



TOOMBS COUNTY BOARD OF EDUCATION LYONS, GEORGIA

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



TOOMBS COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, in 2019, the Toombs County Board of Education adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The School District restated beginning net position and fund balance for the effect of GASB Statement No. 84. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin
State Auditor

July 27, 2020

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

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

- On the government-wide financial statements, the assets and deferred outflow of resources of the School District exceeded liabilities and deferred inflow of resources by \$7.9 million for the fiscal year ended June 30, 2019.
- General revenues, excluding special and extraordinary items, accounted for \$11.2 million in revenue or 32.1% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$23.8 million or 67.9% of total revenues of \$35.0 million.
- The School District had \$32.5 million in expenses related to governmental activities; however, \$23.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues, primarily property and sales taxes, of \$8.7 million were adequate to provide for the remainder for these programs.
- The Toombs County voters passed a one percent sales tax for educational purposes (ESPLOST) for another five years (2020-2025) on March 19, 2019. The voters also approved the issuance of \$6.0 million in General Obligation Bonds which were issued on June 18, 2019. This and the principal payments of \$1.9 million resulted in a net increase in General Obligation Debt of \$4.1 million for 2019.
- Among major funds, the general fund had \$32.3 million in revenues and \$31.4 million in expenditures. The fund balance for the general fund increased by \$889 thousand to approximately \$4.2 million. This increase was due primarily to an increase in miscellaneous revenues from Medicaid and School Activity Accounts revenues and a reduction in overall expenditures.
- The deficit balance reflected in the unrestricted net position is due to the recording of pensions per GASB No. 68, GASB No. 71, and GASB No.75 relating to accounting and financial reporting for postemployment benefits. The amount of the School District's proportionate share of the collective net pension liability for the Teachers Retirement System cost sharing benefit pension plan was \$24.3 million. The amount of the School District's proportionate share of the collective net Other Post Employment Benefit (OPEB) liability was \$22.8 million.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary fund statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The fund financial statements reflect the School District's most significant funds. For the year ending June 30, 2019, the general fund represents the most significant fund.

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 statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of net position includes all of the School District's assets and liabilities. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, are one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

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

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

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

Fund Financial Statements

The School District 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 detailed information about the most significant funds or major funds. The School District's major governmental funds are the general fund, the capital projects fund, and the debt service fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. 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 District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled to the financial statements.

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2019 and 2018.

**Table 1
Net Position**

	Governmental Activities		
	Fiscal Year 2019	Fiscal Year 2018(1)	Net Change
ASSETS			
Cash and Cash Equivalents	\$ 12,942,908	\$ 5,434,737	\$ 7,508,171
Investments	-	6,207	(6,207)
Receivable, Net			
Taxes	1,444,165	1,141,066	303,099
State Government	2,392,507	2,386,335	6,172
Federal Government	681,445	592,663	88,782
Local	606	1,480	(874)
Other	112,732	81,090	31,642
Inventories	43,777	58,593	(14,816)
Capital Assets, Non-Depreciable	1,503,915	1,079,670	424,245
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>53,111,328</u>	<u>55,990,554</u>	<u>(2,879,226)</u>
Total Assets	<u>72,233,383</u>	<u>66,772,395</u>	<u>5,460,988</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Defined Benefit Pension Plan	5,235,162	4,134,305	1,100,857
Related to OPEB Plan	<u>1,211,472</u>	<u>1,183,524</u>	<u>27,948</u>
Total Deferred Outflows of Resources	<u>6,446,634</u>	<u>5,317,829</u>	<u>1,128,805</u>
LIABILITIES			
Accounts Payable	426,208	112,648	313,560
Salaries and Benefits Payable	3,493,243	3,491,109	2,134
Interest Payable	44,498	46,830	(2,332)
Contracts Payable	422,256	21,975	400,281
Deposits and Unearned Revenues	-	154,440	(154,440)
Net Pension Liability	24,339,609	25,274,346	(934,737)
Net OPEB Liability	22,771,322	25,133,693	(2,362,371)
Long-Term Liabilities			
Due Within One Year	2,159,262	1,989,164	170,098
Due in More Than One Year	<u>10,840,431</u>	<u>6,304,101</u>	<u>4,536,330</u>
Total Liabilities	<u>64,496,829</u>	<u>62,528,306</u>	<u>1,968,523</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Defined Benefit Pension Plan	1,858,866	1,041,178	817,688
Related to OPEB Plan	<u>4,375,529</u>	<u>1,913,867</u>	<u>2,461,662</u>
Total Deferred Inflows of Resources	<u>6,234,395</u>	<u>2,955,045</u>	<u>3,279,350</u>
NET POSITION			
Net Investment in Capital Assets	47,399,992	49,026,210	(1,626,218)
Restricted for			
Continuation of Federal Programs	754,110	768,926	(14,816)
Debt Service	805,244	1,271,032	(465,788)
Capital Projects	1,689,639	741,442	948,197
Unrestricted (Deficit)	<u>(42,700,192)</u>	<u>(45,200,737)</u>	<u>2,500,545</u>
Total Net Position	<u>\$ 7,948,793</u>	<u>\$ 6,606,873</u>	<u>\$ 1,341,920</u>

(1) Fiscal Year 2018 amounts do not reflect the effects of the restatement of net position.
See Note 14 in the Notes to the Basic Financial Statements for more information.

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

The reporting of GASB No. 68, GASB No. 71, and GASB No.75 statements significantly impacts the presentation of the Statement of Net Position by requiring the reporting of the School District's net liability and the deferred inflows and outflows associated with post-employment benefits. The total effect of these benefits on unrestricted net position was an overall decrease of \$46.9 million for the year ended June 30, 2019. Although unrestricted net position reflects a large deficit, it should not be considered a financial weakness as these costs are spread out over multiple years well into the future.

Total liabilities and deferred inflows of resources increased by \$5.2 million. The combination of the increase in total assets and deferred outflows of resources and the increase in total liabilities and deferred inflows of resources yielded an increase in net position of \$1.3 million per table 1.

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

Table 2 shows the changes in net position for fiscal years ending June 30, 2019 and June 30, 2018.

Table 2
Change in Net Position

	Governmental Activities		
	Fiscal Year 2019	Fiscal Year 2018(1)	Net Change
Revenues			
Program Revenues:			
Charges for Services	\$ 209,330	\$ 189,493	\$ 19,837
Operating Grants and Contributions	23,369,447	22,949,184	420,263
Capital Grants and Contributions	198,344	83,166	115,178
Total Program Revenues	23,777,121	23,221,843	555,278
General Revenues:			
Taxes			
Property Taxes			
For Maintenance and Operations	5,925,333	5,634,059	291,274
Railroad Cars	14,711	13,450	1,261
Sales Taxes			
Special Purpose Local Option Sales Tax			
For Debt Services	1,900,000	2,191,548	(291,548)
For Capital Projects	558,515	148,545	409,970
Other Taxes	43,350	46,917	(3,567)
Grants and Contributions not			
Restricted to Specific Programs	1,726,333	1,923,873	(197,540)
Investment Earnings	39,479	4,527	34,952
Miscellaneous	1,007,683	652,991	354,692
Extraordinary Item	(11,000)	(12,000)	1,000
Special Items	(1,321,878)	-	(1,321,878)
Total General Revenues and Special/Extraordinary Items	9,882,526	10,603,910	(721,384)
Total Revenues and Special/Extraordinary Items	33,659,647	33,825,753	(166,106)
Program Expenses:			
Instruction	20,431,344	21,866,032	(1,434,688)
Support Services			
Pupil Services	1,247,283	1,053,657	193,626
Improvement of Instructional Services	1,053,984	1,129,310	(75,326)
Educational Media Services	471,149	487,451	(16,302)
General Administration	225,173	284,761	(59,588)
School Administration	1,558,816	1,729,019	(170,203)
Business Administration	468,177	202,322	265,855
Maintenance and Operation of Plant	2,226,146	2,060,601	165,545
Student Transportation Services	1,632,407	1,548,808	83,599
Central Support Services	155,121	12,757	142,364
Other Support Services	64,407	122,749	(58,342)
Operations of Non-Instructional Services			
Enterprise Operations	209,467	94,933	114,534
Food Services	2,518,302	2,715,665	(197,363)
Interest on Short-Term and Long-Term Debt	194,182	240,957	(46,775)
Total Expenses	32,455,958	33,549,022	(1,093,064)
Increase in Net Position	\$ 1,203,689	\$ 276,731	\$ 926,958

(1) Fiscal Year 2018 amounts do not reflect the effects of the restatement of net position.
See Note 14 in the Notes to the Basic Financial Statements for more information.

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

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased \$555 thousand for governmental activities. This increase is largely due to increase in funds received from the state as capital grants and contributions for bus purchases and as operating grants and contributions due to the elimination of the QBE Austerity Reduction.

For fiscal year 2019, general revenues increased by \$599 thousand due to an increase in property tax revenues and an increase in miscellaneous revenues received from Medicaid Cost Report settlements. General revenues net of special and extraordinary items decreased by \$721 thousand due to a loss on the sale of capital assets of \$1.3 million as described in Note 16.

Governmental Activities

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

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2019	Fiscal Year 2018(1)	Fiscal Year 2019	Fiscal Year 2018(1)
Instruction	\$ 20,431,344	\$ 21,866,032	\$ 4,467,049	\$ 6,065,859
Support Services:				
Pupil Services	1,247,283	1,053,657	739,753	555,993
Improvement of Instructional Services	1,053,984	1,129,310	37,586	260,955
Educational Media Services	471,149	487,451	71,252	96,526
General Administration	225,173	284,761	(486,271)	(408,113)
School Administration	1,558,816	1,729,019	662,017	860,620
Business Administration	468,177	202,322	467,124	200,227
Maintenance and Operation of Plant	2,226,146	2,060,601	1,344,018	1,188,264
Student Transportation Services	1,632,407	1,548,808	833,882	919,872
Central Support Services	155,121	12,757	155,121	11,002
Other Support Services	64,407	122,749	39,254	38,314
Operations of Non-Instructional Services:				
Enterprise Operations	209,467	94,933	63,964	(25,344)
Food Services	2,518,302	2,715,665	89,905	322,047
Interest on Short-Term and Long-Term Debt	194,182	240,957	194,182	240,957
Total Expenses	\$ 32,455,958	\$ 33,549,022	\$ 8,678,836	\$ 10,327,179

(1) Fiscal Year 2018 amounts do not reflect the effects of the restatement of net position.
See Note 14 in the Notes to the Basic Financial Statements for more information.

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2019, 26.7% of instruction and support activities were supplemented by taxes and other general revenues compared to 30.8% in 2018.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$41.7 million and expenditures and other financing uses of \$35.1 million. Total governmental funds had an increase in fund balance of \$7.0 million. This increase is due mostly to the proceeds of the general obligation bonds issued which increased the capital projects fund overall \$5.5 million and the debt service fund \$694 thousand. The general fund had an overall increase of \$889 thousand due to an increase in property tax revenues, state funds and miscellaneous revenues reported in the general fund.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal year 2019, the School District amended its general fund budget as needed.

The School District's budget is adopted at the aggregate fund level but is prepared by fund, function and object and presented by fund and function for management control.

During fiscal year 2019 the general fund had final actual revenues and other financing sources totaling \$32.3 million, which represented an increase from the final budgeted amount of \$32.2 million by \$145 thousand. This difference (actual vs. budget) was mostly due to \$119 thousand in miscellaneous revenues of various principal accounts not included in the final budget.

Final actual expenditures during fiscal year 2019 totaling \$31.4 million represented a decrease from the final budgeted amount of \$32.4 million by \$1.0 million.

CAPITAL ASSETS

At the end of fiscal year 2019, the School District had \$54.6 million invested in capital assets, net of accumulated depreciation. These assets are made up of a broad range of capital assets, including land, buildings, transportation, food service and maintenance equipment. Table 4 reflects a summary of these balances, by class, net of accumulated depreciation.

**Table 4
Capital Assets
(Net of Depreciation)**

	Governmental Activities		
	Fiscal Year 2019	Fiscal Year 2018	Net Change
Land	\$ 1,033,709	\$ 1,079,670	\$ (45,961)
Construction In Progress	470,206	-	470,206
Building and Improvements	50,792,330	53,460,067	(2,667,737)
Equipment	1,498,007	1,647,386	(149,379)
Land Improvements	820,991	883,101	(62,110)
Total	\$ 54,615,243	\$ 57,070,224	\$ (2,454,981)

The overall capital assets decreased in fiscal year 2019 by \$2.5 million due to depreciation in the amount of 1.4 million and the sale of land and buildings not fully depreciated.

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

Construction in progress increased primarily due to capital projects funded by bond proceeds in progress at June 30, 2019.

LONG-TERM LIABILITIES

At June 30, 2019, the School District had \$12.1 million in general obligation bond debt outstanding with \$2.0 million due within one year. The School District issued General Obligation Bonds in the amount of \$6,025,000 in fiscal year 2019. A schedule of future payments can be found in the notes to the financial statements. Table 5 summarizes the long-term liabilities outstanding at June 30, 2019 and 2018.

**Table 5
Long-term Debt at June 30**

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
General Obligation Bonds	\$ 12,075,000	\$ 7,950,000
Bond Premiums Amortized	912,753	327,630
Capital Lease	11,940	15,636
Total	\$ 12,999,693	\$ 8,293,266

CURRENT ISSUES

- Approximately 81.5% of general fund expenses, the main operating fund for the School District, were related to salaries and employee benefits for the year ended June 30, 2019. With such heavy personnel expenses, it is difficult to offset mandated expense increases such as TRS employer contributions and state increases to the teacher salary scale. The School District consistently evaluates how funds can be spent smarter and more effectively to ensure that County students receive a quality education from effective personnel.
- In fiscal year 2020, the cost of the employer portion of TRS pension will increase approximately \$150 thousand as the employer contribution rate increases for the fourth consecutive year from 20.90% to 21.14%.
- The School District's millage rate for fiscal year 2019 was 14.00. The net digest for fiscal year 2019 was \$376.9 million, which produced approximately \$376,926 per mill. As shown in Table 3, property tax and sales tax are responsible for covering more than a quarter of the School District's costs. It is anticipated that this pressure to provide local monies to meet mandated educational requirements and operational costs will continue. The School District also plans to implement additional programs for county students such as performing arts and STEM which will increase the amount needed from local revenues to support these programs.
- In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The extent of this impact is uncertain but is expected to have negative results on financial operations, however the impact cannot be reasonably estimated at this time.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stephanie Smith at the Toombs County Board of Education, 117 East Wesley Avenue, Lyons, GA 30436.

TOOMBS COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 12,942,907.65
Receivables, Net	
Taxes	1,444,165.39
State Government	2,392,506.68
Federal Government	681,445.32
Local	606.15
Other	112,732.21
Inventories	43,776.54
Capital Assets, Non-Depreciable	1,503,915.45
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>53,111,327.74</u>
 Total Assets	 <u>72,233,383.13</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	5,235,161.93
Related to OPEB Plan	<u>1,211,471.94</u>
 Total Deferred Outflows of Resources	 <u>6,446,633.87</u>
<u>LIABILITIES</u>	
Accounts Payable	426,208.19
Salaries and Benefits Payable	3,493,242.27
Interest Payable	44,498.31
Contracts Payable	422,256.00
Net Pension Liability	24,339,609.00
Net OPEB Liability	22,771,322.00
Long-Term Liabilities	
Due Within One Year	2,159,261.57
Due in More Than One Year	<u>10,840,431.22</u>
 Total Liabilities	 <u>64,496,828.56</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	1,858,866.00
Related to OPEB Plan	<u>4,375,529.00</u>
 Total Deferred Inflows of Resources	 <u>6,234,395.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	47,399,991.86
Restricted for	
Continuation of Federal Programs	754,109.89
Debt Service	805,244.17
Capital Projects	1,689,639.39
Unrestricted (Deficit)	<u>(42,700,191.87)</u>
 Total Net Position	 \$ <u><u>7,948,793.44</u></u>

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

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 20,431,344.05	\$ -
Support Services		
Pupil Services	1,247,283.48	-
Improvement of Instructional Services	1,053,983.61	-
Educational Media Services	471,148.36	-
General Administration	225,173.08	-
School Administration	1,558,816.24	-
Business Administration	468,176.87	-
Maintenance and Operation of Plant	2,226,145.70	-
Student Transportation Services	1,632,407.11	-
Central Support Services	155,120.38	-
Other Support Services	64,407.33	-
Operations of Non-Instructional Services		
Enterprise Operations	209,466.78	145,156.28
Food Services	2,518,302.45	64,173.67
Interest on Short-Term and Long-Term Debt	194,182.12	-
	\$ 32,455,957.56	\$ 209,329.95
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Special Items		
Loss on sale of assets		
Extraordinary Item		
Fire Damage repairs		
Total General Revenues, Special Items, and Extraordinary Item		
Change in Net Position		
Net Position - Beginning of Year - Restated		
Net Position - End of Year		

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS		
\$ 15,937,154.62	\$ 27,140.27	\$	(4,467,049.16)
507,301.81	228.95		(739,752.72)
1,016,367.75	29.71		(37,586.15)
399,052.00	844.22		(71,252.14)
711,392.97	51.05		486,270.94
895,229.00	1,569.88		(662,017.36)
1,023.59	28.94		(467,124.34)
876,139.89	5,988.11		(1,344,017.70)
638,882.03	159,642.68		(833,882.40)
-	-		(155,120.38)
25,108.06	45.37		(39,253.90)
-	346.96		(63,963.54)
2,361,795.78	2,427.86		(89,905.14)
-	-		(194,182.12)
<u>\$ 23,369,447.50</u>	<u>\$ 198,344.00</u>		<u>(8,678,836.11)</u>

5,925,333.72
14,710.92

1,900,000.00
558,514.87
43,349.98
1,726,333.00
39,478.93
1,007,683.12

(1,321,878.16)

(11,000.00)

9,882,526.38

1,203,690.27

6,745,103.17

\$ 7,948,793.44

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,347,395.60	\$ 7,901,492.88	\$ 694,019.17	\$ 12,942,907.65
Receivables, Net				
Taxes	1,228,723.24	215,442.15	-	1,444,165.39
State Government	2,392,506.68	-	-	2,392,506.68
Federal Government	681,445.32	-	-	681,445.32
Local	606.15	-	-	606.15
Other	112,732.21	-	-	112,732.21
Inventories	43,776.54	-	-	43,776.54
	<u>4,347,395.60</u>	<u>7,901,492.88</u>	<u>694,019.17</u>	<u>12,942,907.65</u>
Total Assets	<u>\$ 8,807,185.74</u>	<u>\$ 8,116,935.03</u>	<u>\$ 694,019.17</u>	<u>\$ 17,618,139.94</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 254,386.76	\$ 171,821.43	\$ -	\$ 426,208.19
Salaries and Benefits Payable	3,493,242.27	-	-	3,493,242.27
Contracts Payable	-	422,256.00	-	422,256.00
	<u>3,493,242.27</u>	<u>422,256.00</u>	<u>-</u>	<u>3,915,498.27</u>
Total Liabilities	<u>3,747,629.03</u>	<u>594,077.43</u>	<u>-</u>	<u>4,341,706.46</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	<u>851,493.80</u>	<u>-</u>	<u>-</u>	<u>851,493.80</u>
<u>FUND BALANCES</u>				
Nonspendable	43,776.54	-	-	43,776.54
Restricted	710,333.35	7,160,638.13	694,019.17	8,564,990.65
Assigned	291,421.22	362,219.47	-	653,640.69
Unassigned	3,162,531.80	-	-	3,162,531.80
	<u>4,208,062.91</u>	<u>7,522,857.60</u>	<u>694,019.17</u>	<u>12,424,939.68</u>
Total Fund Balances	<u>4,208,062.91</u>	<u>7,522,857.60</u>	<u>694,019.17</u>	<u>12,424,939.68</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,807,185.74</u>	<u>\$ 8,116,935.03</u>	<u>\$ 694,019.17</u>	<u>\$ 17,618,139.94</u>

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C") \$ 12,424,939.68

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land	\$	1,033,709.49	
Construction in progress		470,205.96	
Buildings and improvements		60,130,100.84	
Equipment		5,533,730.32	
Land improvements		2,171,147.48	
Accumulated depreciation		<u>(14,723,650.90)</u>	54,615,243.19

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

Net pension liability	\$	(24,339,609.00)	
Net OPEB liability		<u>(22,771,322.00)</u>	(47,110,931.00)

Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.

Related to pensions	\$	3,376,295.93	
Related to OPEB		<u>(3,164,057.06)</u>	212,238.87

Taxes that are not available to pay for current period expenditures are deferred in the funds. 851,493.80

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

Bonds payable	\$	(12,075,000.00)	
Accrued interest payable		(44,498.31)	
Capital leases payable		(11,939.73)	
Unamortized bond premiums		<u>(912,753.06)</u>	<u>(13,044,191.10)</u>

Net position of governmental activities (Exhibit "A") \$ 7,948,793.44

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	\$ 5,770,329.83	\$ -	\$ -	\$ 5,770,329.83
Sales Taxes	43,349.98	558,514.87	1,900,000.00	2,501,864.85
State Funds	19,593,147.42	43,904.00	-	19,637,051.42
Federal Funds	5,598,828.90	-	-	5,598,828.90
Charges for Services	209,329.95	-	-	209,329.95
Investment Earnings	34,095.43	5,369.48	14.02	39,478.93
Miscellaneous	1,007,683.12	-	-	1,007,683.12
Total Revenues	32,256,764.63	607,788.35	1,900,014.02	34,764,567.00
EXPENDITURES				
Current				
Instruction	20,264,250.01	202,253.18	-	20,466,503.19
Support Services				
Pupil Services	1,272,358.27	-	-	1,272,358.27
Improvement of Instructional Services	1,101,349.72	-	-	1,101,349.72
Educational Media Services	466,555.26	-	-	466,555.26
General Administration	234,271.84	-	-	234,271.84
School Administration	1,590,171.98	-	-	1,590,171.98
Business Administration	310,769.27	169,355.02	-	480,124.29
Maintenance and Operation of Plant	1,868,254.62	141,766.36	-	2,010,020.98
Student Transportation Services	1,554,398.62	63,980.30	-	1,618,378.92
Central Support Services	50,639.20	117,974.89	-	168,614.09
Other Support Services	66,388.03	-	-	66,388.03
Enterprise Operations	205,249.33	-	-	205,249.33
Food Services Operation	2,432,184.05	-	-	2,432,184.05
Capital Outlay	-	532,039.09	-	532,039.09
Debt Services				
Principal	3,695.74	-	1,900,000.00	1,903,695.74
Dues and Fees	-	-	725.63	725.63
Interest	586.33	-	284,450.00	285,036.33
Total Expenditures	31,421,122.27	1,227,368.84	2,185,175.63	34,833,666.74
Revenues over (under) Expenditures	835,642.36	(619,580.49)	(285,161.61)	(69,099.74)
OTHER FINANCING SOURCES (USES)				
Proceeds of Bonds	-	5,331,024.86	693,975.14	6,025,000.00
Premiums on Bonds Sold	-	674,371.05	-	674,371.05
Transfers In	-	-	285,175.63	285,175.63
Transfers Out	(725.63)	(284,450.00)	-	(285,175.63)
Extraordinary Item: Fire damage repairs	(11,000.00)	-	-	(11,000.00)
Total Other Financing Sources (Uses)	(11,725.63)	5,720,945.91	979,150.77	6,688,371.05
SPECIAL ITEMS				
Proceeds from Sale of Buildings	-	362,218.00	-	362,218.00
Proceeds from Sale of Land	65,000.00	-	-	65,000.00
Total Special Items	65,000.00	362,218.00	-	427,218.00
Net Change in Fund Balances	888,916.73	5,463,583.42	693,989.16	7,046,489.31
Fund Balances - Beginning - Restated	3,319,146.18	2,059,274.18	30.01	5,378,450.37
Fund Balances - Ending	\$ 4,208,062.91	\$ 7,522,857.60	\$ 694,019.17	\$ 12,424,939.68

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

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ 7,046,489.31

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 759,383.01	
Depreciation expense	(1,433,332.03)	(673,949.02)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. (1,781,031.78)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 169,714.81

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

General obligation bonds issued, including a premium of \$674,371.05	\$ (6,699,371.05)	
Bond principal retirements	1,900,000.00	
Capital lease payments	3,695.74	
Amortization of bond premium	89,248.14	(4,706,427.17)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

Pension expense	\$ 1,217,905.48	
OPEB expense	(71,343.06)	1,146,562.42

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

Accrued interest on issuance of bonds		2,331.70
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Change in net position of governmental activities (Exhibit "B") \$ 1,203,690.27

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

EXHIBIT "G"

	<u>CUSTODIAL FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 394,134.31
<u>LIABILITIES</u>	
Accounts Payable and Other Liabilities	<u>192,443.59</u>
<u>NET POSITION</u>	
Restricted for Southeastern Early College and Career Academy	<u>\$ 201,690.72</u>

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

EXHIBIT "H"

	<u>CUSTODIAL FUNDS</u>
<u>ADDITIONS</u>	
Contributions	\$ 480,134.74
Investment Earnings	142.53
Miscellaneous	<u>16,981.70</u>
Total Additions	<u>497,258.97</u>
<u>DEDUCTIONS</u>	
Purchased Professional and Technical Services	442,942.96
Supplies and Other	<u>77,617.04</u>
Total Deductions	<u>520,560.00</u>
Change in Net Position	(23,301.03)
Net Position - Beginning - Restated	<u>224,991.75</u>
Net Position - Ending	<u>\$ 201,690.72</u>

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE STATEMENTS:

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

- Custodial funds are used to report resources held by the School District in a purely custodial capacity.

BASIS OF ACCOUNTING

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

In fiscal year 2019, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As noted in the Restatement of Net Position note disclosure, the School District restated beginning net positions and fund balances for the cumulative effect of this accounting change.

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

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

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

INVENTORIES

Food Inventories

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

CAPITAL ASSETS

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

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

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

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

	Capitalization Policy	Estimated Useful Life
Land	Any Amount	N/A
Land Improvements	\$ 5,000.00	20 to 80 years
Buildings and Improvements	\$ 5,000.00	Up to 80 years
Equipment	\$ 5,000.00	5 to 25 years
Buses	\$ 5,000.00	8 to 14 years
Intangible Assets	\$ 200,000.00	5 to 10 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

LONG-TERM LIABILITIES AND BOND PREMIUMS

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

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

PENSIONS

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

FUND BALANCES

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

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

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

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

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

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

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

USE OF ESTIMATES

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

PROPERTY TAXES

The Toombs County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on September 24, 2018 (levy date) based on property values as of January 1, 2018. Taxes were due on December 20, 2018 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. The Toombs County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations amounted to \$5,159,866.69.

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

School Operations	<u>14.00</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$595,752.22 during fiscal year ended June 30, 2019.

SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$2,458,514.87 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate fund and function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

The Superintendent is authorized by the Board to approve adjustments of the amount budgeted for expenditures between any budget function within the same fund. The Superintendent shall report any such adjustments to the Board. If the expenditure of funds is anticipated to exceed the total appropriation at the aggregate fund level, the Superintendent shall request Board approval for the budget amendment. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

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

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

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

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

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2019, the School District had deposits with a carrying amount of \$13,337,041.96, and a bank balance of \$13,530,045.17. The bank balances insured by Federal depository insurance were \$500,000.00 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name were \$49,127.50, and the bank balances included in the State's Secure Deposit Program (SDP) were \$12,980,917.67.

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2018	Increases	Decreases	Balances June 30, 2019
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,079,669.70	\$ -	\$ 45,960.21	\$ 1,033,709.49
Construction in Progress	-	470,205.96	-	470,205.96
Total Capital Assets Not Being Depreciated	<u>1,079,669.70</u>	<u>470,205.96</u>	<u>45,960.21</u>	<u>1,503,915.45</u>
Capital Assets Being Depreciated				
Buildings and Improvements	62,851,423.67	60,195.13	2,781,517.96	60,130,100.84
Equipment	5,384,480.95	219,981.92	70,732.55	5,533,730.32
Land Improvements	2,181,509.48	9,000.00	19,362.00	2,171,147.48
Less Accumulated Depreciation for:				
Buildings and Improvements	9,391,356.36	1,026,429.29	1,080,015.35	9,337,770.30
Equipment	3,737,095.06	335,792.25	37,163.59	4,035,723.72
Land Improvements	1,298,408.39	71,110.49	19,362.00	1,350,156.88
Total Capital Assets, Being Depreciated, Net	<u>55,990,554.29</u>	<u>(1,144,154.98)</u>	<u>1,735,071.57</u>	<u>53,111,327.74</u>
Governmental Activities Capital Assets - Net	<u>\$ 57,070,223.99</u>	<u>\$ (673,949.02)</u>	<u>\$ 1,781,031.78</u>	<u>\$ 54,615,243.19</u>

TOOMBS COUNTY BOARD OF EDUCATION
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Current year depreciation expense by function is as follows:

Instruction		\$	886,046.86
Support Services			
Pupil Services	\$		7,474.47
Improvements of Instructional Services			969.90
Educational Media Services			27,561.06
General Administration			1,666.69
School Administration			51,251.92
Business Administration			944.90
Maintenance and Operation of Plant			195,493.64
Student Transportation Services			169,851.83
Other Support Services			1,481.29
			456,695.70
Food Services			79,262.40
Enterprise Operations			11,327.07
			\$ 1,433,332.03

NOTE 6: INTERFUND TRANSFERS

INTERFUND TRANSFERS

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

Transfers to	Transfers From	
	General Fund	Capital Projects Fund
Debt Service Fund	\$ 725.63	\$ 284,450.00

Transfers are used to move property tax revenues collected by the general fund to the debt service fund for the payment of annual fees on general long-term debt. Also, transfers are used to move Education Special Purpose Local Option Sales Tax (ESPLOST) revenues collected by the capital projects fund to the debt service fund for the payment of principal and interest on general long-term debt.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
General Obligation (G.O.) Bonds	\$ 7,950,000.00	\$ 6,025,000.00	\$ 1,900,000.00	\$ 12,075,000.00	\$ 1,955,000.00
Unamortized Bond Premiums	327,630.15	674,371.05	89,248.14	912,753.06	200,427.24
Capital Leases	15,635.47	-	3,695.74	11,939.73	3,834.33
	\$ 8,293,265.62	\$ 6,699,371.05	\$ 1,992,943.88	\$ 12,999,692.79	\$ 2,159,261.57

TOOMBS COUNTY BOARD OF EDUCATION
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GENERAL OBLIGATION DEBT OUTSTANDING

The School District's bonded debt consists of various issues of general obligation bonds that are generally noncallable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved Education Special Purpose Local Option Sales Taxes (ESPLOST). General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

During the current year, the School District issued general obligation bonds totaling \$6,025,000.00 to fund, in part, the construction and equipping of a new athletic facility at Toombs County High School; constructing, making additions to, and/or renovating, and equipping Toombs Central Elementary School and other school system facilities and making critical infrastructure and security improvements to existing facilities.

The School District's outstanding bonds from direct placements related to governmental activities of \$12,075,000.00 contain a provision that in an event of default, the State of Georgia Board of Education is authorized to withhold any state appropriation to which the district may be entitled and apply it to the payment of the principal of, premium, if any, and interest on the bonds then due.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2013A	3.00% - 4.00%	10/10/2013	5/1/2022	\$ 9,255,000.00	\$ 6,050,000.00
General Government - Series 2019	3.00% - 5.00%	6/18/2019	5/1/2025	6,025,000.00	6,025,000.00
				<u>\$ 15,280,000.00</u>	<u>\$ 12,075,000.00</u>

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond
	Principal	Interest	Premium
2020	\$ 1,955,000.00	\$ 432,725.14	\$ 200,427.24
2021	2,015,000.00	405,650.00	200,427.24
2022	2,080,000.00	325,050.00	186,182.67
2023	1,930,000.00	241,850.00	114,958.56
2024	2,005,000.00	164,650.00	114,958.56
2025	2,090,000.00	104,500.00	95,798.79
Total Principal and Interest	<u>\$ 12,075,000.00</u>	<u>\$ 1,674,425.14</u>	<u>\$ 912,753.06</u>

CAPITAL LEASES

The School District has acquired equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

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

	Governmental Activities
Equipment	\$ 20,749.47
Less: Accumulated Depreciation	5,187.37
	\$ 15,562.10

Capital leases currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Grasshopper Mower	3.75%	9/22/2017	9/22/2021	\$ 20,749.47	\$ 11,939.73

The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2020	\$ 3,834.33	\$ 447.74
2021	3,978.12	303.95
2022	4,127.28	154.79
Total Principal and Interest	\$ 11,939.73	\$ 906.48

NOTE 8: RISK MANAGEMENT

INSURANCE

Commercial Insurance

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

Georgia School Boards Association Risk and Insurance Management System

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

coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the System varies by line of coverage.

WORKERS' COMPENSATION

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Fund for its Workers' Compensation insurance coverage. Excess insurance coverage is provided through an agreement by the Fund with the Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided by Safety National Casualty Corporation to provide coverage for potential losses sustained by the Fund in excess of \$550 thousand loss per occurrence, up to \$2.0 million. In addition to the \$550,000.00 per occurrence retention, the Fund also retains an additional \$200,000.00 per year corridor retention.

UNEMPLOYMENT COMPENSATION

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2018	\$ -	\$ 3,037.48	\$ 3,037.48	\$ -
2019	\$ -	\$ -	\$ -	\$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	\$ 30,000.00
Drivers Education Instruction	\$ 10,000.00
Athletic Director	\$ 10,000.00

TOOMBS COUNTY BOARD OF EDUCATION
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NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable					
Inventories			\$	43,776.54	
Restricted					
Continuation of Federal Programs	\$	710,333.35			
Capital Projects		7,049,413.13			
Debt Service		805,244.17		8,564,990.65	
Assigned					
Local Capital Outlay Projects	\$	362,219.47			
School Activity Accounts		291,421.22		653,640.69	
Unassigned				3,162,531.80	
Fund Balance, June 30, 2019			\$	12,424,939.68	

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

NOTE 10: SIGNIFICANT COMMITMENTS

COMMITMENTS UNDER CONSTRUCTION CONTRACTS

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

Project	Unearned Executed Contracts (1)	Payments through June 30, 2019 (2)
Booster Stadium Renovation	\$ 492,744.00	\$ 457,256.00
TCES Renovation	950,131.00	-
	\$ 1,442,875.00	\$ 457,256.00

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

(2) Payments include contracts payable at year end.

OPERATING LEASES

The School District leases Canon copiers under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$68,257.88 for governmental activities for the year ended June 30, 2019. The following future minimum lease payments were required under operating leases at June 30, 2019:

Year Ending	Governmental Funds
2020	\$ 69,264.00
2021	69,264.00
2022	69,264.00
2023	14,436.00
Total	\$ 222,228.00

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

Benefits Provided: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$942,153.94 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2019, the School District reported a liability of \$22,771,322.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the School District's proportion was 0.179165%, which was an increase of 0.000277% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$1,013,497.00. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 517,958.00
Changes of assumptions	-	3,857,571.00
Net difference between projected and actual earnings on OPEB plan investments	30,809.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	238,509.00	-
School District contributions subsequent to the measurement date	942,153.94	-
Total	\$ 1,211,471.94	\$ 4,375,529.00

School District contributions subsequent to the measurement date of \$942,153.94 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2020	\$ (792,606.00)
2021	\$ (792,606.00)
2022	\$ (792,606.00)
2023	\$ (794,446.00)
2024	\$ (668,665.00)
Thereafter	\$ (265,282.00)

TOOMBS COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

Actuarial assumptions: The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

OPEB:

Inflation	2.75%
Salary increases	3.25% - 9.00%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.50%
Medicare Eligible	5.50%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

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

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

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

TOOMBS COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. During fiscal year 2018, the School OPEB fund updated their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

*Net of Inflation

Discount rate: The discount rate has changed since the prior measurement date from 3.58% to 3.87%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.87% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2018. Therefore, the calculated discount rate of 3.87% was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
School District's proportionate share of the Net OPEB Liability	\$ 26,589,763.00	\$ 22,771,322.000	\$ 19,692,148.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB Liability	\$ 19,144,033.00	\$ 22,771,322.00	\$ 27,406,863.00

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

NOTE 13: RETIREMENT PLANS

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

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2019. The School District's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School District payroll, of which 20.66% of payroll was required from the School District and 0.24% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$3,256,569.93 and \$36,515.82 from the School District and the State, respectively.

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$48,176.00.

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

At June 30, 2019, the School District reported a liability of \$24,339,609.00 for its proportionate share of the net pension liability for TRS.

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

School District's proportionate share of the net pension liability	\$	24,339,609.00
State of Georgia's proportionate share of the net pension liability associated with the School District		276,762.00
Total	\$	24,616,371.00

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

TOOMBS COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

At June 30, 2018, the School District's TRS proportion was 0.131125%, which was a decrease of 0.004866% from its proportion measured as of June 30, 2017.

At June 30, 2019, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$271,268.00.

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

For the year ended June 30, 2019, the School District recognized pension expense of \$2,029,174.00 for TRS and \$62,808.00 for PSERS and revenue of \$80,128.00 for TRS and \$62,808.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,611,316.00	\$ 50,164.00
Changes of assumptions	367,276.00	-
Net difference between projected and actual earnings on pension plan investments	-	665,492.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	1,143,210.00
School District contributions subsequent to the measurement date	3,256,569.93	-
Total	\$ 5,235,161.93	\$ 1,858,866.00

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

Year Ended June 30:	TRS
2020	\$ 848,172.00
2021	\$ 311,832.00
2022	\$ (864,734.00)
2023	\$ (181,674.00)
2024	\$ 6,130.00

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

Teachers Retirement System:

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

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

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

Public School Employees Retirement System:

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

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

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

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

EXHIBIT "I"

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

Asset class	TRS Target allocation	PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.50)%
Domestic large stocks	39.80%	37.20%	9.00%
Domestic mid stocks	3.70%	3.40%	12.00%
Domestic small stocks	1.50%	1.40%	13.50%
International developed market stocks	19.40%	17.80%	8.00%
International emerging market stocks	5.60%	5.20%	12.00%
Alternative	-	5.00%	10.50%
Total	<u>100.00%</u>	<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 TRS pension liability was 7.50%. The discount rate used to measure the total PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 40,629,776.00	\$ 24,339,609.00	\$ 10,915,682.00

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

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

EXHIBIT "I"

NOTE 14: RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2019, the School District made prior period adjustments due to the adoption of GASB Statement No, 84, as described in “New Accounting Pronouncements,” which require the restatement of the June 30, 2018 net position in Governmental Activities and fund balance in the General Fund. These changes are in accordance with generally accepted accounting principles.

Net Position, July 1, 2018 as previously reported	\$	6,606,873.31
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		138,229.86
Net Position, July 1, 2018, as restated	\$	6,745,103.17
Fund Balance (General Fund), July 1, 2018 as previously reported	\$	3,180,916.32
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		138,229.86
Fund Balance (General Fund), July 1, 2018, as restated	\$	3,319,146.18
Net Position (Fiduciary Funds), July 1, 2018 as previously reported	\$	-
Prior Period Adjustment - Implementation of GASB No. 84: Restatement for Custodial Funds Beginning Net Position		224,991.75
Net Position (Fiduciary Funds), July 1, 2018, as restated	\$	224,991.75

NOTE 15: EXTRAORDINARY ITEM

During fiscal year 2019, the School District sustained fire damages to the press box at the Middle School athletic field. The total cost of the repairs was \$11,000.00.

NOTE 16: SPECIAL ITEMS

During fiscal year 2019, the School District sold land and buildings. Total proceeds from the sale were \$427,218.00 and the net book value of the assets sold were \$1,749,096.16. This resulted in a loss on sale of assets of \$1,321,878.16.

NOTE 17: SUBSEQUENT EVENT

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

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

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.131125%	\$ 24,339,609.00	\$ 276,762.00	\$ 24,616,371.00	\$ 15,851,880.81	153.54%	80.27%
2018	0.135991%	\$ 25,274,346.00	\$ 47,578.00	\$ 25,321,924.00	\$ 15,658,673.37	161.41%	79.33%
2017	0.136703%	\$ 28,203,353.00	-	\$ 28,203,353.00	\$ 15,094,728.93	186.84%	76.06%
2016	0.140441%	\$ 21,380,748.00	-	\$ 21,380,748.00	\$ 14,824,395.13	144.23%	81.44%
2015	0.142080%	\$ 17,949,934.00	-	\$ 17,949,934.00	\$ 14,407,600.89	124.59%	84.03%

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

SCHEDULE "2"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.00%	\$ -	\$ 271,268.00	\$ 271,268.00	\$ 708,039.17	N/A	85.26%
2018	0.00%	\$ -	\$ 261,394.00	\$ 261,394.00	\$ 728,391.07	N/A	85.69%
2017	0.00%	\$ -	\$ 335,228.00	\$ 335,228.00	\$ 693,860.80	N/A	81.00%
2016	0.00%	\$ -	\$ 235,801.00	\$ 235,801.00	\$ 740,925.09	N/A	87.00%
2015	0.00%	\$ -	\$ 224,650.00	\$ 224,650.00	\$ 771,363.07	N/A	88.29%

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

SCHEDULE "3"

Year Ended	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.179165%	\$ 22,771,322.00	\$ -	\$ 22,771,322.00	\$ 13,859,309.24	164.30%	2.93%
2018	0.178888%	\$ 25,133,693.00	\$ -	\$ 25,133,693.00	\$ 13,362,633.48	188.09%	1.61%

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

SCHEDULE "4"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2019	\$ 3,256,569.93	\$ 3,256,569.93	\$ -	\$ 15,762,764.09	20.66%
2018	\$ 2,634,844.45	\$ 2,634,844.45	\$ -	\$ 15,851,880.81	16.62%
2017	\$ 2,230,298.64	\$ 2,230,298.64	\$ -	\$ 15,658,673.37	14.24%
2016	\$ 2,154,017.82	\$ 2,154,017.82	\$ -	\$ 15,094,728.93	14.27%
2015	\$ 1,949,407.96	\$ 1,949,407.96	\$ -	\$ 14,824,395.13	13.15%
2014	\$ 1,769,253.39	\$ 1,769,253.39	\$ -	\$ 14,407,600.89	12.28%
2013	\$ 1,696,148.79	\$ 1,696,148.79	\$ -	\$ 14,865,458.28	11.41%
2012	\$ 1,525,068.38	\$ 1,525,068.38	\$ -	\$ 14,835,295.52	10.28%
2011	\$ 1,551,972.13	\$ 1,551,972.13	\$ -	\$ 15,097,005.15	10.28%
2010	\$ 1,549,155.71	\$ 1,549,155.71	\$ -	\$ 15,905,089.42	9.74%

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

SCHEDULE "5"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2019	\$ 942,153.94	\$ 942,153.94	\$ -	\$ 13,574,106.07	6.94%
2018	\$ 928,594.00	\$ 928,594.00	\$ -	\$ 13,859,309.24	6.70%
2017	\$ 932,733.00	\$ 932,733.00	\$ -	\$ 13,362,633.48	6.98%
2016	\$ 740,708.00	\$ 740,708.00	\$ -	\$ 12,755,874.89	5.81%

Teachers Retirement System

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

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

Public School Employees Retirement System

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

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

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

School OPEB Fund

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

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

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

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

SCHEDULE "7"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
<u>REVENUES</u>				
Property Taxes	\$ 5,796,702.00	\$ 5,796,702.00	\$ 5,770,329.83	\$ (26,372.17)
Sales Taxes	40,000.00	40,000.00	43,349.98	3,349.98
State Funds	19,568,421.09	19,588,211.09	19,593,147.42	4,936.33
Federal Funds	5,773,128.00	5,777,829.00	5,598,828.90	(179,000.10)
Charges for Services	72,450.00	72,450.00	209,329.95	136,879.95
Investment Earnings	1,450.00	1,580.00	34,095.43	32,515.43
Miscellaneous	409,953.91	888,373.67	1,007,683.12	119,309.45
	<u>31,662,105.00</u>	<u>32,165,145.76</u>	<u>32,256,764.63</u>	<u>91,618.87</u>
Total Revenues				
<u>EXPENDITURES</u>				
Current				
Instruction	20,485,660.74	20,715,260.76	20,264,250.01	451,010.75
Support Services				
Pupil Services	1,389,293.63	1,413,935.63	1,272,358.27	141,577.36
Improvement of Instructional Services	1,033,821.00	1,118,126.00	1,101,349.72	16,776.28
Educational Media Services	492,360.01	492,360.00	466,555.26	25,804.74
General Administration	360,155.15	446,146.15	234,271.84	211,874.31
School Administration	1,593,473.01	1,593,473.01	1,590,171.98	3,301.03
Business Administration	311,022.56	311,022.56	310,769.27	253.29
Maintenance and Operation of Plant	1,982,636.11	2,014,732.11	1,868,254.62	146,477.49
Student Transportation Services	1,548,596.72	1,576,753.72	1,554,398.62	22,355.10
Central Support Services	58,451.47	80,951.47	50,639.20	30,312.27
Other Support Services	71,538.38	67,288.38	66,388.03	900.35
Enterprise Operations	-	-	205,249.33	(205,249.33)
Food Services Operation	2,608,246.76	2,608,246.76	2,432,184.05	176,062.71
Debt Service	-	-	4,282.07	(4,282.07)
	<u>31,935,255.54</u>	<u>32,438,296.55</u>	<u>31,421,122.27</u>	<u>1,017,174.28</u>
Total Expenditures				
Excess of Revenues over (under) Expenditures	<u>(273,150.54)</u>	<u>(273,150.79)</u>	<u>835,642.36</u>	<u>1,108,793.15</u>
<u>OTHER FINANCING SOURCES (USES)/SPECIAL ITEMS</u>				
Operating Transfer to Other Funds	-	-	(725.63)	(725.63)
Sale or Compensation for the Loss of Capital Assets	-	-	65,000.00	65,000.00
Extraordinary Items - Other Uses	-	-	(11,000.00)	(11,000.00)
	<u>-</u>	<u>-</u>	<u>53,274.37</u>	<u>53,274.37</u>
Total Other Financing Sources (Uses)/Special Items				
Net Change in Fund Balances	(273,150.54)	(273,150.79)	888,916.73	1,162,067.52
Fund Balances - Beginning	3,405,908.07	3,405,908.07	3,319,146.18	(86,761.89)
Adjustments	<u>24,010.64</u>	<u>123,413.59</u>	<u>-</u>	<u>(123,413.59)</u>
Fund Balances - Ending	<u>\$ 3,156,768.17</u>	<u>\$ 3,256,170.87</u>	<u>\$ 4,208,062.91</u>	<u>\$ 951,892.04</u>

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

- (1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$702,966.77 and \$692,128.43, respectively.

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

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

SCHEDULE "B"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	195GA324N1099	\$ 571,016.20
National School Lunch Program	10.555	195GA324N1099	<u>1,650,327.20</u>
Total Child Nutrition Cluster			<u>2,221,343.40</u>
Other Programs			
Pass-Through From Bright From the Start:			
Georgia Department of Early Care and Learning			
Child and Adult Care Food Program	10.558	195GA368N1099	15,326.51
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	195GA324L1603	<u>78,545.15</u>
Total Other Programs			<u>93,871.66</u>
Total U. S. Department of Agriculture			<u>2,315,215.06</u>
Education, U.S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	6,363.15
Grants to States	84.027	H027A180073	776,334.47
Preschool Grants	84.173	H173A170081	251.08
Preschool Grants	84.173	H173A180081	<u>10,732.62</u>
Total Special Education Cluster			<u>793,681.32</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States			
English Language Acquisition State Grants	84.048	V048A180010	57,005.59
English Language Acquisition State Grants	84.365	S365A170010	2,857.00
English Language Acquisition State Grants	84.365	S365A180010	27,120.73
Migrant Education - State Grant Program	84.011	S011A170011	2,840.70
Migrant Education - State Grant Program	84.011	S011A180011	228,635.17
Rural Education	84.358	S365B170010	525.00
Rural Education	84.358	S365B180010	55,364.89
Student Support and Academic Enrichment Program	84.424A	S424A170011	307.00
Student Support and Academic Enrichment Program	84.424A	S424A180011	105,624.32
Supporting Effective Instruction State Grants	84.367	S367A170001	854.08
Supporting Effective Instruction State Grants	84.367	S367A180001	187,460.27
Title I Grants to Local Educational Agencies	84.010	S010A170010	17,075.30
Title I Grants to Local Educational Agencies	84.010	S010A180010	1,514,709.34
Twenty-First Century Community Learning Centers	84.287	S287C170010	5,841.60
Twenty-First Century Community Learning Centers	84.287	S287C180010	<u>348,550.37</u>
Total Other Programs			<u>2,554,771.36</u>
Total U. S. Department of Education			<u>3,348,452.68</u>
Total Expenditures of Federal Awards			<u>\$ 5,663,667.74</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

See notes to the basic financial statements.

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

SCHEDULE "9"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 712,905.94	\$ -	\$ 712,905.94
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	918,040.00	-	918,040.00
Kindergarten Program - Early Intervention Program	189,491.00	-	189,491.00
Primary Grades (1-3) Program	2,323,311.00	-	2,323,311.00
Primary Grades - Early Intervention (1-3) Program	450,133.00	-	450,133.00
Upper Elementary Grades (4-5) Program	1,170,052.00	-	1,170,052.00
Upper Elementary Grades - Early Intervention (4-5) Program	205,454.00	-	205,454.00
Middle School (6-8) Program	2,061,990.00	-	2,061,990.00
High School General Education (9-12) Program	1,689,191.00	-	1,689,191.00
Vocational Laboratory (9-12) Program	639,962.00	-	639,962.00
Students with Disabilities	3,029,110.00	-	3,029,110.00
Gifted Student - Category VI	227,545.00	-	227,545.00
Remedial Education Program	167,647.00	-	167,647.00
Alternative Education Program	146,854.00	-	146,854.00
English Speakers of Other Languages (ESOL)	386,660.00	-	386,660.00
Media Center Program	356,830.00	-	356,830.00
20 Days Additional Instruction	109,304.00	-	109,304.00
Staff and Professional Development	57,567.00	-	57,567.00
Principal Staff and Professional Development	1,373.00	-	1,373.00
Indirect Cost			
Central Administration	529,204.00	-	529,204.00
School Administration	800,985.00	-	800,985.00
Facility Maintenance and Operations	748,495.00	-	748,495.00
State Health Benefit Plan Employer Holiday	(181,440.00)	-	(181,440.00)
Categorical Grants			
Pupil Transportation			
Regular	470,924.00	-	470,924.00
Nursing Services	59,511.00	-	59,511.00
Education Equalization Funding Grant	1,726,333.00	-	1,726,333.00
Other State Programs			
Bus Purchases - State Allotment	154,440.00	-	154,440.00
Food Services	50,747.04	-	50,747.04
Math and Science Supplements	13,202.84	-	13,202.84
Preschool Disability Services	115,292.00	-	115,292.00
School Safety Grant	-	43,904.00	43,904.00
Teachers Retirement	36,515.82	-	36,515.82
Vocational Education	113,042.78	-	113,042.78
Vocational Supervisors	14,299.00	-	14,299.00
Office of the State Treasurer			
Public School Employees Retirement	48,176.00	-	48,176.00
	<u>\$ 19,543,147.42</u>	<u>\$ 43,904.00</u>	<u>\$ 19,587,051.42</u>

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

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
SPLOST #4							
i. Constructing and equipping two (new) or replacement schools, specifically: Toombs County High School and Toombs Central School	\$ 11,340,000.00	\$ 17,543,710.95	\$ -	\$ 17,543,710.95	\$ 17,543,710.95	\$ -	Completed
ii. Modifying and equipping the existing Toombs County High School for further instructional use	3,000,000.00	749,464.46	-	749,464.46	749,464.46	-	Completed
iii. Purchasing School buses	500,000.00	100,000.00	22,560.00	4,774.67	-	-	6/30/2021
iv. Purchasing textbooks, furniture, technology, additional instructional materials and equipment for all sites	-	750,000.00	320,228.07	215,187.57	-	-	6/30/2021
v. Constructing additions to and/or renovating, modifying, and equipping existing school system facilities and making critical infrastructure improvements to existing facilities	500,000.00	500,000.00	194,460.29	139,101.46	-	-	6/30/2021
SPLOST #4 Totals	<u>15,340,000.00</u>	<u>19,643,175.41</u>	<u>537,248.36</u>	<u>18,652,239.11</u>	<u>18,293,175.41</u>	<u>-</u>	
SPLOST #5							
a. The payment of principal and interest on general obligation debt incurred for constructing and equipping Toombs County High School	4,342,000.00	4,342,000.00	-	-	-	-	6/30/2022
b. Constructing and equipping a new athletic facility at Toombs County High School	3,350,000.00	3,350,000.00	176,345.02	-	-	-	12/31/2020
c. Constructing, make additions to and/or renovating, modifying and equipping Toombs Central Elementary School and other school system facilities and making critical infrastructure and security improvements to existing facilities	4,598,000.00	4,598,000.00	463,215.96	-	-	-	6/30/2026
d. Purchasing School buses	500,000.00	500,000.00	-	-	-	-	6/30/2026
e. Purchasing textbooks (including e-books), furniture, technology and software, additional instructional materials and equipment for all facilities.	1,250,000.00	1,250,000.00	50,559.50	-	-	-	6/30/2026
SPLOST #5 Totals	<u>14,040,000.00</u>	<u>14,040,000.00</u>	<u>690,120.48</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	<u>\$ 29,380,000.00</u>	<u>\$ 33,683,175.41</u>	<u>\$ 1,227,368.84</u>	<u>\$ 18,652,239.11</u>	<u>\$ 18,293,175.41</u>	<u>\$ -</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 District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Toombs County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Years	\$ 1,689,886.88
Current Year	<u>284,450.00</u>
Total	<u>\$ 1,974,336.88</u>

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Toombs County Board of Education (School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated July 27, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin
State Auditor

July 27, 2020



DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

July 27, 2020

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV
FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Governmental Activities; General Fund; Capital Projects Fund; Debt Service Fund; Aggregate Remaining Fund Information	Unmodified
Internal control over financial reporting:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major programs: All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
Auditee qualified as low-risk auditee?	No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.