18,471,698.67	-	101,373.33	-
Total	$ 32,559,435.67	$ 4,285,973.00	$ 198,745.33	$ 11,982.00

The School District contributions subsequent to the measurement date 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, 2020. 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
2020	$ 8,099,630.00	$ 74,652.00
2021	$ 4,204,515.00	$ 36,011.00
2022	$ (2,866,713.00)	$ (19,919.00)
2023	$ 214,259.00	$ (5,354.00)
2024	$ 150,073.00	$ -

Actuarial assumptions: The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Employees' Retirement System:

Inflation	2.75%
Salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Public School Employees Retirement System:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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

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

Discount rate: The discount rate used to measure the total TRS pension liability was 7.50%. The discount rate used to measure the total ERS and PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50% and 7.30%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50% and 6.30%) or 1-percentage-point higher (8.50% and 8.30%) 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	$ 226,268,424.00	$ 135,548,000.00	$ 60,789,753.00

Employees' Retirement System:	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
School District's proportionate share of the net pension liability	$ 739,572.00	$ 519,963.00	$ 332,852.00

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

NOTE 15: TAX ABATEMENTS

The School District property tax revenues were reduced by $856,427.44 under agreements entered into by Athens-Clarke County Economic Development Authority 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 Clarke County. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 100 percent property tax abatement to a manufacturing plant relocating and increasing employment. The abatement amounted to $366,013.79.
- A 100 percent property tax abatement to a supermarket store and increasing employment. The abatement amounted to $138,278.34.
- A 100 percent property tax abatement to a pharmaceutical plant relocating and increasing employment. The abatement amounted to $92,917.10.

NOTE 16: SPECIAL ITEMS

The School District incurred a net loss in the amount of $4,019,311.51 on the demolition and disposal of capital assets. Buildings and building improvements with a carrying value of $3,978,344.86 were disposed as part of the School District's plan to demolish and rebuild Hilsman Middle School. The School District also disposed of equipment with a carrying value of $40,966.65. This activity is reported as special items on the Statements of Activities.

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

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.730239%	$ 135,548,000.00	$ 358,064.00	$ 135,906,064.00	$ 87,228,717.46	155.39%	80.27%
2018	0.723899%	$ 134,538,859.00	$ 1,169,202.00	$ 135,708,061.00	$ 84,048,383.81	160.07%	79.33%
2017	0.708165%	$ 146,102,336.00	$ 2,939,521.00	$ 149,041,857.00	$ 79,118,748.30	184.66%	76.06%
2016	0.709882%	$ 108,072,485.00	$ 2,225,598.00	$ 110,298,083.00	$ 76,446,913.46	141.37%	81.44%
2015	0.714449%	$ 90,261,208.00	$ 1,859,172.00	$ 92,120,380.00	$ 73,548,010.23	122.72%	84.03%

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

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

SCHEDULE "2"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2019	0.012648%	$ 519,963.00	$ 318,121.43	163.45%	76.68%
2018	0.010368%	$ 421,079.00	$ 256,784.16	163.98%	76.33%
2017	0.010334%	$ 488,842.00	$ 248,205.72	196.95%	72.34%
2016	0.009988%	$ 404,654.00	$ 230,887.48	175.26%	76.20%
2015	0.009953%	$ 373,299.00	$ 245,676.27	151.95%	77.99%

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

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

SCHEDULE "3"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.00%	$ -	$ 2,020,944.00	$ 2,020,944.00	$ 8,573,114.74	N/A	85.26%
2018	0.00%	$ -	$ 1,862,435.00	$ 1,862,435.00	$ 7,291,484.26	N/A	85.69%
2017	0.00%	$ -	$ 2,433,106.00	$ 2,433,106.00	$ 7,459,662.68	N/A	81.00%
2016	0.00%	$ -	$ 1,553,512.00	$ 1,553,512.00	$ 7,021,029.38	N/A	87.00%
2015	0.00%	$ -	$ 1,311,954.00	$ 1,311,954.00	$ 6,749,075.36	N/A	88.29%

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

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

SCHEDULE "4"

Year Ended	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	1.049856%	$ 133,433,475.00	$ -	$ 133,433,475.00	$ 77,845,032.10	171.41%	2.93%
2018	1.047699%	$ 147,201,287.00	$ -	$ 147,201,287.00	$ 74,647,572.74	197.20%	1.61%

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

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

Year Ended	Contractually required contribution (1)	Contributions in relation to the contractually required contribution (1)	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2019	$ 18,471,698.67	$ 18,471,698.67	$ -	$ 88,633,867.39	20.84%
2018	$ 14,624,519.81	$ 14,624,519.81	$ -	$ 87,228,717.46	16.77%
2017	$ 11,860,743.75	$ 11,860,743.75	$ -	$ 84,048,383.81	14.11%
2016	$ 11,067,260.69	$ 11,067,260.69	$ -	$ 79,118,748.30	13.99%
2015	$ 9,847,179.98	$ 9,847,179.98	$ -	$ 76,446,913.46	12.88%
2014	$ 9,033,288.47	$ 9,033,288.47	$ -	$ 73,548,010.23	12.28%
2013	$ 8,609,968.12	$ 8,609,968.12	$ -	$ 75,459,843.29	11.41%
2012	$ 8,112,580.62	$ 8,112,580.62	$ -	$ 78,916,153.93	10.28%
2011	$ 8,272,853.67	$ 8,272,853.67	$ -	$ 80,475,230.25	10.28%
2010	$ 7,751,225.17	$ 7,751,225.17	$ -	$ 79,581,367.25	9.74%

(1) For the year 2015 and earlier, the contribution amount include payments made on-behalf of the School District employees by the Georgia Department of Education.

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2019	$ 101,373.33	$ 101,373.33	$ -	$ 409,092.68	24.78%
2018	$ 78,926.00	$ 78,926.00	$ -	$ 318,121.43	24.81%
2017	$ 63,708.15	$ 63,708.15	$ -	$ 256,784.16	24.81%
2016	$ 61,356.41	$ 61,356.41	$ -	$ 248,205.72	24.72%
2015	$ 50,702.89	$ 50,702.89	$ -	$ 230,887.48	21.96%
2014	$ 45,351.84	$ 45,351.84	$ -	$ 245,676.27	18.46%
2013	$ 24,385.08	$ 24,385.08	$ -	$ 163,658.26	14.90%
2012	$ 10,515.24	$ 10,515.24	$ -	$ 90,414.79	11.63%
2011	$ 7,731.43	$ 7,731.43	$ -	$ 74,269.26	10.41%
2010	$ 7,134.60	$ 7,134.60	$ -	$ 68,536.02	10.41%

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

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2019	$ 5,723,393.00	$ 5,723,393.00	$ -	$ 74,023,494.68	7.73%
2018	$ 5,441,305.00	$ 5,441,305.00	$ -	$ 77,845,032.10	6.99%
2017	$ 5,462,781.00	$ 5,462,781.00	$ -	$ 74,647,572.74	7.32%

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

Teachers Retirement System

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

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.

Employees' Retirement System

Changes of benefit terms:
A new benefit tier was added for members joining the System on and after July 1, 2009.
A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016.
A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.

Changes of assumptions: On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

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

Public School Employees Retirement System

Changes of assumptions: On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

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

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.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes in assumptions: June 30, 2017 valuation: the June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentage. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB fund based on their last employee payroll location: irrespective of retirement affiliation.

The discount rate was updated from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

CLARKE COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

SCHEDULE "9"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 78,668,084.00	$ 78,668,084.00	$ 78,270,125.13	$ (397,958.87)
Sales Taxes	1,100,000.00	1,100,000.00	1,464,871.41	364,871.41
State Funds	73,587,798.66	74,513,508.66	73,290,001.11	(1,223,507.55)
Federal Funds	18,239,327.95	31,353,070.10	27,306,779.13	(4,046,290.97)
Charges for Services	1,791,141.00	1,821,301.00	1,586,277.01	(235,023.99)
Investment Earnings	530,216.00	323,277.00	795,982.72	472,705.72
Miscellaneous	871,531.00	1,060,667.00	2,474,962.34	1,414,295.34
Total Revenues	174,788,098.61	188,839,907.76	185,188,998.85	(3,650,908.91)
EXPENDITURES				
Current				
Instruction	110,196,825.09	119,598,043.43	112,496,460.77	7,101,582.66
Support Services				
Pupil Services	6,219,173.84	7,417,524.07	7,815,296.25	(397,772.18)
Improvement of Instructional Services	6,160,339.42	8,636,587.58	9,427,718.45	(791,130.87)
Educational Media Services	2,097,815.00	2,136,944.00	2,049,145.38	87,798.62
General Administration	2,258,636.76	3,494,374.97	2,696,226.05	798,148.92
School Administration	9,052,262.00	9,141,819.00	9,119,788.59	22,030.41
Business Administration	1,397,285.00	1,398,883.00	1,413,221.74	(14,338.74)
Maintenance and Operation of Plant	15,310,982.00	14,928,861.00	14,490,151.07	438,709.93
Student Transportation Services	9,377,677.75	9,818,042.75	10,082,331.09	(264,288.34)
Central Support Services	2,672,082.00	2,738,705.00	2,743,538.76	(4,833.76)
Other Support Services	271,267.68	321,981.87	203,665.06	118,316.81
Enterprise Operations	-	-	241,916.45	(241,916.45)
Community Services	1,240,355.00	1,308,269.68	1,039,844.24	268,425.44
Food Services Operation	10,459,906.00	10,688,451.00	9,633,127.76	1,055,323.24
Capital Outlay	-	-	102,626.13	(102,626.13)
Debt Service	-	-	349,276.32	(349,276.32)
Total Expenditures	176,714,607.54	191,628,487.35	183,904,334.11	7,724,153.24
Excess of Revenues over (under) Expenditures	(1,926,508.93)	(2,788,579.59)	1,284,664.74	4,073,244.33
OTHER FINANCING SOURCES (USES)				
Other Sources	442,544.00	442,344.00	-	(442,344.00)
Other Uses	(442,544.00)	(442,344.00)	-	442,344.00
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,926,508.93)	(2,788,579.59)	1,284,664.74	4,073,244.33
Fund Balances - Beginning	34,110,884.86	33,409,639.53	34,195,618.68	785,979.15
Adjustments	-	(89,725.00)	-	89,725.00
Fund Balances - Ending	$ 32,184,375.93	$ 30,531,334.94	$ 35,480,283.42	$ 4,948,948.48

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $2,362,179.76 and $2,352,971.39, respectively.

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

See notes to the basic financial statements.

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	195GA324N1099	$ 2,395,886.48
National School Lunch Program	10.555	195GA324N1099	6,792,202.80
Total Child Nutrition Cluster			9,188,089.28
Forest Service Schools and Roads Cluster			
Pass-Through From National Fish and Wildlife Foundation			
Cooperative Forestry Assistance	10.664	55837	5,198.55
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	195GA324L1603	148,705.10
Total U. S. Department of Agriculture			9,341,992.93
Education, U. S. Department of			
Direct			
Impact Aid	84.041		35,554.67
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	568,487.89
Grants to States	84.027	H027A180073	2,455,704.76
Preschool Grants	84.173	H173A170081	70,943.24
Total Special Education Cluster			3,095,135.89
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A180010	146,021.01
Education for Homeless Children and Youth	84.196	S196A170011	48,708.00
English Language Acquisition State Grants	84.365	S365A170010	60,838.57
English Language Acquisition State Grants	84.365	S365A180010	130,442.02
Migrant Education - State Grant Program	84.011	S011A170011	66,195.77
Student Support and Academic Enrichment Program	84.424A	S424A170011	40,053.11
Student Support and Academic Enrichment Program	84.424A	S424A180011	331,064.12
Supporting Effective Instruction State Grants	84.367	S367A170001	271,290.98
Supporting Effective Instruction State Grants	84.367	S367A180001	504,834.45
Title I Grants to Local Educational Agencies	84.010	S010A170010	1,612,948.11
Title I Grants to Local Educational Agencies	84.010	S010A180010	7,029,513.46
Twenty-First Century Community Learning Centers	84.287	S287C170010	175,702.75
Twenty-First Century Community Learning Centers	84.287	S287C180010	750,032.71
Total Other Programs			11,167,645.06
Total U. S. Department of Education			14,298,335.62
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
Child Care and Development Block Grant	93.575		42,548.52
Other Programs			
Direct			
Head Start	93.600	04CH010666	3,446,368.77
Pass-Through From Department of Behavioral Health and Development Disabilities			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	441009060000089000	40,820.46
Total U. S. Department of Health and Human Services			3,529,737.75
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12.UNKNOWN		677,510.64
Total Expenditures of Federal Awards			$ 27,847,576.94

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Clarke County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES: GENERAL FUND	GOVERNMENTAL FUND TYPES: CAPITAL PROJECTS FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 3,489,711.85	$ -	$ 3,489,711.85
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	3,690,422.00	-	3,690,422.00
Kindergarten Program - Early Intervention Program	1,242,446.00	-	1,242,446.00
Primary Grades (1-3) Program	5,697,790.00	-	5,697,790.00
Primary Grades - Early Intervention (1-3) Program	5,149,124.00	-	5,149,124.00
Upper Elementary Grades (4-5) Program	2,596,241.00	-	2,596,241.00
Upper Elementary Grades - Early Intervention (4-5) Program	3,547,883.00	-	3,547,883.00
Middle School (6-8) Program	6,557,766.00	-	6,557,766.00
High School General Education (9-12) Program	6,167,187.00	-	6,167,187.00
Vocational Laboratory (9-12) Program	885,093.00	-	885,093.00
Students with Disabilities	11,514,996.00	-	11,514,996.00
Gifted Student - Category VI	5,972,999.00	-	5,972,999.00
Remedial Education Program	1,075,875.00	-	1,075,875.00
Alternative Education Program	451,733.00	-	451,733.00
English Speakers of Other Languages (ESOL)	2,299,382.00	-	2,299,382.00
Media Center Program	1,371,812.00	-	1,371,812.00
20 Days Additional Instruction	373,406.00	-	373,406.00
Staff and Professional Development	252,280.00	-	252,280.00
Principal Staff and Professional Development	5,000.00	-	5,000.00
Indirect Cost			
Central Administration	1,741,744.00	-	1,741,744.00
School Administration	2,910,706.00	-	2,910,706.00
Facility Maintenance and Operations	2,982,773.00	-	2,982,773.00
State Health Benefit Plan Employer Holiday	(909,090.00)	-	(909,090.00)
Charter System Adjustment	1,254,104.00	-	1,254,104.00
Categorical Grants			
Pupil Transportation			
Regular	1,077,908.00	-	1,077,908.00
Nursing Services	272,365.00	-	272,365.00
Other State Programs			
Food Services	239,467.73	-	239,467.73
Math and Science Supplements	209,156.38	-	209,156.38
Preschool Disability Services	399,797.62	-	399,797.62
Pupil Transportation - State Bonds	77,319.58	-	77,319.58
School Safety Grant	102,626.13	-	102,626.13
Teachers Retirement	51,798.75	-	51,798.75
Vocational Education	82,932.96	-	82,932.96
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	8,831,016.00	8,831,016.00
Governor's Office of Student Achievement			
Innovation Fund	55,581.11	-	55,581.11
Office of the State Treasurer			
Public School Employees Retirement	349,664.00	-	349,664.00
CONTRACT			
Human Resources, Georgia Department of			
Family Connection	50,000.00	-	50,000.00
	$ 73,290,001.11	$ 8,831,016.00	$ 82,121,017.11

See notes to the basic financial statements.

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CLARKE COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2019

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST IV							
Providing funds to pay the costs of the construction and equipping (including, without limitation, furniture, fixtures, equipment, technology infrastructure, computers and related equipment) of new school facilities, including a new elementary school on the eastside of Athens-Clarke County (to be known as Maxine P. Easom Elementary School) and a new elementary school on the westside of Athens-Clarke County to be located on West Vincent Drive; construction of, additions to, renovations of, repairs and improvements to and equipping (including, without limitation, furniture, fixtures, equipment, technology infrastructure, computers and related equipment) of existing educational buildings, properties and facilities of the School District, which may include, without limitation, existing schools/facilities including, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fowler Drive Elementary School, the facility known as the West Broad campus, Howard B. Stroud Elementary School, Judia J. Harris Elementary Charter School, the current Gaines Elementary School, the facility formerly operated as Gaines Elementary School, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W. R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School and Classic City High School - A Performance Learning Center, Athens Community Career Academy, Office of Early Learning, athletic facilities, transportation facilities (including bus driver training facilities), administrative facilities, maintenance facilities and district services facilities; energy conservation systems for School District facilities; technology upgrades and additions to School District facilities; security upgrades to School District facilities; purchase and/or lease payoff of school buses; conversion of School District facilities currently on septic systems to public sewer; acquisition and installation of computer hardware and software for administrative and educational purposes; reimbursement of the School District's expenditures for the strategic plan for facilities; acquisition of additional real and personal property, including, without limitation, improved and unimproved land and existing buildings for future school sites; and paying expenses incident thereto (including the payment of any capitalized interest), at a cost of approximately $120,000,000.00.							
Alps Road Elementary School	$ 212,900.00	$ -	$ -	$ -	$ -	$ -	Completed
Burney-Harris-Lyons Middle School	3,274,181.00	-	-	-	-	-	Completed
Cedar Shoals High School	598,255.00	-	-	-	-	-	Completed
Chase Street Elementary School	264,000.00	-	-	-	-	-	Completed
Cleveland Road Elementary School	250,000.00	-	-	-	-	-	Completed
Construction of, additions to, renovations of, repairs and improvements to and equipping (including, without limitation, furniture, fixtures, equipment, technology infrastructure, computers and related equipment); (Custodial, Kitchen and Playground equipment)	775,000.00	1,409,134.16	134,378.72	1,274,755.44	1,409,134.16	-	Completed
Construction of, additions to, renovations of, repairs and improvements to and equipping (including, without limitation, furniture, fixtures, equipment, technology infrastructure, computers and related equipment); (Meet enrollment changes)	1,038,000.00	858,530.49	-	858,530.49	858,530.49	-	Completed
Fowler Drive Elementary School	250,000.00	-	-	-	-	-	Completed
Gaines Elementary School	212,900.00	-	-	-	-	-	Completed
Judia J. Harris Elementary Charter School	143,294.00	-	-	-	-	-	Completed
Oglethorpe Avenue Elementary School	7,001,000.00	19,438,252.71	1,111,188.45	18,327,064.26	19,438,252.71	-	Completed
Technology upgrades and additions to School District facilities	16,200,000.00	10,155,273.90		10,155,273.90	10,155,273.90	-	Completed
Timothy Road Elementary School	250,000.00	-	-	-	-	-	Completed
W.R. Coile Middle School	3,274,181.00	-	-	-	-	-	Completed
	33,743,711.00	31,861,191.26	1,245,567.17	30,615,624.09	31,861,191.26	-	

See notes to the basic financial statements.

CLARKE COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2019

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST V							
Providing funds to pay the costs for the purposes of acquiring, constructing and equipping the following capital outlay projects: (a) additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fowler Drive Elementary School, the facility known as the West Broad campus, Howard B. Stroud Elementary School, Judia J. Harris Elementary School, the current Gaines Elementary School, the facility formerly operated as Gaines Elementary School and known as Old Gaines, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W. R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School and Classic City High School, Athens Community Career Academy, Early Learning Center, athletic facilities, transportation facilities (including bus driver training facilities), maintenance facilities, storage facilities (including the storage facility located on Barber Street), and administrative and services facilities; (b) new administrative and services facilities and professional and early learning facilities; (c) technology to be used at all educational and administrative facilities, including, but not limited to, classroom technology infrastructure, computers, laptops, tablets and mobile devices for students and staff, servers, wiring, wireless antennas, and other technology upgrades with necessary hardware, software, and programs; (d) real and personal property, including, but not limited to, improved or unimproved land and existing buildings for future school or administrative and services facility sites, custodial and school nutrition kitchen equipment and other furniture, fixtures and equipment; (e) security system upgrades, equipment and infrastructure to all educational and administrative facilities; (f) school buses (including installment payments); (g) sewer system upgrades to convert from septic system to public sewer; (h) building management systems; and (i) capitalized expenses incident thereto (including, but not limited to, the payment of implementation, administrative and management expenses, any capitalized interest, and reimbursements for expenditures for needs assessment for facilities); all in accordance with the facilities plans of the School District, as the same may be revised in accordance with the needs of the School District, at a cost of approximately $135,000,000.00.							
(a) Burney-Harris-Lyons Middle School	$ 10,000,000.00	$ 16,954,068.26	$ 8,338,426.67	$ 8,615,641.59	$ 16,954,068.26	$ -	Completed
(a) Cedar Shoals High School	2,000,000.00	15,243.75	15,243.75	-	-	-	1/1/2020
(a) Clarke Middle School	10,000,000.00	10,795.00	10,794.96	-	-	-	7/1/2022
(a) Hilsman Middle School	25,000,000.00	28,101,171.00	23,065,729.72	944,199.60	-	-	1/1/2020
(a) Oglethorpe Avenue Elementary School	5,000,000.00	1,500,579.44	1,500,579.44	-	1,500,579.44	-	Completed
(a) Timothy Road Elementary School	2,500,000.00	-	-	-	-	-	7/1/2022
(a) West Broad (the facility known as the West Broad campus)	6,000,000.00	12,502,875.00	-	-	-	-	7/1/2022
(a) W. R. Coile Middle School	10,000,000.00	16,064,758.02	7,598,722.38	8,466,035.64	16,064,758.02	-	Completed
(a) additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District,	8,425,000.00	-	-	-	-	-	7/1/2022
(a) additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, Alps Road Elementary School, Barnett Shoals Elementary School, David C. Barrow Elementary School, Chase Street Elementary School, Cleveland Road Elementary School, Fowler Drive Elementary School, the facility known as the West Broad campus, Howard B. Stroud Elementary School, Judia J. Harris Elementary School, the current Gaines Elementary School, the facility formerly operated as Gaines Elementary School and known as Old Gaines, Oglethorpe Avenue Elementary School, Timothy Road Elementary School, Whit Davis Elementary School, Whitehead Road Elementary School, Winterville Elementary School, Burney-Harris-Lyons Middle School, Clarke Middle School, W. R. Coile Middle School, Hilsman Middle School, Cedar Shoals High School, Clarke Central High School and Classic City High School, Athens Community Career Academy, Early Learning Center, athletic facilities, transportation facilities (including bus driver training facilities), maintenance facilities, storage facilities (including the storage facility located on Barber Street), and administrative and services facilities;	26,472,902.00	29,731,784.00	427,623.77	-	-	-	7/1/2022
(a) maintenance facilities, storage facilities.	1,700,000.00	1,700,000.00	-	-	-	-	8/1/2020
(a) athletic facilities.	2,500,000.00	2,500,000.00	169,562.35	-	-	-	7/1/2022
(c) technology to be used at all educational and administrative facilities, including, but not limited to, classroom technology infrastructure, computers, laptops, tablets and mobile devices for students and staff, servers, wiring, wireless antennas, and other technology upgrades with necessary hardware, software, and programs;	20,000,000.00	20,000,000.00	2,837,244.04	6,510,841.99	-	-	7/1/2022
(d) real and personal property, including, but not limited to, improved or unimproved land and existing buildings for future school or administrative and services facility sites, custodial and school nutrition equipment and other furniture, fixtures and equipment;	300,000.00	600,000.00	-	-	-	-	7/1/2022
(f) school buses (including installment payments); (g) sewer system upgrades to convert from septic systems to public sewer;	2,500,000.00	2,500,000.00	386,524.00	-	-	-	7/1/2022

See notes to the basic financial statements.

CLARKE COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2019

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
(i) capitalized expenses incident thereto (including, but not limited to, the payment of implementation, administrative and management expenses, any capitalized interest, and reimbursements for expenditures for needs assessments for facilities); all in accordance with the facilities plans of the School District, as the same may be revised in accordance with the needs of the School District.	$ 2,602,098.00	$ 2,602,098.00	$ 392,485.49	$ 315,069.61	$ -	$ -	7/1/2022
	135,000,000.00	134,783,372.47	44,742,936.57	24,851,788.43	34,519,405.72	-	
	$ 168,743,711.00	$ 166,644,563.73	$ 45,988,503.74	$ 55,467,412.52	$ 66,380,596.98	$ -	

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

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

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

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	$ 26,165,080.79
Current Year	2,587,400.00
Total	$ 28,752,480.79

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarke County Board of Education (School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 17, 2020.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

March 17, 2020

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Clarke County Board of Education (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

March 17, 2020

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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CLARKE COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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CLARKE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — No

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs: $835,427.31

Auditee qualified as low-risk auditee? Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.