



# **JONES COUNTY BOARD OF EDUCATION GRAY, GEORGIA**

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



JONES COUNTY BOARD OF EDUCATION

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FINANCIAL



# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101  
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  
Jones 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 Jones 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 governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 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 style with a horizontal line at the end.

Greg S. Griffin  
State Auditor

October 30, 2020

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

## INTRODUCTION

The discussion and analysis of the Jones County Board of Education's (the School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2019 and June 30, 2018. 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 the fiscal years 2019 and 2018 are as follows:

- General revenues accounts for \$23,683,478 in revenue or 34.6% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$44,843,988 or 65.4% of total revenues of \$68,527,466.
- The School District had \$55,713,965 in expenses related to governmental activities; however, \$44,843,988 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$23,683,478 were adequate to provide for these programs.
- Among major funds, the general fund had \$58,516,009 in revenues and \$55,186,759 in expenditures. The fund balance for the general fund increased from \$12,282,790 to \$15,626,070 primarily due to an increase in state and federal funding, as well as investment income.

## 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 funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2019 and 2018, the general fund, the capital projects fund, and the debt service fund represent the most significant funds.

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

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.

### **Fund Financial Statements**

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. 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.

JONES 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
<b>Assets</b>		
Current and Other Assets	\$ 35,353,799	\$ 34,636,234
Capital Assets, Net	73,256,902	65,708,670
<b>Total Assets</b>	<b>108,610,701</b>	<b>100,344,904</b>
<b>Deferred Outflows of Resources</b>	<b>11,512,728</b>	<b>10,314,162</b>
<b>Liabilities</b>		
Current and Other Liabilities	7,838,423	9,042,243
Long-Term Liabilities	14,682,364	16,242,829
Net Pension and OPEB Liabilities	82,228,195	90,416,593
<b>Total Liabilities</b>	<b>104,748,982</b>	<b>115,701,665</b>
<b>Deferred Inflows of Resources</b>	<b>14,116,226</b>	<b>6,512,681</b>
<b>Net Position</b>		
Net Investment in Capital Assets	60,424,522	57,659,265
Restricted	10,270,724	6,308,910
Unrestricted (Deficit)	(69,437,025)	(75,523,455)
<b>Total Net Position</b>	<b>\$ 1,258,221</b>	<b>\$ (11,555,280)</b>

Total assets and deferred outflows of resources increased by \$9,464,363 which was primarily due to an increase in equalization funding and the addition of capital assets for new construction in progress at the high school.

Total liabilities and deferred inflows of resources decreased by \$3,349,138. The combination of the increase in total assets and deferred outflows of resources and the decrease in total liabilities and deferred inflows of resources yielded an increase in net position of \$12,813,501.

Net position increased \$12,813,501 in fiscal year 2019. This increase is primarily due to the increase in state funding for capital projects and increase in capital assets.

JONES 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	Fiscal Year
	2019	2018
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,484,272	\$ 1,554,997
Operating Grants and Contributions	36,877,716	35,389,555
Capital Grants and Contributions	6,482,000	9,674
<b>Total Program Revenues</b>	<b>44,843,988</b>	<b>36,954,226</b>
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	12,603,446	13,006,841
Debt Services	1,229,134	1,254,386
Railroad Cars	43,823	36,414
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	2,112,876	1,722,257
For Debt Service	-	295,000
Intangible Recording Tax	123,465	129,154
Grants and Contributions not		
Restricted to Specific Programs	6,175,759	6,161,217
Investment Earnings	246,151	86,657
Miscellaneous	1,148,824	956,966
<b>Total General Revenues</b>	<b>23,683,478</b>	<b>23,648,892</b>
<b>Total Revenues</b>	<b>68,527,466</b>	<b>60,603,118</b>
<b>Program Expenses:</b>		
Instruction	34,971,427	35,952,628
Support Services		
Pupil Services	1,700,153	1,511,132
Improvement of Instructional Services	1,950,003	1,839,746
Educational Media Services	833,429	795,645
General Administration	724,861	691,206
School Administration	3,584,704	3,537,281
Business Administration	269,126	485,779
Maintenance and Operation of Plant	4,674,421	4,178,126
Student Transportation Services	3,147,412	3,173,721
Central Support Services	-	544
Other Support Services	677,519	595,481
Operations of Non-Instructional Services		
Enterprise Operations	107,190	108,595
Food Services	2,649,015	2,829,031
Interest on Short-Term and Long-Term Debt	424,705	(3,286)
<b>Total Expenses</b>	<b>55,713,965</b>	<b>55,695,629</b>
<b>Increase in Net Position</b>	<b>\$ 12,813,501</b>	<b>\$ 4,907,489</b>

JONES 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 \$7,889,762 for governmental activities. This increase is largely due to an increase in funds earned through the State Quality Basic Education (QBE) Funding Formula, and an increase in capital grant funding.

General revenues increased by \$34,586 during fiscal year 2019 due to an increase in investment earnings.

**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	Fiscal Year	Fiscal Year	Fiscal Year
	2019	2018	2019	2018
Instruction	\$ 34,971,427	\$ 35,952,628	\$ (1,059,349)	\$ 7,556,385
Support Services:				
Pupil Services	1,700,153	1,511,132	1,232,962	1,163,111
Improvement of Instructional Services	1,950,003	1,839,746	1,476,995	1,395,420
Educational Media Services	833,429	795,645	169,474	123,008
General Administration	724,861	691,206	(287,049)	(373,795)
School Administration	3,584,704	3,537,281	2,208,466	2,192,094
Business Administration	269,126	485,779	266,274	484,268
Maintenance and Operation of Plant	4,674,421	4,178,126	3,247,506	2,748,644
Student Transportation Services	3,147,412	3,173,721	2,257,428	2,307,911
Central Support Services	-	544	-	(49)
Other Support Services	677,519	595,481	583,159	517,323
Operations of Non-Instructional Services:				
Community Services	-	-	(104)	(61)
Enterprise Operations	107,190	108,595	242,320	108,595
Food Services	2,649,015	2,829,031	107,190	521,836
Interest on Short-Term and Long-Term Debt	424,705	(3,286)	424,705	(3,286)
<b>Total Expenses</b>	<b>\$ 55,713,965</b>	<b>\$ 55,695,629</b>	<b>\$ 10,869,977</b>	<b>\$ 18,741,404</b>

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2019, none of instruction expenses had to be supplemented by taxes and other general revenues compared to 21.0% in 2018.

**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 \$71,061,038 and expenditures and other financing uses of \$68,979,476. The general fund had an overall increase of \$3,343,280. The increase in the general fund for the year is due mostly to an increase in federal funds.

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

**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 years 2019 and 2018, the School District amended its general fund budget as needed.

For the general fund, the final budgeted revenues and other financing sources of \$57,932,243 increased from the original budgeted amount of \$55,987,412 by \$1,944,831. This difference was mainly due to the addition of Federal Programs. The actual revenue was more than the budgeted amount by \$744,416. The majority of the variances between final budget and actual revenue are due to increases in state funding and property taxes and an increase in school activity revenue, which is not budgeted for by the School District.

The final budgeted expenditures and other financing uses of \$56,430,900 was more than the original budgeted amount of \$54,667,854 by \$1,763,046. This difference was due mainly to Federal Programs. The actual expenditures of \$55,186,759 was \$1,083,491 less than budgeted. The majority of the variances between the final budgeted expenditures and actual are due to conservative budgeting and the State Health Employer Benefit Holiday.

**CAPITAL ASSETS**

At the fiscal years ended June 30, 2019 and June 30, 2018, the School District had \$73,256,902 and \$65,708,670, respectively, 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	Fiscal Year
	2019	2018
Land	\$ 1,817,429	\$ 1,817,429
Construction In Progress	10,493,665	4,661,689
Building and Improvements	57,147,146	56,268,360
Machinery and Equipment	2,612,982	1,568,314
Land Improvements	1,185,680	1,392,878
<b>Total</b>	<b>\$ 73,256,902</b>	<b>\$ 65,708,670</b>

The overall capital assets increased in fiscal year 2019 by \$7,548,232 mainly due to construction in progress on the new addition at Jones County High School.

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

**DEBT ADMINISTRATION**

At June 30, 2019, the School District had \$14,682,364 in long-term liabilities, which consisted of \$12,945,000 in bond debt, \$844,439 in capital leases payable, and \$892,925 in unamortized bond premiums outstanding with \$2,573,918 due within one year. Table 5 summarizes bond debt outstanding at June 30, 2019 and 2018.

**Table 5  
Debt at June 30**

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
General Obligation Bonds	\$ 12,945,000	\$ 15,050,000
Unamortized Bond Premiums	892,925	1,192,829
Capital Leases Payable	844,439	-
Total	\$ 14,682,364	\$ 16,242,829

**CURRENT ISSUES**

The School District is financially stable. The School District's operating millage for fiscal year 2019 was 18.00 mills. Jones County Board of Education continues to prioritize its educational programs and seek opportunities for gained efficiencies within its resources to meet the growing demands of our stakeholders. The School District continues to provide an increasing amount of local monies to provide a quality education to our students. The general economy continues to show modest growth. Operating revenues from State sources increased from the prior year by about \$707,413.

Management believes the School District is in sound financial position. The general fund had a fund balance of \$15,626,070 at June 30, 2019, which is an increase of \$3,343,280 from the prior year. In fiscal year 2019, the cost of the employer portion of TRS pension for all covered employees increased again. In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

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.

**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 Ms. Tonya Merritt at the Jones County Board of Education, 125 Stewart Avenue, Gray, GA 31032. You may also email your questions to [tmerritt@jones.k12.ga.us](mailto:tmerritt@jones.k12.ga.us).

JONES COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 25,593,595.67
Investments	188,680.55
Receivables, Net	
Interest	989.78
Taxes	530,985.56
State Government	8,074,534.29
Federal Government	773,297.64
Local	99,644.96
Inventories	92,070.79
Capital Assets, Non-Depreciable	12,311,094.14
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>60,945,807.37</u>
Total Assets	<u>108,610,700.75</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	9,513,227.03
Related to OPEB Plan	<u>1,999,501.00</u>
Total Deferred Outflows of Resources	<u>11,512,728.03</u>
<u>LIABILITIES</u>	
Accounts Payable	492,007.51
Salaries and Benefits Payable	4,915,440.32
Interest Payable	229,940.45
Payroll Withholdings Payable	1,410,188.16
Contracts Payable	325,703.62
Retainages Payable	465,142.60
Net Pension Liability	42,348,228.00
Net OPEB Liability	39,879,967.00
Long-Term Liabilities	
Due Within One Year	2,573,917.77
Due in More Than One Year	<u>12,108,446.57</u>
Total Liabilities	<u>104,748,982.00</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	3,975,384.00
Related to OPEB Plan	<u>10,140,842.00</u>
Total Deferred Inflows of Resources	<u>14,116,226.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	60,424,521.75
Restricted for	
Continuation of Federal Programs	320,426.28
Capital Projects	7,716,498.06
Debt Service	2,233,800.00
Unrestricted (Deficit)	<u>(69,437,025.31)</u>
Total Net Position	<u>\$ 1,258,220.78</u>

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

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 34,971,426.56	\$ 863,994.88
Support Services		
Pupil Services	1,700,152.74	-
Improvement of Instructional Services	1,950,002.92	-
Educational Media Services	833,429.33	-
General Administration	724,861.07	-
School Administration	3,584,703.80	-
Business Administration	269,126.39	-
Maintenance and Operation of Plant	4,674,421.19	-
Student Transportation Services	3,147,412.47	-
Other Support Services	677,518.65	-
Operations of Non-Instructional Services		
Enterprise Operations	107,190.33	-
Community Services	-	104.00
Food Services	2,649,014.59	620,172.96
Interest on Short-Term and Long-Term Debt	424,704.86	-
	\$ 55,713,964.90	\$ 1,484,271.84
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
For Debt Service		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Intangible Recording Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
\$ 28,708,573.11	\$ 6,458,207.70	\$ 1,059,349.13
467,190.69	-	(1,232,962.05)
473,007.97	-	(1,476,994.95)
663,955.07	-	(169,474.26)
1,011,910.47	-	287,049.40
1,376,238.10	-	(2,208,465.70)
2,852.38	-	(266,274.01)
1,426,914.94	-	(3,247,506.25)
866,192.15	23,792.25	(2,257,428.07)
94,359.10	-	(583,159.55)
-	-	(107,190.33)
-	-	104.00
1,786,521.79	-	(242,319.84)
-	-	(424,704.86)
<u>\$ 36,877,715.77</u>	<u>\$ 6,481,999.95</u>	<u>(10,869,977.34)</u>
		12,603,445.44
		1,229,134.25
		43,823.24
		2,112,876.32
		123,464.62
		6,175,758.81
		246,151.24
		<u>1,148,824.03</u>
		<u>23,683,477.95</u>
		12,813,500.61
		<u>(11,555,279.83)</u>
		<u>\$ 1,258,220.78</u>

JONES 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	\$ 16,747,458.47	\$ 6,764,751.24	\$ 2,081,385.96	\$ 25,593,595.67
Investments	88,501.10	-	100,179.45	188,680.55
Receivables, Net				
Interest	-	-	989.78	989.78
Taxes	327,262.34	177,417.53	26,305.69	530,985.56
State Government	4,616,326.59	3,458,207.70	-	8,074,534.29
Federal Government	773,297.64	-	-	773,297.64
Local	99,458.96	186.00	-	99,644.96
Due from Other Funds	-	266,139.00	-	266,139.00
Inventories	92,070.79	-	-	92,070.79
	<u>22,744,375.89</u>	<u>10,666,701.47</u>	<u>2,208,860.88</u>	<u>35,619,938.24</u>
Total Assets	\$ <u>22,744,375.89</u>	\$ <u>10,666,701.47</u>	\$ <u>2,208,860.88</u>	\$ <u>35,619,938.24</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 266,139.00	-	-	\$ 266,139.00
Accounts Payable	445,685.30	45,515.96	806.25	492,007.51
Salaries and Benefits Payable	4,915,440.32	-	-	4,915,440.32
Payroll Withholdings Payable	1,410,188.16	-	-	1,410,188.16
Contracts Payable	-	325,703.62	-	325,703.62
Retainages Payable	-	465,142.60	-	465,142.60
	<u>7,037,452.78</u>	<u>836,362.18</u>	<u>806.25</u>	<u>7,874,621.21</u>
Total Liabilities	7,037,452.78	836,362.18	806.25	7,874,621.21
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	80,852.91	-	8,170.83	89,023.74
	<u>80,852.91</u>	<u>-</u>	<u>8,170.83</u>	<u>89,023.74</u>
<u>FUND BALANCES</u>				
Nonspendable	92,070.79	-	-	92,070.79
Restricted	228,355.49	9,830,339.29	2,199,883.80	12,258,578.58
Assigned	816,428.46	-	-	816,428.46
Unassigned	14,489,215.46	-	-	14,489,215.46
	<u>15,626,070.20</u>	<u>9,830,339.29</u>	<u>2,199,883.80</u>	<u>27,656,293.29</u>
Total Fund Balances	15,626,070.20	9,830,339.29	2,199,883.80	27,656,293.29
	<u>22,744,375.89</u>	<u>10,666,701.47</u>	<u>2,208,860.88</u>	<u>35,619,938.24</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>22,744,375.89</u>	\$ <u>10,666,701.47</u>	\$ <u>2,208,860.88</u>	\$ <u>35,619,938.24</u>

JONES 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") \$ 27,656,293.29

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	\$	1,817,428.62	
Construction in progress		10,493,665.52	
Land improvements		5,786,127.47	
Buildings		79,972,447.56	
Equipment		10,427,592.74	
Accumulated depreciation		<u>(35,240,360.40)</u>	73,256,901.51

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

Net pension liability	\$	(42,348,228.00)	
Net OPEB liability		<u>(39,879,967.00)</u>	(82,228,195.00)

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

Net pension liability	\$	5,537,843.03	
Net OPEB liability		<u>(8,141,341.00)</u>	(2,603,497.97)

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

89,023.74

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	\$	(12,945,000.00)	
Accrued interest payable		(229,940.45)	
Capital leases		(844,438.80)	
Unamortized bond premiums		<u>(892,925.54)</u>	(14,912,304.79)

Net position of governmental activities (Exhibit "A") \$ 1,258,220.78

JONES 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
<b>REVENUES</b>				
Property Taxes	\$ 12,648,707.28	\$ -	\$ 1,229,515.29	\$ 13,878,222.57
Sales Taxes	112,302.60	2,112,876.32	11,162.02	2,236,340.94
State Funds	38,591,502.26	6,458,207.70	-	45,049,709.96
Federal Funds	4,545,359.93	-	-	4,545,359.93
Charges for Services	1,484,271.84	-	-	1,484,271.84
Investment Earnings	123,168.66	79,094.08	43,888.50	246,151.24
Miscellaneous	1,010,696.06	-	-	1,010,696.06
<b>Total Revenues</b>	<b>58,516,008.63</b>	<b>8,650,178.10</b>	<b>1,284,565.81</b>	<b>68,450,752.54</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	34,762,116.19	337,604.04	-	35,099,720.23
Support Services				
Pupil Services	1,762,256.96	-	-	1,762,256.96
Improvement of Instructional Services	1,960,195.43	9,158.15	-	1,969,353.58
Educational Media Services	876,104.71	-	-	876,104.71
General Administration	740,291.68	-	-	740,291.68
School Administration	3,643,493.57	81,972.05	-	3,725,465.62
Business Administration	288,916.85	-	-	288,916.85
Maintenance and Operation of Plant	4,359,397.11	168,691.95	-	4,528,089.06
Student Transportation Services	3,196,604.97	1,067,676.00	-	4,264,280.97
Other Support Services	690,418.67	-	-	690,418.67
Enterprise Operations	107,190.33	-	-	107,190.33
Food Services Operation	2,568,892.07	16,000.72	-	2,584,892.79
Capital Outlay	-	8,002,672.71	-	8,002,672.71
Debt Services				
Principal	223,237.20	-	2,105,000.00	2,328,237.20
Interest	7,642.80	-	552,627.51	560,270.31
Dues and Fees	-	-	5,981.25	5,981.25
<b>Total Expenditures</b>	<b>55,186,758.54</b>	<b>9,683,775.62</b>	<b>2,663,608.76</b>	<b>67,534,142.92</b>
Excess of Revenues over (under) Expenditures	3,329,250.09	(1,033,597.52)	(1,379,042.95)	916,609.62
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	1,445,332.65	1,445,332.65
Sale or Compensation for Loss of Fixed Assets	11,859.07	83,246.76	-	95,105.83
Capital Lease Proceeds	-	1,067,676.00	-	1,067,676.00
Other Sources	2,170.59	-	-	2,170.59
Transfers Out	-	(1,445,332.65)	-	(1,445,332.65)
<b>Total Other Financing Sources (Uses)</b>	<b>14,029.66</b>	<b>(294,409.89)</b>	<b>1,445,332.65</b>	<b>1,164,952.42</b>
<b>Net Change in Fund Balances</b>	<b>3,343,279.75</b>	<b>(1,328,007.41)</b>	<b>66,289.70</b>	<b>2,081,562.04</b>
Fund Balances - Beginning	12,282,790.45	11,158,346.70	2,133,594.10	25,574,731.25
<b>Fund Balances - Ending</b>	<b>\$ 15,626,070.20</b>	<b>\$ 9,830,339.29</b>	<b>\$ 2,199,883.80</b>	<b>\$ 27,656,293.29</b>

JONES 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") \$ 2,081,562.04

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	\$ 9,571,439.24	
Depreciation expense	<u>(2,064,059.45)</u>	7,507,379.79

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,819.64)

In the Statement of Activities, only the gain or loss on the sale of a capital assets is reports, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the carrying value of the assets sold. (696.39)

Debt proceeds provide current financial resources to Governmental Funds, however, issuing debt increases Long-Term Liabilities in the Statement of Net Position. In the current period, proceeds were received from:

Capital lease proceeds		(1,067,676.00)
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Donated Capital Assets are not reported in Governmental Funds. However, in the Statement of Activities, the donated value is shown as a Miscellaneous revenue. 41,547.94

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

Bond principal retirements	\$ 2,105,000.00	
Amortization of bond premiums	299,903.82	
Capital lease payments	<u>223,237.20</u>	2,628,141.02

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

Pension expense	\$ 1,485,544.97	
OPEB expense	<u>297,874.00</u>	1,783,418.97

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 debt		<u>(158,357.12)</u>
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Change in net position of governmental activities (Exhibit "B") \$ 12,813,500.61

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

EXHIBIT "G"

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>188,971.64</u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u>188,971.64</u>

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

**REPORTING ENTITY**

The Jones 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.

**BLENDED COMPONENT UNIT**

The Jones County College and Career Academy, Inc. was organized under the laws of the State of Georgia on September 14, 2017. The purpose of the Jones County College and Career Academy, Inc. is to provide a seamless blend of academics with career and technical education and skill to better serve the Jones County Community and region, generally, and participating partners, specifically, in accordance with the educational purposes set forth in the "strategic waiver contract" agreed to by both the Local and State Board of Education. The Board of Directors is comprised of nine voting members, of which two are nominated by the Jones County Board of Education and the Jones County School Superintendent, two are nominated by the Presidents of Central Georgia Technical College and Middle Georgia State University, five are nominated by the Superintendent and College Presidents from High Demand Career Initiative Sector Employers. The Jones County College and Career Academy is a component unit of the School District and as such the College and Career Academy's financial activity has been blended with the School District's basic financial statements.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**BASIS OF PRESENTATION**

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

**GOVERNMENT-WIDE STATEMENTS:**

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

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

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

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

#### **FUND FINANCIAL STATEMENTS**

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

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

#### **BASIS OF ACCOUNTING**

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

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

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

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

#### **CASH AND CASH EQUIVALENTS**

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

#### **INVESTMENTS**

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

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

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

**RECEIVABLES**

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

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

**INVENTORIES**

**Food Inventories**

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (calculated on the 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	10 to 30 years
Buildings and Improvements	\$ 5,000.00	10 to 80 years
Machinery and Equipment	\$ 5,000.00	5 to 25 years
Construction in Progress	\$ 5,000.00	N/A
Intangible Assets	\$ 200,000.00	10 to 20 years

### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

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

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

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

### PENSIONS

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

### POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

### FUND BALANCES

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

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

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

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

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

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

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

#### USE OF ESTIMATES

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

#### PROPERTY TAXES

The Jones County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on August 26, 2018 (levy date) based on property values as of January 1, 2018. Taxes were due on December 1, 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 Jones County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.50% 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 \$11,598,991.16 and for school bonds amounted to \$1,136,071.61.

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

School Operations	18.000 mills
School Bonds	<u>1.788</u> mills
	<u>19.788</u> mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,099,336.56 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 \$2,112,876.32 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 fund. 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 level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

**NOTE 4: DEPOSITS AND CASH EQUIVALENTS**

**COLLATERALIZATION OF DEPOSITS**

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

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

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

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

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 to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

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

**CATEGORIZATION OF DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2019, the School District had deposits with a carrying amount of \$25,391,326.67, and a bank balance of \$26,531,197.56. The bank balances insured by Federal depository insurance were \$688,680.55.

At June 30, 2019, \$25,842,517.01 of the School District's bank balance was exposed to custodial credit risk and included in the State's Secure Deposit Program.

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

Cash and cash equivalents	
Statement of Net Position	\$ 25,593,595.67
Statement of Fiduciary Net Position	<u>188,971.64</u>
 Total cash and cash equivalents	 25,782,567.31
 Add:	
Deposits with original maturity of three months or more reported as investments	188,680.55
 Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	<u>579,921.19</u>
 Total carrying value of deposits - June 30, 2019	 \$ <u>25,391,326.67</u>

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**CATEGORIZATION OF CASH EQUIVALENTS**

The School District reported cash equivalents of \$579,921.19 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2019, was 39 days.

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

**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	\$ 1,817,428.62	\$ -	\$ -	\$ 1,817,428.62
Construction in Progress	4,661,688.92	7,390,166.62	1,558,190.02	10,493,665.52
Total Capital Assets Not Being Depreciated	<u>6,479,117.54</u>	<u>7,390,166.62</u>	<u>1,558,190.02</u>	<u>12,311,094.14</u>
Capital Assets Being Depreciated				
Buildings and Improvements	77,714,795.66	2,257,651.90	-	79,972,447.56
Machinery and Equipment	9,159,643.52	1,523,358.68	255,409.46	10,427,592.74
Land Improvements	5,786,127.47	-	-	5,786,127.47
Less Accumulated Depreciation for:				
Buildings and Improvements	21,446,435.32	1,378,866.62	-	22,825,301.94
Machinery and Equipment	7,591,329.75	477,994.35	254,713.07	7,814,611.03
Land Improvements	4,393,248.95	207,198.48	-	4,600,447.43
Total Capital Assets, Being Depreciated, Net	<u>59,229,552.63</u>	<u>1,716,951.13</u>	<u>696.39</u>	<u>60,945,807.37</u>
Governmental Activities Capital Assets - Net	<u>\$ 65,708,670.17</u>	<u>\$ 9,107,117.75</u>	<u>\$ 1,558,886.41</u>	<u>\$ 73,256,901.51</u>

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Current year depreciation expense by function is as follows:

Instruction		\$ 1,317,392.35
Support Services		
Pupil Services	\$ 2,819.03	
Improvements of Instructional Services	21,439.83	
General Administration	9,206.12	
School Administration	5,629.60	
Business Administration	1,536.98	
Maintenance and Operation of Plant	282,168.98	
Student Transportation Services	306,703.61	
Other Support Services	<u>2,016.30</u>	631,520.45
Food Services		<u>115,146.65</u>
		<u>\$ 2,064,059.45</u>

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

**INTERFUND ASSETS AND LIABILITIES**

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 266,139.00
Capital Projects Fund	<u>266,139.00</u>	<u>-</u>
	<u>\$ 266,139.00</u>	<u>\$ 266,139.00</u>

The interfund receivables and payables are a result of bus lease payment and partial bus purchase made from 2014 SPLOST in error.

**INTERFUND TRANSFERS**

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

	<u>Transfers From Capital Projects Fund</u>
<u>Transfers to</u>	
Debt Service Fund	<u>\$ 1,445,332.65</u>

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

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**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	\$ 15,050,000.00	\$ -	\$ 2,105,000.00	\$ 12,945,000.00	\$ 2,190,000.00
Unamortized Bond Premiums	1,192,829.36	-	299,903.82	892,925.54	184,113.09
Capital Leases	-	1,067,676.00	223,237.20	844,438.80	199,804.68
	<u>\$ 16,242,829.36</u>	<u>\$ 1,067,676.00</u>	<u>\$ 2,628,141.02</u>	<u>\$ 14,682,364.34</u>	<u>\$ 2,573,917.77</u>

The School District has no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2019. In the event the entity is unable to make the principal and interest payments using proceeds of the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from the general fund or from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

**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 property taxes and ESPLOST proceeds. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

Of the total amount originally authorized, \$4,245,000.00 remains unissued. General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2013B	3.00% - 4.00%	7/16/2013	8/1/2019	\$ 9,065,000.00	\$ 2,190,000.00
General Government - Series 2018	3.00% - 5.00%	2/27/2018	8/1/2024	10,755,000.00	10,755,000.00
				<u>\$ 19,820,000.00</u>	<u>\$ 12,945,000.00</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	\$ 2,190,000.00	\$ 499,650.00	\$ 184,113.09
2021	2,000,000.00	425,850.00	173,586.72
2022	2,050,000.00	354,850.00	173,586.72
2023	2,140,000.00	271,050.00	173,586.72
2024	2,225,000.00	172,625.00	173,586.72
2025	<u>2,340,000.00</u>	<u>58,500.00</u>	<u>14,465.57</u>
Total Principal and Interest	<u>\$ 12,945,000.00</u>	<u>\$ 1,782,525.00</u>	<u>\$ 892,925.54</u>

**CAPITAL LEASES**

The School District has acquired school buses 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
Machinery and Equipment	\$ 1,067,676.00
Less: Accumulated Depreciation	53,383.80
	\$ 1,014,292.20

During the current fiscal year, the School District entered into a lease agreement as lessee for financing the acquisition of school buses at a cost of \$1,154,400.00 with a down payment of \$230,880.00. This lease qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

Capital leases currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
School Buses	7.51%	11/15/2018	1/15/2023	\$ 1,067,676.00	\$ 844,438.80

The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2020	\$ 199,804.68	\$ 31,075.32
2021	207,157.44	23,722.56
2022	214,780.80	16,099.20
2023	222,695.88	8,184.12
Total Principal and Interest	\$ 844,438.80	\$ 79,081.20

**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.

**WORKERS' COMPENSATION**

**Georgia Education Workers' Compensation Trust**

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

**UNEMPLOYMENT COMPENSATION**

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District had no unemployment compensation claims in the past two years.

**SURETY BOND**

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

Position Covered	Amount
Superintendent	\$ 50,000.00

**NOTE 9: FUND BALANCE CLASSIFICATION DETAILS**

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

Nonspendable		
Inventories		\$ 92,070.79
Restricted		
Continuation of Federal Programs	\$ 228,355.49	
Capital Projects	9,568,498.09	
Debt Service	2,461,725.00	12,258,578.58
Assigned		
School Activity Accounts		816,428.46
Unassigned		14,489,215.46
Fund Balance, June 30, 2019		\$ 27,656,293.29

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, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2019 (1)	Funding Available From State
19-684-001 Jones County High Facility	\$ 883,266.17	\$ 12,381,310.95	\$ 384,245.30
19-684-002 Dames Ferry Elementary Renovation	268,918.15	61,081.85	-
Accounts Receivable	-	-	-
	<u>\$ 1,152,184.32</u>	<u>\$ 12,442,392.80</u>	<u>\$ 384,245.30</u>

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

**OPERATING LEASES**

The School District leases copiers under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$70,012.75 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	\$ 100,474.00
2021	100,474.00
Total	<u>\$ 200,948.00</u>

**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.

**LITIGATION**

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

**NOTE 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 \$1,609,289.00 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2019, the School District reported a liability of \$39,879,967.00 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 0.313776%, which was a decrease of 0.019357% from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the School District recognized OPEB expense of \$1,311,415.00. 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	\$ -	\$ 907,112.00
Changes of assumptions	-	6,755,858.00
Net difference between projected and actual earnings on OPEB plan investments	53,957.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	336,255.00	2,477,872.00
School District contributions subsequent to the measurement date	1,609,289.00	-
Total	\$ 1,999,501.00	\$ 10,140,842.00

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

Year Ended June 30:	OPEB
2020	\$ (1,851,658.00)
2021	\$ (1,851,658.00)
2022	\$ (1,851,658.00)
2023	\$ (1,854,881.00)
2024	\$ (1,632,738.00)
Thereafter	\$ (708,037.00)

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

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EXHIBIT "H"

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:

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

\*Net of Inflation

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

**Sensitivity of the 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:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
School District's proportionate share of the Net OPEB Liability	\$ 46,567,297.00	\$ 39,879,967.00	\$ 34,487,334.00

***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	\$ 33,527,409.00	\$ 39,879,967.00	\$ 47,998,301.00

***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](http://www.trsga.com/publications).

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

***Contributions:*** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2019. The School District's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School District payroll, of which 20.82% of payroll was required from the School District and 0.08% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$5,754,753.03 and \$21,854.36 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](http://www.ers.ga.gov/formspubs/formspubs).

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$120,440.00.

***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 \$42,348,228.00 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	\$ 42,348,228.00	
State of Georgia's proportionate share of the net pension liability associated with the School District		163,718.00
Total		\$ 42,511,946.00

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.

JONES COUNTY BOARD OF EDUCATION  
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 JUNE 30, 2019

EXHIBIT "H"

At June 30, 2018, the School District's TRS proportion was 0.228143%, which was a decrease of 0.006513% 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 \$687,212.00.

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 \$4,189,586.00 for TRS and \$159,115.00 for PSERS and revenue of \$76,416.00 for TRS and \$159,115.00 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	\$ 2,803,512.00	\$ 87,281.00
Changes of assumptions	639,019.00	-
Net difference between projected and actual earnings on pension plan investments	-	1,157,883.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	315,943.00	2,730,220.00
School District contributions subsequent to the measurement date	5,754,753.03	-
Total	\$ 9,513,227.03	\$ 3,975,384.00

The School District contributions subsequent to the measurement date of \$5,754,753.03 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	\$ 1,609,019.00
2021	\$ 254,382.00
2022	\$ (1,811,554.00)
2023	\$ (286,195.00)
2024	\$ 17,438.00

**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.

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

EXHIBIT "H"

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	100.00%	100.00%	

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

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

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

Teachers Retirement System:	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 70,691,318.00	\$ 42,348,228.00	\$ 18,992,079.00

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

**NOTE 14: SUBSEQUENT EVENTS**

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

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JONES 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	0.228143%	\$ 42,348,228.00	\$ 163,718.00	\$ 42,511,946.00	\$ 27,301,684.96	155.11%	80.27%
2018	0.234656%	\$ 43,611,540.00	\$ 510,910.00	\$ 44,122,450.00	\$ 27,263,813.71	159.96%	79.33%
2017	0.247056%	\$ 50,970,407.00	\$ 737,769.00	\$ 51,708,176.00	\$ 27,495,098.32	185.38%	76.06%
2016	0.253019%	\$ 38,519,630.00	\$ 596,629.00	\$ 39,116,259.00	\$ 27,122,238.59	142.02%	81.44%
2015	0.255107%	\$ 32,229,405.00	\$ 505,726.00	\$ 32,735,131.00	\$ 26,450,020.62	121.85%	84.03%

JONES COUNTY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC SCHOOL 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%	\$ -	\$ 687,212.00	\$ 687,212.00	\$ 1,494,925.89	N/A	85.26%
2018	0.00%	\$ -	\$ 600,391.00	\$ 600,391.00	\$ 1,415,248.48	N/A	85.69%
2017	0.00%	\$ -	\$ 838,069.00	\$ 838,069.00	\$ 1,533,887.79	N/A	81.00%
2016	0.00%	\$ -	\$ 537,487.00	\$ 537,487.00	\$ 1,588,190.59	N/A	87.00%
2015	0.00%	\$ -	\$ 494,229.00	\$ 494,229.00	\$ 1,645,122.83	N/A	88.29%

JONES 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	0.313776%	\$ 39,879,967.00	\$ -	\$ 39,879,967.00	\$ 23,217,090.18	171.77%	2.93%
2018	0.333133%	\$ 46,805,053.00	\$ -	\$ 46,805,053.00	\$ 22,784,197.27	205.43%	1.61%

JONES 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 (1)	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2019	\$ 5,754,753.03	\$ 5,754,753.03	\$ -	\$ 27,644,314.03	20.82%
2018	\$ 4,571,040.06	\$ 4,571,040.06	\$ -	\$ 27,301,684.96	16.74%
2017	\$ 3,844,259.86	\$ 3,844,259.86	\$ -	\$ 27,263,813.71	14.10%
2016	\$ 3,867,435.66	\$ 3,867,435.66	\$ -	\$ 27,495,098.34	14.07%
2015	\$ 3,566,573.94	\$ 3,566,573.94	\$ -	\$ 27,122,238.59	13.15%
2014	\$ 3,238,576.71	\$ 3,238,576.71	\$ -	\$ 26,450,020.62	12.24%
2013	\$ 2,941,668.70	\$ 2,941,668.70	\$ -	\$ 25,709,807.18	11.44%
2012	\$ 2,540,958.97	\$ 2,540,958.97	\$ -	\$ 24,717,938.15	10.28%
2011	\$ 2,597,796.89	\$ 2,597,796.89	\$ -	\$ 25,271,478.68	10.28%
2010	\$ 2,567,300.43	\$ 2,567,300.43	\$ -	\$ 26,365,418.01	9.74%

(1) The School District has included on behalf payments within the contributions for 2015 and prior years.

JONES 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	\$ 1,609,289.00	\$ 1,609,289.00	\$ -	\$ 23,742,373.10	6.78%
2018	\$ 1,626,271.00	\$ 1,626,271.00	\$ -	\$ 23,217,090.18	7.00%

**Teachers Retirement System**

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

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

**Public School Employees Retirement System**

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

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

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

**School OPEB Fund**

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

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

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

JONES 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)		
<b>REVENUES</b>				
Property Taxes	\$ 12,144,849.00	\$ 12,144,849.00	\$ 12,648,707.28	\$ 503,858.28
Sales Taxes	110,000.00	110,000.00	112,302.60	2,302.60
State Funds	38,063,444.00	38,544,072.00	38,591,502.26	47,430.26
Federal Funds	4,575,963.00	5,893,516.00	4,545,359.93	(1,348,156.07)
Charges for Services	686,556.04	686,556.04	1,484,271.84	797,715.80
Investment Earnings	16,800.00	16,800.00	123,168.66	106,368.66
Miscellaneous	375,800.00	375,800.00	1,010,696.06	634,896.06
<b>Total Revenues</b>	<b>55,973,412.04</b>	<b>57,771,593.04</b>	<b>58,516,008.63</b>	<b>744,415.59</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	35,275,836.25	36,133,433.10	34,762,116.19	1,371,316.91
Support Services				
Pupil Services	1,521,562.00	1,816,086.00	1,762,256.96	53,829.04
Improvement of Instructional Services	2,469,867.00	2,767,422.00	1,960,195.43	807,226.57
Educational Media Services	860,442.00	859,742.00	876,104.71	(16,362.71)
General Administration	763,245.00	769,288.00	740,291.68	28,996.32
School Administration	3,118,323.79	3,142,343.19	3,643,493.57	(501,150.38)
Business Administration	297,830.00	297,830.00	288,916.85	8,913.15
Maintenance and Operation of Plant	4,456,996.00	4,516,749.00	4,359,397.11	157,351.89
Student Transportation Services	3,079,633.00	3,140,652.00	3,196,604.97	(55,952.97)
Central Support Services	882.00	-	-	-
Other Support Services	218,525.00	235,992.00	690,418.67	(454,426.67)
Enterprise Operations	-	-	107,190.33	(107,190.33)
Food Services Operation	2,590,712.29	2,590,712.29	2,568,892.07	21,820.22
Debt Service	-	-	230,880.00	(230,880.00)
<b>Total Expenditures</b>	<b>54,653,854.33</b>	<b>56,270,249.58</b>	<b>55,186,758.54</b>	<b>1,083,491.04</b>
Excess of Revenues over (under) Expenditures	<b>1,319,557.71</b>	<b>1,501,343.46</b>	<b>3,329,250.09</b>	<b>1,827,906.63</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources	14,000.00	160,650.00	14,029.66	(146,620.34)
Other Uses	(14,000.00)	(160,650.00)	-	160,650.00
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>14,029.66</b>	<b>14,029.66</b>
<b>Net Change in Fund Balances</b>	<b>1,319,557.71</b>	<b>1,501,343.46</b>	<b>3,343,279.75</b>	<b>1,841,936.29</b>
Fund Balances - Beginning	11,624,948.33	11,624,410.08	12,282,790.45	658,380.37
Adjustments	-	51,836.04	-	(51,836.04)
<b>Fund Balances - Ending</b>	<b>\$ 12,944,506.04</b>	<b>\$ 13,177,589.58</b>	<b>\$ 15,626,070.20</b>	<b>\$ 2,448,480.62</b>

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 \$1,306,434.02 and \$1,405,610.10, 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.

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

SCHEDULE "8"

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	\$ 408,055.75
National School Lunch Program	10.555	195GA324N1099	2,076,184.97
Total Child Nutrition Cluster			<u>2,484,240.72</u>
Forest Service Schools and Roads Cluster Pass-Through From Office of the State Treasurer Schools and Roads - Grants to States			
	10.665	486Forest	21,157.31
Total U. S. Department of Agriculture			<u>2,505,398.03</u>
Education, U.S. Department of Special Education Cluster Pass-Through From Georgia Department of Education Special Education			
Grants to States	84.027	H027A170073	390,460.00
Grants to States	84.027	H027A180073	250,566.59
Preschool Grants	84.173	H173A180081	20,239.00
Total Special Education Cluster			<u>661,265.59</u>
Other Programs Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A180010	51,426.57
Striving Readers	84.371	S371C170002	910,900.29
Student Support and Academic Enrichment Program	84.424A	S424A170011	447.00
Student Support and Academic Enrichment Program	84.424A	S424A180011	41,287.06
Supporting Effective Instruction State Grants	84.367	S367A170001	29,758.00
Supporting Effective Instruction State Grants	84.367	S367A180001	129,467.00
Title I Grants to Local Educational Agencies	84.010	S010A170010	33,650.00
Title I Grants to Local Educational Agencies	84.010	S010A180010	972,506.79
Total Other Programs			<u>2,169,442.71</u>
Total U. S. Department of Education			<u>2,830,708.30</u>
Interior, U. S. Department of Pass Through from Jones County Board of Commissioners National Wildlife Refuge Fund			
	15.659		98,596.50
Defense, U. S. Department of Direct Department of the Army R.O.T.C. Program			
	12.UNKNOWN		17,294.28
Total Expenditures of Federal Awards			<u>\$ 5,451,997.11</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 Jones 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.

JONES 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	
<b>GRANTS</b>			
Bright From the Start:			
Georgia Department of Early Care and Learning Pre-Kindergarten Program	\$ 1,198,686.09	\$ -	\$ 1,198,686.09
Education, Georgia Department of Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	1,516,480.00	-	1,516,480.00
Kindergarten Program - Early Intervention Program	321,574.00	-	321,574.00
Primary Grades (1-3) Program	4,176,047.00	-	4,176,047.00
Primary Grades - Early Intervention (1-3) Program	478,972.00	-	478,972.00
Upper Elementary Grades (4-5) Program	2,148,352.00	-	2,148,352.00
Upper Elementary Grades - Early Intervention (4-5) Program	233,364.00	-	233,364.00
Middle School (6-8) Program	4,038,802.00	-	4,038,802.00
High School General Education (9-12) Program	3,270,106.00	-	3,270,106.00
Vocational Laboratory (9-12) Program	1,402,843.00	-	1,402,843.00
Students with Disabilities	5,419,680.00	-	5,419,680.00
Gifted Student - Category VI	1,376,106.00	-	1,376,106.00
Remedial Education Program	332,855.00	-	332,855.00
Alternative Education Program	282,958.00	-	282,958.00
English Speakers of Other Languages (ESOL)	11,945.00	-	11,945.00
Media Center Program	655,858.00	-	655,858.00
20 Days Additional Instruction	203,266.00	-	203,266.00
Staff and Professional Development	103,583.00	-	103,583.00
Principal Staff and Professional Development	1,947.00	-	1,947.00
Indirect Cost			
Central Administration	960,371.00	-	960,371.00
School Administration	1,338,128.00	-	1,338,128.00
Facility Maintenance and Operations	1,366,233.00	-	1,366,233.00
Mid-term Adjustment Hold-Harmless	335,509.00	-	335,509.00
Categorical Grants			
Pupil Transportation			
Regular	713,944.00	-	713,944.00
Nursing Services	107,282.00	-	107,282.00
State Health Benefit Plan Employer Contribution Holiday	(342,090.00)	-	(342,090.00)
Education Equalization Funding Grant	6,056,005.00	-	6,056,005.00
Other State Programs			
Food Services	65,672.00	-	65,672.00
Math and Science Supplements	8,597.54	-	8,597.54
Preschool Disability Services	92,391.38	-	92,391.38
Pupil Transportation - State Bonds	255,452.25	-	255,452.25
School Safety Grant	36,207.18	-	36,207.18
Teachers Retirement	21,854.36	-	21,854.36
Vocational Education	106,107.00	-	106,107.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	3,458,207.70	3,458,207.70
Governor's Office of Student Achievement			
Early Language and Literacy Mini Grant	15,974.72	-	15,974.72
Office of the State Treasurer			
Public School Employees Retirement	120,440.00	-	120,440.00
Technical College System of Georgia			
College and Career Academy Grant	110,000.00	3,000,000.00	3,110,000.00
<b>CONTRACT</b>			
Human Resources, Georgia Department of Family Connection	49,999.74	-	49,999.74
	<u>\$ 38,591,502.26</u>	<u>\$ 6,458,207.70</u>	<u>\$ 45,049,709.96</u>

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JONES 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)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
<b>2014 SPLOST REFERENDUM</b>							
To acquire, construct and equip a new elementary school;	\$ 12,331,482.00	\$ 11,781,088.64	\$ -	\$ 11,781,088.64	\$ 11,781,088.64	\$ -	Completed
To acquire instructional materials and textbooks, including vocational, fine arts, and physical educational equipment;	56,353.48	56,353.48	-	56,353.48	-	-	6/30/2020
To acquire safety and security equipment; to add to, renovate, repair, improve and equip existing school buildings and other buildings and facilities; to acquire, construct and equip stadium and athletic facilities; to acquire any necessary property, both real and personal; and to pay expenses incident to accomplish the foregoing.	<u>3,612,164.52</u>	<u>3,612,164.52</u>	<u>248,457.23</u>	<u>2,047,564.69</u>	<u>-</u>	<u>-</u>	6/30/2020
	<u>\$ 16,000,000.00</u>	<u>\$ 15,449,606.64</u>	<u>\$ 248,457.23</u>	<u>\$ 13,885,006.81</u>	<u>\$ 11,781,088.64</u>	<u>\$ -</u>	
<b>2019 SPLOST REFERENDUM</b>							
To renovate, add to and equip Jones County High School to accommodate relocation of students from the Ninth Grade Academy to Jones County High School, including construction of a multipurpose facility, which may include space for band practice, weight training and other multi-use activities;	\$ 12,513,752.00	\$ 12,513,752.00	\$ 8,342,892.39	\$ 3,671,034.67	\$ -	\$ -	8/1/2019
To renovate, add to and equip Old Gray Elementary School to centralize support facilities, central office facilities and Pre-K;	-	-	-	-	-	-	3/31/2024
To acquire equipment for the physical education, athletic, and/or music departments, including band equipment, and/or acquiring a new JROTC facility and air rifle range;	-	-	-	-	-	-	3/31/2024
To acquire textbooks and technology, safety, security, and/or fire protection equipment;	-	-	-	-	-	-	3/31/2024
To acquire buses, vehicles, and/or transportation equipment;	486,248.00	486,248.00	-	-	-	-	3/31/2024
To pay capitalized interest and/or costs of issuing Bonds;	-	211,689.21	-	211,689.21	-	-	3/31/2024
To acquire, construct, repair, improve, renovate, add to, extend, upgrade, furnish, and equip, school buildings, and support facilities and infrastructure in the Jones County School District, useful or desirable in connection therewith, including acquiring any necessary property therefore, both real and personal.	<u>-</u>	<u>24,750.00</u>	<u>24,750.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	3/31/2024
	<u>\$ 13,000,000.00</u>	<u>\$ 13,236,439.21</u>	<u>\$ 8,367,642.39</u>	<u>\$ 3,882,723.88</u>	<u>\$ -</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 project(s). Includes all cost from project inception to completion.

(3) The voters of Jones County approved the imposition of a 1% sales tax to fund the above project(s) 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 project(s).

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101  
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  
Jones 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 Jones 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 October 30, 2020.

#### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## School District Response to Findings

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

## Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin  
State Auditor

October 30, 2020



## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101  
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  
Jones County Board of Education

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

We have audited the Jones 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items FA 2019-001, FA 2019-002 and FA 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

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

### ***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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items FA 2019-001, FA 2019-002 and FA 2019-003, that we consider to be significant deficiencies.

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

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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin  
State Auditor

October 30, 2020

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

JONES 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

<b>FS 2018-001</b>	<u>Controls over School Activity Accounts</u>
<b>Control Category:</b>	Cash and Cash Equivalents Funds Held for Others
<b>Internal Control Impact:</b>	Material Weakness
<b>Compliance Impact:</b>	None
<b>Finding Status:</b>	Partially Resolved

Procedures will be reviewed and implemented to strengthen internal controls and to separate duties for the school activity accounts.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<b>FA 2018-001</b>	<u>Strengthen Controls over Paid Lunch Equity</u>
<b>Compliance Requirement:</b>	Special Tests and Provisions
<b>Internal Control Impact:</b>	Significant Deficiency
<b>Compliance Impact:</b>	Nonmaterial Noncompliance
<b>Federal Awarding Agency:</b>	U.S. Department of Agriculture
<b>Pass-Through Entity:</b>	Georgia Department of Education
<b>CFDA Number and Title:</b>	Child Nutrition Cluster (CFDA 10.553 and 10.555)
<b>Federal Award Number:</b>	18185GA324N1099 – School Breakfast Program 18185GA324N1100 – National School Lunch Program
<b>Questioned Costs:</b>	None
<b>Finding Status:</b>	Unresolved

Child Nutrition procedures will be developed and implemented to ensure that the calculation of special tests and provisions for the Child Nutrition Cluster is reviewed and approved by someone other than the preparer.

SECTION IV

FINDINGS AND QUESTIONED COSTS

JONES 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? Yes

Noncompliance material to financial statements noted: No

**Federal Awards**

Internal Control over major programs:  
 ▪ Material weakness identified? No  
 ▪ Significant deficiencies identified? Yes

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)? Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.371	Striving Readers

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

Auditee qualified as low-risk auditee? No

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

## II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2019-001

Control Category:

Internal Control Impact:

Compliance Impact:

Internal Controls over School Activity Accounts

Revenues/Receipts

Expenditures/Disbursements

Significant Deficiency

None

### Description:

The accounting procedures of the School District were insufficient to provide adequate internal control over the school activity accounts.

### Criteria:

The School District's management is responsible for designing and maintaining internal controls that provide separation of duties and reasonable assurance that transactions are processed according to established procedures.

### Condition:

The following deficiencies were noted with the School District's school activity accounts:

#### Revenues/Receipts

- The key accounting functions of receipt preparation, record keeping and bank reconciliation were not adequately separated.
- Our examination of ten receipts revealed the following:
  - Seven receipts were not timely deposited.
  - Five receipts lacked receipt documentation and verification by a separate individual.
  - Three gate receipts were not properly reconciled.

#### Expenditures/Disbursements

- The key accounting functions of check preparation, record keeping and bank reconciliation were not adequately separated.
- Our examination of twelve expenditures revealed the following:
  - Seven expenditures were not properly approved.
  - One expenditure dollar amount did not agree to invoice documentation.
  - Five expenditures lacked documentation of receipt.
  - Four expenditures were not charged to the proper accounts.

### Cause:

Per discussion with the School District, the deficiencies were due to the schools not having internal control procedures in place to ensure school activity accounts were maintained according to established procedures.

### Effect or Potential Effect:

The lack of adequate internal controls over school activity accounts increases the risk of theft, fraud, or misuse of School District resources that may result in errors and/or irregularities not being detected in a timely manner.

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

## II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

### Recommendation:

The School District should establish and implement internal control procedures to ensure that the key accounting functions of cash custody, bank reconciliation and record keeping are separated. In the case when management determines separation of duties is not cost beneficial, management should implement compensating controls that reduce vulnerabilities in ineffectively separated functions and the risk of errors and fraud. The School District should implement controls to ensure that all receipts are deposited timely and properly documented. They should also implement controls to ensure that all expenditures are properly approved, recorded, and documented.

### Views of Responsible Officials:

We concur with this finding.

## III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2019-001	<u>Improve Controls over Expenditures</u>
Compliance Requirements:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Procurement and Suspension and Debarment
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Numbers and Title:	10.553 and 10.555 Child Nutrition Cluster
Federal Award Numbers:	18185GA324N1099 – School Breakfast Program 18185GA324N1100 – School Lunch Program
Questioned Costs:	\$26,302.85

### Description:

A review of expenditures charged to the Child Nutrition Cluster (CFDA 10.553 and 10.555) revealed that the School District's internal control procedures were not operating appropriately to ensure that expenditures were appropriately reviewed, approved, and documented.

### Criteria:

2 CFR 200.403 prescribes the factors affecting allowability of costs and states in part that "costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles... (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity... (g) Be adequately documented..."

2 CFR 200.318(a) states in part that the non-Federal entity must "use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law." 2 CFR 200.318(b) states in part that the Non-Federal entity "must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts." In addition, provisions included in 2 CFR 200.320(b) provide guidance for procurement through small purchase procedures and state, "If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

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### III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

In addition, 2 CFR 200.303(a) states in part that the “non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award... (c) Evaluate and monitor the non-Federal entity’s compliance with statutes, regulations and the terms and conditions of Federal awards.”

#### Condition:

A sample of 45 expenditures was selected for testing using a non-statistical sampling approach. These expenditures were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. The following deficiencies were noted:

- Adequate supporting documentation was not maintained for four expenditures.
- Evidence of review and approval was not reflected within the voucher package for one expenditure.

In addition, a sample of seven employees was randomly selected for testing using a non-statistical sampling approach. These employees were reviewed to determine if internal controls were functioning properly and applicable compliance requirements were met. The following deficiencies were noted:

- Three employees did not complete the semi-annual certifications for the full year.
- Three employees were paid at the incorrect rate.
- The School District could not provide a board-approved pay scale for one employee’s salary.

Furthermore, a sample of 40 procurement transactions was randomly selected for testing using a non-statistical sampling approach. These expenditures were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. The following deficiencies were noted:

- Adequate supporting documentation could not be provided for four expenditures.
- For five expenditures, proper quotes were not gathered per purchasing policy.
- Three procurements did not have contract files documenting the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and basis of contract price.
- The appropriate procurement methods were not used for two expenditures based on the dollar amount and conditions associated with the procurement.
- Five procurements did not provide full and open competition.
- Three procurement transactions in which competition was limited were not supported with adequate justification documentation.
- The School District’s procurement policy reflected inconsistent and inaccurate procurement thresholds.

Finally, the auditor selected five vendors associated with covered transactions for testing of suspension and debarment requirements. For two vendors, documentation could not be provided to support the School District’s verification that the vendors were not suspended or debarred or otherwise excluded from participating in the transaction as is required per their policy.

#### Questioned Cost:

Questioned costs of \$532.07, with likely questioned costs of \$26,302.85 were identified for expenditures that were not adequately documented.

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**Cause:**

in discussing these deficiencies with the School District, they indicated that the four unsupported expenditures were due to misplacement that occurred during the process of pulling the vouchers for the audit. The entity indicated that the issues noted in payroll, the procurement policy and the one expenditure that did not contain evidence of review were due to oversight. In addition, the School District indicated that the procurement issues occurred due to a continuation of procurement methods with the vendors that were in place prior to the hiring of the current program director.

**Effect or Potential Effect:**

Failure to ensure that expenditures are reviewed and documentation is maintained on-file appropriately exposes the School District to unnecessary risk of error and misuse of Federal funds. In addition, failure to appropriately implement procedures to address procurement, suspension and debarment compliance requirements could result in the expenditure of Federal funds with unqualified vendors and the return of grant funds associated with these unallowable expenditures. Furthermore, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

**Recommendation:**

The School District should review current internal control procedures related to the Child Nutrition Cluster expenditures. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that all expenditures reflect evidence of review. In addition, all expenditure voucher packages should be maintained on-file according to the School District's record retention policy. The School District should evaluate and improve internal control procedures to ensure that required procurement, suspension and debarment documentation is properly identified, safeguarded, and retained. Furthermore, management should develop and implement a monitoring process to ensure that controls are properly implemented and operating appropriately.

**Views of Responsible Officials:**

We concur with this finding.

**FA 2019-002**

**Compliance Requirements:**

[Strengthen Controls over Expenditures](#)

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

Procurement and Suspension and Debarment

**Internal Control Impact:**

Significant Deficiency

**Compliance Impact:**

Nonmaterial Noncompliance

**Federal Awarding Agency:**

U.S. Department of Education

**Pass-Through Entity:**

Georgia Department of Education

**CFDA Number and Title:**

84.371 Striving Readers

**Federal Award Numbers:**

S371C170002, S371C110049

**Questioned Costs:**

None Identified

**Description:**

A review of expenditures charged to the Striving Readers program (CFDA 84.371) revealed that the School District's internal control procedures were not operating appropriately to ensure that expenditures were appropriately reviewed, approved, and documented.

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### III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### Criteria:

2 CFR 200.403 prescribes the factors affecting allowability of costs and states in part that “costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles... (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity... (g) Be adequately documented...”

2 CFR 200.318(a) states in part that the non-Federal entity must “use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law.” 2 CFR 200.318(b) states in part that the Non-Federal entity “must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts.” In addition, provisions included in 2 CFR 200.320(b) provide guidance for procurement through small purchase procedures and state, “If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.”

2 CFR 180.300 states in part that the non-Federal entity must “verify that the entity with whom you intend to do business is not excluded or disqualified. You can do this by: (a) Checking System for Awards Management (SAM) exclusions; or (b) Collecting a certification from the entity; or (c) Adding a clause or condition to the covered transaction with the entity.”

Furthermore, 2 CFR 200.303(a) states in part that the “non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award... (c) Evaluate and monitor the non-Federal entity’s compliance with statutes, regulations and the terms and conditions of Federal awards.”

#### Condition:

A sample of 50 expenditures was randomly selected for testing using a non-statistical sampling approach. These expenditures were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. The following deficiencies were noted:

- For 39 expenditures, supporting documentation for L4GA Literacy Grant purchase requisition was not found in the voucher packages.
- For 16 expenditures, purchase orders were completed after the invoice date.
- For 16 expenditures, proper quotes were not gathered per the purchasing policy.
- For two expenditures, evidence of proper approval was not reflected within the voucher package.

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### III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

In addition, a sample of 22 procurement transactions was randomly selected for testing using a non-statistical sampling approach. These expenditures were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. The following deficiencies were noted with 12 procurement transactions:

- Contract files documenting the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and basis of contract price, were not available.
- The appropriate procurement method used was not appropriate for the dollar amount and conditions associated with the procurement transaction.
- Procurements did not provide full and open competition.
- A cost or price analysis was not performed in connection with all procurement actions exceeding the simplified acquisition threshold, including contract modifications, and the analysis supported the procurement action.

Furthermore, the auditor selected five vendors associated with covered transactions for testing of suspension and debarment requirements. For three vendors, documentation could not be provided to support the School District's verification that the vendors were not suspended or debarred or otherwise excluded from participating in the transaction as is required per their policy.

#### Cause:

Per discussion with management, these issues were due to the personnel responsible for the program not being familiar with Federal guidelines, as well as it being the first year of the program.

#### Effect or Potential Effect:

Failure to ensure that expenditures are reviewed and documentation is maintained on-file appropriately exposes the School District to unnecessary risk of error and misuse of Federal funds. In addition, failure to appropriately implement procedures to address procurement, suspension and debarment compliance requirements could result in the expenditure of Federal funds with unqualified vendors and the return of grant funds associated with these unallowable expenditures. Furthermore, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

#### Recommendation:

The School District should review current internal control procedures related to the Striving Readers program expenditures. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that all expenditures reflect evidence of review and are documented appropriately. In addition, the School District should evaluate and improve internal control procedures to ensure that required procurement and suspension and debarment documentation is properly identified, safeguarded, and retained. Furthermore, management should develop a monitoring process to ensure that these procedures are operating appropriately.

#### Views of Responsible Officials:

We concur with this finding.

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**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

FA 2019-003	<u>Improve Internal Controls Over Eligibility Determinations and Verification</u>
Compliance Requirements:	Eligibility Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Numbers and Title:	10.553 and 10.555 Child Nutrition Cluster
Federal Award Numbers:	18185GA324N1099 – School Breakfast Program 18185GA324N1100 – School Lunch Program
Questioned Costs:	None Identified

**Description:**

A review of free and reduced meal applications and seamless summer meal rosters related to the Child Nutrition Cluster (CFDA 10.553 and 10.555) revealed that the School District’s internal control procedures were not operating appropriately to ensure that appropriate reviews and approvals occurred, proper eligibility and verification standards were applied, and adequate documentation was maintained.

**Criteria:**

7 CFR 245.6(c)(1) states in part that "the local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year." In addition, 7 CFR 245.6(e) states in part that "the local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain..."

7 CFR 245.6a(f)(6) states in part that "the local educational agency shall make at least one attempt to contact any household that does not respond to a verification request. The attempt may be through a telephone call, e-mail, mail or in person and must be documented by the local educational agency. Non-response to the initial request for verification includes no response and incomplete or ambiguous responses that do not permit the local educational agency to resolve the children’s eligibility for free or reduced price meal and milk benefits." Additionally, 7 CFR 245.6a(f)(7) states in part that "the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits... Households with reduced benefits or that are no longer eligible for free or reduced price meals must be notified of their right to reapply at any time."

Furthermore, 2 CFR 200.303(a) states in part that the "non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award... (c) Evaluate and monitor the non-Federal entity’s compliance with statutes, regulations and the terms and conditions of Federal awards."

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### III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### Condition:

A sample of 40 free and reduced meal applications was selected for testing using a non-statistical sampling approach. These applications were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. The following deficiency was noted:

- Evidence of review and approval of the eligibility determination for free and reduced meals was not reflected for nine online applications tested, and the auditor verified that there is no review of eligibility determinations for any online applications.

In addition, a review of the School District's Form DE0107 Claim Data reports, which are submitted to the Georgia Department of Education to obtain reimbursement funds, and the corresponding tally sheets, which are prepared by the School District from their open seamless summer site meal count, was performed all months of the seamless summer meal operation, which included four sites in July 2018 and seven sites in June 2019. The following deficiencies were noted:

- The summer meal tally sheets were not maintained for one day in the July 2018 and three days in the June 2019. The number of meals submitted on the Form DE0107 was 250 greater than the number of meals reported on the tally sheet.
- In addition, nine of the tally sheets were missing appropriate signatures indicating review and approval by the School District personnel.

Furthermore, the 21 free and reduced meal applications selected for verification were reviewed to ensure that the School District performed verification procedures properly and made appropriate changes to each student's eligibility status based upon supporting documentation obtained. The following deficiencies were noted:

- Evidence of review and approval of the final eligibility determination for free and reduced meals was not reflected for one application tested.
- Evidence of required income documentation used in determining eligibility status was not maintained for one application tested.

#### Cause:

In discussing these deficiencies with the School District, they indicated that internal control procedures were not adequately designed to ensure that online free and reduced meal applications and summer meal tally sheets contain evidence of review and approval. The District indicated it was unaware of the requirement to review and approve online applications since the initial determination was made by the software system. In addition, the School District indicated that an oversight occurred in the approval process for the one verification form that did not contain evidence of review and approval and the one verification form that was missing documentation on income correspondence used in determining eligibility. Furthermore, the School District indicated that the variance in summer meal count is likely due to misplaced tally sheets.

#### Effect or Potential Effect:

Failure to maintain required documentation of verification procedures and meal counts for summer feeding and perform supervisory reviews of eligibility determinations and meal count documentation exposes the School District to unnecessary risk of error and misuse of Federal Funds. Additionally, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

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**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Recommendation:**

The School District should review current internal control procedures related to the Child Nutrition Cluster eligibility determinations for free and reduced meals, verification of free and reduced applications, and documentation supporting reimbursement claims for summer feeding. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that all Federal requirements for eligibility are met, verification procedures are performed appropriately, and adequate documentation is maintained on-file according to the School District's record retention policy. Furthermore, management should develop and implement a monitoring process to ensure that controls are operating appropriately.

**Views of Responsible Officials:**

We concur with this finding.

SECTION V

MANAGEMENT'S CORRECTIVE ACTION

**CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS**

<b>FS 2019-001</b>	<b><u>Internal Controls Over School Activity Accounts</u></b>
<b>Control Category:</b>	<b>Revenues/Receipts</b>
	<b>Expenditures/Disbursements</b>
<b>Internal Control Impact:</b>	<b>Significant Deficiency</b>
<b>Compliance Impact:</b>	<b>None</b>

The accounting procedures of the School District were insufficient to provide adequate internal control over the school activity accounts.

**Corrective Action Plans:**

We concur with this finding. Procedures will be reviewed and implemented to strengthen internal controls and to separate duties for the school activity accounts. Procedures will be updated, and reviews done to ensure that all receipts are deposited timely and properly documented and that all expenditures are properly approved, recorded and documentation included. We have made updates to our school activity manual to increase internal controls and procedures and this manual is reviewed with each Principal and School Bookkeeper

Estimated Completion Date: Fiscal Year 2021  
Contact Person: Tonya Merritt, Chief Financial Officer  
Telephone: 478-986-3032 E-mail: tmerritt@jones.k12.ga.us

**CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS**

<b>FA2019-001</b>	<b><u>Improve Controls over Expenditures</u></b>
<b>Compliance Requirements:</b>	<b>Activities Allowed or Unallowed</b>
	<b>Allowable Costs/Cost Principles</b>
	<b>Procurement and Suspension and Debarment</b>
<b>Internal Control Impact:</b>	<b>Significant Deficiency</b>
<b>Compliance Impact:</b>	<b>Nonmaterial Noncompliance</b>
<b>Federal Awarding Agency:</b>	<b>U.S. Department of Education</b>
<b>Pass-Through Entity:</b>	<b>Georgia Department of Education</b>
<b>CFDA Numbers and Title:</b>	<b>10.553 and 10.555 Child Nutrition Cluster</b>
<b>Federal Award Numbers:</b>	<b>18185GA324N1099 - School Breakfast Program</b>
	<b>18185GA324N1100 - School Lunch Program</b>
<b>Questioned Costs:</b>	<b>\$26,302.85</b>

A review of expenditures charged to Child Nutrition Cluster (CFDA 10.553 and 10.555) revealed that the School District's internal control procedures were not operating appropriately to ensure that expenditures were appropriately reviewed, approved, and documented.

**Corrective Action Plans:**

We concur with this finding. Procedures will be reviewed and implemented for the internal control of expenditures related to the Child Nutrition Cluster. Procedures will be developed and modified to ensure all expenditure voucher packages are properly approved and retained. Furthermore, management will develop and implement a monitoring process to ensure that controls are properly

implemented and operating appropriately including reviewing expenditure voucher packages for proper approval and retention. Procedures will be implemented to ensure that Initials of the preparer and the director are included on expenditure voucher packages upon completion of payment. Quarterly meetings to review expenditure voucher packages and reports will be held by the School Nutrition Department. In order to ensure that suspension and debarment controls are compliant with uniform guidance, the School District is requiring that a status report from the federal SAM website is included with purchase requisitions submitted for purchase using federal funds as noted in the Federal Program Uniform Guidance.

Estimated Completion Date: Fiscal Year 2021  
Contact Person: Roslyn Foster, Nutrition Director  
Telephone: 478-986-1390 E-mail: [rfoster@jones.k12.ga.us](mailto:rfoster@jones.k12.ga.us)

<b>FA 2019-002</b>	<b><u>Strengthen Controls Over Expenditures</u></b>
<b>Compliance Requirements:</b>	<b>Activities Allowed or Unallowed</b>
	<b>Allowable Costs/Cost Principles</b>
	<b>Procurement and Suspension and Debarment</b>
<b>Internal Control Impact:</b>	<b>Significant Deficiency</b>
<b>Compliance Impact:</b>	<b>Nonmaterial Noncompliance</b>
<b>Federal Awarding Agency:</b>	<b>U.S. Department of Education</b>
<b>Pass-Through Entity:</b>	<b>Georgia Department of Education</b>
<b>CFDA Number and Title:</b>	<b>84.371 Striving Readers</b>
<b>Federal Award Numbers:</b>	<b>SC71C170002, S371C110049</b>
<b>Questioned Costs:</b>	<b>None Identified</b>

The internal control procedures of the School District were not operating appropriately to ensure that expenditures were appropriately reviewed, approved, and documented.

**Corrective Action Plans:**  
We concur with this finding. Procedures have been reviewed and will be updated for Federal Programs to ensure that all expenditures are documented properly and there is evidence of review by Program Directors. This review will ensure that all expenditures are allowable under each Federal Program. In order to ensure that suspension and debarment controls are compliant with uniform guidance, the School District is requiring that a status report from the federal SAM website is included with purchase requisitions submitted for purchase using federal funds as noted in the Federal Program Uniform Guidance.

Estimated Completion Date: Fiscal Year 2021  
Contact Person: Tonya Merritt, Chief Financial Officer  
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<b>FA 2019-003</b>	<b>Controls Over Eligibility Determination and Verification</b>
<b>Compliance Requirements:</b>	<b>Eligibility</b>
	<b>Special Tests and Provisions</b>
<b>Internal Control Impact:</b>	<b>Significant Deficiency</b>
<b>Compliance Impact:</b>	<b>Nonmaterial Noncompliance</b>
<b>Federal Awarding Agency:</b>	<b>U.S. Department of Agriculture</b>
<b>Pass-Through Entity:</b>	<b>Georgia department of Education</b>
<b>CFDA Numbers and Title:</b>	<b>10.553 and 10.555 Child Nutrition Cluster</b>
<b>Federal Award Numbers:</b>	<b>18185GA324N1099-School Breakfast Program</b>
	<b>18185GA324N1100- School Lunch Program</b>
<b>Questioned Cost:</b>	<b>None Identified</b>

A review of free and reduced meal applications and seamless summer meal rosters related to the Child Nutrition Cluster (CFDA 10.553 and 10.555) revealed that the School District's internal control procedures were not operating appropriately to ensure that appropriate reviews and approvals occurred, proper eligibility and verification standards were applied, and adequate documentation was maintained.

**Corrective Active Plans:**

We concur with this finding. Internal control procedures will be reviewed to ensure that appropriate reviews and approvals occur, along with proper eligibility and verification standards to be applied; adequate documentation will be maintained by the Child Nutrition Cluster staff.

Estimated Completion Date: Fiscal Year 2021

Contact Person: Roslyn Foster, School Nutrition Director

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Superintendent