

EARLY COUNTY
BOARD OF EDUCATION
BLAKELY, GEORGIA

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

EARLY COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	REQUIRED SUPPLEMENTARY INFORMATION	
	MANAGEMENT'S DISCUSSION AND ANALYSIS	i
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	GOVERNMENT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	4
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	5
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	6
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	7
G	STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS	8
H	STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS	9
I	NOTES TO THE BASIC FINANCIAL STATEMENTS	10
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA	29
2	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA	30
3	SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL OPEB FUND	31
4	SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF GEORGIA	32
5	SCHEDULE OF CONTRIBUTIONS – SCHOOL OPEB FUND	33
6	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	34

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EARLY COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

REQUIIRED SUPPLEMENTARY INFORMATION

7 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND 35

SUPPLEMENTARY INFORMATION

8 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 36
9 SCHEDULE OF STATE REVENUE 37
10 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS 39

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION V

MANAGEMENT’S CORRECTIVE ACTION FOR CURRENT YEAR FINDINGS

SCHEDULE OF MANAGEMENT’S CORRECTIVE ACTION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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
Early 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 Early 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 April 29, 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

April 29, 2020

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

The discussion and analysis of the Early County Board of Education's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 are as follows:

- In total, net position increased to a deficit of $6.3 million.
- General revenues accounted for $9.5 million in revenue or 35.3 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $17.3 million or 64.7 percent of total revenues of $26.8 million.
- The School District had $24.6 million in expenses related to governmental activities; however, $17.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $9.5 million were adequate to provide for these programs.
- Among major funds, the general fund had $24.9 million in revenues and other sources and $23.9 million in expenditures and other uses.
- Other sources and extraordinary items include insurance proceeds in the amount of $0.6 million related to Hurricane Michael damage and expenses of $0.5 million related to damage and losses of property and food spoilage.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Early County Board of Education as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds. The general fund is by far the most significant fund in the case of the Early County Board of Education.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Positions and the Statement of Activities

While these documents contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?". The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, all liabilities and deferred inflows of resources using the accrual

basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those net position. This change in net position is important because it tells the reader whether, 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 result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, facility conditions, required educational programs and other factors.

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

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

REPORTING THE SCHOOL DISTRICTS MOST SIGNIFICANT FUNDS

Fund Financial Statements

Although the School District uses many funds to account for a multitude of transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the capital projects fund.

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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

THE SCHOOL DISTRICT AS A WHOLE

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2019.

Table 1
Net Position
(In Thousands)

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
Assets		
Current and Other Assets	$ 9,960	$ 9,177
Capital Assets, Net	23,011	22,259
Total Assets	32,971	31,436
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plan	4,222	3,307
Related to OPEB Plan	908	699
Total Deferred Outflows of Resources	5,130	4,006
Liabilities		
Current and Other Liabilities	2,522	2,446
Net Penion Liability	19,773	19,727
Net OPEB Liability	16,969	18,553
Total Liabilities	39,264	40,726
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plan	1,429	1,411
Related to OPEB Plan	3,740	1,997
Total Deferred Inflows of Resources	5,169	3,408
Net Position		
Net Investment in Capital Assets	22,914	22,259
Restricted	2,271	2,363
Unrestricted (Deficit)	(31,517)	(33,314)
Total Net Position	$ (6,332)	$ (8,692)

Table 2 shows the changes in net position for fiscal year 2018 and 2019.

Table 2
Change in Net Assets
(In Thousands)

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
Revenues		
Program Revenues:		
Charges for Services	$ 308	$ 321
Operating Grants and Contributions	15,953	15,915
Capital Grants and Contributions	1,056	452
Total Program Revenues	17,317	16,688
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	7,562	8,200
Other Taxes	65	62
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	1,445	1,374
Other taxes	25	13
Grants and Contributions not		
Restricted to Specific Programs	96	302
Investment Earnings	51	32
Miscellaneous	210	239
Total General Revenues	9,454	10,222
Extraordinary Items	158	-
Total Revenues and Extraordinary Items	26,929	26,910
Program Expenses:		
Instruction	15,335	16,239
Support Services		
Pupil Services	1,043	894
Improvement of Instructional Services	651	756
Educational Media Services	356	485
General Administration	642	508
School Administration	1,990	2,336
Business Administration	150	164
Maintenance and Operation of Plant	1,877	1,775
Student Transportation Services	1,119	1,367
Other Support Services	12	14
Operations of Non-Instructional Services		
Food Services	1,394	1,471
Total Expenses	24,569	26,009
Increase in Net Position	$ 2,360	$ 901

Governmental Activities

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

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2018
Instruction	$ 15,335	$ 16,239	$ 2,992	$ 4,308
Support Services:				
Pupil Services	1,043	894	720	671
Improvement of Instructional Services	651	756	362	402
Educational Media Services	356	485	71	208
General Administration	642	508	(96)	(219)
School Administration	1,990	2,336	1,176	1,683
Business Administration	150	164	142	159
Maintenance of Operation of Plant	1,877	1,775	1,259	1,163
Student Transportation Services	1,119	1,367	537	835
Other Support Services	12	14	12	10
Operations of Non-Instructional Services:				
Food Services	1,394	1,471	75	101
Total Expenses	$ 24,569	$ 26,009	$ 7,250	$ 9,321

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. 20 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities general revenue support is 30 percent.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $27.5 million and expenditures and other financing uses of $26.7 million. The capital projects fund had an overall decrease of $0.2 million because the School District expended more in capital outlay. The general fund increased $1.0 million.

General Fund Budgeting 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 uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budgeted revenues of $22.6 million exceeded the original budgeted amount of $20.0 million by $2.6 million. The actual revenues and other financing sources of $25.0 million were above the final budgeted amount by $2.4 million.

The final budgeted expenditures of $24.0 million exceeded the original budgeted amount of $21.3 million by $2.7 million. The actual expenditures of $23.5 million were less than the final budgeted by $0.5 million.

General fund revenues were greater than the expenditures. The School District has made a concerted effort to raise fund balance in anticipation of future needs, and this result is evidence of their work.

Capital Assets

At the end of fiscal year 2019, the School District had $23.0 million invested in capital assets, all in governmental activities. Table 4 indicates balances at June 30, 2019.

Table 4
Capital Assets
(Net of Depreciation, in Thousands)

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
Land	$ 333	$ 333
Construction In Progress	1,963	-
Building and Improvements	18,086	18,991
Land Improvements	978	1,067
Equipment	1,651	1,868
Total	$ 23,011	$ 22,259

Current Issues

The Early County School District has faced severe financial challenges in recent years but has remained relatively stable and financially sound. The financial challenges have included rising costs in employee benefits, the continued state formula allotment reductions, a slow decline in student enrollment (FTE), and a declining local tax digest.

The School District's fiscal year 2019 millage rate is 15.734 mills. The amount of taxes collected per mill is $455,112.00.

Student enrollment is a factor in the State's education funding formula. According to the State's funding formula, student enrollment is converted to a "Full Time Equivalent (FTE)" count. As student enrollment and FTE decrease so does state funding. The student enrollment for fiscal year 2019 and the three years prior is as follows:

FY 2016	2,102
FY 2017	2,034
FY 2018	1,971
FY 2019	2,020

The School District has reduced the number of faculty and staff through normal attrition and tenured positions to help with the budget shortfall. The School District recognizes its responsibility to the taxpayers in overseeing the spending of state and local funds. The School District is striving to maintain sound fiscal management while emphasizing student achievement.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Early County School Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional information, contact Stella M. Smith, CPA, Assistant Superintendent of Business Services/Chief Financial Officer at the Early County Board of Education, 11927 Columbia Street, Blakely, Georgia 39823.

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EARLY COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 6,752,113.01
Receivables, Net	
Taxes	1,056,319.61
State Government	1,777,221.67
Federal Government	343,205.00
Inventories	31,442.62
Capital Assets, Non-Depreciable	2,296,131.46
Capital Assets, Depreciable (Net of Accumulated Depreciation)	20,714,966.36
Total Assets	32,971,399.73
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	4,221,917.78
Related to OPEB Plan	908,467.00
Total Deferred Outflows of Resources	5,130,384.78
LIABILITIES	
Accounts Payable	347,240.64
Salaries and Benefits Payable	2,057,276.86
Retainages Payable	97,377.60
Deposits and Unearned Revenues	20,266.70
Net Pension Liability	19,773,879.00
Net OPEB Liability	16,968,711.00
Total Liabilities	39,264,751.80
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	1,429,073.00
Related to OPEB Plan	3,739,696.00
Total Deferred Inflows of Resources	5,168,769.00
NET POSITION	
Net Investment in Capital Assets	22,913,720.22
Restricted for	
Continuation of Federal Programs	504,324.92
Capital Projects	1,767,372.57
Unrestricted (Deficit)	(31,517,154.00)
Total Net Position	$ (6,331,736.29)

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

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

	EXPENSES	CHARGES FOR SERVICES
GOVERNMENTAL ACTIVITIES		
Instruction	$ 15,335,258.78	$ 298,066.61
Support Services		
Pupil Services	1,042,715.09	-
Improvement of Instructional Services	651,040.58	-
Educational Media Services	355,651.49	-
General Administration	641,735.14	-
School Administration	1,990,007.00	-
Business Administration	149,599.27	-
Maintenance and Operation of Plant	1,877,497.07	-
Student Transportation Services	1,118,841.42	-
Other Support Services	11,750.00	-
Operations of Non-Instructional Services		
Food Services	1,393,714.16	10,082.79
Total Governmental Activities	$ 24,567,810.00	$ 308,149.40
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		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Extraordinary Items		
Hurricane Michael		
Total General Revenues and Extaordinary 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
$ 11,412,091.01	$ 633,058.87	$ (2,992,042.29)
322,232.85	-	(720,482.24)
289,068.47	-	(361,972.11)
284,590.00	-	(71,061.49)
731,473.25	6,336.97	96,075.08
601,424.00	212,670.43	(1,175,912.57)
8,001.96	-	(141,597.31)
607,681.43	10,456.59	(1,259,359.05)
442,411.11	139,243.42	(537,186.89)
-	-	(11,750.00)
1,253,525.79	54,809.42	(75,296.16)
$ 15,952,499.87	$ 1,056,575.70	(7,250,585.03)
		7,562,248.51
		64,663.14
		1,444,620.19
		24,573.42
		95,961.00
		50,602.45
		209,696.38
		158,043.97
		9,610,409.06
		2,359,824.03
		(8,691,560.32)
		$ (6,331,736.29)

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 5,081,216.21	$ 1,670,896.80	$ 6,752,113.01
Receivables, Net			
Taxes	921,101.93	135,217.68	1,056,319.61
State Government	1,777,221.67	-	1,777,221.67
Federal Government	343,205.00	-	343,205.00
Inventories	31,442.62	-	31,442.62
Total Assets	$ 8,154,187.43	$ 1,806,114.48	$ 9,960,301.91
LIABILITIES			
Accounts Payable	$ 308,498.73	$ 38,741.91	$ 347,240.64
Salaries and Benefits Payable	2,057,276.86	-	2,057,276.86
Retainages Payable	-	97,377.60	97,377.60
Deposits and Unearned Revenue	20,266.70	-	20,266.70
Total Liabilities	2,386,042.29	136,119.51	2,522,161.80
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	740,252.46	-	740,252.46
FUND BALANCES			
Nonspendable	31,442.62	-	31,442.62
Restricted	472,882.30	1,669,994.97	2,142,877.27
Committed	68,043.48	-	68,043.48
Unassigned	4,455,524.28	-	4,455,524.28
Total Fund Balances	5,027,892.68	1,669,994.97	6,697,887.65
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,154,187.43	$ 1,806,114.48	$ 9,960,301.91

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

EARLY 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")			$ 6,697,887.65
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	$ 333,213.12	
	Construction in progress	1,962,918.34	
	Buildings and improvements	34,809,291.86	
	Equipment	7,435,822.73	
	Land improvements	2,738,539.94	
	Accumulated depreciation	(24,268,688.17)	23,011,097.82
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Net pension liability	$ (19,773,879.00)	
	Net OPEB liability	(16,968,711.00)	(36,742,590.00)
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	$ 2,792,844.78	
	Related to OPEB	(2,831,229.00)	(38,384.22)
Taxes that are not available to pay for current period expenditures are deferred in the funds.			740,252.46
Net position of governmental activities (Exhibit "A")			$ (6,331,736.29)

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

EARLY COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES			
Property Taxes	$ 7,695,255.67	$ -	$ 7,695,255.67
Sales Taxes	24,573.42	1,444,620.19	1,469,193.61
State Funds	12,845,434.17	1,056,575.70	13,902,009.87
Federal Funds	3,209,736.16	-	3,209,736.16
Charges for Services	308,149.40	-	308,149.40
Investment Earnings	36,015.62	14,586.83	50,602.45
Miscellaneous	209,696.38	-	209,696.38
Total Revenues	24,328,860.82	2,515,782.72	26,844,643.54
EXPENDITURES			
Current			
Instruction	14,810,373.95	72,522.34	14,882,896.29
Support Services			
Pupil Services	1,081,056.67	-	1,081,056.67
Improvement of Instructional Services	677,632.54	-	677,632.54
Educational Media Services	373,558.59	-	373,558.59
General Administration	656,559.62	-	656,559.62
School Administration	1,640,821.99	-	1,640,821.99
Business Administration	156,351.23	-	156,351.23
Maintenance and Operation of Plant	1,863,521.73	-	1,863,521.73
Student Transportation Services	934,649.56	82,770.00	1,017,419.56
Other Support Services	11,750.00	-	11,750.00
Food Services Operation	1,292,167.03	-	1,292,167.03
Capital Outlay	-	2,573,559.44	2,573,559.44
Total Expenditures	23,498,442.91	2,728,851.78	26,227,294.69
Revenues over (under) Expenditures	830,417.91	(213,069.06)	617,348.85
OTHER FINANCING SOURCES			
Insurance Proceeds	630,025.50	-	630,025.50
EXTRAORDINARY ITEMS			
Damage from Hurricane Michael	(471,981.53)	-	(471,981.53)
Net Change in Fund Balances	988,461.88	(213,069.06)	775,392.82
Fund Balances - Beginning	4,039,430.80	1,883,064.03	5,922,494.83
Fund Balances - Ending	$ 5,027,892.68	$ 1,669,994.97	$ 6,697,887.65

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

EARLY 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")			$ 775,392.82
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.			
Capital outlay	$ 2,315,348.86		
Depreciation expense	(1,563,726.76)		751,622.10
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(68,344.02)
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	$ 850,612.13		
OPEB expense	50,541.00		901,153.13
Change in net position of governmental activities (Exhibit "B")			$ 2,359,824.03

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

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

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 40,939.16	$ 155,968.51
LIABILITIES		
Funds Held for Others		$ 155,968.51
NET POSITION		
Held in Trust for Private Purposes	$ 40,939.16	

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

EARLY COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
Investment Earnings	
Interest	$ 332.66
DEDUCTIONS	
Scholarships	1,250.00
Change in Net Position	(917.34)
Net Position - Beginning	41,856.50
Net Position - Ending	$ 40,939.16

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 Early 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) 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 School District reports the following fiduciary fund types:

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

BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, Capital asset acquisitions are reported as expenditures in governmental funds.

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

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 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 statement.

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 adoption of this statement did not have an impact on the School District's financial statement.

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

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

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at the

acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	ALL	N/A
Land Improvements	$ 10,000.00	15 to 30 years
Buildings and Improvements	$ 10,000.00	15 to 40 years
Equipment	$ 10,000.00	10 to 25 years
Intangible Assets	$ 100,000.00	10 to 20 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

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 Early County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on August 24, 2018 (levy date) based on property values as of January 1, 2018. Taxes were due on December 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 Early 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 $7,054,199.37

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	15.734 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $576,393.16 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 $1,444,620.19 and is to be used for capital outlay for educational purposes. 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 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 prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

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

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

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

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

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

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

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

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2019, the School District had deposits with a carrying amount of $6,949,020.68 and a bank balance of $7,579,292.39. The bank balances insured by Federal depository insurance were $276,938.46 and the bank balances collateralized with securities held by the pledging financial institution or by the pledging financial institution's trust department or agent in the School District's name were $7,302,353.93.

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	$ 333,213.12	$ -	$ -	$ 333,213.12
Construction in Progress	-	1,962,918.34	-	1,962,918.34
Total Capital Assets Not Being Depreciated	333,213.12	1,962,918.34	-	2,296,131.46
Capital Assets Being Depreciated				
Buildings and Improvements	34,739,494.86	69,797.00	-	34,809,291.86
Equipment	7,323,380.21	246,463.52	134,021.00	7,435,822.73
Land Improvements	2,702,369.94	36,170.00	-	2,738,539.94
Less Accumulated Depreciation for:				
Buildings and Improvements	15,748,027.65	975,100.19	-	16,723,127.84
Equipment	5,455,587.43	463,386.72	134,021.00	5,784,953.15
Land Improvements	1,635,367.33	125,239.85	-	1,760,607.18
Total Capital Assets, Being Depreciated, Net	21,926,262.60	(1,211,296.24)	-	20,714,966.36
Governmental Activities Capital Assets - Net	$ 22,259,475.72	$ 751,622.10	$ -	$ 23,011,097.82

Current year depreciation expense by function is as follows:

Instruction		$ 936,923.97
Support Services		
General Administration	$ 9,378.68	
School Administration	314,751.17	
Maintence and Operation of Plant	15,475.70	
Student Transportation Services	206,079.57	545,685.12
Food Services		81,117.67
		$ 1,563,726.76

NOTE 6: RISK MANAGEMENT

INSURANCE

Commercial Insurance

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

WORKERS' COMPENSATION

Georgia Education Workers' Compensation Trust

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

UNEMPLOYMENT COMPENSATION

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2018	$ -	$ 1,980.00	$ 1,980.00	$ -
2019	$ -	$ 1,155.00	$ 1,155.00	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 50,000.00
Principals	$ 1,000.00 - 2,500.00
Bookkeeper	$ 14,000.00

NOTE 7: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories		$ 31,442.62
Restricted		
Continuation of Federal Programs	$ 472,882.30	
Capital Projects	1,669,994.97	2,142,877.27
Committed		
School Activity Accounts		68,043.48
Unassigned		4,455,524.28
Fund Balance, June 30, 2019		$ 6,697,887.65

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

NOTE 8: 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)
19-649-001	$ 101,486.78	$ 1,962,918.34	$ 117,397.30

(1) The amounts described are not reflected in the basic financial statements.
(2) Payments include contracts and retainages payable at year-end.

OPERATING LEASES

The School District leases copy machines under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases(s) totaled $38,557.47 for governmental activities for the year ended June 30, 2019. The following future minimum lease payments were required under operating leases at June 30, 2019:

Year Ending	Governmental Funds
2020	$ 16,766.23

NOTE 9: 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 10: 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 $698,870.00 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 $16,968,711.00 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 0.133510%, which was an increase of 0.001458% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of $645,949.00. 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	$ -	$ 385,972.00
Changes of assumptions	-	2,874,581.00
Net difference between projected and actual earnings on OPEB plan investments	22,958.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	186,639.00	479,143.00
School District contributions subsequent to the measurement date	698,870.00	-
Total	$ 908,467.00	$ 3,739,696.00

School District contributions subsequent to the measurement date of $698,870.00 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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	$ (699,918.00)
2021	$ (699,918.00)
2022	$ (699,918.00)
2023	$ (701,289.00)
2024	$ (546,731.00)
2025	$ (182,325.00)

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	$ 19,814,134.00	$ 16,968,711.00	$ 14,674,175.00

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	$ 14,265,732.00	$ 16,968,711.00	$ 20,423,019.00

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 11: 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 O.C.G.A. §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 20.71% of payroll was required from the School District and 0.19% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $2,559,896.78 and $23,695.46 from the School District and the State, respectively.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of $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 $40,406.00.

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 $19,773,879.00 for its proportionate share of the net pension liability for TRS.

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

School District's proportionate share of the net pension liability	$	19,773,879.00
State of Georgia's proportionate share of the net pension liability associated with the School District		130,863.00
Total	$	19,904,742.00

The net pension liability for TRS 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 0.106528%, which was an increase of 0.000384% 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 $226,056.00.

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 $1,710,850.00 for TRS, and $52,340.00 for PSERS and revenue of $5,052.00 for TRS and $52,340.00 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	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,309,059.00	$ 40,754.00
Changes of assumptions	298,381.00	-
Net difference between projected and actual earnings on pension plan investments	-	540,656.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	54,581.00	847,663.00
School District contributions subsequent to the measurement date	2,559,896.78	-
Total	$ 4,221,917.78	$ 1,429,073.00

The School District contributions subsequent to the measurement date of $2,559,896.78 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 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
2020	$ 718,742.00
2021	$ 233,066.00
2022	$ (724,557.00)
2023	$ (14,320.00)
2024	$ 20,017.00

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.

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

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

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

Discount rate: The discount rate used to measure the total TRS pension liability was 7.50%. The discount rate used to measure the total 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 and PSERS pension plan's fiduciary net position was projected to be

available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the Net Pension Liability	$ 33,008,265.00	$ 19,773,879.00	$ 8,868,070.00

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 www.ers.ga.gov/formspubs/formspubs.html.

NOTE 12: EXTRAORDINARY ITEMS

The School District received insurance proceeds in the amount of $630,025.50 related to Hurricane Michael damage and losses of property and food spoilage. The School District incurred expenses for the damage to facilities and food spoilage due to Hurricane Michael in the amount of $471,981.53. The insurance proceeds and expenses have been reported as an extraordinary item on the Statement of Activities.

NOTE 13: SUBSEQUENT EVENTS

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The extent of this impact is uncertain but is expected to have negative results on financial operations, however the impact cannot be reasonably estimated at this time.

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EARLY 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	0.106528%	$ 19,773,879.00	$ 130,863.00	$ 19,904,742.00	$ 12,772,232.35	154.82%	80.27%
2018	0.106144%	$ 19,727,189.00	$ 179,720.00	$ 19,906,909.00	$ 12,298,918.04	160.40%	79.33%
2017	0.111765%	$ 23,058,366.00	$ 198,678.00	$ 23,257,044.00	$ 12,359,402.67	186.57%	76.06%
2016	0.115041%	$ 17,513,850.00	$ 121,335.00	$ 17,635,185.00	$ 12,227,403.68	143.23%	81.44%
2015	0.115169%	$ 14,550,084.00	$ 97,911.00	$ 14,647,995.00	$ 11,828,513.92	123.01%	84.03%

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

EARLY 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

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%	$ -	$ 226,056.00	$ 226,056.00	$ 625,186.87	N/A	85.26%
2018	0.00%	$ -	$ 216,467.00	$ 216,467.00	$ 595,634.03	N/A	85.69%
2017	0.00%	$ -	$ 281,158.00	$ 281,158.00	$ 603,095.88	N/A	81.00%
2016	0.00%	$ -	$ 190,721.00	$ 190,721.00	$ 712,531.38	N/A	87.00%
2015	0.00%	$ -	$ 170,734.00	$ 170,734.00	$ 776,095.03	N/A	88.29%

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

EARLY 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

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	0.133510%	$ 16,968,711.00	$ -	$ 16,968,711.00	$ 10,659,615.40	159.19%	2.93%
2018	0.132052%	$ 18,553,253.00	$ -	$ 18,553,253.00	$ 10,033,305.23	184.92%	1.61%

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

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

SCHEDULE "4"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2019	$ 2,559,896.78	$ 2,559,896.78	$ -	$ 12,362,100.70	20.71%
2018	$ 2,136,375.65	$ 2,136,375.65	$ -	$ 12,772,232.35	16.73%
2017	$ 1,738,287.61	$ 1,738,287.61	$ -	$ 12,298,918.04	14.13%
2016	$ 1,748,621.10	$ 1,748,621.10	$ -	$ 12,359,402.67	14.15%
2015	$ 1,596,836.01	$ 1,596,836.01	$ -	$ 12,227,403.68	13.06%

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

EARLY 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	$ 698,870.00	$ 698,870.00	$ -	$ 10,546,356.98	6.63%
2018	$ 694,346.00	$ 694,346.00	$ -	$ 10,659,615.40	6.51%

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.

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 of 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 percentages. 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 employer 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.

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

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 6,288,000.00	$ 6,288,000.00	$ 7,695,255.67	$ 1,407,255.67
Sales Taxes	14,000.00	14,000.00	24,573.42	10,573.42
State Funds	12,265,206.00	12,767,365.00	12,845,434.17	78,069.17
Federal Funds	1,343,299.00	3,392,694.00	3,209,736.16	(182,957.84)
Charges for Services	31,381.00	31,381.00	308,149.40	276,768.40
Investment Earnings	13,000.00	13,000.00	36,015.62	23,015.62
Miscellaneous	54,500.00	54,500.00	209,696.38	155,196.38
Total Revenues	20,009,386.00	22,560,940.00	24,328,860.82	1,767,920.82
EXPENDITURES				
Current				
Instruction	13,652,000.00	15,590,569.00	14,810,373.95	780,195.05
Support Services				
Pupil Services	631,955.00	939,005.00	1,081,056.67	(142,051.67)
Improvement of Instructional Services	417,240.00	591,744.00	677,632.54	(85,888.54)
Educational Media Services	460,300.00	460,300.00	373,558.59	86,741.41
General Administration	621,180.00	791,687.00	656,559.62	135,127.38
School Administration	1,481,300.00	1,481,300.00	1,640,821.99	(159,521.99)
Business Administration	147,550.00	154,250.00	156,351.23	(2,101.23)
Maintenance and Operation of Plant	1,689,000.00	1,689,000.00	1,863,521.73	(174,521.73)
Student Transportation Services	946,000.00	1,036,144.00	934,649.56	101,494.44
Other Support Services	11,750.00	11,750.00	11,750.00	-
Food Services Operation	1,277,434.00	1,277,434.00	1,292,167.03	(14,733.03)
Total Expenditures	21,335,709.00	24,023,183.00	23,498,442.91	524,740.09
Excess of Revenues over (under) Expenditures	(1,326,323.00)	(1,462,243.00)	830,417.91	2,292,660.91
OTHER FINANCING SOURCES				
Insurance Proceeds	-	-	630,025.50	630,025.50
EXTRAORDINARY ITEMS				
Damage from Hurricane Michael	-	-	(471,981.53)	(471,981.53)
Net Change in Fund Balances	(1,326,323.00)	(1,462,243.00)	988,461.88	2,450,704.88
Fund Balances - Beginning	4,108,043.33	4,108,043.33	4,039,430.80	(68,612.53)
Adjustments	(3,042.80)	7,913.38	-	(7,913.38)
Fund Balances - Ending	$ 2,778,677.53	$ 2,653,713.71	$ 5,027,892.68	$ 2,374,178.97

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $302,329.87 and $349,115.48, 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.

EARLY COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

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	$ 232,624.39
National School Lunch Program	10.555	195GA324N1099	961,656.17
Total U. S. Department of Agriculture			1,194,280.56
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	15,783.00
Grants to States	84.027	H027A180073	457,713.92
Preschool Grants	84.173	H173A170081	11,832.00
Preschool Grants	84.173	H173A180081	29,111.00
Total Special Education Cluster			514,439.92
Other Programs			
Direct			
School Safety National Activities	84.148		129,507.51
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A180010	37,088.00
Rural Education	84.358	S365B170010	5,842.00
Rural Education	84.358	S365B180010	38,175.91
Student Support and Academic Enrichment Program	84.424A	S424A170011	13,545.00
Student Support and Academic Enrichment Program	84.424A	S424A180011	76,495.00
Supporting Effective Instruction State Grants	84.367	S367A170001	614.00
Supporting Effective Instruction State Grants	84.367	S367A180001	90,566.59
Title I Grants to Local Educational Agencies	84.010	S010A170010	64,614.24
Title I Grants to Local Educational Agencies	84.010	S010A180010	987,875.84
Total Other Programs			1,444,324.09
Total U. S. Department of Education			1,958,764.01
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12.UNKNOWN		50,427.67
Total Expenditures of Federal Awards			$ 3,203,472.24

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 Early 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.

EARLY COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2019

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	$ 467,503.78	$ -	$ 467,503.78
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	411,601.00	-	411,601.00
Kindergarten Program - Early Intervention Program	329,000.00	-	329,000.00
Primary Grades (1-3) Program	763,059.00	-	763,059.00
Primary Grades - Early Intervention (1-3) Program	1,140,384.00	-	1,140,384.00
Upper Elementary Grades (4-5) Program	520,010.00	-	520,010.00
Upper Elementary Grades - Early Intervention (4-5) Program	668,000.00	-	668,000.00
Middle School (6-8) Program	1,251,813.00	-	1,251,813.00
High School General Education (9-12) Program	1,037,996.00	-	1,037,996.00
Vocational Laboratory (9-12) Program	482,256.00	-	482,256.00
Students with Disabilities	1,752,269.00	-	1,752,269.00
Gifted Student - Category VI	730,844.00	-	730,844.00
Remedial Education Program	596,862.00	-	596,862.00
Alternative Education Program	88,900.00	-	88,900.00
Media Center Program	240,759.00	-	240,759.00
20 Days Additional Instruction	73,143.00	-	73,143.00
Staff and Professional Development	39,526.00	-	39,526.00
Principal Staff and Professional Development	779.00	-	779.00
Indirect Cost			
Central Administration	468,870.00	-	468,870.00
School Administration	509,215.00	-	509,215.00
Facility Maintenance and Operations	487,304.00	-	487,304.00
Mid-term Adjustment Hold-Harmless	150,493.00	-	150,493.00
State Health Benefit Plan Employee Holiday	(133,245.00)	-	(133,245.00)
Categorical Grants			
Pupil Transportation			
Regular	326,515.00	-	326,515.00
Nursing Services	45,000.00	-	45,000.00
Education Equalization Funding Grant	95,961.00	-	95,961.00
Other State Programs			
Food Services	36,924.00	-	36,924.00
Math and Science Supplements	3,046.52	-	3,046.52
Preschool Disability Services	3,814.00	-	3,814.00
Pupil Transportation - State Bonds	77,220.00	-	77,220.00
School Safety grant	9,165.41	-	9,165.41
Teachers Retirement	23,695.46	-	23,695.46
Vocational Education	99,195.00	-	99,195.00
Vocational Supervisors	7,150.00	-	7,150.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	1,056,575.70	1,056,575.70
Office of the State Treasurer			
Public School Employees Retirement	40,406.00	-	40,406.00
	$ 12,845,434.17	$ 1,056,575.70	$ 13,902,009.87

See notes to the basic financial statements.

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

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
Acquiring real and personal property including HVAC - Elementary and Middle	$ 2,540,000.00	$ 2,540,000.00	$ 2,015,169.88	$ 38,420.00	$ -	$ -	December 2022
Purchase buses and system vehicles	585,000.00	585,000.00	119,519.52	48,326.42	-	-	December 2022
Purchasing technology	1,500,000.00	1,500,000.00	246,581.99	244,569.75	-	-	December 2022
Purchasing textbooks and library books	405,000.00	405,000.00	31,719.42	47,497.90	-	-	December 2022
Safety and security equipment	185,000.00	185,000.00	-	11,130.00	-	-	December 2022
Renovations, extensions, additions, and improvements to existing school facilities including playground, fine arts, and athletic facilities	3,035,500.00	3,035,500.00	158,921.00	31,425.61	-	-	December 2022
Acquiring equipment and furnishings including band instruments	249,500.00	249,500.00	59,562.37	76,464.82	-	-	December 2022
Planning for construction of new high school	1,000,000.00	1,000,000.00	-	-	-	-	December 2022
	$ 9,500,000.00	$ 9,500,000.00	$ 2,631,474.18	$ 497,834.50	$ -	$ -	

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

See notes to the basic financial statements.

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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
Early 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 Early 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 April 29, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as item FS 2019-001, that we consider to be a material weakness.

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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.*

School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

April 29, 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 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
Early County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Early 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

April 29, 2020

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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EARLY 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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EARLY 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; Aggregate Remaining Fund Information — Unmodified

Internal control over financial reporting:
- Material weakness identified? — Yes
- 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? — None Reported

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2019-001	Controls over Financial Reporting Process
Control Category:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	N/A

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

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

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

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

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

- A material audit adjustment was proposed and accepted by the School District to correctly record capital assets for construction in progress, which was increased by $1,962,918.34 for expenses not capitalized by the School District.
- The School District did not record retainages payable and the related capital outlay expenditure in the amount of $97,377.60. An audit adjustment was proposed and accepted by the School District to correctly record capital projects fund expenditures.
- Other audit adjustments and reclassification entries were proposed and accepted by the School District to properly present the financial statements, notes to the financial statements, and schedules.

Cause:
In discussing the issues with the School District, they stated this finding was caused by an oversight when the financial statements were prepared.

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

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the School District should continue to implement comprehensive preparation and/or review procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the School District's activities and operations. The School District should also consider the use of a review checklist to assist in the review process over the financial statements.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION V

MANAGEMENT'S CORRECTIVE ACTION

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ECSS *EARLY COUNTY SCHOOL SYSTEM*
Dr. Bronwyn Ragan-Martin
Superintendent

James R. Cannon, Chairman
Billy Adams
Reginald Hall
Alice L. Hutchins
Dan Williams

11927 Columbia Street
Blakely, GA 39823-1706
www.early.k12.ga.us

(229) 723-4337
FAX (229) 723-8183

CORRECTIVE ACTION PLAN – FINANCIAL STATEMENT FINDING

FS 2019-001	Controls over Financial Reporting Process
Control Catergory:	Financial Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	N/A

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

Corrective Action Plans:

We have strengthened controls over financial reporting to ensure that all required activity will be included in the financial statement information presented for the audit.

Estimated Completion Date: 6/30/20

Contact Person: Stella M. Smith, CPA Assistant Superintendent/CFO
Phone: (229) 723-4337
Fax: (229) 723-8183
E-mail: smsmith@early.k12.ga.us

Superintendent

No person shall be denied employment or excluded from participation in/or denied benefits of, or be subject to discrimination under any program or activity on the grounds of race, color, national origin, sex, or disability. Complaints with regard to this policy shall be referred to Mrs. Stella Smith (ECSS Compliance Coordinator) at 723-4337.