

BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTAL INFORMATION AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**ROME CITY SCHOOLS**  
**(A component unit of the City of Rome, Georgia)**

June 30, 2019

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
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**June 30, 2019**

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**Rome City Schools**  
(A component unit of the City of Rome, Georgia)  
**LIST OF PRINCIPAL OFFICIALS**

June 30, 2019

**BOARD MEMBERS**

Ms. Faith Collins	Chairperson
Ms. Jill Fisher	Vice Chairperson
Ms. Elaina Beeman	Member
Mr. Will Byington	Member
Dr. Melissa Davis	Member
Ms. John Uldrick	Member
Mr. Alvin L. Jackton	Member

**EXECUTIVE STAFF**

Mr. Louis Byars	Superintendent
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## INDEPENDENT AUDITOR'S REPORT

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**To the Superintendent and Members of  
the City of Rome Board of Education  
Rome, Georgia**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rome City Schools, a component unit of the City of Rome, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Rome City Schools' basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

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

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rome City Schools' basic financial statements. The combining and individual non-major fund financial statements and schedules, schedule of expenditures of federal awards, 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*, the Schedule of Special Purpose Local Option Sales Tax Expenditures, as required by the Official Code of Georgia 48-8-121, and the List of Principal Officials, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The combining and individual non-major fund financial statements and schedules, schedule of expenditures of federal awards, and the Schedule of Special Purpose Local Option Sales Tax Expenditures (collectively “the supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The List of Principal Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2020, on our consideration of the Rome City Schools’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rome City School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rome City Schools’ internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 25, 2020

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

**INTRODUCTION**

Our discussion and analysis of the Rome City Schools (the "School System")'s financial performance provides an overview 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 should also review the basic financial statements and the accompanying notes to enhance their understanding of the School System's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2019 are as follows:

- Government wide revenues increased \$7,918,036 and fund level revenues increased \$8,025,765.
- The General Fund had an increase in fund balance of \$2,558,199.
- The School System's General Fund had a favorable operating budget variance of \$3,638,595.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements include two levels of statements that present different views of the School System. These include the government-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the School System, reporting the School System's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fund financial statements reflect the School System's major funds. In the case of Rome City Schools, the General Fund, Special Purpose Local Option Sales Tax (SPLOST) Fund, and School Food Services Fund are the most significant funds.

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

**Government-Wide Statements**

The Government-wide financial statements are basically a consolidation of all of the School System's operating funds into one column called governmental activities. In reviewing the Government-wide financial statements, a reader might ask the question, are we in a better financial position than last year? The Statement of Net Position and the Statement of Activities provide the basis for answering this question. These financial statements include all the School System's assets and deferred outflows of resources and liabilities and deferred inflows of resources and use the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The Statement of Net Position and the Statement of Activities reflect the School System's governmental activities.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

**Fund Financial Statements**

The School System uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detail information about only the School System's significant or major funds.

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

Governmental funds are also divided into major and non-major categories. The School System has designated the following governmental funds as major funds:

The *General Fund* is the School System's primary operating fund. The General Fund is used to account for all financial transactions of the School System except those required to be accounted for in another fund.

The *SPLOST* fund was established to account for expenditures which include but are not limited to construction and renovation of schools using Special Purpose Local Option Sales Tax (SPLOST) funds. These funds are restricted by the SPLOST referendum.

The *School Food Services Fund* is used to account for the school breakfast and lunch programs which are funded primarily by the Federal government.

**FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of the School System's financial position. At June 30, 2019 the School System's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$75,058,110. This represents an increase in deficits of \$3,375,030.

Table 1 on the following page is a summary of the School System's net position. The table compares net position for 2019 and 2018.



**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

**Table 1**  
**Net Position**

	Governmental Activities 2019	Governmental Activities 2018	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
<b>Assets</b>				
Current and other assets	\$ 40,538,789	\$ 21,615,065	\$ 18,923,724	87.55 %
Capital assets, net	6,580,150	6,484,655	95,495	1.47
<b>Total Assets</b>	<b>47,118,939</b>	<b>28,099,720</b>	<b>19,019,219</b>	<b>67.68</b>
<b>Deferred outflow of resources</b>				
Pension related items	11,863,695	9,792,645	2,071,050	21.15 %
OPEB related items	3,338,690	1,725,039	1,613,651	93.54
	15,202,385	11,517,684	3,684,701	31.99
<b>Liabilities</b>				
Current and other liabilities	9,552,153	7,838,142	1,714,011	21.87
Long-Term liabilities	24,232,626	2,000,000	22,232,626	1,111.63
Net Pension Liability	50,127,993	51,338,940	(1,210,947)	(2.36)
Net OPEB Liability	41,980,498	44,824,429	(2,843,931)	(6.34)
<b>Total Liabilities</b>	<b>125,893,270</b>	<b>106,001,511</b>	<b>19,891,759</b>	<b>18.77</b>
<b>Deferred inflow of resources</b>				
Pension related items	2,510,328	777,065	1,733,263	223.05 %
OPEB related items	8,975,836	4,521,908	4,453,928	98.50
	11,486,164	5,298,973	6,187,191	116.76
<b>Net position (deficit)</b>				
Net investment in capital assets	(1,503,247)	4,484,655	(5,987,902)	(133.52)
Restricted	2,075,489	2,368,644	(293,155)	(12.38)
Unrestricted (deficit)	(75,630,352)	(78,536,379)	2,906,027	(3.70)
<b>Total Net Position (deficit)</b>	<b>\$ (75,058,110)</b>	<b>\$ (71,683,080)</b>	<b>\$ (3,375,030)</b>	<b>4.71 %</b>

Table 2 below reflects the operating activities of the School System as a whole. Net position for 2019 decreased (\$3,375,030), as compared to the prior fiscal year decrease of (\$1,659,860). Total revenues increased by \$7,918,036 (11.16%). Operating grants and contribution revenue increased \$3,306,825 or 7.24% because of increases in State funding. Property taxes increased \$976,531 (5.13%) as assessed values continue to increase. Capital grants and contributions increased \$3,189,450 because the school system received state construction grants in fiscal 2019.

Overall program expenses increased \$9,765,805 (13.26%). Instruction expenses, the Systems largest expense decreased slightly from \$42,841,669 to \$42,910,337 or less than 1%; Pupil services increased \$747,931 or 32.64%, primarily increases in personnel and benefits allocated to these functions; Educational and media services increased \$235,838 or 23.63% due to increases in purchased professional services for this function; General administration expenses decreased \$139,700 or 9.08% primarily from less Title I funding for this function; School administration expenses increased \$308,149 or 8.65% because of increased funding from Title I and increases in teacher retirement system costs. Maintenance and operation expenses increased \$7,840,323 or 75.81% primarily from expensing building costs related to the new Main Elementary school. All buildings become the property of the City of Rome. (See Note E to the financial statements.) Food services decreased modestly by \$132,682 or 2.64%.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

**Table 2**  
**Change in Net Position**

	Governmental Activities 2019	Governmental Activities 2018	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Program Revenues				
Charges for Services	\$ 820,964	\$ 763,184	\$ 57,780	7.57 %
Operating Grants and Contributions	48,970,355	45,663,531	3,306,824	7.24
Capital Grants and Contributions	3,189,450	-	3,189,450	100.00
	<u>52,980,769</u>	<u>46,426,715</u>	<u>6,554,054</u>	<u>14.12</u>
General Revenues				
Property Taxes	20,021,725	19,045,194	976,531	5.13
Special Local Option Sales Taxes	5,886,294	5,410,633	475,661	8.79
Interest on Investments	121	87,706	(87,585)	(99.86)
Other	-	626	(626)	(100.00)
	<u>25,908,140</u>	<u>24,544,159</u>	<u>1,363,981</u>	<u>5.56</u>
Total Revenues	<u>78,888,909</u>	<u>70,970,874</u>	<u>7,918,035</u>	<u>11.16</u>
Program Expenses				
Instruction	42,910,337	42,841,669	68,668	0.16
Support Services				
Pupil Services	3,039,579	2,291,648	747,931	32.64
Improvement of Instruction	2,438,631	2,418,750	19,881	0.82
Educational and Media Services	1,233,965	998,127	235,838	23.63
General Administration	1,398,791	1,538,491	(139,700)	(9.08)
School Administration	3,868,599	3,560,450	308,149	8.65
Business Administration	465,885	427,942	37,943	8.87
Maintenance and Operation	18,182,064	10,341,741	7,840,323	75.81
Student Transportation	2,864,622	2,731,338	133,284	4.88
Central Support Services	228,369	174,458	53,911	30.90
Other Support Services	64,334	62,965	1,369	2.17
Food Services	4,889,990	5,022,672	(132,682)	(2.64)
Community Services Operations	228,122	220,483	7,639	3.46
Interest on long-term debt	450,651	-	450,651	100.00
Total Expenses	<u>82,263,939</u>	<u>72,630,734</u>	<u>9,633,205</u>	<u>13.26</u>
Change in Net Position	(3,375,030)	(1,659,860)	(1,715,170)	103.33
Net Position (deficit) - Beginning of Year	(71,683,080)	(70,023,220)	(1,659,860)	2.37
Net Position (deficit) - End of Year	<u>\$ (75,058,110)</u>	<u>\$ (71,683,080)</u>	<u>\$ (3,375,030)</u>	<u>4.71 %</u>

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

**COMPARISON OF FUND LEVEL FINANCIAL STATEMENTS**

The Statement of Revenues, Expenditures and Changes in Fund Balances is prepared on the modified accrual basis of accounting. Table 3 below uses that information to compare operating results for fiscal years 2019 and 2018.

**Table 3**  
**Comparison of Operating Results**  
**2019 vs 2018**

	2019	2018	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
<b>Revenues</b>				
State Funds	\$ 41,020,075	\$ 35,460,759	\$ 5,559,316	15.68 %
Federal Funds	10,502,341	9,457,907	1,044,434	11.04
Local and Other Funds	27,514,906	26,092,891	1,422,015	5.45
Total Revenues	<u>79,037,322</u>	<u>71,011,557</u>	<u>8,025,765</u>	<u>11.30</u>
<b>Expenditures</b>				
Instruction	43,580,140	40,257,176	3,322,964	8.25
Support Services	21,876,789	19,107,968	2,768,821	14.49
Food Services	4,707,991	4,833,969	(125,978)	(2.61)
Community services operations	228,122	220,483	7,639	3.46
Other Non Instructional Services	16,917	15,259	1,658	10.87
Capital Outlay	13,181,947	5,429,688	7,752,259	142.78
Debt Service	2,000,684	-	2,000,684	-
Issuance Costs	432,626	-	432,626	-
Total Expenditures	<u>86,025,216</u>	<u>69,864,543</u>	<u>16,160,673</u>	<u>23.13</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (6,987,894)	\$ 1,147,014	\$ (8,134,908)	(709.22) %
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,781,469	2,181,665	599,804	27.49
Transfers Out	(2,781,469)	(2,181,665)	(599,804)	27.49
Proceeds from Sale of Capital Assets	-	626	(626)	(100.00)
Proceeds from Bond Issuance	24,232,626	-	24,232,626	100
Total Other Financing Sources (Uses)	<u>24,232,626</u>	<u>626</u>	<u>24,232,000</u>	<u>3,870,926.52</u>
Net Change in Fund Balance	17,244,732	1,147,640	16,097,092	1,402.63
Fund Balance, Beginning of Year	13,858,193	12,710,553	1,147,640	9.03
Fund Balance, End of the Year	<u>\$ 31,102,925</u>	<u>\$ 13,858,193</u>	<u>\$ 17,244,732</u>	<u>124.44 %</u>

Revenues from state and federal sources increased \$5,559,316 (15.68%) and \$1,044,434 (11.04%), respectively, as the state and federal allocations for education have increased. Revenues from local and other funds have increased \$1,422,015 and are primarily related to local property taxes which continue to increase as assessed property values rise.

Expenditures for instruction increased \$3,322,964 or 8.25% because of increased funding from Federal, State and local sources. Support service expenditures increased \$2,768,821 or 14.49% as management allocated more resources toward these categories. Capital outlay increased \$7,752,259 or 142.78% primarily from expenditure of SPLOST funds which were used to construct the new Main Elementary school. Debt service increased \$2,000,684 as the school system repaid the outstanding balance of the Quality Zone Academy Bonds. Proceeds from bond issuance and issuance costs increased \$24,232,626 and \$432,626, respectively, and are related to the issuance of 2019 series bonds which will be used for additional school construction and upgrades and will be repaid primarily using SPLOST revenues.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

**General Fund Budgeting Highlights**

The School System's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2019, there were no amendments to the General Fund budget. The School System uses site-based budgeting as a part of the budget process. The budgeting systems are designed to control total site budgets but provide flexibility for the site management.

Following is a comparison of budget to actual expenditures for the General Fund:

Table 4  
Budget Comparison - General Fund

	<b>Original and Final Budget</b>	<b>Actual (Budget Basis)</b>	<b>Variances Favorable (Unfavorable)</b>
Revenues			
State funds	\$ 36,363,886	\$ 36,832,100	\$ 468,214
Federal funds	380,000	556,547	176,547
Local	19,976,672	20,402,183	425,511
Total revenues	<u>56,720,558</u>	<u>57,790,830</u>	<u>1,070,272</u>
Expenditures			
Current			
Instruction	41,037,993	38,867,491	2,170,502
Support services	16,762,961	17,946,637	(1,183,676)
Other non-instructional services		16,917	(16,917)
Food service operation	-	34,840	(34,840)
Total expenditures	<u>57,800,954</u>	<u>56,865,885</u>	<u>935,069</u>
Excess (deficiency) of revenues over expenditures	(1,080,396)	924,945	2,005,341
Other financing sources (uses)			
Transfers in	-	1,996,147	1,996,147
Transfers out	-	(362,893)	(362,893)
Total other financing sources (uses)	<u>-</u>	<u>1,633,254</u>	<u>1,633,254</u>
Net change in fund balance	<u>(1,080,396)</u>	<u>2,558,199</u>	<u>3,638,595</u>
Fund balance, beginning of the year	<u>9,942,429</u>	<u>9,942,429</u>	<u>-</u>
Fund balance, end of the year	<u>\$ 8,862,033</u>	<u>\$ 12,500,628</u>	<u>\$ 3,638,595</u>

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

Management remained very conservative in their budgeting process as a result of economic trends over the past few fiscal years. As a result, State revenues were \$468,214 better than budgeted; Federal revenues were \$176,547 better than budgeted; and local revenues were \$425,511 better than budgeted. Overall, the School system had a \$3,683,595 favorable operating budget variance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At fiscal year ended June 30, 2019, the School System had \$6,580,150 invested in capital assets, all in governmental activities. Investment in capital assets increased \$95,495 or 1.47% over the balance at June 30, 2018 as a result of purchases of new assets of \$1,853,500 net of depreciation of assets of \$1,758,005. Table 5 reflects a summary of these balances net of accumulated depreciation.

**Table 5**  
**Capital Assets (Net of Accumulated Depreciation)**

	Governmental Activities Fiscal Year <b>2019</b>	Governmental Activities Fiscal Year <b>2018</b>	Dollar Change Increase (Decrease)	Percent Change Increase (Decrease)
Land	\$ 157,048	\$ 157,048	\$ -	- %
Buildings and improvements	1,371,506	1,449,926	(78,420)	(5.41)
Equipment	4,677,310	4,678,427	(1,117)	(0.02)
Vehicles	374,286	199,254	175,032	87.84
	<u>\$ 6,580,150</u>	<u>\$ 6,484,655</u>	<u>\$ 95,495</u>	<u>1.47 %</u>

With the exception of the administration and maintenance buildings as well as any construction in progress not transferred as of June 30, 2019, title to all land and buildings belongs to the City of Rome.

For more detail on the School System's capital assets, see Note E to the financial statements.

**Debt**

Substantially all buildings and land are owned by the City of Rome and the School System cannot issue bonds, therefore, all bonded debt related to building and facilities are on the City's books. However, the School System is responsible for reimbursing the City, using SPLOST proceeds, all principal and interest related to bonded debt on school facilities. As of June 30, 2019, there is no unfunded bonded debt.

In July 2004, the School System became liable for \$2,000,000 in Quality Zone Academy Bonds (QZAB) which are interest free and mature on July 15, 2018. The proceeds of these bonds were used for various school renovation and construction projects. Beginning July 15, 2005, the School System made the first of five annual installments of \$257,531 which will be invested into a sinking fund which will be used to retire the bonds at maturity. All required payments have been made from current Special Purpose Local Options Sales Tax proceeds. These bonds were repaid in full in fiscal 2019.

In June 2019, the Rome Building Authority issued \$21,490,000 series 2019 for the purpose of completing the Main Elementary school; constructing and equipping the College and Career Academy; and acquiring, equipping, renovating and improving certain school facilities. These bonds will be repaid using proceeds from SPLOST revenues.

For more detail on the School System's long-term debt, see Note F to the financial statements.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Fiscal Year Ended June 30, 2019**

**CURRENT ISSUES**

Currently known facts, decisions or conditions that are expected to have a significant effect on financial positions or results of operations.

- Given disruptions in the Federal, State and local economy, over the last ten year, the School System continues to use extremely conservative revenue and expenditure estimates in preparing current and future budgets.

**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 show the School System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Louis Byars, of Rome City Schools, 508 East Second Street, Rome, Georgia 30181-3112. Telephone 706-236-5050. E-mail: [lbyars@rcs.rome.ga.us](mailto:lbyars@rcs.rome.ga.us).

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**

**STATEMENT OF NET POSITION**

**June 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 29,841,467
Receivables	316,655
Due from other governments	10,312,388
Inventory	68,279
Total current assets	40,538,789
Capital assets, net of accumulated depreciation	
Land	157,048
Buildings and improvements	1,371,506
Computers and equipment	4,677,310
Vehicles	374,286
Total capital assets	6,580,150
Total assets	47,118,939
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	11,863,695
OPEB related items	3,338,690
Total deferred outflows of resources	15,202,385
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	2,083,711
Salaries and benefits payable	7,352,153
Accrued interest payable	17,341
Compensated absences payable	98,948
Total current liabilities	9,552,153
Long Term Liabilities, net of current portion	
Bonds payable	24,232,626
Net Pension Liability	50,127,993
Net OPEB Liability	41,980,498
Total long term liabilities, net of current portion	116,341,117
Total liabilities	125,893,270
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	2,510,328
OPEB related items	8,975,836
Total deferred inflows of resources	11,486,164
<b>NET POSITION</b>	
Net investment in capital assets	(1,503,247)
Restricted for:	
Capital projects	1,299,953
Food services	585,995
Barron stadium operations	146,319
Pre K activities	8,961
Dental services	34,261
Unrestricted	(75,630,352)
<b>TOTAL NET POSITION</b>	<b>\$ (75,058,110)</b>

The accompanying notes are an integral part of this statement.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**

**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

Functions/Program Activities	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities:</b>					
Instruction	\$ 42,910,337	\$ 767,013	\$ 35,036,422	\$ 1,870,481	\$ (5,236,421)
Support services					
Pupil services	3,039,579	-	762,720	9,318	(2,267,541)
Improvement of instructional services	2,438,631	-	2,228,698	1,399	(208,534)
Educational media services	1,233,965	-	895,480	15,708	(322,777)
General administration	1,398,791	-	1,113,016	17,085	(268,690)
School administration	3,868,599	-	1,613,684	-	(2,254,915)
Business administration	465,885	-	3,356	3,284	(459,245)
Maintenance and operation of facilities	18,182,064	-	1,968,632	769,458	(15,443,974)
Student transportation services	2,864,622	-	439,818	172,526	(2,252,278)
Central support services	228,369	-	2,556	-	(225,813)
Other support services	64,334	-	10,150	-	(54,184)
Food service operation	4,889,990	53,951	4,895,823	330,191	389,975
Community services operation	228,122	-	-	-	(228,122)
Interest on long-term debt	450,651	-	-	-	(450,651)
<b>Total governmental activities</b>	<b>\$ 82,263,939</b>	<b>\$ 820,964</b>	<b>\$ 48,970,355</b>	<b>\$ 3,189,450</b>	<b>\$ (29,283,170)</b>
<b>General revenues:</b>					
Taxes					
Property taxes, levied for general purposes					\$ 20,021,725
Special local option sales taxes, levied for capital projects and debt service					5,886,294
Interest and investment earnings					121
<b>Total general revenues</b>					<b>25,908,140</b>
Change in net position					(3,375,030)
Net position - beginning of year					(71,683,080)
Net position - end of year					<b>\$ (75,058,110)</b>

The accompanying notes are an integral part of this statement.



**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2019

	General	SPLOST	School Food Services	Non Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 5,487,531	\$ 22,954,253	\$ 723,403	\$ 676,280	\$ 29,841,467
Due from other governments	6,688,522	2,842,871	71,700	709,295	10,312,388
Due from other funds	6,794,636	-	-	-	6,794,636
Accounts receivables	272,521	-	-	44,134	316,655
Inventory	-	-	68,279	-	68,279
Total assets	<u>\$ 19,243,210</u>	<u>\$ 25,797,124</u>	<u>\$ 863,382</u>	<u>\$ 1,429,709</u>	<u>\$ 47,333,425</u>
<b>Liabilities</b>					
Accounts payable	\$ 222,638	\$ 1,758,563	\$ 25,428	\$ 77,082	\$ 2,083,711
Salaries and benefits payable	6,519,944	-	251,959	580,250	7,352,153
Due to other funds	-	6,589,379	-	205,257	6,794,636
Total liabilities	<u>6,742,582</u>	<u>8,347,942</u>	<u>277,387</u>	<u>862,589</u>	<u>16,230,500</u>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventory	-	-	68,279	-	68,279
<b>Restricted For:</b>					
Capital projects	-	17,449,182	-	-	17,449,182
Food services	-	-	517,716	-	517,716
Barron stadium operations	-	-	-	146,319	146,319
Pre K activities	-	-	-	8,961	8,961
Dental services	34,261	-	-	-	34,261
<b>Committed:</b>					
School activities	-	-	-	411,840	411,840
<b>Assigned:</b>					
2020 fiscal year appropriations of fund balance	1,270,885	-	-	-	1,270,885
<b>Unassigned</b>	<u>11,195,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,195,482</u>
Total fund balances	<u>12,500,628</u>	<u>17,449,182</u>	<u>585,995</u>	<u>567,120</u>	<u>31,102,925</u>
<b>Total liabilities and fund balances</b>	<u>\$ 19,243,210</u>	<u>\$ 25,797,124</u>	<u>\$ 863,382</u>	<u>\$ 1,429,709</u>	<u>\$ 47,333,425</u>

The accompanying notes are an integral part of this statement.

**Rome City Schools**  
**(A component Unit of the City of Rome, Georgia)**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**June 30, 2019**

Total fund balances - governmental funds \$ 31,102,925

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 as assets in governmental funds. 6,580,150

Long-term liabilities, specifically compensated absences and bonds are not due and payable in the  
current period and therefore are not reported as liabilities in the governmental funds.

Bonds payable	(21,490,000)
Premium, net of amortization	(2,742,626)
Accrued interest	(17,341)
Compensated absences payable	(98,948)

The net pension liability and related pension items and the total OPEB obligation  
are not a financial liability and deferred items in governmental fund activities  
and are therefore not reported in governmental funds.

Net pension liability	(50,127,993)
Pension related deferred outflows of resources	11,863,695
Pension related deferred inflows of resources	(2,510,328)
Net OPEB liability	(41,980,498)
OPEB related deferred outflows of resources	3,338,690
OPEB related deferred inflows of resources	<u>(8,975,836)</u>

Total net position - governmental activities \$ (75,058,110)

The accompanying notes are an integral part of this statement.

**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2019

	General	SPLOST	School Food Services	Non Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
State funds	\$ 36,975,907	\$ 3,189,448	\$ 113,290	\$ 741,430	\$ 41,020,075
Federal funds	556,547	-	4,751,979	5,193,815	10,502,341
Local and other funds	20,703,432	5,886,416	56,355	868,703	27,514,906
<b>Total revenues</b>	<b>58,235,886</b>	<b>9,075,864</b>	<b>4,921,624</b>	<b>6,803,948</b>	<b>79,037,322</b>
<b>Expenditures</b>					
<b>Current:</b>					
Instruction	39,312,547	266,191	-	4,001,402	43,580,140
Support services:					
Pupil services	2,631,753	-	-	402,690	3,034,443
Improvement of instructional services	564,923	-	-	1,872,937	2,437,860
Educational media services	1,173,758	-	-	51,549	1,225,307
General administration	1,295,309	-	-	76,387	1,371,696
School administration	3,701,418	15,894	-	151,287	3,868,599
Business administration	464,057	18	-	-	464,075
Maintenance and operation of facilities	5,269,159	1,143,420	-	-	6,412,579
Student transportation services	2,617,092	-	-	152,435	2,769,527
Central support services	228,369	-	-	-	228,369
Other support services	799	-	-	63,535	64,334
Food service operation	34,840	-	4,673,151	-	4,707,991
Community services operations	-	-	-	228,122	228,122
Other non-instructional expenses	16,917	-	-	-	16,917
Capital outlay	-	13,181,947	-	-	13,181,947
<b>Debt service:</b>					
Principal retirement	-	-	-	2,000,000	2,000,000
Interest and fees	-	-	-	684	684
Bond issuance costs	-	432,626	-	-	432,626
<b>Total expenditures</b>	<b>57,310,941</b>	<b>15,040,096</b>	<b>4,673,151</b>	<b>9,001,028</b>	<b>86,025,216</b>
Excess (deficiency) of revenues over expenditures	924,945	(5,964,232)	248,473	(2,197,080)	(6,987,894)
<b>Other financing sources (uses)</b>					
Transfers in	1,996,147	-	-	785,322	2,781,469
Transfers out	(362,893)	(1,996,147)	-	(422,429)	(2,781,469)
Bonds issued	-	21,490,000	-	-	21,490,000
Premiums on bonds issued	-	2,742,626	-	-	2,742,626
<b>Total other financing sources (uses)</b>	<b>1,633,254</b>	<b>22,236,479</b>	<b>-</b>	<b>362,893</b>	<b>24,232,626</b>
Net change in fund balance	2,558,199	16,272,247	248,473	(1,834,187)	17,244,732
Fund balance, beginning of year	9,942,429	1,176,935	337,522	2,401,307	13,858,193
Fund balance, end of year	<u>\$ 12,500,628</u>	<u>\$ 17,449,182</u>	<u>\$ 585,995</u>	<u>\$ 567,120</u>	<u>\$ 31,102,925</u>

The accompanying notes are an integral part of this statement.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2019**

Net change in fund balances - total governmental funds	\$	17,244,732
Amounts reported for governmental activities in the statement of activities are different because:		
Some expenses 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.		
Change in compensated absences payable		(17,678)
Change in accrued interest		(17,341)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay		1,853,500
Depreciation Expense		(1,758,005)
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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments - bonds payable		2,000,000
Bonds issued		(21,490,000)
Premiums on bonds issued		(2,742,626)
In the governmental funds, current year expenditures related to pensions and OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions and OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.		
		1,552,388
Change in net position of governmental activities	\$	(3,375,030)

The accompanying notes are an integral part of this statement.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**June 30, 2019**

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<b>Assets</b>	
Cash	\$ <u>183,544</u>
<b>Liabilities</b>	
Due to student groups	\$ <u>183,544</u>

The accompanying notes are an integral part of this statement.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Rome City Schools (the “School System”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“USGAAP”) as applicable to governmental units. The more significant of the School System’s accounting principles are summarized below.

**1. Reporting Entity**

The accompanying basic financial statements report all activities of Rome City Schools. The School System is the basic level of government which has oversight responsibility and control over all activities related to public school education in the City of Rome, Georgia. The School System receives funding from local, State and Federal government sources and must comply with the requirements of these funding sources. The School System's fiscal year is July 1 to June 30, as required by State law. All activities of the School System are included in the accompanying financial statements. Rome City Schools is reported as a component unit in the City of Rome, Georgia’s Comprehensive Annual Financial Report (CAFR) since the City has certain financial responsibilities for the School System. The CAFR should be read in conjunction with these statements.

All bonded debt attributable to the School System is reported as long-term debt in the Statement of Net Position of the City of Rome, Georgia Comprehensive Annual Financial Report, since the bonds are in the name of the City and the City is contractually liable for their payment. Property taxes levied by the City are used to repay the debt.

The City of Rome School Building Authority (the “Authority”) is included as a blended component unit of the School System. The Authority is fiscally dependent on Rome City Schools and provides services exclusively to the School System. The Authority is reported as a special revenue fund.

The accounting policies of the School System conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the School System’s significant policies.

**2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the School System. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The School System does not consider any of its activities to be business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements report on all the non-fiduciary activities of the primary government and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City bills all property taxes and provides an allocation of the taxes to the School System monthly regardless of actual collections by the City. The School System recognizes this allocation as revenue as collected which would be for the year it was intended to fund. Grants and similar items are recognized as revenue when all requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within one fiscal year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, grant revenue, State Quality Basic Education (QBE) revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period, if availability criteria has been met. All other revenue items are considered to be measurable and available only when cash is received by the School System.

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

The School System reports the following as major governmental funds:

The *General Fund* is the School System's primary operating fund. The General Fund is used to account for all financial transactions of the School System except those required to be accounted for in another fund.

The *SPLOST Fund* was established to account for expenditures which include but are not limited construction and renovation of schools using Special Purpose Local Option Sales Tax funds. These funds are restricted by the SPLOST referendum.

The *School Food Services Fund* is used to account for the school breakfast and lunch programs which are funded and restricted primarily by the Federal government.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Additionally, the School System reports the following fund types:

The *Special Revenue Funds* are used to account for Federal and State funded grants which are restricted by the Federal and State government. These grants are awarded to the School System for the purpose of accomplishing specific educational tasks as defined in the grant agreements. These funds also contain several locally funded programs whose expenditures are limited and committed to specified purposes.

*Fiduciary Funds* include *Agency Funds* which are used to account for the student club and class accounts.

The effect of interfund activity has been eliminated from the government-wide financial statements.

**4. Inventories**

Inventories are recorded using the consumption method and are valued at cost by the first-in, first-out method of accounting. Donated food commodities are presented at their federally assigned value.

**5. Capital Assets**

Capital assets, which include property, plant, equipment and buildings are reported in the governmental activities in the government-wide statement of net position and depreciated over their estimated useful lives in the government-wide statement of activities. Capital assets are defined by the School System as assets with a useful life of more than two years having an aggregate purchase price of \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Assets which are fully depreciated and no longer in use are removed from the books.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Legal title to most of the land, buildings, and building improvements used by the schools are in the name of the City of Rome, Georgia; therefore, the related amounts are not reported in the accompanying financial statements.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Vehicles	7
Office and computer equipment	5

**6. Accumulated Compensated Absences**

The accumulated vacation leave that is due and payable with expendable available resources is reported as an expenditure and liability of the General and Special Revenue Funds. During 2013, the School System changed its policy in regards to accumulated vacation leave. The revised policy states that administrative personnel who have unused vacation time at June 30, have until July 31 to take such vacation, otherwise it is forfeited after July 31.

Sick and personal leave does not vest with the employee and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.



**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has seven (7) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred outflow of resources for the District's actual contributions to the pension plan during the fiscal year ended June 30, 2019 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2020; (2) a deferred outflow of resources for experience gains or losses related to the pension plan which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in actuarial assumptions which will be amortized over the remaining service period; (4) a deferred outflow of resources for the change in the District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; (5) a deferred outflow of resources for the District's actual contributions to the OPEB plan during the fiscal year ended June 30, 2019 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2020; (6) a deferred outflow of resources for the change in the District's proportionate share based on actual contributions towards the OPEB plan, which will be amortized over the remaining service period and (7) a deferred outflow of resources for the net difference between projected and actual investment earnings on the OPEB assets, which will be amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six (6) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred inflow of resources for the net difference between projected and actual investment earnings on the pension assets, which will be amortized over a five year period; (2) a deferred inflow of resources for experience gains or losses from periodic studies by the actuary, which will be amortized over the remaining service period; (3) a deferred inflow of resources for the change in the District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; (4) a deferred inflow of resources for the changes in actuarial assumptions in relation to the OPEB plan which will be amortized over the remaining service period; (5) a deferred inflow of resources for experience gains or losses related to the OPEB plan which will be amortized over the remaining service period; (6) a deferred inflow of resources for the change in the District's proportionate share based on actual contributions towards the OPEB plan, which will be amortized over the remaining service period.

**8. Long-Term Debt and Obligations**

Long-term debt and obligations are recognized as a liability in fund financial statements only when due. For other long-term debt and obligations, only that portion due and expected to be financed from expendable available financial resources is reported as a fund liability in the fund financial statements. The total of such obligations is reported in the government wide financial statements.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. Fund Equity/Net Position**

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

***Fund Balance*** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School System is bound to honor constraints on the specific purposes for which amounts in those fund can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to the maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Members of the School System (the “Board”) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board through the adoption of a resolution. Only the Board may modify or rescind the commitment through a majority vote.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the Board’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board has authorized the Board’s Superintendent and Finance Director to assign fund balances.
- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Board reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all governmental funds.

***Flow Assumptions*** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Board’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Board’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The entity first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

In the Statement of Net Position, equity is reported as net position and consists of amounts invested in capital assets, net of related debt, amounts restricted by outside parties for specific purposes and unrestricted amounts.

**10. Interfund Transactions**

During the course of its operations, the School System makes transfers between funds to finance operations, provide services and acquire assets. To the extent that certain transfers between funds had not been received as of fiscal year end, balances of interfund amounts receivable or payable have been recorded.

**Rome City Schools**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**11. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**12. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

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

**13. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability (asset), 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 the School OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the 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.

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The budget for Rome City Schools is prepared in accordance with provisions of the State Quality Basic Education Act, OCGA Section 20-2-167. After the Board of Education has tentatively adopted the annual appropriated budget, such budget is advertised twice in a newspaper of general circulation in the locality. At the next regular meeting of the Board of Education after advertisement, the Board of Education revises the budget as necessary and adopts the final school budget.

Encumbrances represent obligations to purchase goods or services as documented by purchase orders or contracts. Appropriations lapse at fiscal year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent fiscal year's budget. There were no outstanding encumbrances at June 30, 2019.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE C - DEPOSITS**

The School System's cash includes interest bearing checking accounts and savings accounts. Official Code of Georgia Annotated Section 45-8-14 authorizes the School System to deposit its funds in one or more solvent banks or insured Federal savings and loan associations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2019, the financial institution holding some of the School System's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2019, the School System's cash accounts were insured and/or collateralized as defined by GASB Standards.

**NOTE D - DUE FROM OTHER GOVERNMENTS**

Accounts receivable consists of grant reimbursements due from Federal, State or other grantors, and from the City of Rome for expenditures made but not yet reimbursed. The following is a summary of accounts receivable at June 30, 2019:

Georgia Department of Education	\$ 6,042,967
City of Rome, Georgia	1,426,550
Georgia Department of Revenue	<u>2,842,871</u>
	<u><u>\$ 10,312,388</u></u>

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**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE E - CAPITAL ASSETS**

The School System's policy is to capitalize assets with a minimum aggregate purchase price of \$5,000 and to write off fully depreciated assets which are no longer in use. The following is a summary of changes in capital assets:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 157,048	\$ -	\$ -	\$ 157,048
Total capital assets not being depreciated	<u>157,048</u>	<u>-</u>	<u>-</u>	<u>157,048</u>
Capital assets being depreciated				
Buildings and improvements	2,792,778	-	-	2,792,778
Computers and equipment	11,753,454	1,585,362	-	13,338,816
Vehicles	1,742,440	268,138	-	2,010,578
Total accumulated depreciation	<u>16,288,672</u>	<u>1,853,500</u>	<u>-</u>	<u>18,142,172</u>
Less accumulated depreciation for				
Buildings and improvements	(1,342,852)	(78,420)	-	(1,421,272)
Computers and equipment	(7,075,027)	(1,586,479)	-	(8,661,506)
Vehicles	(1,543,186)	(93,106)	-	(1,636,292)
Total accumulated depreciation	<u>(9,961,065)</u>	<u>(1,758,005)</u>	<u>-</u>	<u>(11,719,070)</u>
 Total capital assets, net	 <u>\$ 6,484,655</u>	 <u>\$ 95,495</u>	 <u>\$ -</u>	 <u>\$ 6,580,150</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 1,030,998
Pupil services	5,136
Improvement of instructions	771
Media services	8,658
General administration	9,417
Business services	1,810
Maintenance and operations	424,121
Transportation	95,095
School food services	181,999
	<u>\$ 1,758,005</u>

Legal title to most land, buildings and building improvements used by the schools are in the name of the City of Rome, Georgia. The School System does not capitalize any of these costs as they are considered capital outlay. For the year ended June 30, 2019, the School System incurred \$12,462,239 of costs for capital assets which are capital assets of the City of Rome.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE F- LONG-TERM DEBT AND OBLIGATIONS**

The changes in Long-Term Debt and Obligations during the fiscal year were as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Direct Borrowings:					
General Obligation Bonds	\$ -	\$ 21,490,000	\$ -	\$ 21,490,000	\$ -
Bond Premiums	-	2,742,626	-	2,742,626	-
Total bonds payable	-	24,232,626	-	24,232,626	-
Construction Bonds -					
Direct Borrowings	2,000,000	-	2,000,000	-	-
Compensated Absences	81,270	253,433	235,755	98,948	98,948
Net Pension Liability	51,338,940	7,090,864	8,301,811	50,127,993	-
Net OPEB Liability	44,824,429	1,839,612	4,683,543	41,980,498	-
Total	<u>\$ 98,244,639</u>	<u>\$ 33,416,535</u>	<u>\$ 15,221,109</u>	<u>\$ 116,440,065</u>	<u>\$ 98,948</u>

The net pension liability, net OPEB liability, and compensated absences typically have been paid from the General Fund.

Through an agency agreement (See Note L), the School System became liable for \$21,490,000 of Rome Building Authority Revenue Bonds which bear an interest rate of 5.00% and mature on August 1, 2024. The proceeds of the Bonds will be used to provide funds to pay the costs of (i) completing the Main Elementary School, (ii) acquiring, constructing and equipping the College and Career Academy and (iii) constructing, equipping, renovating and improving certain school facilities, including the technology and security therein. Payments for this debt have been made from current Special Purpose Local Option Sales Tax proceeds. In addition, repayment of this debt is guaranteed by the full faith and credit and taxing power of the City of Rome and the School System.

**NOTE G - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivable and payable balances at June 30, 2019 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 6,794,636	\$ -
SPLOST	-	6,589,379
Nonmajor Governmental Funds:		
Title I	-	62,345
Title VI-B	-	8,171
Title III	-	41,118
Title IV	-	56,387
JPTA	-	24,601
CIS - Local Asst Fund	-	12,635
	<u>\$ 6,794,636</u>	<u>\$ 6,794,636</u>

The purpose of interfund receivables and payables is to meet temporary cash flow requirements.

**Rome City Schools**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE G - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

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

	Transfers In	Transfers Out
General Fund	\$ 1,996,147	\$ -
SPLOST Fund	-	1,996,147
General Fund	-	230,293
Nonmajor Governmental Funds:		
ROTC Fund	115,105	-
Barron Fund	115,188	
Nonmajor Governmental Funds:		
Title I Fund	422,429	-
Education for Economic Security Act (Title II) Fund	-	238,831
Title IV Fund	-	183,598
	\$ 2,648,869	\$ 2,648,869

Transfers are used to move the local share of grants from the General Fund to the special revenue funds. Transfers were also used to move SPLOST proceeds from the SPLOST fund to the General Fund to reimburse the General Fund for expenditures incurred in a prior year that the City has determined to be appropriate SPLOST expenditures as allowed in the referendum.

**NOTE H - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

The School System has recognized revenues and expenditures in the General Fund in the amount of \$87,698 for health insurance and retirement contributions paid on the School System's behalf as follows:

Paid by the Office of State Treasurer to the Teachers Retirement System for Teachers Retirement (TRS) in the amount \$17,765

Paid by the Office of State Treasurer to the Public School Employees Retirement System for Public School Employees Retirement (PSERS) in the amount \$69,933

**NOTE I - RISK MANAGEMENT**

The School System is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The School System has a private insurance carrier to cover any claims that exceed money held in the fund. The School System purchases commercial insurance for all other risks of loss. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years. There was no significant reduction in insurance coverage from last fiscal year.

**Rome City Schools**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE J - NON-MONETARY TRANSACTIONS**

The School System received from the United States Department of Agriculture through the Georgia Department of Education \$360,053 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenues.

**NOTE K - RETIREMENT PLAN**

**GENERAL INFORMATION ABOUT THE TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

**Plan description:** All teachers of the School System as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided 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. TRS issues a publicly available 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 2018. The School System's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School System payroll. School System contributions to TRS, excluding contributions funded by the State on behalf of the District were \$7,090,864 for the year ended June 30, 2019.

At June 30, 2019, the School System reported a liability for its proportionate share of the net pension liability that 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:

District's proportionate share of the net pension liability	\$	50,127,993
State of Georgia's proportionate share of the net pension liability associated with the District		175,969
Total	<u>\$</u>	<u>50,303,962</u>



**Rome City Schools**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE K - RETIREMENT PLAN (CONTINUED)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

The 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 School System's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2018. At June 30 2018, the School System's proportion was 0.270055%, which was a decrease of 0.006179% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School System recognized pension expense of \$5,464,763 and revenue of \$58,388 for support provided by the State of Georgia 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:

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Difference between expected and actual experience	\$ 3,318,544	\$ 103,315
Assumption changes	756,413	-
Net difference between projected and actual earnings on pension plan investments	-	1,370,597
Changes in proportion and differences between District contributions and proportionate share of contributions	697,874	1,036,416
District contributions subsequent to the measurement date	7,090,864	-
	\$ 11,863,695	\$ 2,510,328

School System contributions subsequent to the measurement date of \$7,090,864 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending 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:

<b>Year ending June 30:</b>	
2020	\$ 2,884,315
2021	1,137,895
2022	(1,550,902)
2023	(234,753)
2024	25,948
Total	\$ 2,262,503

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE K - RETIREMENT PLAN (CONTINUED)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES  
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

*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:

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 benefit increases	1.5% semi-annually

Postretirement 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 retirement 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 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.

The long-term expected rate of return on pension 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 pension 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 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)%
US Large Stock	39.80	9.00
US Mid Stocks	3.70	12.00
US Small Stocks	1.50	13.50
International developed market equities	19.40	8.00
International emerging market equities	5.60	12.00
Total	<u>100.00%</u>	

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

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2019

**NOTE K - RETIREMENT PLAN (CONTINUED)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

**Discount rate:** The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer and 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 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%, 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%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 83,677,973	\$ 50,127,993	\$ 22,481,101

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at [www.trsga.com/publications](http://www.trsga.com/publications).

**GENERAL INFORMATION ABOUT THE 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/financials](http://www.ers.ga.gov/financials).

**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.

**Rome City Schools**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE K - RETIREMENT PLAN (CONTINUED)**

**GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)**

**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.

***Pension Liabilities and Pension Expense***

At June 30, 2019, the School System did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School System is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the School System	\$ <u>388,818</u>
-------------------------------------------------------------------------------------------------------	-------------------

The 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 \$90,025 and revenue of \$90,025 for support provided by the State of Georgia.

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

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

Postretirement 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.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE K - RETIREMENT PLAN (CONTINUED)**

**GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)**

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

<u>Asset class</u>	<u>Target allocation</u>	<u>expected real rate of return*</u>
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
Alternatives	5.00	11.00
Total	<u>100.00%</u>	

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

**Discount rate:** The discount rate used to measure the total 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 non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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.

**NOTE L - AGENCY AGREEMENT**

In May of 2004, the School Building Authority was created by an act of the General Assembly of the State of Georgia. This Authority is a separate legal entity whose sole purpose was to issue Bonds for the School System.

In June 2019, the City of Rome, through the City of Rome School Building Authority, entered into an agency agreement with the School System.

This agency agreement authorizes the School System as the agent of the Building Authority for the specific purpose of constructing the school improvement projects as outlined in the agreement. The School System will become liable for \$21,490,000 of Revenue Bonds which bear an interest rate of 5.00% and mature on August 1, 2024. The proceeds of the Bonds will be used to provide funds to pay the costs of (i) completing the Main Elementary School, (ii) acquiring, constructing and equipping the College and Career Academy and (iii) constructing, equipping renovating and improving certain school facilities, including the technology and security therein. Payments for this debt have been made from current Special Purpose Local Option Sales Tax proceeds. In addition, repayment of this debt is guaranteed by the full faith and credit and taxing power of the City of Rome and the School System.

**Rome City Schools**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE M - OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description:**

The School System participates in the State of Georgia School Employees Postemployment Benefit Fund (the "School OPEB Fund") which is another postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the Board 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 of the State of Georgia and administered by a Board of Community Health (DCH 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 DCH Board. The School OPEB Fund is included in the State of Georgia Comprehensive Annual Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

**Benefits:**

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 of Community Health, 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 required and made to the School OPEB Fund from the School System were \$1,839,612 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2019, the School System reported a liability of \$41,980,498 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 to the School OPEB Fund during the fiscal year ended June 30, 2018. At June 30 2018, the School System's proportion was 0.330303%, which was an increase of 0.011267% from its proportion measured as of June 30, 2017.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE M - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

For the year ended June 30, 2019, the School System recognized OPEB expense of \$1,835,958. At June 30, 2019, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 954,891
Net difference between projected and actual earnings on OPEB plan investments	56,800	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,442,278	909,246
Changes in plan assumptions	-	7,111,699
School System contributions subsequent to the measurement date	1,839,612	-
Total	\$ 3,338,690	\$ 8,975,836

School System contributions subsequent to the measurement date of \$1,839,612 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending 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:

<b>Year ending June 30:</b>		
2020	\$	(1,493,718)
2021		(1,493,718)
2022		(1,493,718)
2023		(1,497,112)
2024		(1,141,379)
2025		(357,113)
Total	\$	(7,476,758)

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**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE M - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**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:

Inflation	2.75%
Salary increase	3.25 - 9.00% including inflation
Long-term expected rate of return	7.3%, 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) was used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 2 years for males and four years for females) was 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) was 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) was used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the pension system, which covered the five-year period ending June 30, 2014.

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

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



**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2019

**NOTE M - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

<u>Asset class</u>	<u>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 Buyer Index). The projection of cash flows used to determine the discount rate assumed that the current sharing of costs between the employer and the member will continue and that contributions from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2018. Therefore, the calculated discount rate of 3.87% was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the School 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 rate:

	<u>1% Decrease (2.87%)</u>	<u>Current discount rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
School System's proportionate share of the net OPEB liability	\$ 49,020,058	\$ 41,980,498	\$ 36,303,829

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2019**

**NOTE M - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the School System's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:**

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 rates:

	1% Decrease	Current discount rate		1% Increase
School System's proportionate share of the net OPEB liability	\$ 35,293,342	\$ 41,980,498	\$	50,526,436

**NOTE N - CONSTRUCTION COMMITMENTS**

The School System has a several active construction projects as of June 30, 2019. These projects are associated with a new school and a few smaller projects. The total of all outstanding construction commitments as of June 30, 2019 was \$25,972,512.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**

For the Fiscal Year Ended June 30, 2019

	Original and Final Budget	Actual (Budget Basis)	Variances
<b>REVENUES</b>			
State funds	\$ 36,363,886	\$ 36,832,100	\$ 468,214
Federal funds	380,000	556,547	176,547
Local	19,976,672	20,402,183	425,511
	<u>56,720,558</u>	<u>57,790,830</u>	<u>1,070,272</u>
<b>EXPENDITURES</b>			
Current			
Instruction	41,037,993	38,867,491	2,170,502
Support services:			
Pupil services	2,578,114	2,631,753	(53,639)
Improvement of instructional services	644,512	564,923	79,589
Educational media services	1,156,167	1,173,758	(17,591)
General administration	1,076,612	1,295,309	(218,697)
School administration	3,585,240	3,701,418	(116,178)
Business administration	521,130	464,057	57,073
Maintenance and operation of facilities	4,570,244	5,269,159	(698,915)
Student transportation services	2,308,919	2,617,092	(308,173)
Central support services	322,023	228,369	93,654
Other support services	-	799	(799)
Other non-instructional services	-	16,917	(16,917)
Food service operation	-	34,840	(34,840)
	<u>57,800,954</u>	<u>56,865,885</u>	<u>935,069</u>
Excess (deficiency) of revenues over expenditures	<u>(1,080,396)</u>	<u>924,945</u>	<u>2,005,341</u>
Other financing sources (uses)			
Transfers in	-	1,996,147	1,996,147
Transfers out	-	(362,893)	(362,893)
	<u>-</u>	<u>1,633,254</u>	<u>1,633,254</u>
Net change in fund balance	(1,080,396)	2,558,199	3,638,595
Fund balance, beginning of the year	<u>9,942,429</u>	<u>9,942,429</u>	<u>-</u>
Fund balance, end of the year	<u>\$ 8,862,033</u>	<u>\$ 12,500,628</u>	<u>\$ 3,638,595</u>

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**SCHOOL FOOD SERVICES FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Original and Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variances</u>
Revenues			
State funds	\$ 85,000	\$ 113,290	\$ 28,290
Federal funds	3,881,402	4,751,979	870,577
Local	<u>91,300</u>	<u>56,355</u>	<u>(34,945)</u>
 Total revenues	 <u>4,057,702</u>	 <u>4,921,624</u>	 <u>863,922</u>
Expenditures			
Current			
Food service operation	<u>4,513,685</u>	<u>4,673,151</u>	<u>(159,466)</u>
 Total expenditures	 <u>4,513,685</u>	 <u>4,673,151</u>	 <u>(159,466)</u>
 Net change in fund balance	 (455,983)	 248,473	 704,456
 Fund balance, beginning of the year	 <u>573,252</u>	 <u>573,252</u>	 <u>-</u>
 Fund balance, end of the year	 <u>\$ 117,269</u>	 <u>\$ 821,725</u>	 <u>\$ 704,456</u>

**Rome City Schools**  
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**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM OF GEORGIA**

**For the Fiscal Year Ended June 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School System's proportion of the net pension liability	0.270055%	0.276234%	0.275873%	0.278119%	0.262262%
School System's proportionate share of the net pension liability	\$ 50,127,993	\$ 51,338,940	\$ 56,915,676	\$ 42,340,856	\$ 33,133,344
State of Georgia's proportionate share of the net pension liability associated with the School System	<u>175,969</u>	<u>466,305</u>	<u>1,012,369</u>	<u>690,865</u>	<u>560,177</u>
Total	<u>\$ 50,303,962</u>	<u>\$ 51,805,245</u>	<u>\$ 57,928,045</u>	<u>\$ 43,031,721</u>	<u>\$ 33,693,521</u>
School System's covered payroll	\$ 32,278,292	\$ 32,020,999	\$ 30,801,176	\$ 29,836,054	\$ 27,211,010
School System's proportionate share of the net pension liability as a percentage of its covered payroll	155.30%	160.33%	184.78%	141.91%	121.76%
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	76.06%	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEACHERS RETIREMENT SYSTEM OF GEORGIA**  
**FOR THE FISCAL YEAR ENDED JUNE 30**

	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 7,090,864	\$ 5,425,981	\$ 4,569,401	\$ 4,395,332	\$ 3,923,441	\$ 3,285,632
Contributions in relation to the contractually required contributions	7,090,864	5,425,981	4,569,401	4,395,332	3,923,441	3,285,632
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School System's covered payroll	\$ 33,927,579	\$ 32,278,292	\$ 32,020,999	\$ 30,801,176	\$ 29,836,054	\$ 27,211,010
Contributions as a percentage of covered payroll	20.90%	16.81%	14.27%	14.27%	13.15%	12.07%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA**  
**FOR THE FISCAL YEAR ENDED JUNE 30**

	2019	2018	2017	2016	2015
School System's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
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	388,818	347,165	486,621	319,024	290,547
Total	<u>\$ 388,818</u>	<u>\$ 347,165</u>	<u>\$ 486,621</u>	<u>\$ 319,024</u>	<u>290,547</u>
School System's covered-employee payroll	\$ 1,181,398	\$ 1,189,010	\$ 1,207,722	\$ 1,173,080	\$ 1,165,742
School System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.26%	85.69%	81.00%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.



**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**SCHOOL OPEB FUND**

	2019	2018
School System's proportion of the net OPEB liability (%)	0.330303%	0.319036%
School System's proportion of the net OPEB liability (asset) (\$)	41,980,498	44,824,429
School System's covered-employee payroll	35,272,546	34,684,724
School System's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	119.02%	129.23%
Plan fiduciary net position as a percentage of the total OPEB liability	2.93%	1.61%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**SCHOOL OPEB FUND**

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,839,612	\$ 1,711,929
Contributions in relation to the contractually required contribution	<u>1,839,612</u>	<u>1,711,929</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School System's covered-employee payroll	37,358,527	35,272,546
Contributions as a percentage of covered-employee payroll	4.92%	4.85%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**For the Fiscal Year Ended June 30, 2019**

**NOTE A - BUDGET RECONCILIATION**

The Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis) - General Fund presents actual and budget for the General Fund. To facilitate comparison with the budget, adjustments have been made to actual revenues and expenditures to reflect actual amounts on the budget basis.

The primary differences between the School System's budget basis and generally accepted accounting principles are:

- (a) Salaries and employee benefits paid to teachers under contract are recorded when paid (budget) rather than when the liability is incurred (USGAAP).
- (b) State revenue relating to Quality Basic Education expenditures is recorded when received (budget) rather than when susceptible to accrual (USGAAP).
- (c) Certain transfers among funds are recorded when paid (budget) rather than when susceptible to accrual (USGAAP).
- (d) Payments made by the State on behalf of the School System are not budgeted.
- (e) City revenue is budgeted on a cash basis rather than when susceptible to accrual (USGAAP).

Adjustments necessary to convert the General Fund's excess of expenditures over revenues and other sources and other uses from the USGAAP basis to the budget basis are as follows:

USGAAP basis expenditure over revenues	\$	924,945
Adjustments for:		
Salaries and employee benefits		445,056
State revenue		(143,807)
City revenue		(301,249)
	<u>\$</u>	<u>924,945</u>

The following departments in the following funds exceeded their budget:

		<u>General</u>
Support Services:		
Pupil services	\$	53,639
Educational media services		17,591
General administration		218,697
School administration		116,178
Maintenance and operation of facilities		698,915
Student transportation services		308,173
Other support services		799
Other non-instructional services		16,917
Food service operation		34,840

**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2019

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**NOTE B - PENSIONS AND OPEB**

**Teachers Retirement System of Georgia:**

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

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

**Public Schools Employees Retirement System of Georgia:**

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

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

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.

**School OPEB Fund:**

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

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

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

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**  
**NONMAJOR GOVERNMENTAL FUNDS**

Nonmajor governmental funds include special revenue funds which are used to account for funds received from other governmental agencies that are legally restricted or committed to be expended for specified purposes. These funds also account for resources transferred from the General Fund when these funds are inadequate to finance the specified activities. The following special revenue funds are included in the Nonmajor governmental fund category:

**SPECIAL REVENUE FUNDS**

The Title I Fund is used to account for federal grant funds for the purpose of improving teaching and learning of children who are at risk of not meeting academic standards and who reside in areas with higher concentrations of children from lower income families.

Title VI B Special Education Fund includes funds from the Individuals with Disabilities Education Act – Part B – Special Education Grants to States for the purpose of providing special education programs for children in pre-kindergarten through the twelfth grade.

Vocational Education Fund was established to account for Federal categorical grant funds flowing through the State Department of Education, for the purpose of providing vocational education training to high school students.

Education for Economic Security Act (Title II) Fund was established to account for Federal categorical grant funds flowing through the State of Georgia Department of Education, for the purpose of training teachers in the math, science, foreign language and computer science programs.

Title III Fund was established to improve the education of limited English proficient children and youths by helping them learn English and meet challenging State academic content and student academic achievement standards. The program also provides enhanced instructional opportunities for immigrant children and youths.

Title IV Fund was established to improve the education of students through programs such as STEM and other effective uses of technology.

ROTC Fund was established to account for Federal funds received for the purpose of providing a ROTC program to high school students.

Principals Fund was established to account for revenues and expenditures of funds which belong primarily to the schools and their student bodies, but are supervised and audited by the School System's Finance Department.

Job Training Partnership Act (JTPA) Fund was established to account for Federal categorical grant funds flowing through the Department of Education and Department of Labor, State of Georgia, for the purpose of providing vocational training to postsecondary students.

Communities In Schools (CIS) Local Asst. was established for the purpose of providing accountable and personalized delivery of services for communities in schools of Rom-Floyd's students and families.

Lottery Fund was established to account for the State categorical grant funds received from the State of Georgia Lottery, for the purpose of providing various educational needs for schools in the State of Georgia.

Barron Fund was created to account for funds received from the use of the Barron Stadium.

School Building Authority was created by the General Assembly of the State of Georgia to issue Quality Zone Academy Bonds for the School System.

**Rome City Schools**  
 (A component unit of the City of Rome, Georgia)

**COMBINING-BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2019

	Special Revenue Funds						
	Title I	Title VIB Special Education	Vocational Education	Education for Economic Security Act (Title II)	Title III	Title IV	Title V Principals
<b>ASSETS</b>							
Cash	-	-	-	-	-	-	-
Accounts receivable	442	-	-	-	-	-	-
Due from other governments	458,107	122,008	-	47,845	56,387	-	-
Total assets	<u>\$ 458,549</u>	<u>\$ 122,008</u>	<u>\$ -</u>	<u>\$ 47,845</u>	<u>\$ 56,387</u>	<u>\$ 6,675</u>	<u>\$ 411,840</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	49,969	22,579	-	-	-	-	-
Salaries and benefits payable	346,235	91,258	-	6,727	-	6,649	-
Due to other funds	62,345	8,171	-	41,118	56,387	-	-
Total Liabilities	<u>\$ 458,549</u>	<u>\$ 122,008</u>	<u>\$ -</u>	<u>\$ 47,845</u>	<u>\$ 56,387</u>	<u>\$ 6,675</u>	<u>\$ -</u>
<b>Fund balances</b>							
Restricted for barron stadium operations	-	-	-	-	-	-	-
Restricted for pre K activities	-	-	-	-	-	-	-
Committed for school activities	-	-	-	-	-	-	411,840
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,840</u>
Total liabilities and fund balances	<u>\$ 458,549</u>	<u>\$ 122,008</u>	<u>\$ -</u>	<u>\$ 47,845</u>	<u>\$ 56,387</u>	<u>\$ 6,675</u>	<u>\$ 411,840</u>

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**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**COMBINING-BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2019

ASSETS	Special Revenue Funds - Continued						Total
	JTPA	CIS Local Asst.	Lottery	Barron	School Building Authority	Total	
Cash	\$ -	\$ -	125,165	\$ 132,600	\$ -	\$ -	676,280
Accounts receivable	-	21,692	-	22,000	-	-	44,134
Due from other governments	24,948	-	-	-	-	-	709,295
Total assets	\$ 24,948	\$ 21,692	\$ 125,165	\$ 154,600	\$ -	\$ -	\$ 1,429,709
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	347	-	1,059	\$ 3,102	-	-	77,082
Salaries and benefits payable	-	9,057	115,145	5,179	-	-	580,250
Due to other funds	24,601	12,635	-	-	-	-	205,257
Total Liabilities	24,948	21,692	116,204	8,281	-	-	862,589
<b>Fund balances</b>							
Restricted for barron stadium operations	-	-	-	\$ 146,319	-	-	\$ 146,319
Committed for school activities	-	-	8,961	-	-	-	8,961
Total fund balances	-	-	8,961	146,319	-	-	411,840
Total liabilities and fund balances	\$ 24,948	\$ 21,692	\$ 125,165	\$ 154,600	\$ -	\$ -	\$ 1,429,709

**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds							Principals
	Title I	Title VI B Special Education	Vocational Education	Education for Economic Security Act Title II	Title III	Title IV	ROTC	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State funds	3,218,798	895,186	78,570	238,831	129,176	511,017	49,130	-
Federal funds	-	-	-	-	-	-	-	690,832
Local and other funds	-	-	-	-	-	-	-	-
Total revenues	3,218,798	895,186	78,570	238,831	129,176	511,017	49,130	690,832
Expenditures								
Current	1,491,464	527,608	56,834	-	39,169	258,373	164,235	665,444
Instruction	238,426	153,485	-	-	-	10,779	-	-
Support services:								
Pupil services	1,671,010	92,253	19,273	-	86,829	1,521	-	-
Improvement of instructional services	146,049	-	2,463	-	-	2,775	-	-
School administration	41,845	14,417	-	-	2,814	5,100	-	-
General administration	51,549	-	-	-	-	-	-	-
Educational media services	-	-	-	-	-	-	-	-
Student transportation services	884	107,423	-	-	2,565	38,721	-	-
Other support services	-	-	-	-	-	10,150	-	-
Community services operations	-	-	-	-	-	-	-	-
Debt Service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-
Total expenditures	3,641,227	895,186	78,570	-	131,377	327,419	164,235	665,444
Excess (deficiency) of revenues over (under) expenditures	(422,429)	-	-	238,831	(2,201)	183,598	(115,105)	25,388
Other financing sources								
Transfers in	422,429	-	-	-	-	-	115,105	-
Transfers out	-	-	-	(238,831)	-	(183,598)	-	-
Total other financing sources	422,429	-	-	(238,831)	-	(183,598)	115,105	-
Net change in fund balance	-	-	-	-	(2,201)	-	-	25,388
Fund balance, beginning of year	-	-	-	-	2,201	-	-	386,452
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,840

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**Rome City Schools**  
(A component unit of the City of Rome, Georgia)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds - Continued						Total
	JTPA	CIS Local Asst.	Lottery	Barron	School Building Authority		
Revenues							
State funds	\$ -	\$ -	741,430	\$ -	\$ -	\$ -	741,430
Federal funds	73,107	-	-	-	-	-	5,193,815
Local and other funds	-	53,385	-	124,486	-	-	868,703
Total revenues	73,107	53,385	741,430	124,486	-	-	6,803,948
Expenditures							
Current							
Instruction	73,107	-	725,168	-	-	-	4,001,402
Support services:							
Pupil services	-	-	-	-	-	-	402,690
Improvement of instructional services	-	-	2,051	-	-	-	1,872,937
School administration	-	-	-	-	-	-	151,287
General administration	-	-	12,211	-	-	-	76,387
Educational media services	-	-	-	-	-	-	51,549
Student transportation services	-	-	2,842	-	-	-	152,435
Other support services	-	53,385	-	-	-	-	63,535
Community services operations	-	-	-	228,122	-	-	228,122
Debt Service:							
Principal retirement	-	-	-	-	2,000,000	-	2,000,000
Interest and fees	-	-	-	-	684	-	684
Total expenditures	73,107	53,385	742,272	228,122	2,000,684	-	9,001,028
Excess (deficiency) of revenues over (under) expenditures	-	-	(842)	(103,636)	(2,000,684)	-	(2,197,080)
Other financing sources							
Transfers in	-	-	-	247,788	-	-	785,322
Transfers out	-	-	-	-	-	-	(422,429)
Total other financing sources	-	-	-	247,788	-	-	362,893
Net change in fund balance	-	-	(842)	144,152	(2,000,684)	-	(1,834,187)
Fund balance, beginning of year	-	-	9,803	2,167	2,000,684	-	2,401,307
Fund balance, end of year	\$ -	\$ -	\$ 8,961	\$ 146,319	\$ -	\$ -	\$ 567,120

## **SUPPLEMENTAL INFORMATION**

**Rome City Schools**  
**(A component unit of the City of Rome, Georgia)**

**SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX EXPENDITURES**

**For the Fiscal Year Ended June 30, 2019**

	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN PRIOR YEARS (3)(4)	AMOUNT EXPENDED IN CURRENT YEAR (3)	TOTAL
<u>SPLIST IV Projects</u>					
Construct and equip the Early Childhood Center of Anna K. Davie Elementary	\$ 1,000,000	\$ 2,484,513	\$ 2,389,961	\$ 94,552	\$ 2,484,513
Acquire, construct and equip security improvements at all schools within the Rome Schools System	2,500,000	779,827	464,330	315,497	779,827
Acquire system-wide technology improvements and equipment including 21st Century Classroom equipment to enhance digital learning experience for students.	7,500,000	5,862,052	4,704,974	1,157,079	5,862,053
Construct, replace, add to, renovate, remove, repair, improve and equip existing school buildings.	14,000,000	16,688,422	15,084,674	1,603,748	16,688,422
Acquire school buses and other school-related vehicles and transportation facilities.	500,000	512,821	244,683	268,138	512,821
Acquire the necessary property thereof, both real and legal and administrative costs	500,000	157,048	157,048	-	157,048
	<u>40,000</u>	<u>5,775</u>	<u>5,775</u>	<u>-</u>	<u>5,775</u>
Total SPLIST IV Projects	<u>26,040,000</u>	<u>26,490,458</u>	<u>23,051,445</u>	<u>3,439,014</u>	<u>26,490,459</u>
<u>SPLIST V Projects</u>					
Construct and equip the New Main Elementary. Renovate existing facilities to create a 6th grade academy and expansion of Rome High School. Acquire, construct and equip security improvements at all schools within the Rome School System. Acquire system-wide technology improvements and equipment including 21st Century Classroom equipment to enhance digital learning experience for students. Construct, replace, add to, renovate, remove, repair, improve and equip existing school buildings. Acquire school buses and other school-related vehicles and transportation facilities. Acquire the necessary property thereof, both real and personal. Legal and administrative costs.	<u>31,920,000</u>	<u>31,920,000</u>	<u>-</u>	<u>8,411,634</u>	<u>8,411,634</u>
Total SPLIST V Projects	<u>31,920,000</u>	<u>31,920,000</u>	<u>-</u>	<u>8,411,634</u>	<u>8,411,634</u>
Total SPLIST Expenditures	<u>\$ 57,960,000</u>	<u>\$ 58,410,458</u>	<u>\$ 23,051,445</u>	<u>\$ 11,850,648</u>	<u>\$ 34,902,093</u>

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

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

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

(4) The balance of expenditures reported for prior years for these projects have been corrected by the School District to appropriately reflect the actual balance of SPLIST funds expended in accordance with the voter approved referendum.

## **COMPLIANCE SECTION**



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

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**To the Superintendent and Members of  
the City of Rome Board of Education  
Rome, 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 **Rome City Schools** (the "School System"), a component unit of the City of Rome, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Rome City Schools' basic financial statements, and have issued our report thereon dated June 25, 2020.

**Internal Control Over Financial Reporting**

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

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Schools System'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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 25, 2020



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

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**To the Superintendent and Members of  
the City of Rome Board of Education  
Rome, Georgia**

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

We have audited the Rome City Schools', a component unit of the City of Rome, Georgia, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Rome City Schools' major federal programs for the year ended June 30, 2019. The Rome City Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Rome City Schools 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.

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## Report on Internal Control Over Compliance

Management of the Rome City Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Rome City Schools' 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rome City Schools' 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 25, 2020



**ROME CITY SCHOOLS**  
**(A component unit of the City of Rome, Georgia)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Fiscal Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
Passed through Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	195GA324N1099	\$ 1,253,677
National School Lunch Program:			
Cash Assistance	10.555	195GA324N1099	3,062,794
Non-cash assistance (Commodities)	10.555	195GA324N1099	360,053
School Snack Program	10.555	195GA324N1099	71,686
Total Child Nutrition Cluster			<u>4,748,210</u>
Total U. S. Department of Agriculture			<u>4,748,210</u>
<b>U. S. DEPARTMENT OF DEFENSE</b>			
Junior R.O.T.C.	12.Unknown	N/A	49,130
Total U. S. Department of Defense			<u>49,130</u>
<b>U. S. DEPARTMENT OF LABOR</b>			
Passed through Atlanta Regional Commission:			
WIA Youth Activities	17.259	27-0898148	73,107
Total U. S. Department of Labor			<u>73,107</u>
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
Passed through Georgia Department of Education:			
Striving Readers Grant			
	84.371	S371C170002	680,217
Title I Programs - Local Education Agency			
	84.010	S010A180010	2,498,581
Title I Programs - School Improvement			
	84.010	S010A180010	20,000
Title I Programs - National Distinguished Schools			
	84.010	S010A180010	20,000
Total Title I Programs			<u>2,538,581</u>
<b>IDEA Cluster</b>			
Title VI-B Regular Projects			
	84.173	H173A180081	45,113
Title VI-B Flowthrough			
	84.027	H027A180073	828,661
Title VI High Cost			
	84.027	H027A180073	21,412
Total IDEA Cluster			<u>895,186</u>
Title II - Improving Teacher Quality	84.367	S367A180001	238,831

**(Continued)**

**ROME CITY SCHOOLS**  
**(A component unit of the City of Rome, Georgia)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
<b>U. S. DEPARTMENT OF EDUCATION (Continued):</b>			
Passed through Georgia Department of Education (continued):			
Title III - Part A	84.365	S365A180010	\$ 193
Title III - English Limited Proficient	84.365	S365A180010	<u>128,983</u>
			<u>129,176</u>
Vocational Education - Program Improvement	84.048	V048A180010	78,570
Vocational Education - Part A	84.424	V048A180010	<u>185,143</u>
			<u>263,713</u>
21st Century Community	84.287	S287C180010	<u>325,874</u>
			<u>325,874</u>
Total U. S. Department of Education			<u>5,071,577</u>
Total Expenditures of Federal Awards			<u>\$ 9,942,024</u>

See notes to the Schedule of Expenditures of Federal Awards

**ROME CITY SCHOOLS**  
**(A component unit of the City of Rome, Georgia)**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Fiscal Year Ended June 30, 2019**

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**NOTE 1           BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal awards includes the Federal grant activity of the Rome City Schools and is presented on the modified accrual basis of accounting.

The School System did not utilize the 10% de minimis indirect cost rate.

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 Award*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2           FOOD DONATION (COMMODITIES) PROGRAM**

The amounts shown for the Food Donation Program (Non-cash assistance commodities) on the Schedule of Expenditures of Federal Awards represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the School System during the current fiscal year.

**ROME CITY SCHOOLS**  
**(A Component Unit of the City of Rome, Georgia)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

\_\_\_\_\_ yes     X  no

Significant deficiencies identified?

\_\_\_\_\_ yes     X  none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes     X  no

**Federal Awards**

Internal Control over major federal programs:  
Material weaknesses identified?

\_\_\_\_\_ yes     X  no

Significant deficiencies identified?

\_\_\_\_\_ yes     X  none reported

Type of auditor’s report issued on compliance for major federal programs

Unmodified

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

\_\_\_\_\_ yes     X  no

Identification of major federal programs:

CFDA Number  
10.553 & 10.555

Name of Federal Program or Cluster  
School Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes     X  no

**ROME CITY SCHOOLS**  
**(A Component Unit of the City of Rome, Georgia)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Section II – Financial Statement Findings and Responses**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**ROME CITY SCHOOLS**  
**(A Component Unit of the City of Rome, Georgia)**

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Section IV – Status of Prior Audit Findings**

None reported.