



# ANNUAL FINANCIAL REPORT

**RICHMOND COUNTY BOARD OF EDUCATION**

AUGUSTA, GA

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2019**

(Including Independent Auditors' Report)

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## **INTRODUCTORY SECTION**

Augusta is the second largest and oldest city in Georgia with a population of about 200,000. The city of Augusta was named after Princess Augusta of Saxe-Gotha-Altenburg. Situated on the bank of the Savannah River, Augusta is best known as the Garden City and home of the Masters Golf Tournament held the first full week in April. It is also known for its rich medical heritage and the Fort Gordon military installation.

The Richmond County School System was chartered as a public education system on August 23, 1872. The School System's central office is located at 864 Broad Street, Augusta, GA.

### **Vision**

The Richmond County School System will provide an equitable education for all students to prepare them for life beyond the classroom.

### **Mission**

Building a globally competitive school system that educates the whole child through teaching, learning, collaboration, and innovation

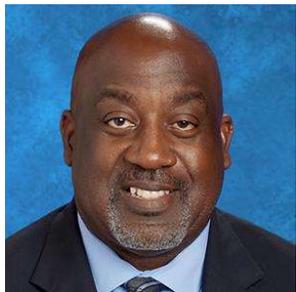
### **Motto**

Learning Today...Leading Tomorrow

### **Belief Statements**

- Every person can learn and has the right to a quality education.
- Students thrive in a positive climate and culture where they are respected and all ideas are accepted.
- Effective communication is the key to understanding among people.
- Excellence in education is a collaborative effort and shared responsibility of the individual, home, school, and community.

## SUPERINTENDENT



Dr. Kenneth Bradshaw is the Superintendent of Schools for the Richmond County School System in Augusta, GA. He holds an undergraduate degree in Business Administration from Savannah State College; a master's degree in Education Administration and Supervision from the University of West Georgia; and his doctorate in Educational Leadership from Argosy University.

As a dynamic and collaborative leader, he believes everyone in the community should play a role to positively impact the lives of students. This philosophy has successfully guided him through his over 30 years of education experience. In DeKalb County, Georgia, he served as a teacher, assistant principal, principal, and regional superintendent where increases in academic achievement followed him in every position. As the Deputy Superintendent in Richmond County, he managed the development of a multi-million-dollar partnership with Textron Specialized Vehicles (TSV) to improve the high school drop-out rate. This program has graduated nearly 150 students since its inception in 2016 and continues to be a vital support for students and their families. Prior to returning to Richmond County, he served as the Chief Operations Officer in Hamilton County, Tennessee where he greatly improved the operational effectiveness and efficiency of the district. He returned to the Richmond County School System to serve as Superintendent in September, 2019.

### **Message from the Superintendent:**

The Richmond County School System is committed to creating a world-class, globally competitive school system where all students will graduate and are college/career ready. We appreciate the support of our parents, students, staff, and community as we work every day to provide an excellent education for all children.

With a strong strategic plan as the foundation, we will move the needle on student achievement, we will provide the workforce to meet Augusta's needs, and we will impact a community where we are all happy to live and work. I truly believe it is a great time to be in Richmond County and we have many years of success ahead.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Bradshaw', written in a cursive style.

Dr. Kenneth Bradshaw  
Superintendent of Schools

## School Board Profile

The Board of Education of the City of Augusta is composed of ten citizens representing each of the city systems and each serving four-year terms. The Board of Education is a policy-making body and serves as a legislative body in the development and evaluation of policies. While the board is responsible for school programs and operations by law, it delegates some portion of that authority to the Superintendent. The board is governed by a President and a Vice-President who are elected by and from the board membership every two years on the Saturday preceding the second Thursday in January. As representatives of the people, board members are responsible for ensuring that school system operations are efficient, financially and legally sound, and focused on the best interest of Richmond County's children.



**Jimmy Atkins,  
President, District 8**



**Venus Cain,  
Vice President, District 9**



**Marion E. Barnes,  
President, District 1**



**Charlie Hannah,  
District 2**



**Walter Eubanks,  
District 3**



**Wayne Frazier,  
District 4**



**Patsy Scott,  
District 5**



**A. K. Hasan,  
District 6**



**Charlie Walker,  
District 7**



**Helen Minchew,  
District 10**

**Board Members**



**Building a world-class school system through education, collaboration, and innovation**

**STUDENT DEMOGRAPHICS**

Total Enrollment: 30,947  
Grade Range: PK-12

**SCHOOLS**

Comprehensive High Schools.....	8
Middle.....	8
Elementary.....	30
K-8 Schools.....	3
Magnet.....	4
Special.....	5

**STUDENT DEMOGRAPHICS**

American Indian/Alaskan Native.....	0.1%
Asian/Pacific Islander.....	1.1%
Black.....	74.2%
Hispanic.....	5.2%
Multi-Racial.....	3.4%
White.....	15.9%

**EMPLOYEES**

Certified.....	2,195
Non-Certified.....	1,590

**CERTIFIED PERSONNEL DATA**

Education/Certification Level of School Professional Staff

4 Yr Bachelor's.....	31%
5 Yr Master's.....	40%
6 Yr Specialist's.....	23%
Doctorate.....	6%

**SCHOOL NUTRITION**

Serves approximately 14,741 breakfasts, 23,795 lunches, 992 snacks, and 608 suppers each day.



## INDEPENDENT AUDITORS' REPORT

To the Superintendent and Members of the  
Richmond County Board of Education  
Augusta, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richmond County Board of Education, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board'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.

### **Auditors' 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 auditors' 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 auditors consider 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.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Richmond County Board of Education, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof 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, proportionate share of net pension liability, proportionate share of net OPEB liability, schedules of contributions and budgetary comparison information, on pages viii through xix and pages 42 through 52 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, which 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 Richmond County Board of Education's basic financial statements. Schedules 13 and 14 are presented for purposes of additional analysis and are 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.

Schedules 13 and 14 and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 13 and 14, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, on our consideration of the Richmond County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Richmond County Board of Education's internal control over financial reporting and compliance.

*Serotta Maddocks Evans & Co.*  
SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia  
March 10, 2020

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

## Introduction

The discussion and analysis of the Richmond County Board of Education's (subsequently referred to as the School System) financial performance provides an overall review of the School System's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School System's financial performance as a whole. Readers are encouraged to review the transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements to enhance their understanding of the School System's financial performance.

The basic financial statements are comprised of three components:

- 1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities.
- 2) Fund financial statements.
- 3) Notes to the financial statements.

## Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2019 are as follows:

On the government-wide financial statements:

- The School System maintained increased class sizes to compensate for the reductions in state funding.
- In a comprehensive tax reform bill, state legislators changed the method of taxing motor vehicles. As of March 1, 2013, the state implemented a Title Ad Valorem Tax in lieu of the state sales tax and annual vehicle ad valorem tax. The Title Ad Valorem Tax applies when ownership of the vehicle changes and applies to dealer and private sales. For the fiscal year ended June 30, 2019 the School System collected \$2.8 million in Title Ad Valorem Taxes, an increase of \$1.3 million compared to the prior fiscal year.
- On the Government-wide financial statements, the assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources by \$148.0 million at June 30, 2019. This represents an increase in net position of \$37.0 million. This total increase is due to governmental activities since the School System has no business-type activities.
- General revenues accounted for \$149.5 million or 41.5% of all revenues. Program specific revenues in the form of capital and operating grants and contributions and charges for services accounted for \$210.9 million of all revenues. Total Revenues increased by \$10.9 million. Program specific revenues increased by \$3.3 million and general revenues increased by \$7.6 million.
- The School System had \$323.5 million in expenses related to governmental activities of which \$210.9 million were offset by program specific charges for services or grants and contributions.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

- Total net position includes the following:
  - 1) Net investment in capital assets include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the construction or purchase of capital assets.
  - 2) Restricted net position of \$99.8 million, constraints which are imposed outside of the School System. This includes restrictions for debt covenants and continuance of grants, and capital projects.
  - 3) Unrestricted net deficit, net of pension and OPEB liabilities, of \$55.3 million represents the net position available to sustain the School System's continuing obligations to its citizens and creditors.

On the fund financial statements:

- The School System's General Fund reported a fund balance of \$19.2 million at June 30, 2019, which represents an increase of \$1.9 million from the prior fiscal year.

The financial highlights noted above are explained in more detail within the financial analysis section of this document.

### **Overview of the Basic Financial Statements**

This annual report consists of a series of financial statements, the government-wide, and fund statements, and notes to those statements.

The government-wide financial statements, the Statement of Net Position, and the Statement of Activities are designed to illustrate the School System as an aggregate of its financial activities and present a longer-term view of its finances. Increases or decreases to net position may provide an informative indicator of the financial position of the school system as a whole.

The next level of detail is provided by the fund financial statements. These statements reflect the short-term finances as well as the balances available for future needs. Fund financial statements are useful in assessing annual financing requirements and the commitment of existing spendable resources. The fund level statements report the School System's operations in more detail than the government-wide statements.

The notes to the financial statements serve to supplement and clarify the information contained within the financial statements and will provide the reader a more comprehensive understanding of the School System's financial position.

Figure 1 summarizes the significant features of the Richmond County Board of Education's annual financial statements and provides information on the School System's activities and the types of information found in the financial statements.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

Figure 1.  
Significant Features of the Government-Wide and Fund Level Financial Statements

	Government-wide Statements	Fund Level Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School System (excluding fiduciary funds)	The activities of the School System that are not proprietary or fiduciary. This includes instruction, support services, administration, transportation, and maintenance.	Funds for which the School System administers resources on behalf of someone else. This includes scholarships and student funds.
Required Financial Statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities(financial, capital, short-term and long-term).	Generally includes assets expected to be consumed and liabilities that are due within the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities. Includes short-term and long-term and may include capital assets.
Type of Inflow/Outflow Information	All revenues and expenditures earned or incurred during the fiscal year regardless of when cash is received or paid out.	Revenues for which cash is received during the year or soon thereafter. Expenditures for which goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid out.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

**Reporting the School System as a Whole (Government-Wide)**

Statement of Net Position and the Statement of Activities

The analysis of the School System as a whole looks at all financial transactions and enables the reader of the financial statements to ascertain whether the School System's financial position has improved or diminished. The statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This methodology is similar to the accounting of most private-sector businesses. This basis of accounting considers all the current year's revenues and expenses regardless of when cash is received or paid. There are many factors, some financial, some not, affecting the financial position of the School System. Some of these factors include the School System's property tax base, state austerity reductions, state and federal mandates that are unfunded, the age and condition of school facilities, and the economy of the area.

In the Statement of Net Position and the Statement of Activities, all of the School System's activities are reflected as governmental activities. The governmental activities of the Richmond County Board of Education are financed through taxes, state QBE funds, competitive and non-competitive grants.

The Statement of Net Position provides information about the overall financial activities of the School System; whereas, the Statement of Activities provides a comparison of direct expenses and program revenues. Direct expenses are incurred in association with a specific program or function. Program and services reported here include instruction, support services, operation and maintenance of plant, pupil transportation, food service, school activity accounts and various others.

**Reporting the School System's Most Significant Funds (Fund Financials)**

**Governmental Funds:** The fund financial statements provide detailed information about the School System's most significant funds. The School System's major governmental funds are the General Fund, Capital Projects Fund, and the Debt Service Fund.

Most of the School System's activities are reported in governmental funds which focus on how money flows into and out of these funds and the balances remaining at year-end that are available for spending in future periods. These funds are reported using an accounting methodology called modified accrual accounting. This methodology measures cash and all other financial assets that may be readily converted to cash. The fund statements offer a detailed short-term view of the School System's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources available to finance educational programs in the near future. 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 these statements.

**Fiduciary Funds:** The School System is the trustee, or fiduciary, for assets that belong to others. The School System serves as a fiduciary for school clubs and organizations within the principals' account and various scholarships.

These activities are reported in a separate statement of Fiduciary Net Position and Changes in Net Position. The School System 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. These activities have been excluded from the School System's other financial statements because the school system may not use these assets to finance its operations.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

**Reporting the School System as a Whole**

The Statement of Net Position provides the perspective of the School System as a whole.

Table 1 provides a comparative summary of the School System's net position for fiscal years 2019 and 2018.

TABLE 1  
NET POSITION  
(in Thousands)

	<u>Governmental Activities June 30, 2019</u>	<u>Governmental Activities June 30, 2018</u>
Assets		
Current and Other Assets	\$ 164,319	\$ 198,105
Capital Assets, Net	<u>633,101</u>	<u>608,787</u>
Total Assets	<u>\$ 797,420</u>	<u>\$ 806,892</u>
Deferred Outflows of Resources	62,083	52,464
Liabilities		
Current and Other Liabilities	\$ 51,323	\$ 54,343
Long-Term Liabilities	<u>586,743</u>	<u>651,457</u>
Total Liabilities	<u>\$ 638,066</u>	<u>\$ 705,800</u>
Deferred Inflows of Resources	73,415	42,518
Net Position		
Net Investment in Capital Assets	\$ 586,391	576,994
Restricted	99,825	30,284
Unrestricted	<u>(538,195)</u>	<u>(496,240)</u>
Total Net Position	<u>\$ 148,021</u>	<u>\$ 111,038</u>

The School System's net position increased \$37.0 million.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

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

TABLE 2  
CHANGE IN NET POSITION  
(in Thousands)

	<u>Governmental Activities June 30, 2019</u>	<u>Governmental Activities June 30, 2018</u>
Revenues		
Program Revenues		
Charges for Services	\$ 1,119	\$ 1,121
Operating Grants and Contributions	207,124	203,130
Capital Grants and Contributions	2,684	3,360
Total Program Revenues	<u>\$ 210,927</u>	<u>\$ 207,611</u>
General Revenues		
Taxes		
Property Taxes	\$ 94,382	\$ 91,905
Sales Tax	44,025	40,392
Grants and Contributions not Restricted	4,415	6,954
Investment Earnings	1,798	867
Miscellaneous	3,666	1,859
Gain (Loss) on Sale of Assets	1,234	(16)
Total General Revenues	<u>\$ 149,520</u>	<u>\$ 141,961</u>
Total Revenues	<u>\$ 360,447</u>	<u>\$ 349,572</u>
Program Expenses		
Instruction	\$ 174,261	193,844
Support Services		
Pupil Services	13,298	12,371
Improvement of Instruction	13,842	11,378
Educational Media Services	5,123	5,410
General Administration	3,950	3,047
School Administration	24,149	24,491
Business Administration	2,137	2,004
Maintenance and Operations of Plant	40,696	40,653
Student Transportation Services	16,368	15,821
Central Support Services	5,059	5,848
Other Support Services	1,083	1,183
Operations of Non-Instructional Services		
Community Services	8	943
Food Services	21,902	23,794
Interest on Short-Term and Long-Term Debt	1,588	1,731
Total Expenses	<u>\$ 323,464</u>	<u>\$ 342,518</u>
Change in Net Position	<u>\$ 36,983</u>	<u>\$ 7,054</u>

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

**Governmental Activities**

The Statement of Activities details the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities. It identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Cost of service comparisons are provided for fiscal years 2019 and 2018.

TABLE 3  
Governmental Activities  
(In Thousands)

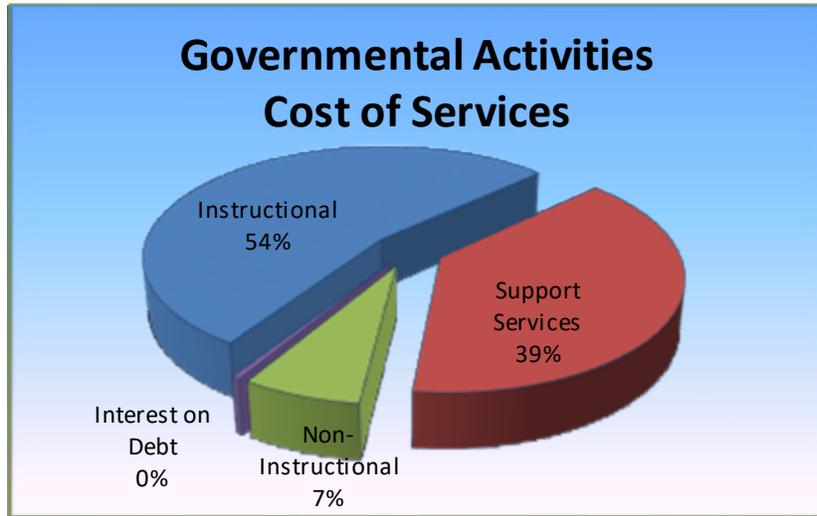
	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2019	2018	2019	2018
Instructional	\$ 174,261	\$ 193,844	\$ 37,580	\$ 54,372
Support Services				
Pupil Services	13,298	12,371	6,588	6,830
Improvement of Instruction	13,842	11,378	2,761	3,740
Educational Media Services	5,123	5,410	861	1,422
General Administration	3,950	3,047	(908)	(1,543)
School Administration	24,149	24,491	14,390	14,714
Support Services Business	2,137	2,004	2,069	1,946
Maintenance and Operation of Plant	40,696	40,653	29,165	29,256
Student Transportation	16,368	15,821	12,725	12,166
Central Support Services	5,059	5,848	4,855	5,631
Other Support Services	1,083	1,183	947	1,020
Operations of Non-Instructional Services				
Community Services	8	943	7	940
Food Services	21,902	23,794	(91)	2,682
Interest on Short-Term and Long-Term Debt	1,588	1,731	1,588	1,731
Total Expense	<u>\$ 323,464</u>	<u>\$ 342,518</u>	<u>\$ 112,537</u>	<u>\$ 134,907</u>

The State's Quality Basic Education Funding (QBE) is not sufficient to provide basic education services or to provide adequate maintenance of the School System's facilities. To provide further funding, the School System levies a millage rate of 19.965 mills in addition to a 1% Education Special Purpose Local Option Sales Tax (SPLOST) authorized by local referendum. The millage rate was approved at the rollback rate of 19.794 mills in August 2019, a decrease of .171 mills.

The net cost reflects the financial burden placed on the School System's local taxpayers. The increase in the net cost of services indicates that the School System's taxpayers have had to provide a larger percentage of the total cost of services.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

Figure 2.

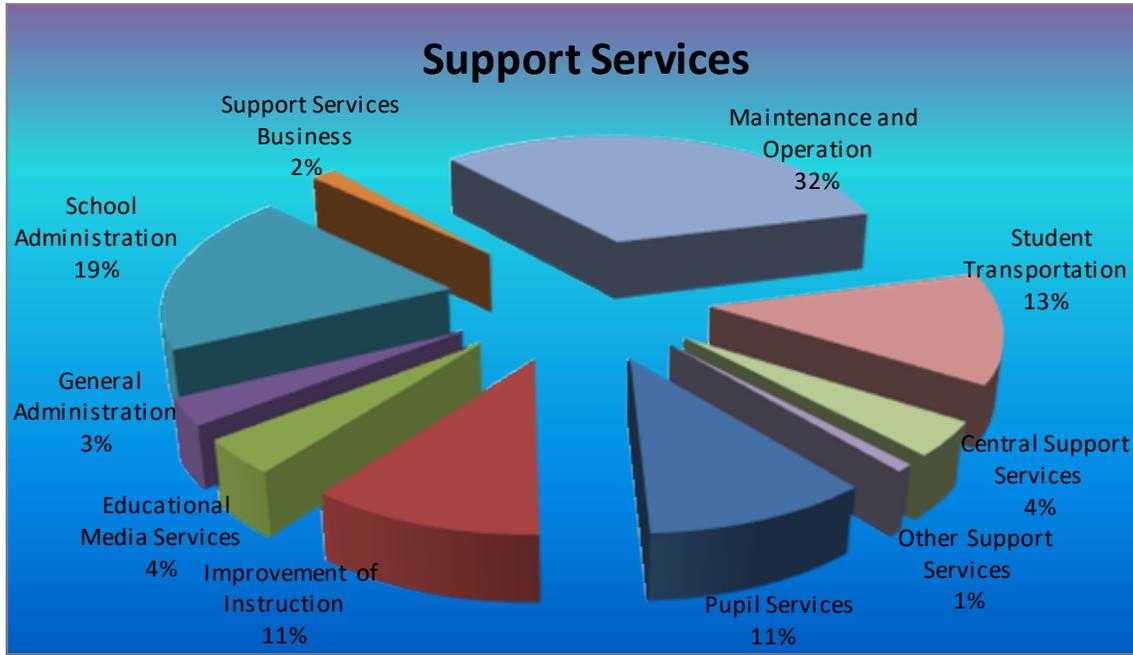


**Governmental Activities  
Comparison of Net Cost to Total Cost of Services  
(in millions)**

	Instructional	Pupil Services	Improve Instruction	Educational Media	School Admin	Business Services	Maintenance	Transportation	Food Services
Net Cost	37,580	6,588	2,761	861	14,390	2,069	29,165	12,725	-91
Total Cost	174,261	13,298	13,842	5,123	24,149	2,137	40,696	16,368	21,902

Instruction expenditures include activities related to the interaction between students and teachers. Instruction expenditures account for the largest percentage of the cost of service for governmental activities.

Figure 3.



Support services include activities that assess and supplement the teaching process, assist teachers in developing and evaluating the technique of providing instruction, operation of the educational media centers, administration of the policy of the School System, maintenance of the fiscal responsibilities of the School System, transportation costs, and upkeep of the grounds and facilities.

### The School System's Funds

The School System's funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of \$360.8 million and expenditures and other financing uses of \$392.0 million. The general fund's fund balance reflected an increase of \$1.9 million, and the capital projects funds decreased by \$33.1 million.

The general fund operation's revenues increase may be attributed to an increase in state funds and property taxes.

The capital projects fund operation's decrease is related to use of bond proceeds for the Phase 5 Bond construction projects.

### General Fund Budgeting Highlights

The School System's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. Throughout fiscal year 2019, the School System amended its general fund budget several times. Site-based budgeting is used by the School System and is designed to tightly control total site budgets but allow some management flexibility. The School System's top management monitors a detailed report comparing actual revenues and expenditures to budget on a monthly basis.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

Site management has access to this information on a demand basis through a report available using the School System's accounting software.

For the general fund, the final budgeted revenues of \$321.4 million exceeded the original budget of \$311.0 million by \$10.4 million. Actual revenues were less than budgeted revenues by \$8.5 million. In FY 2019, the School System experienced a reduction of Quality Basic Education (QBE) funding due to a decrease in equalization and an increase the School System's local 5 mil share. Throughout the year, the School System made a concerted effort to reduce expenditures and was successful in mitigating the loss of funding through the reduction of spending. The actual expenditures were \$15.6 million less than the final budgeted amount. The significant difference in the comparison of the budget to actual expenditures is the result of many of the federal program funds being budgeted for periods exceeding the fiscal year or crossing two fiscal years. The actual fund balance increased by \$1.9 million.

**Capital Assets and Debt Administration**

At the end of fiscal year 2019, the School System had capital assets of \$633.1 million, net of accumulated depreciation.

The primary increase occurred in construction work in progress. Due to funding from a Special Purpose Local Option Sales Tax and a bond issue, the School System is building and renovating numerous schools.

Table 4 shows comparative statements for 2019 and 2018.

TABLE 4  
CAPITAL ASSETS  
(Net of Depreciation, in Thousands)

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2018
Land	\$ 16,408	\$ 16,159
Construction Work in Progress	45,996	60,908
Works of Art	42	42
Building and Building Improvements	539,944	497,200
Equipment	18,786	21,576
Land Improvements	11,925	12,902
Total Capital Assets, Net of Depreciation	<u>\$ 633,101</u>	<u>\$ 608,787</u>

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

**Debt**

At June 30, 2019, the School System had \$106.8 million in general obligation bonds, with \$25.8 million due within one year. Debt comparisons between fiscal year 2019 and 2018 are shown below.

TABLE 5  
DEBT  
(in Thousands)

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2018
General Obligation Bonds	\$ 106,755	\$ 131,230
Compensated Balances	1,749	2,503
Unamortized Bond Premium	6,725	10,627
<b>Total Debt</b>	<b>\$ 115,229</b>	<b>\$ 144,360</b>

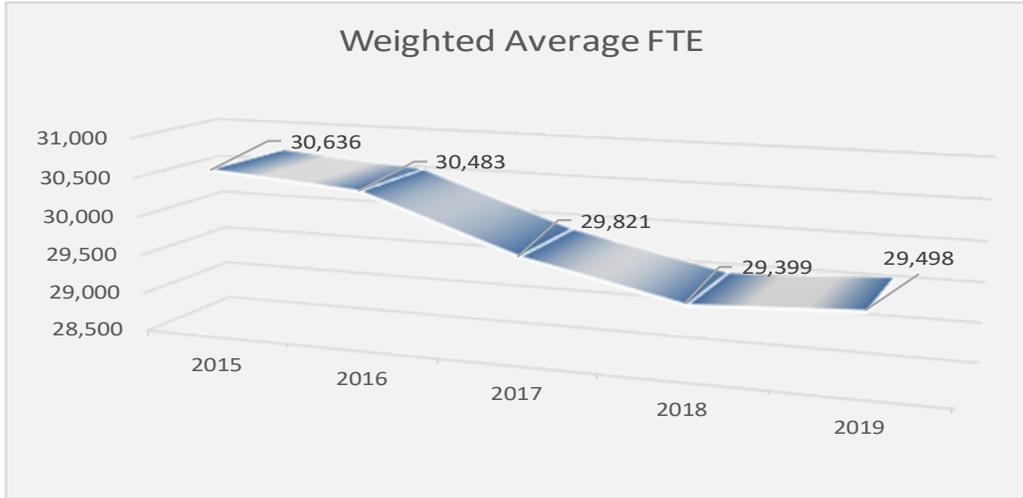
**Current Issues**

The Richmond County Board of Education has maintained its economic stability by budgeting conservatively and monitoring its expenditures. Areas of concern are the State of Georgia's continued amended formula reduction to the QBE funding formula, the rising costs in employee benefits and declining student growth.

Student enrollment is the driving factor in the State's education funding formula. Student enrollment is converted to a "Full Time Equivalent" (FTE) for funding purposes. As student enrollment and FTE decrease so does State funding.

The School System showed a decrease in the weighted average of full time equivalent students. From 2018 to 2019 the weighted average of full time equivalent students increased by 99 students. The figure shown below shows the trend in the School System's enrollment over the past five years.

RICHMOND COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019



The amended formula adjustment was eliminated in FY2019. The School System has maintained classroom size waivers and made certain efforts to reduce operating expenses to help offset the reduction in state funding; however, benefit costs continue to increase with increases in medical insurance and pension contribution rate increases.

**Contacting the School System's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School System's finances and to reflect the School System's accountability for the funds it receives. For questions about this report or additional financial information, please contact the Chief Financial Officer or the Director of Budget and Finance, Richmond County Board of Education, 864 Broad Street, Augusta, GA 30901.

RICHMOND COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2019

EXHIBIT "A"

		GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	124,762,415
Investments		120,768
Receivables, Net		
Taxes		7,976,775
State Government		23,145,930
Federal Government		6,555,769
Other		444,955
Notes Receivable		150,000
Inventories		1,048,735
Prepaid Items		103,264
Other Current Assets		10,500
Capital Assets, Non-Depreciable		62,445,801
Capital Assets, Depreciable (Net of Accumulated Depreciation)		570,654,808
Total Assets		797,419,720
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		53,016,251
Related to OPEB Plan		9,066,405
Total Deferred Outflows of Resources		62,082,656
<u>LIABILITIES</u>		
Accounts Payable		3,023,880
Salaries and Benefits Payable		35,254,063
Claims Incurred but not Reported (IBNR)		2,835,342
Interest Payable		1,304,103
Contracts Payable		6,282,416
Retainages Payable		2,607,666
Deposits and Unearned Revenues		16,000
Net Pension Liability		249,387,582
Net OPEB Liability		222,126,130
Long-Term Liabilities		
Due Within One Year		28,811,047
Due in More Than One Year		86,417,929
Total Liabilities		638,066,158
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		21,738,666
Related to OPEB Plans		51,676,488
Total Deferred Inflows of Resources		73,415,154
<u>NET POSITION</u>		
Net Investment in Capital Assets		586,390,698
Restricted for		
Continuation of Federal Programs		2,711,738
Debt Service		28,950,592
Capital Projects		68,162,669
Unrestricted Deficit		(538,194,633)
Total Net Position	\$	148,021,064

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

RICHMOND COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED June 30, 2019

	EXPENSES
<u>GOVERNMENTAL ACTIVITIES</u>	
Instruction	\$ 174,261,030
Support Services	
Pupil Services	13,297,728
Improvement of Instructional Services	13,841,928
Educational Media Services	5,122,704
General Administration	3,950,300
School Administration	24,148,727
Business Administration	2,137,466
Maintenance and Operation of Plant	40,696,295
Student Transportation Services	16,368,038
Central Support Services	5,058,858
Other Support Services	1,083,127
Operations of Non-Instructional Services	
Community Services	7,799
Food Services	21,902,120
Interest on Short-Term and Long-Term Debt	1,587,944
Total Governmental Activities	\$ 323,464,064
General Revenues	
Taxes	
Property Taxes	
For Maintenance and Operations	
Railroad Cars	
Other Taxes	
Sales Taxes	
Special Purpose Local Option Sales Tax	
For Debt Service	
For Capital Projects	
Other Sales Tax	
Grants and Contributions not Restricted to Specific Programs	
Investment Earnings	
Miscellaneous	
Transfers	
Total General Revenues and Special Items	
Change in Net Position	
Net Position - Beginning of Year	
Net Position - End of Year	

CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
\$ 393,625	\$ 135,796,119	\$ 491,139	\$ (37,580,147)
-	6,629,483	80,587	(6,587,658)
-	11,081,034	-	(2,760,894)
-	4,214,117	47,250	(861,337)
-	4,858,374	41	908,115
-	9,659,882	98,632	(14,390,213)
-	67,815	96	(2,069,555)
87,837	9,934,185	1,509,502	(29,164,771)
-	3,496,854	146,195	(12,724,989)
-	138,476	65,700	(4,854,682)
-	20,342	115,516	(947,269)
-	-	944	(6,855)
637,299	21,227,240	128,736	91,155
-	-	-	(1,587,944)
<u>\$ 1,118,761</u>	<u>\$ 207,123,921</u>	<u>\$ 2,684,338</u>	<u>(112,537,044)</u>
			91,462,501
			118,519
			2,800,958
			30,232,400
			12,050,460
			1,742,731
			4,415,338
			1,797,874
			3,665,644
			<u>1,233,840</u>
			149,520,265
			36,983,221
			<u>111,037,843</u>
		\$	<u><u>148,021,064</u></u>

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

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 19,504,251	\$ 105,258,006	\$ 158	\$ 124,762,415
Investments	120,768	-	-	120,768
Receivables, Net				
Taxes	4,625,562	3,351,213	-	7,976,775
State Government	23,145,930	-	-	23,145,930
Federal Government	6,555,769	-	-	6,555,769
Other	444,955	-	-	444,955
Due from Other Funds	2,616,534	-	-	2,616,534
Inventories	1,048,735	-	-	1,048,735
Prepaid Items	103,264	-	-	103,264
Other Current Assets	-	10,500	-	10,500
	\$ 58,165,768	\$ 108,619,719	\$ 158	\$ 166,785,645
<u>LIABILITIES</u>				
Accounts Payable	\$ 3,023,880	\$ -	\$ -	\$ 3,023,880
Salaries and Benefits Payable	35,254,063	-	-	35,254,063
Due to Other Funds	-	2,616,534	-	2,616,534
Contracts Payable	-	6,282,416	-	6,282,416
Retainages Payable	-	2,607,666	-	2,607,666
Deposits and Unearned Revenue	16,000	-	-	16,000
	38,293,943	11,506,616	-	49,800,559
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	665,107	-	-	665,107
	665,107	-	-	665,107
<u>FUND BALANCES</u>				
Nonspendable	1,151,999	-	-	1,151,999
Restricted	2,346,303	97,113,103	158	99,459,564
Committed	1,780,114	-	-	1,780,114
Unassigned	13,928,302	-	-	13,928,302
	19,206,718	97,113,103	158	116,319,979
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 58,165,768	\$ 108,619,719	\$ 158	\$ 166,785,645

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

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C") \$ 116,319,979

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	\$	16,407,989	
Construction in progress		45,995,812	
Buildings and improvements		763,131,632	
Equipment		65,600,495	
Land improvements		24,905,918	
Works of art		42,000	
Accumulated depreciation		<u>(282,983,237)</u>	633,100,609

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	\$	(249,387,582)	
Net OPEB liability		<u>(222,126,130)</u>	(471,513,712)

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	\$	31,277,585	
Related to OPEB		<u>(42,610,083)</u>	(11,332,498)

Taxes that are not available to pay for current period expenditures are deferred in the funds.

665,107

Notes receivable on sale of land

150,000

Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	\$	(106,755,000)	
Accrued interest payable		(1,304,103)	
Compensated absences payable		(1,748,959)	
Discount on issuance of bonds		(6,725,017)	
Claims and judgments payable		<u>(2,835,342)</u>	<u>(119,368,421)</u>

Net position of governmental activities (Exhibit "A") \$ 148,021,064

RICHMOND 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	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 94,802,261	\$ -	\$ -	\$ 94,802,261
Sales Taxes	1,742,732	12,050,459	30,232,400	44,025,591
State Funds	160,267,933	2,684,338	-	162,952,271
Federal Funds	50,904,337	-	-	50,904,337
Charges for Services	1,118,761	-	-	1,118,761
Investment Earnings	381,875	1,415,996	3	1,797,874
Miscellaneous	3,665,644	-	-	3,665,644
 Total Revenues	 <u>312,883,543</u>	 <u>16,150,793</u>	 <u>30,232,403</u>	 <u>359,266,739</u>
<u>EXPENDITURES</u>				
Current				
Instruction	177,152,575	4,108,726	-	181,261,301
Support Services				
Pupil Services	13,174,494	-	-	13,174,494
Improvement of Instructional Services	14,449,843	-	-	14,449,843
Educational Media Services	5,027,432	-	-	5,027,432
General Administration	4,113,826	21,160	-	4,134,986
School Administration	24,912,878	-	-	24,912,878
Business Administration	2,252,161	-	-	2,252,161
Maintenance and Operation of Plant	28,866,936	641	-	28,867,577
Student Transportation Services	15,316,751	983,758	-	16,300,509
Central Support Services	5,023,090	-	-	5,023,090
Other Support Services	128,483	-	-	128,483
Food Services Operation	21,060,074	-	-	21,060,074
Capital Outlay	-	45,179,913	-	45,179,913
Debt Services				
Principal	-	-	24,475,000	24,475,000
Dues and Fees	-	-	2,775	2,775
Interest	-	-	5,754,625	5,754,625
 Total Expenditures	 <u>311,478,543</u>	 <u>50,294,198</u>	 <u>30,232,400</u>	 <u>392,005,141</u>
Revenues over (under) Expenditures	<u>1,405,000</u>	<u>(34,143,405)</u>	<u>3</u>	<u>(32,738,402)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Capital Assets	1,086,993	469,534	-	1,556,527
Transfers In	-	538,851	-	538,851
Transfers Out	(538,851)	-	-	(538,851)
 Total Other Financing Sources (Uses)	 <u>548,142</u>	 <u>1,008,385</u>	 <u>-</u>	 <u>1,556,527</u>
 Net Change in Fund Balances	 <u>1,953,142</u>	 <u>(33,135,020)</u>	 <u>3</u>	 <u>(31,181,875)</u>
Fund Balances - Beginning	<u>17,253,576</u>	<u>130,248,123</u>	<u>155</u>	<u>147,501,854</u>
Fund Balances - Ending	<u>\$ 19,206,718</u>	<u>\$ 97,113,103</u>	<u>\$ 158</u>	<u>\$ 116,319,979</u>

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

RICHMOND COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ (31,181,875)

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	\$ 43,464,873	
Depreciation expense	<u>(18,678,953)</u>	24,785,920

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position. (322,689)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (420,283)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

Bond principal retirements		24,475,000
Amortization on bond premium		3,901,915

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 liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Net pension expense		13,042,287
Net OPEB expense		1,263,270

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest on issuance of bonds	267,541	
Compensated absences	754,477	
Claims and judgments	<u>417,658</u>	<u>1,439,676</u>

Change in net position of governmental activities (Exhibit "B") \$ 36,983,221

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

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 47,758	\$ 896,541
Accounts Receivable		
Other	-	15,353
	47,758	15,353
Total Assets	\$ 47,758	\$ 911,894
<u>LIABILITIES</u>		
Funds Held for Others	\$ -	\$ 911,894
<u>NET POSITION</u>		
Held in Trust for Private Purposes	47,758	-
Total Liabilities and Net Position	\$ 47,758	\$ 911,894

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

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

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
<b>ADDITIONS</b>	
Investment Earnings	
Interest	\$ 1,029
<b>DEDUCTIONS</b>	
Other	\$ -
Change in Net Position	1,029
Net Position - Beginning	46,730
Net Position - Ending	\$ 47,759

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

**NOTE 1: DESCRIPTION OF SCHOOL SYSTEM AND REPORTING ENTITY**

**REPORTING ENTITY**

The Richmond County School System (School System) 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 System 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 System 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 System 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 System's accounting policies are described below.

**BASIS OF PRESENTATION**

The School System'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 System 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 System, 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 System'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 System'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 System 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 System'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 System related to the administration and support of the School System'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 System'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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The School System reports the following major governmental funds:

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

The School System 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 System 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 System 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 System 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 System considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School System considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School System 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 System'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 System 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 does not have a significant impact on the School System's financial statement.

In fiscal year 2019, the School System 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 does not have a significant impact on the School System'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 System to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

## **INVESTMENTS**

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

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

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

## **RECEIVABLES**

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

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

## **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 weighted-average basis). The School System uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

## **PREPAID ITEMS**

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

## **RESTRICTED ASSETS**

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

## **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.

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.

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 5,000	20 years
Buildings and Improvements	\$ 100,000	25 to 30 years
Equipment	\$ 5,000	5 to 30 years
Intangible Assets	\$ 1,000,000	5 years
Infrastructure	\$ 1,000,000	65 years
Vehicles	\$ 5,000	8 years
Works of Art	Any Amount	N/A

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

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

**COMPENSATED ABSENCES**

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

Vacation leave of 12 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days. Upon terminating employment, the School System pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year end.

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

**LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS**

In the School System's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

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

### PENSIONS

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

### POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

### POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (SEAD - 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 State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) plan (the Plan) and additions to/deductions from the SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by SEAD-OPEB. For this purpose, death benefits 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 System'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 System'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 System'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 Augusta-Richmond County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on September 15, 2018 (levy date) based on property values as of January 1, 2018. Taxes were due on November 15, 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 Richmond County Tax Commissioner bills and collects the property taxes for the School System, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School System. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations amounted to \$91,882,784.

Tax millage rates levied for the 2018 tax year (calendar year) for the School System were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>19.965</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$2,800,958 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 \$42,282,860 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

### **NOTE 3: BUDGETARY DATA**

The budget is a complete financial plan for the School System's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The 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 System'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 System's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

The Superintendent is authorized by the Board to approve adjustments of no more than 10% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 10% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any object at the function level that exceeds the budget by \$100,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

#### **NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS**

##### **COLLATERALIZATION OF DEPOSITS**

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

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

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

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- (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 System's deposits may not be returned to it. The School System does not have a deposit policy for custodial credit risk. At June 30, 2019, the School System had deposits with a carrying amount of \$15,013,867, and a bank balance of \$20,948,110. The bank balances insured by Federal depository insurance were \$500,000 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 System's name were \$20,439,497.

At June 30, 2019, \$20,439,497 of the School System's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	-
Uninsured with collateral held by the pledging financial institution		-
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School System's name		<u>20,439,497</u>
Total	\$	<u><u>20,439,497</u></u>

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

Cash and cash equivalents		
Statement of Net Position	\$	124,762,415
Statement of Fiduciary Net Position		<u>944,299</u>
Total cash and cash equivalents		125,706,714
Less:		
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		<u>110,692,847</u>
Total carrying value of deposits - June 30, 2019	\$	<u><u>15,013,867</u></u>

**CATEGORIZATION OF CASH EQUIVALENTS**

The School System reported cash equivalents of \$110,692,847 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2019, was 39 days.

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School System did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at [www.audits.ga.gov/SGD/CAFR.html](http://www.audits.ga.gov/SGD/CAFR.html).

**CATEGORIZATION OF INVESTMENTS**

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

Investment Type	Fair Value
Other Investments	
Equity Securities - Domestic	\$ <u>120,768</u>

**Fair Value of Investments**

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

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

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

Equity Mutual Funds - Domestic of \$120,768 are valued using quoted market prices. (Level 1 inputs)

**Interest Rate Risk**

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

**Custodial Credit Risk**

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

As of June 30, 2019, the School System did not have any investments to which this risk would apply.

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**Credit Quality Risk**

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A. §36-83-4. The School System does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

At June 30, 2019, the School System did not have any investments to which this risk would apply.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School System does not have a formal policy for managing concentration of credit risk.

At June 30, 2019, the School System did not have any investments to which this risk would apply.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The School System does not have a formal policy for managing foreign currency risk.

At June 30, 2019, the School System did not have any investments to which this risk would apply.

**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:				
Works of Art	\$ 42,000	\$ -	\$ -	\$ 42,000
Land	16,159,094	611,132	362,237	16,407,989
Construction in Progress	60,907,969	39,724,927	54,637,084	45,995,812
Total Capital Assets Not Being Depreciated	<u>77,109,063</u>	<u>40,336,059</u>	<u>54,999,321</u>	<u>62,445,801</u>
Capital Assets Being Depreciated				
Buildings and Improvements	706,555,670	56,917,874	341,912	763,131,632
Equipment	65,261,899	848,024	509,428	65,600,495
Land Improvements	24,905,918	-	-	24,905,918
Total Capital Assets Being Depreciated	<u>796,723,487</u>	<u>57,765,898</u>	<u>851,340</u>	<u>853,638,045</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	209,355,858	14,063,391	231,460	223,187,789
Equipment	43,685,817	3,637,648	509,428	46,814,037
Land Improvements	12,003,497	977,914	-	12,981,411
Total Capital Assets, Being Depreciated, Net	<u>531,678,315</u>	<u>39,086,945</u>	<u>110,452</u>	<u>570,654,808</u>
Governmental Activities Capital Assets - Net	<u>\$ 608,787,378</u>	<u>\$ 79,423,004</u>	<u>\$ 55,109,773</u>	<u>\$ 633,100,609</u>

The capital assets above include significant amounts of works of art, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost.

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Current year depreciation expense by function is as follows:

Instruction		\$		3,417,592
Support Services				
Pupil Services	\$		560,765	
Improvements of Instructional Services			-	
Educational Media Services			328,786	
General Administration			283	
School Administration			686,328	
Business Administration			669	
Maintenance and Operation of Plant			10,503,865	
Student Transportation Services			1,017,296	
Central Support Services			803,821	
Other Support Services			457,172	
Community Services			6,567	14,365,552
Food Services				895,809
				\$ 18,678,953

**NOTE 6: INTERFUND ASSETS, LIABILITIES, AND TRANSFERS**

**INTERFUND ASSETS AND LIABILITIES**

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. Interfund balances at June 30, 2019, consisted of the following:

	Due From Other Funds		Due To Other Funds
General Fund	\$ 2,616,534	\$	-
Capital Projects Fund	-		2,616,534
	\$ 2,616,534	\$	2,616,534

Transfers are used to move sales tax and property tax revenues as required matching funds or to provide supplemental funding for capital construction projects.

**INTERFUND TRANSFERS**

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

		Transfers From
Transfers to		General Fund
Capital Projects Fund	\$	538,851

Transfers are used to move property tax revenues collected by the general fund to (1) the government-wide capital projects fund as required match or supplemental funding source for capital construction projects,

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**NOTE 7: SHORT-TERM DEBT**

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

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	\$ -	\$ 15,000,000	\$ 15,000,000	\$ -

**NOTE 8: LONG-TERM LIABILITIES**

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

	Governmental Activities					
	Balance				Balance	Due Within
	July 1, 2018	Additions	Deductions	June 30, 2019	One Year	
General Obligation (G.O.) Bonds	\$ 131,230,000	\$ -	\$ 24,475,000	\$ 106,755,000	\$ 25,790,000	
Unamortized Bond Premiums	10,626,932	-	3,901,915	6,725,017	3,021,047	
Compensated Absences (1)	2,503,436	1,363,287	2,117,764	1,748,959	-	
	\$ 144,360,368	\$ 1,363,287	\$ 30,494,679	\$ 115,228,976	\$ 28,811,047	

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

**GENERAL OBLIGATION DEBT OUTSTANDING**

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

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	2.00% - 5.00%	2017	2022	\$ 131,230,000	\$ 106,755,000

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond
	Principal	Interest	Premium
2020	\$ 25,790,000	\$ 4,573,000	\$ 3,021,047
2021	27,210,000	3,308,000	2,127,025
2022	28,695,000	1,940,375	1,208,907
2023	25,060,000	611,500	368,038
Total Principal and Interest	\$ 106,755,000	\$ 10,432,875	\$ 6,725,017

**COMPENSATED ABSENCES**

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

**NOTE 9: RISK MANAGEMENT**

**INSURANCE**

**Commercial Insurance**

The School System 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 System 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.

**Georgia School Boards Association Risk and Insurance Management System**

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

**WORKERS' COMPENSATION**

The School System has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the general fund by the School System. The School System 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. An excess coverage insurance policy covers individual claims in excess of \$1,000,000 loss per occurrence, up to \$2,000,000.

Changes in the workers' 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	\$ 2,484,000	\$ 2,438,000	\$ 1,669,000	\$ 3,253,000
2019	\$ 3,253,000	\$ 835,931	\$ 1,253,589	\$ 2,835,342

**UNEMPLOYMENT COMPENSATION**

The School System is self-insured with regard to unemployment compensation claims. In connection with this program, a self-insurance reserve has been established within the general fund by the School System. The School System 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	\$ -	\$ 33,985	\$ 33,985	\$ -
2019	\$ -	\$ 36,650	\$ 36,650	\$ -

The School System elects to pay unemployment insurance taxes using the contributory method. Taxes are paid quarterly to the Georgia Department of Labor using a set rate based on historical experience.

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**SURETY BOND**

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

Position Covered	Amount
Superintendent	\$ 50,000
President	\$ 50,000
Vice President	\$ 50,000
Controller	\$ 50,000
Deputy Superintendent	\$ 50,000
Director of Budget and Finance	\$ 20,000
Accounting Supervisors	\$ 20,000
Accounting and Professional Learning Bookkeepers	\$ 10,000
Each Principal	\$ 5,000
Each School Bookkeeper	\$ 5,000
Each High School Business Manager	\$ 5,000
Each Lunchroom Manager	\$ 5,000

**NOTE 10: FUND BALANCE CLASSIFICATION DETAILS**

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

Nonspendable		
Inventories	\$ 1,048,735	
Prepaid Assets	103,264	\$ 1,151,999
Restricted		
Continuation of Federal Programs	\$ 2,346,303	
Capital Projects	97,113,103	
Debt Service	158	99,459,564
Committed		
Employee Benefits	\$ 482,719	
School Activity Accounts	1,297,395	1,780,114
Unassigned		13,928,302
Fund Balance, June 30, 2019		\$ 116,319,979

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

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

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**NOTE 11: SIGNIFICANT COMMITMENTS**

**COMMITMENTS UNDER CONSTRUCTION CONTRACTS**

The following is an analysis of significant outstanding construction or renovation contracts executed by the School System 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)
Academy of Richmond County	\$ 15,398,000	\$ -	\$ 343,944
A.R. Johnson Magnet	379,907	690,493	944,094
Butler High	156,900	8,100	-
Davidson Fine Arts Academy	492,829	4,183,171	1,045,458
Belair K-8	20,000	17,496,609	-
Garrett Elementary	41,520	795,478	-
Josey High	20,000	3,998,917	1,650,738
Murphey Middle	3,519,393	246,832	-
Richmond Hill K-8	1,707,899	17,728,477	-
C.T. Walker Elementary	1,773,968	480,223	406,934
Warren Road Elementary	403,139	1,313,701	-
Wheeless Road Elementary	8,698,993	9,372,326	-
	<u>\$ 32,612,548</u>	<u>\$ 56,314,327</u>	<u>\$ 4,391,168</u>

(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 System leases copiers under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases(s) totaled \$366,838 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	\$ 347,492
2021	139,548
2022	69,769
Total	<u>\$ 556,809</u>

**NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES**

**FEDERAL GRANTS**

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

**LITIGATION**

The School System is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School System 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 System.

**NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND**

**Plan Description:** Certified teachers and non-certified public school employees of the School System 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 System were \$9,059,466 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2019, the School System reported a liability of \$222,159,208 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 System'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 System's proportion was 1.747951%, which was a decrease of 0.017240% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School System recognized OPEB expense of \$7,506,688.

At June 30, 2019, the School System 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	\$ -	\$ 5,053,247
Changes of assumptions	-	37,634,838
Net difference between projected and actual earnings on OPEB plan investments	300,581	-
Changes in proportion and differences between School System contributions and proportionate share of contributions	-	8,978,730
School System contributions subsequent to the measurement date	8,763,764	-
<b>Total</b>	<b>\$ 9,064,345</b>	<b>\$ 51,666,815</b>

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School System contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2020	\$ (1,350,068)
2021	\$ (10,113,832)
2022	\$ (10,113,832)
2023	\$ (10,131,789)
2024	\$ (8,060,123)
2025	\$ (2,832,826)
Thereafter	\$ -

**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.

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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 update 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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
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	<u>100.00%</u>	

\*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 System's proportionate share of the net OPEB liability to changes in the discount rate:** The following presents the School System's proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what the School System'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 System's proportionate share of the Net OPEB Liability	\$ 259,412,297	\$ 222,159,208	\$ 192,118,489

**Sensitivity of the System's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates:** The following presents the School System's proportionate share of the net OPEB liability, as well as what the School System'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 System's proportionate share of the Net OPEB Liability	\$ 186,771,034	\$ 222,159,208	\$ 267,383,990

**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>.

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (SEAD – OPEB)**

**Plan description:** SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than OPEB Plans. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

**Benefits provided:** The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

**Contributions:** Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the Employer reported a liability (asset) of (\$33,078) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2018. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability (asset) as of June 30, 2018 was determined using standard roll-forward techniques. The Employer's proportion of the net OPEB liability (asset) was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2018. At June 30 2018, the Employer's proportion was 0.012222%, which was an increase of 0.001344% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Employer recognized OPEB expense of \$(6,194). At June 30, 2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SEAD-OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 361	\$ -
Changes of assumptions	1,699	-
Net difference between projected and actual earnings on OPEB plan investments	-	5,468
Changes in proportion and differences between School System contributions and proportionate share of contributions	-	4,205
School System contributions subsequent to the measurement date	-	-
Total	\$ 2,060	\$ 9,673

Employer contributions subsequent to the measurement date of \$0 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:	SEAD-OPEB
2020	\$ (3,895)
2021	\$ (1,590)
2022	\$ (1,671)
2023	\$ (457)
2024	\$ -
Thereafter	\$ -

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**Actuarial assumptions:** The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 Based on the funding policy adopted by the Board on March 15, 2018, the investment rate of return assumption will be changed to 7.30% in the June 30, 2018 actuarial valuation. Therefore, the investment rate of return used in the roll-forward of the total pension liability is 7.30% using the following actuarial assumptions, applied to all periods included in the measurement:

**SEAD – OPEB:**

Inflation	2.75%
Salary increases:	
ERS	3.25% – 7.00%
GJRS	4.50%
LRS	N/A
Investment rate of return	7.30%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Postretirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.

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 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 plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

\* Rates shown are net of inflation

**Discount rate:** The discount rate used to measure the total OPEB 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 State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB 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 OPEB plan investments 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 Employer’s proportionate share of the net OPEB liability calculated using the discount rate of 7.30 %, as well as what the Employer’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30 %) or 1- percentage-point higher (8.30 %) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Net OPEB Liability (asset)	\$ (17,822)	\$ (33,078)	\$ (45,583)

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued ERS comprehensive annual financial report which is publicly available at [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

**NOTE 14: RETIREMENT PLANS**

The School System 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 System 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](http://www.trsga.com/publications).

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public 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 System's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School System payroll, of which 99.7913% of payroll was required from the School System and 0.2087% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$32,679,487 and \$66,024 from the School System and the State, respectively.

#### **EMPLOYEES' RETIREMENT SYSTEM**

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

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

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

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

**Contributions:** Member contributions under the old plan are 4% of annual compensation, up to \$4,200.00, plus 6% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School System's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.66% of annual covered payroll of new and old plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees. Contributions are expected to finance the costs of benefits earned by

employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$41,977 for the current fiscal year.

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

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

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

Upon retirement, the member will receive a monthly benefit of \$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 858,381.

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

At June 30, 2019, the School System reported a liability of \$249,387,582 for its proportionate share of the net pension liability for TRS (\$249,114,897) and ERS (\$272,685).

The TRS net pension liability reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. The amount recognized by the School System 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 System were as follows:

School System's proportionate share of the net pension liability	\$	249,114,897
State of Georgia's proportionate share of the net pension liability associated with the School System		583,779
Total	\$	249,698,676

RICHMOND COUNTY BOARD OF EDUCATION  
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EXHIBIT "I"

The net pension liability for TRS and ERS was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The School System'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 System's TRS proportion was 1.342059%, which was a decrease of 0.050730% from its proportion measured as of June 30, 2017. At June 30, 2018, the School System's ERS proportion was 0.006633%, which was an increase of 0.000175% from its proportion measured as of June 30, 2017.

At June 30, 2019, the School System 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 System is \$3,707,324.

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 System 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 System recognized pension expense of \$18,603,210 for TRS, \$68,983 for ERS and \$858,381 for PSERS and revenue of \$491,392 for TRS and \$858,381 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 System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,491,758	\$ 513,432	\$ 8,481	\$ -
Changes of assumptions	3,759,054	-	12,847	-
Net difference between projected and actual earnings on pension plan investments	-	6,811,285	-	6,284
Changes in proportion and differences between School System contributions and proportionate share of contributions	-	14,407,665	21,351	-
School System contributions subsequent to the measurement date	32,679,487	-	43,273	-
<b>Total</b>	<b>\$ 52,930,299</b>	<b>\$ 21,732,382</b>	<b>\$ 85,952</b>	<b>\$ 6,284</b>

RICHMOND COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2019

EXHIBIT "I"

The School System contributions subsequent to the measurement date for TRS and for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2020	\$ 39,700,669	\$ 83,500
2021	\$ 2,749,164	\$ 9,422
2022	\$ (9,364,423)	\$ (10,446)
2023	\$ (1,947,032)	\$ (2,808)
2024	\$ 59,539	\$ -
Thereafter	\$ -	\$ -

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

**Teachers Retirement System:**

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

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

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

**Employees' Retirement System:**

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

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

RICHMOND COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2019

EXHIBIT "I"

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

**Public School Employees Retirement System:**

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

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

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

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

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

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

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

**Sensitivity of the School System's proportionate share of the net pension liability to changes in the discount rate:** The following presents the School System's proportionate share of the net pension liability calculated using the discount rate of 7.50% and 7.30%, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50% and 6.30%) or 1-percentage-point higher (8.50% and 8.30%) than the current rate:

**Teachers Retirement System:**

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School System's proportionate share of the net pension liability	\$ 415,844,094	\$ 249,114,897	\$ 111,721,553

**Employees' Retirement System:**

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
School System's proportionate share of the net pension liability	\$ 387,854	\$ 272,685	\$ 174,558

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

**DEFINED CONTRIBUTION PLAN**

In November 1999, the School System began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School System selected Variable Annuity Life Insurance Company (VALIC) as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to 3% of the employee's base pay.

The employee becomes vested in the plan with five years of experience. Employees who had already achieved five years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and five years of service to Richmond County School System. If an employee terminates employment prior to achieving five years of service, funds paid on behalf of the non-vested employee are credited back to the School System.

RICHMOND COUNTY BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2019

EXHIBIT "I"

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

Fiscal Year	Percentage Contributed	Required Contribution
2019	100%	\$ 296,747
2018	100%	\$ 260,730
2017	100%	\$ 267,697

**NOTE 15: TAX ABATEMENTS**

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

For the fiscal year ended June 30, 2019, Richmond County abated property taxes due to the School System that were levied on September 15, 2018 and due on November 15, 2018 totaling \$1,208,428. exceeded 10 percent of the total amount abated:

- A 100 percent property tax abatement to a Tax Allocation District (TAD 2) employing residents. The TAD provides an abatement of taxes in the amount of \$236,435.
- A 100 percent property tax abatement to a Tax Allocation District (TAD 3) employing residents. The TAD provides an abatement of taxes in the amount of \$971,993.

**NOTE 16: SUBSEQUENT EVENTS**

In the subsequent fiscal year, the School Board voted to authorize the School System to issue a Tax Anticipation Note (TAN) in the amount of \$17,000,000. The proceeds from the TAN will be used for operating expenses due to the timing of tax bills sent by the Tax Commissioner's office. The School System repaid the TAN on November 15, 2019.

RICHMOND 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 System's proportion of the net pension liability	School System's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School System	Total	School System's covered payroll	School System'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	1.34%	\$ 249,114,897	\$ 583,779	\$ 249,698,676	\$ 156,868,021	158.81%	80.27%
2018	1.39%	\$ 258,854,125	\$ 2,859,350	\$ 261,713,475	\$ 162,629,880	159.17%	79.33%
2017	1.42%	\$ 292,228,603	\$ 3,992,533	\$ 296,221,136	\$ 165,244,807	176.85%	76.06%
2016	1.44%	\$ 219,730,377	\$ 3,042,061	\$ 222,772,438	\$ 155,958,419	140.89%	81.44%
2015	1.49%	\$ 188,706,514	\$ 2,631,975	\$ 191,338,489	\$ 154,846,238	121.87%	84.03%

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

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

SCHEDULE "2"

<u>Year Ended</u>	<u>School System's proportion of the net pension liability</u>	<u>School System's proportionate share of the net pension liability</u>	<u>School System's covered payroll</u>	<u>School System's proportionate share of the net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of total net pension liability</u>
2019	0.006633%	\$ 272,685	\$ 174,629	156.15%	76.68%
2018	0.006458%	\$ 262,281	\$ 169,434	154.80%	76.33%
2017	0.004710%	\$ 222,803	\$ 181,731	122.60%	72.34%
2016	0.003872%	\$ 156,870	\$ 141,105	111.17%	76.20%
2015	0.003339%	\$ 125,233	\$ 86,574	144.65%	77.99%

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

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

SCHEDULE "3"

Year Ended	School System's proportion of the net pension liability	School System's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School System	Total	School System's covered payroll	School System'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%	\$ -	\$ 3,707,324	\$ 3,707,324	\$ 16,082,071	N/A	85.26%
2018	0.00%	\$ -	\$ 3,565,584	\$ 3,565,584	\$ 18,668,558	N/A	85.69%
2017	0.00%	\$ -	\$ 4,330,927	\$ 4,330,927	\$ 21,691,771	N/A	81.00%
2016	0.00%	\$ -	\$ 2,704,777	\$ 2,704,777	\$ 14,721,301	N/A	87.00%
2015	0.00%	\$ -	\$ 2,429,212	\$ 2,429,212	\$ 12,766,477	N/A	88.29%

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

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

SCHEDULE "4"

Year Ended	School System's proportion of the net OPEB liability	School System's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability associated with the School System	Total	School System's covered-employee payroll	School System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	1.74795%	\$ 222,159,208	\$ -	\$ 222,159,208	\$ 125,044,442	177.66%	2.93%
2018	1.74795%	\$ 248,008,625	\$ -	\$ 248,008,625	\$ 143,158,148	173.24%	1.61%

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

RICHMOND COUNTY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
 SEAD-OPEB  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "5"

Year Ended	School System's proportion of the net OPEB liability (asset)	School System's proportionate share of the net OPEB liability	School System's covered payroll	School System's proportionate share of the net OPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total OPEB liability
2019	-0.01222%	\$ (33,078)	\$ 174,629	-18.94%	129.46%
2018	-0.01088%	\$ (28,272)	\$ 116,419	-24.28%	130.17%

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

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

SCHEDULE "6"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered payroll	Contribution as a percentage of covered payroll
2019	\$ 26,870,457	\$ 26,870,457	\$ -	\$ 156,868,021	17.13%
2018	\$ 22,821,227	\$ 22,821,227	\$ -	\$ 162,629,880	14.03%
2017	\$ 22,941,015	\$ 22,941,015	\$ -	\$ 165,244,807	13.88%
2016	\$ 22,255,266	\$ 22,255,266	\$ -	\$ 155,958,419	14.27%
2015	\$ 20,034,076	\$ 20,034,076	\$ -	\$ 154,846,238	12.94%

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

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

SCHEDULE "7"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered payroll	Contribution as a percentage of covered payroll
2019	\$ 41,977	\$ 41,977	\$ -	\$ 174,629	24.04%
2018	\$ 39,301	\$ 39,301	\$ -	\$ 169,434	23.20%
2017	\$ 45,657	\$ 45,657	\$ -	\$ 181,731	25.12%
2016	\$ 27,153	\$ 27,153	\$ -	\$ 141,105	19.24%
2015	\$ 19,440	\$ 19,440	\$ -	\$ 86,574	22.45%

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

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

SCHEDULE "8"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2019	\$ 9,059,466	\$ 9,059,466	\$ -	\$ 125,044,442	7.24%
2018	\$ 9,203,847	\$ 9,203,847	\$ -	\$ 143,158,148	6.43%

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

RICHMOND COUNTY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 SEAD-OPEB  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "9"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School System's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2019	\$ -	\$ -	\$ -	\$ 174,629	0.00%
2018	\$ -	\$ -	\$ -	\$ 116,419	0.00%

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

**Teachers Retirement System**

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

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

**Employees' Retirement System**

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

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

**Public School Employees Retirement System**

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

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

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

**School OPEB Fund**

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

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

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

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

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

SCHEDULE "11"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
<b>REVENUES</b>				
Property Taxes	\$ 92,500,000	\$ 92,500,000	\$ 94,802,261	\$ 2,302,261
Sales Taxes	1,250,000	1,250,000	1,742,732	492,732
State Funds	157,018,238	162,535,648	160,267,933	(2,267,715)
Federal Funds	56,983,616	60,809,879	50,904,337	(9,905,542)
Charges for Services	1,048,251	1,048,251	1,118,761	70,510
Investment Earnings	44,665	44,665	381,875	337,210
Miscellaneous	2,128,232	3,233,401	3,665,644	432,243
<b>Total Revenues</b>	<b>310,973,002</b>	<b>321,421,844</b>	<b>312,883,543</b>	<b>(8,538,301)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	183,194,585	186,692,444	177,152,575	9,539,869
Support Services				
Pupil Services	12,028,468	12,892,265	13,174,494	(282,229)
Improvement of Instructional Services	14,519,879	18,149,555	14,449,843	3,699,712
Educational Media Services	5,034,047	5,044,175	5,027,432	16,743
General Administration	5,684,326	5,517,725	4,113,826	1,403,899
School Administration	23,598,198	23,698,495	24,912,878	(1,214,383)
Business Administration	2,317,206	2,362,820	2,252,161	110,659
Maintenance and Operation of Plant	26,650,540	27,275,041	28,866,936	(1,591,895)
Student Transportation Services	14,178,863	15,482,032	15,316,751	165,281
Central Support Services	5,396,253	5,545,899	5,023,090	522,809
Other Support Services	119,313	125,301	128,483	(3,182)
Food Services Operation	22,707,275	23,085,275	21,060,074	2,025,201
Capital Outlay	-	1,247,864	-	1,247,864
<b>Total Expenditures</b>	<b>315,428,953</b>	<b>327,118,891</b>	<b>311,478,543</b>	<b>15,640,348</b>
Excess of Revenues over (under) Expenditures	(4,455,951)	(5,697,047)	1,405,000	7,102,047
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale or Compensation for the Loss of Capital Assets	250,000	1,287,800	1,086,993	(200,807)
Other Sources	4,205,951	4,409,247	-	(4,409,247)
Operating Transfers to Other Funds	-	-	(538,851)	(538,851)
<b>Total Other Financing Sources (Uses)</b>	<b>4,455,951</b>	<b>5,697,047</b>	<b>548,142</b>	<b>(5,148,905)</b>
Net Change in Fund Balances	-	-	1,953,142	1,953,142
Fund Balances - Beginning	-	-	17,253,576	17,253,576
Fund Balances - Ending	\$ -	\$ -	\$ 19,206,718	\$ 19,206,718

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 (\$0) or expenditures (\$0) of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$1,742,915 and \$1,760,916, respectively.

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

See notes to the basic financial statements.

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

SCHEDULE "12"

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	(1)
National School Lunch Program	10.555	195GA324N1099	\$ 20,101,307 (1)(3)
Special Milk Program for Children	10.556	195GA324N1099	<u>684,971</u>
Total Child Nutrition Cluster			<u>20,786,278</u>
Other Programs			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
Child and Adult Care Food Program	10.558	Unknown	249,247
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	195GA324L1603	<u>21,372</u>
Total Other Programs			<u>270,619</u>
Total U. S. Department of Agriculture			<u>21,056,897</u>
Education, U. S. Department of			
Direct			
Impact Aid	84.041		<u>(2)</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	689,022
Grants to States	84.027	H027A180073	7,034,254
Preschool Grants	84.173	H173A170081	(3,567)
Preschool Grants	84.173	H173A180081	<u>140,299</u>
Total Special Education Cluster			<u>7,860,008</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Education for Homeless Children and Youth	84.196	S196A170011	7,733
Education for Homeless Children and Youth	84.196	S196A180011	39,762
English Language Acquisition Grants	84.365	S365A170010	2,259
English Language Acquisition Grants	84.365	S365A180010	51,881
Student Support and Academic Enrichment Program	84.424A	S424A180011	699,865
Supporting Effective Instruction State Grants	84.367	S367A170001	373,508
Supporting Effective Instruction State Grants	84.367	S367A180001	1,286,724
Title I Grants to Local Educational Agencies	84.010	S010A170010	1,798,428
Title I Grants to Local Educational Agencies	84.010	S010A180010	15,959,246
Twenty-First Century Community Learning Centers	84.287	S287C170010	55,284
Twenty-First Century Community Learning Centers	84.287	S287C180010	624,432
Total Other Programs			<u>20,899,122</u>
Total U. S. Department of Education			<u>28,759,130</u>

See notes to the basic financial statements.

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

SCHEDULE "12"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Direct			
Department of the Air Force			
R.O.T.C. Program	12.U04		60,397
Department of the Army			
R.O.T.C. Program	12.U01		204,051
Department of the Navy			
Navy R.O.T.C. Program	12.U02		156,049
Defense Marines R.O.T.C. Program	12.U03		65,615
			<u>486,112</u>
Total U. S. Department of Defense			<u>486,112</u>
			<u>\$ 50,302,139</u>
Total Expenditures of Federal Awards			<u>\$ 50,302,139</u>

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 Richmond 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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.

- (1) Expenditures for the funds earned on the Snack Program (\$139,104) and the School Breakfast Program (\$5,536,408) were not maintained separately and are included in the 2019 National School Lunch Program.
- (2) Funds earned on the Impact Aid Program, in the amount of (\$753,165), do not require reporting of expenditures.
- (3) During the year ended June 30, 2019, program income and federal funds related to the Child Nutrition Cluster were comingled and are included in the accompanying schedule of federal awards.

See notes to the basic financial statements.

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

SCHEDULE "13"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
<b>GRANTS</b>			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 4,640,936	\$ -	\$ 4,640,936
Education, Georgia Department of			
Quality Basic Education (1)			
Direct Instructional Cost			
Kindergarten Program	11,295,191	-	11,295,191
Kindergarten Program - Early Intervention Program	2,077,355	-	2,077,355
Primary Grades (1-3) Program	26,274,027	-	26,274,027
Primary Grades - Early Intervention (1-3) Program	5,628,149	-	5,628,149
Upper Elementary Grades (4-5) Program	12,920,336	-	12,920,336
Upper Elementary Grades - Early Intervention (4-5) Program	4,233,003	-	4,233,003
Middle School (6-8) Program	22,527,585	-	22,527,585
High School General Education (9-12) Program	20,183,662	-	20,183,662
Vocational Laboratory (9-12) Program	4,541,828	-	4,541,828
Students with Disabilities	25,165,203	-	25,165,203
Gifted Student - Category VI	4,867,155	-	4,867,155
Remedial Education Program	2,347,283	-	2,347,283
Alternative Education Program	1,567,782	-	1,567,782
English Speakers of Other Languages (ESOL)	894,375	-	894,375
Media Center Program	3,970,727	-	3,970,727
20 Days Additional Instruction	1,230,660	-	1,230,660
Staff and Professional Development	664,621	-	664,621
Principal Staff and Professional Development	17,182	-	17,182
Indirect Cost			
Central Administration	3,192,302	-	3,192,302
School Administration	8,980,743	-	8,980,743
Facility Maintenance and Operations	8,906,024	-	8,906,024
Categorical Grants			
Pupil Transportation			
Regular	2,455,465	-	2,455,465
Nursing Services	640,147	-	640,147
Sparsity	28,598	-	28,598
Education Equalization Funding Grant	4,415,338	-	4,415,338
Other State Programs			
CTO - Summer Improvement Plan Development	12,843	-	12,843
Food Services	528,756	-	528,756
GNETS State Grant	1,459,826	-	1,459,826
Math and Science Supplements	334,014	-	334,014
Preschool Disability Services	487,212	-	487,212
Residential Treatment Centers Grant	264,323	-	264,323
School Safety Grant	223,738	-	223,738
Striving Readers - Birth-5	91,697	-	91,697
Striving Readers - Elementary	180,787	-	180,787
Striving Readers - High	73,979	-	73,979
Striving Readers - Middle	241,460	-	241,460
Teachers Retirement	66,024	-	66,024
Title IC-B - 21st Century Community Learning Centers	13,262	-	13,262
Vocational Education	530,159	-	530,159
Governor's Office of Student Achievement			
Graduates Ready to Attain Success in Postsecondary	239,545	-	239,545
Innovation in K-8 Mathematics	250,757	-	250,757
Office of the State Treasurer			
Public School Employees Retirement	622,403	-	622,403
	<u>189,286,462</u>	<u>-</u>	<u>189,286,462</u>
<b>OTHER</b>			
QBE Contra Account			
Local Fair Share (Current Year)	(27,353,439)	-	(27,353,439)
Total Quality Basic Education Formula Earnings (State and Local Funds)			
One Time QBE Adjustment	(1,665,090)	-	(1,665,090)
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	2,684,338	2,684,338
	<u>(29,018,529)</u>	<u>2,684,338</u>	<u>(26,334,191)</u>
	<u>\$ 160,267,933</u>	<u>\$ 2,684,338</u>	<u>\$ 162,952,271</u>

(1) Payments to the Georgia Department of Community Health by the Georgia Department of Education on behalf of the School System are reported separately in the schedule above; however, the payments are part of the Quality Basic Education revenue allotments for the School System.

See notes to the basic financial statements.

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

	ORIGINAL ESTIMATED COST (1) (7)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
<b>SPLOST 2007 (4)</b>						
(a) Acquiring, Constructing, Equipping Facilities			\$ 5,515	\$ 174,104,973	\$ 174,110,488	Various
(b) Textbooks and Technology			-	17,599,992	17,599,992	Various
(c) School Buses and Vehicles			-	4,411,593	4,411,593	April 2013
(d) Interest on the General Obligation Debt			-	27,601,844	27,601,844	October 2012
(e) Expenses for the Imposition of the SPLOST			-	174,572	174,572	June 2007
Total SPLOST 2007	\$ 225,000,000	\$ 227,508,974	\$ 5,515	\$ 223,892,974	\$ 223,898,489	
<b>SPLOST 2012 (5)</b>						
(a) Acquiring, Constructing, Equipping Facilities			\$ 1,023,934	\$ 173,950,002	\$ 174,973,936	Various
(b) Textbooks and Technology			-	16,235,901	16,235,901	Various
(c) School Buses and Vehicles			-	6,559,302	6,559,302	Various
(d) Demolitions			-	549,925	549,925	Various
(e) Interest on General Obligation Debt			-	20,560,196	20,560,196	October 2017
(f) Expenses for the Imposition of the SPLOST			-	1,730,889	1,730,889	June 2017
(g) New Elementary School, Auditoriums			-	-	-	Various
Total SPLOST 2012	\$ 225,000,000	\$ 225,000,000	\$ 1,023,934	\$ 219,586,215	\$ 220,610,149	
<b>SPLOST 2017 (6)</b>						
(a)(e) New Elementary School, Auditoriums, Demolitions			\$ 43,633,414	\$ 28,948,766	\$ 72,582,180	Various
(b) Acquiring, Constructing, Equipping Facilities			140,146	8,249,133	8,389,279	Various
(c) Textbooks and Technology			3,968,581	4,659,606	8,628,187	Various
(d) School Buses and Vehicles			983,758	274,782	1,258,540	Various
(f) Interest on General Obligation Debt			5,754,625	7,111,688	12,866,313	October 2022
(g) Expenses for the Imposition of the SPLOST			-	35,553	35,553	June 2022
Total SPLOST 2017	\$ 225,000,000	\$ 225,000,000	\$ 54,480,524	\$ 49,279,528	\$ 103,760,052	
GRAND TOTAL	\$ 675,000,000	\$ 677,508,974	\$ 55,509,973	\$ 492,758,717	\$ 548,268,690	

**NOTES**

- (1) The School System's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School System's current estimate of total cost for the projects. Includes all costs from project inception to completion. The current estimated cost may increase over the original cost estimate as a result of increased tax collections and investment earnings.
- (3) The voters of Richmond County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes, and/or other funds over the life of the projects.
- (4) The purpose of the SPLOST issued in 2007 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith; (b) Acquiring textbooks and technology hardware and software and equipment in connection with the foregoing; (c) Acquiring, constructing, installing and equipping acquiring school buses and other vehicles for the safety, security, and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof, acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal; (d) To pay capitalized interest on the general obligation debt; and, (e) To pay or reimburse the expenses of the Board of Education necessary to accomplish the foregoing, including the expenses incurred in connection with calling the election and imposing the sales and use tax and additions to existing schools, including without limitation new classroom space, and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith.
- (5) The purpose of the SPLOST issued in 2012 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith, additions to existing schools, including without limitation new classroom space, and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith; (b) Acquiring textbooks and technology hardware and software and equipment in connection with the foregoing; (c) Acquiring, constructing, installing and equipping acquiring school buses and other vehicles for the safety, security, and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof, acquiring, constructing and equipping safety structures and facilities useful or desirable in connection with any of the foregoing, acquiring the necessary property and rights in property therefor, both real and personal; (d) Demolishing existing buildings and facilities located on school property that are no longer useful for public school purposes; (e) To pay capitalized interest on the general obligation debt; (f) To pay or reimburse the expenses of the Board of Education necessary to accomplish the foregoing, including the expenses incurred in connection with calling the election and imposing the sales and use tax; and, (g) To the extent funds are available therefor, the construction of a new elementary school and the construction or renovation of performance auditoriums at existing schools.
- (6) The purpose of the SPLOST issued in 2017 was for (a) Acquiring, constructing, installing and equipping new school buildings and facilities and other buildings and facilities useful or desirable in connection therewith; (b) Acquiring, constructing, installing and equipping additions to existing schools, including without limitation new classroom space and athletic facilities for physical and general educational purposes, adding to, renovating, removing, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith; (c) Acquiring text books and technology hardware and software and equipment in connection with the foregoing; (d) Acquiring, constructing, installing and equipping school buses and other vehicles for the safety, security and maintenance of the school facilities and equipment and buildings and facilities for the repair and maintenance thereof; (e) Demolishing existing buildings and facilities located on school property that are no longer useful for public school purposes; (f) To pay capitalized interest on the general obligation debt to be incurred; and, (g) To pay or reimburse the expenses of the Board necessary to accomplish the foregoing, including the expenses of the Board incurred in connection with calling the election and imposing the SPLOST.

See notes to the basic financial statements.

Michelle Bennett, CPA  
Rick L. Evans, CPA  
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Jay Sanders, CPA  
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Paul Wade, CPA



INDEPENDENT AUDITORS' 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*

To the Superintendent and Members of the  
Richmond County Board of Education  
Augusta, Georgia

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 Richmond County Board of Education as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Richmond County Board of Education's basic financial statements, and have issued our report thereon dated March 10, 2020.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Serotta Maddocks Evans & Co.*  
SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia  
March 10, 2020

Michelle Bennett, CPA  
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Paul Wade, CPA



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Superintendent and Members of the  
Richmond County Board of Education  
Augusta, Georgia

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

We have audited Richmond County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Richmond County Board of Education's major federal programs for the year ended June 30, 2019. Richmond County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Richmond County Board of Education'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 Richmond County Board of Education'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 Richmond County Board of Education's compliance.

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

In our opinion, the Richmond County Board of Education, 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 Richmond County Board of Education 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 Richmond County Board of Education'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 Richmond County Board of Education'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.

*Serotta Maddocks Evans & Co.*  
SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia  
March 10, 2020

RICHMOND COUNTY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019

**Prior Year Findings and Questioned Costs - Financial Statement Audit**

No matters were reported.

**Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit**

No matters were reported.

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

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Richmond County Board of Education were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Richmond County Board of Education, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Richmond County Board of Education expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) reported in this Schedule.
7. The programs tested as major programs included:
  - Title I Grants to Local Educational Agencies (CFDA No. 84.010)
  - Supporting Effective Instruction State Grants (CFDA No. 84.367)
8. The threshold used for distinguishing between Type A and Type B programs was \$1,509,064.
9. The Richmond County Board of Education was determined to be a low-risk auditee.

**B. Findings - Financial Statement Audit**

NONE

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

NONE