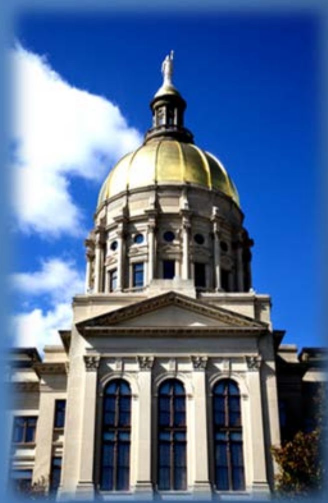

MARION COUNTY
BOARD OF EDUCATION
BUENA VISTA, GEORGIA

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

MARION COUNTY BOARD OF EDUCATION

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MARION COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Marion 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 Marion County Board of Education (School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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 March 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,

Greg S. Griffin
State Auditor

March 30, 2020

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

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- ✓ The School District's financial status remained stable during fiscal year 2019. In total, net position increased $816,233 from fiscal year 2018. This total increase was due to governmental activities since the School District has no business-type activities. This increase was due to the increase in general fund balance; the capital outlay project at the elementary school; additions to capital assets; no new lease and payments made on existing leases; and the net OPEB/pension activity netting a positive figure.

- ✓ General revenues accounted for $6.1 million or 35.0% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $11.4 million or 65.0% of total revenues. Total revenues were $17.5 million.

- ✓ The School District had $16.7 million in expenses related to governmental activities; these expenses were offset by $11.4 million in program specific charges for services, grants or contributions. General revenues and taxes of $6.1 million also provided for these programs.

- ✓ Among major funds, the general fund had $16.1 million in revenues and other financing sources and $15.8 million in expenditures and other financing uses. The general fund's fund balance increased from $3.0 million to $3.3 million.

Using the Basic Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds, if any, presented in total in one column. In the case of the School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in net position. This change in net position is important because it tells the reader whether, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, facility conditions, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the capital projects fund and the debt service fund.

Governmental Funds

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

Fiduciary Funds

The School District is the trustee, or *fiduciary*, for assets that belong to others, such as school clubs and organizations within the school activity 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.

The School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2019, compared to fiscal year 2018.

Table 1
Net Position

	2019	2018
Current and other assets	$ 9,190,408	$ 8,311,311
Capital assets	31,058,467	31,439,037
Total assets	40,248,875	39,750,348
Deferred outflows of resources	4,090,004	3,355,344
Long-term liabilities outstanding	39,720,662	40,830,973
Other liabilities	1,707,896	1,663,840
Total liabilities	41,428,558	42,494,813
Deferred inflows of resources	3,085,913	1,602,704
Net position:		
Net investment in capital assets	15,248,675	15,552,269
Restricted	3,990,621	3,515,544
Unrestricted (Deficit)	(19,414,888)	(20,059,638)
Total Net Position	$ (175,592)	$ (991,825)

Table 2 shows the changes in net position for fiscal year 2019, compared to fiscal year 2018. The total net position increased $816,233, for fiscal year 2019, compared to a $165,023 increase for fiscal year 2018. The increase in fiscal year 2019 was due to the increase in general fund balance; the capital outlay project at the elementary school; additions to capital assets; no new leases and payment made on existing leases; and net OPEB/pension activity netting a positive figure.

Table 2
Changes in Net Position

	2019	2018
Revenues		
Program revenues:		
Charges for services	$ **299,940**	$ 241,387
Operating grants and contributions	**10,475,455**	9,781,097
Capital grants and contributions	**636,921**	480,676
General revenues:		
Property taxes		
For maintenance and operations	**3,484,351**	3,947,145
For debt service	**362,116**	371,279
Sales taxes	**468,385**	468,080
Other taxes	**70,738**	53,183
Grants and contributions not restricted to specific programs	**1,260,178**	1,197,699
Investment income	**82,750**	58,141
Miscellaneous	**407,547**	402,399
Gain on sale of capital assets	**2,805**	25,344
Total revenues	**17,551,186**	17,026,430
Expenses		
Instruction	**9,093,616**	9,056,676
Support services		
Pupil services	**431,931**	395,308
Improvement of instructional services	**908,108**	880,733
Educational media services	**206,373**	196,316
General administration	**391,425**	410,618
School administration	**859,551**	1,013,878
Business services	**221,129**	213,239
Maintenance and operations	**1,404,029**	1,399,741
Student transportation	**1,105,114**	1,115,068
Central support services	**34,527**	41,417
Other support services	**80,802**	63,285
Operations of noninstructional services		
School nutrition	**1,053,678**	1,103,743
Enterprise operations	**118,515**	142,846
Interest on long-term debt	**826,155**	828,539
Total expenses	**16,734,953**	16,861,407
Increase (decrease) in net position	**816,233**	165,023
Net position, beginning of year, as restated	**(991,825)**	(1,156,848)
Net position, end of year	$ **(175,592)**	$ (991,825)

Governmental Activities

Instruction comprises 54.3% of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Comparative data from fiscal year 2018, is also presented.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2019	Fiscal Year 2018	**Fiscal Year 2019**	Fiscal Year 2018
Instruction	**$ 9,093,616**	$ 9,056,676	**$ (1,410,236)**	$ (2,267,016)
Support services				
Pupil services	**431,931**	395,308	**(308,710)**	(225,975)
Improvement of instructional services	**908,108**	880,733	**(807,122)**	(756,997)
Educational media services	**206,373**	196,316	**(21,621)**	(17,297)
General administration	**391,425**	410,618	**33,013**	87,510
School administration	**859,551**	1,013,878	**(481,098)**	(646,204)
Business services	**221,129**	213,239	**(217,126)**	(209,871)
Maintenance and operations	**1,404,029**	1,399,741	**(938,831)**	(902,274)
Student transportation	**1,105,114**	1,115,068	**(535,310)**	(724,997)
Central support services	**34,527**	41,417	**(33,542)**	(40,811)
Other support services	**80,802**	63,285	**(67,365)**	(62,285)
School nutrition	**1,053,678**	1,103,743	**(72,500)**	(142,846)
Enterprise operations	**118,515**	142,846	**(118,515)**	(101,321)
Interest on long-term debt	**826,155**	828,539	**(343,674)**	(347,863)
Total expenses	**$ 16,734,953**	$ 16,861,407	**$ (5,322,637)**	$ (6,358,247)

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. Over 15.5% of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 31.8%.

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 $17.7 million and expenditures and other financing uses of $16.9 million. There was a decrease in fund balance of approximately $92 thousand in the capital projects fund. A transfer was made to cover local costs for our fiscal year 2019 State Capital Outlay project. The fund balance of the general fund had an increase of approximately $333 thousand due to salaries and benefits coming in under budget and local revenues came in over budget. There was an increase in fund balance of approximately $586 thousand in the debt service fund. This was because SPLOST III funds are being accumulated for sinking fund payments due annually in January.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law. The most significant budgeted fund is the general fund.

During the course of fiscal year 2019, the School District amended its general fund budget as needed. The School District uses function-based budgeting. The budgeting systems are designed to tightly control total function budgets but provide flexibility for site management.

For the general fund, budgeted revenues increased from $14.99 million to $15.41 million, while budgeted expenditures increased from $15.16 million to $15.61 million. The School District had additional grants that increased budgeted revenues and expenditures.

The School District is a strategic waiver system. One of our waivers is the state’s 65% rule for Minimum Direct Classroom Expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the School District had $31.06 million invested in capital assets, all in governmental activities. Table 4 indicates balances at June 30, 2019. Capital asset comparisons to fiscal year 2018 are also included.

Table 4
Capital Assets (Net of Depreciation)

	Fiscal Year 2019	Fiscal Year 2018
Land	**$ 581,159**	$ 581,159
Construction in progress	**291,920**	-
Land improvements	**808,795**	891,264
Buildings and improvements	**28,236,351**	28,854,101
Equipment	**1,140,242**	1,112,513
Total	**$ 31,058,467**	$ 31,439,037

Debt

Long-Term Liabilities

At fiscal year ended June 30, 2019, the School District had $39.38 million in long-term liabilities outstanding. Table 5 summarizes the School District's liabilities as compared to the prior fiscal year.

Table 5
Long-term Liabilities

	Balance July 1, 2018	**Additions**	**Reductions**	**Balance June 30, 2019**	**Due Within One Year**
Governmental activities:					
Bonds payable	$ 15,310,000	$ -	$ -	$ 15,310,000	$ -
Capital leases	576,768	-	(76,976)	499,792	79,368
Net pension liability	11,708,001	1,438,815	(1,609,331)	11,537,485	-
Net OPEB liability	12,890,276	959,811	(1,820,489)	12,029,598	-
Governmental activities Long-term liabilities	$ 40,485,045	$ 2,398,626	$ (3,506,796)	$ 39,376,875	$ 79,368

Current Issues

The School District's current operating millage rate is 14.99 mills. The bond millage rate is 1.756 mills. Management and the Board of Education hope to hold this level for a few years so as not to place a hardship on the property owners in Marion County.

SPLOST revenues and school bond ad valorem taxes will be used to service debt for the 2010B and 2010C bonds along with Federal subsidy payments.

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 information, contact Cathy Wiggins, Director of Finance, 1697 Pineville Road, Buena Vista, Georgia 31803. You may also email your questions to cwiggins@marion.k12.ga.us.

MARION COUNTY BOARD OF EDUCATION

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

Exhibit "A"

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 4,301,523
Investments	3,314,823
Receivables, net of allowances:	
Taxes	246,488
Intergovernmental:	
State	1,045,898
Federal	257,794
Other	500
Inventory	23,382
Capital assets (nondepreciable)	873,079
Capital assets (net of accumulated depreciation)	30,185,388
Total assets	40,248,875
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension plans	2,549,496
Related to OPEB plans	1,540,508
	4,090,004
LIABILITIES	
Accounts payable	58,769
Salaries and benefits payable	1,397,552
Contracts payable	226,735
Accrued interest payable	343,787
Retainage payable	24,840
Bonds payable due in more than one year	15,310,000
Capital leases due within one year	79,368
Capital leases due in more than one year	420,424
Net pension liability, due in more than one year	11,537,485
Net OPEB liability, due in more than one year	12,029,598
Total liabilities	41,428,558
DEFERRED INFLOWS OF RESOURCES	
Related to pension plans	774,415
Related to OPEB plans	2,311,498
	3,085,913
NET POSITION	
Net investment in capital assets	15,248,675
Restricted for:	
Continuation of federal programs	254,184
Capital projects	13,846
Debt service	3,722,591
Unrestricted (Deficit)	(19,414,888)
Total net position	$ (175,592)

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

Functions/Programs	Expenses	Charges for Services
Governmental activities:		
Instruction	$ 9,093,616	$ 240,526
Support services:		
Pupil services	431,931	-
Improvement of instructional services	908,108	-
Educational media services	206,373	-
General administration	391,425	-
School administration	859,551	-
Business administration	221,129	-
Maintenance and operation of plant	1,404,029	30,736
Student transportation services	1,105,114	-
Central support services	34,527	-
Other support services	80,802	-
Enterprise operations	118,515	-
Food services operations	1,053,678	28,678
Interest on long-term debt	826,155	-
Total governmental activities	$ 16,734,953	$ 299,940

General revenues:
Taxes:
Property taxes, levied for maintenance and operations
Property taxes, levied for debt service
Sales taxes, for debt service
Intangible taxes
Transfer taxes
Railroad equipment tax
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Gain on sale of capital assets
Miscellaneous
Total general revenues
Change in net position
Net position, beginning of year

Net position, end of year

Program Revenues		Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
$ 7,442,854	$ -	$ (1,410,236)
123,221	-	(308,710)
100,986	-	(807,122)
184,752	-	(21,621)
424,438	-	33,013
378,453	-	(481,098)
4,003	-	(217,126)
434,462	-	(938,831)
415,364	154,440	(535,310)
985	-	(33,542)
13,437	-	(67,365)
-	-	(118,515)
952,500	-	(72,500)
-	482,481	(343,674)
$ 10,475,455	$ 636,921	(5,322,637)
		3,484,351
		362,116
		468,385
		19,756
		32,250
		18,732
		1,260,178
		82,750
		2,805
		407,547
		6,138,870
		816,233
		(991,825)
		$ (175,592)

Exhibit "C"

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

	General	Capital Projects	Debt Service	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,195,901	$ 265,421	$ 840,201	$ 4,301,523
Investments	138,988	-	3,175,835	3,314,823
Receivables net of allowances:				
Taxes	187,945	-	58,543	246,488
Intergovernmental:				
State	1,045,898	-	-	1,045,898
Federal	257,794	-	-	257,794
Other	500	-	-	500
Inventory	23,382	-	-	23,382
Total assets	$ 4,850,408	$ 265,421	$ 4,074,579	$ 9,190,408
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 58,769	$ -	$ -	$ 58,769
Salaries and benefits payable	1,397,552	-	-	1,397,552
Contracts payable	-	226,735	-	226,735
Retainage Payable	-	24,840	-	24,840
Total liabilities	1,456,321	251,575	-	1,707,896
DEFERRED INFLOWS				
Unavailable revenue - property taxes	77,259	-	9,141	86,400
	77,259	-	9,141	86,400
FUND BALANCES				
Nonspendable:				
Inventory	23,382	-	-	23,382
Restricted:				
Federal programs	230,802	-	-	230,802
Capital projects	-	13,846	-	13,846
Debt service	-	-	4,065,438	4,065,438
Assigned:				
Student activities	130,948	-	-	130,948
Subsequent years' budget	72,701	-	-	72,701
Unassigned	2,858,995	-	-	2,858,995
Total fund balances	3,316,828	13,846	4,065,438	7,396,112
Total liabilities, deferred inflows, and fund balances	$ 4,850,408	$ 265,421	$ 4,074,579	$ 9,190,408

The accompanying notes are an integral part of these financial statements.

Exhibit "D"

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

Total fund balances - governmental funds		$ 7,396,112
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 are not reported in the funds.		
Cost	$ 41,310,736	
Less accumulated depreciation	(10,252,269)	31,058,467
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		
Property taxes		86,400
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds	$ (15,310,000)	
Capital leases	(499,792)	
Net pension liability	(11,537,485)	
Net OPEB liability	(12,029,598)	
Deferred outflows - pensions	2,549,496	
Deferred inflows - pensions	(774,415)	
Deferred outflows - OPEB	1,540,508	
Deferred inflows - OPEB	(2,311,498)	
Accrued interest	(343,787)	(38,716,571)
Net position of governmental activities		$ (175,592)

The accompanying notes are an integral part of these financial statements.

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

Exhibit "E"

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 3,477,117	$ -	$ 361,176	$ 3,838,293
Sales taxes	46,564	-	473,826	520,390
Other taxes	18,732	-	-	18,732
State funds	9,613,086	-	-	9,613,086
Federal funds	2,263,661	-	482,481	2,746,142
Charges for services	299,940	-	-	299,940
Investment earnings	2,166	-	80,584	82,750
Miscellaneous	407,547	-	-	407,547
Total revenues	16,128,813	-	1,398,067	17,526,880
EXPENDITURES				
Current:				
Instruction	8,640,758	-	-	8,640,758
Support Services:				
Pupil services	441,046	-	-	441,046
Improvement of instructional services	930,114	-	-	930,114
Educational media services	210,252	-	-	210,252
General administration	402,586	-	-	402,586
School administration	874,103	-	-	874,103
Business administration	226,074	-	-	226,074
Maintenance and operation of plant	1,409,161	1,000	-	1,410,161
Student transportation services	1,139,976	-	-	1,139,976
Central support services	36,402	-	-	36,402
Other support services	80,802	-	-	80,802
Enterprise operations	118,515	-	-	118,515
Food services operations	995,837	-	-	995,837
Capital outlay	-	290,920	-	290,920
Debt service:				
Principal retirement	76,976	-	-	76,976
Interest and fees	15,745	-	812,551	828,296
Total expenditures	15,598,347	291,920	812,551	16,702,818
Excess (deficiency) of revenues over (under) expenditures	530,466	(291,920)	585,516	824,062
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,805	-	-	2,805
Transfers in	-	200,000	-	200,000
Transfers out	(200,000)	-	-	(200,000)
Total other financing sources (uses)	(197,195)	200,000	-	2,805
Net change in fund balances	333,271	(91,920)	585,516	826,867
FUND BALANCES, beginning of year	2,983,557	105,766	3,479,922	6,569,245
FUND BALANCES, end of year	$ 3,316,828	$ 13,846	$ 4,065,438	$ 7,396,112

The accompanying notes are an integral part of these financial statements.

MARION COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 826,867
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which depreciation exceeded capital outlay is to decrease net position.		
Capital outlay	$ 524,741	
Depreciation expense	(905,311)	(380,570)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		8,174
Issuance of long-term debt provides current financial resources to governmental funds, while 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments - capital leases	$ 76,976	
Adjustments related to pensions	502,972	
Adjustments related to OPEB	(220,327)	359,621
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest		2,141
		$ 816,233

The accompanying notes are an integral part of these financial statements.

MARION COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

ASSETS	Agency Fund
Cash	$ 2,081
Investments	30,703
Total assets	$ 32,784
LIABILITIES	
Funds held for others	$ 32,784

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

Government-wide Statements

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Government-wide Statements (Continued)

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 statements are presented for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

- The *Capital Projects Fund* accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax ("ESPLOST") and Bond Proceeds that are restricted, committed, or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

- The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned including taxes (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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Basis of Accounting

The basis of accounting determines when transactions are reported in 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. Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net position 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Basis of Accounting (Continued)

The State of Georgia reimburses the School System for teachers’ salaries and operating costs through the Quality Basic Education (“QBE”) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia’s share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers’ salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia’s intent to fund this final payment. Based on guidance in GASB Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

New Accounting Pronouncements

In fiscal year 2019, the School District adopted GASB Statement No. 83, *Certain Asset Retirement Obligations.* This statement addresses accounting and financial reporting for certain asset retirement obligations (“ARO”s). 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 statements.

In fiscal year 2019, the School District adopted 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

Composition of Deposits – 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Investments

Composition of 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.

The School District does not have a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

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 first-in/first-out ("FIFO"). 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

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

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

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

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

		Capitalization Policy	Estimated Useful Life
Land		All	N/A
Construction in progress		All	N/A
Land improvements	$	5,000	15 to 80 Years
Buildings and improvements	$	5,000	10 to 80 Years
Equipment	$	5,000	5 to 14 Years
Intangible Assets	$	100,000	15 to 80 Years

Deferred Outflows/Inflows of Resources

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to future period(s) and so 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.

Post-employment 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 Post-employment 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Fund Balance

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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Property Taxes

The Marion County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on August 30, 2018 (levy date), based on property values as of January 1, 2018. Taxes were due on December 20, 2018 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. The Marion County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations and debt service, amounted to $3,215,474 and $338,980, respectively.

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	14.990	mills
School Bonds	1.756	mills
Total	16.746	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations and debt service, amounted to $261,643 and $22,196, respectively.

Sales Taxes

ESPLOST, at the fund reporting level, during the year amounted to $468,385, 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 reauthorized 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, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund. 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.

Note 3: BUDGETARY DATA (CONTINUED)

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

The Superintendent is authorized by the Board to approve adjustments of no more than 5% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any fund is anticipated to be more than 5% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds $100,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstances is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

Note 4: DEPOSITS

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

Note 4: DEPOSITS (CONTINUED)

Collateralization of Deposits (Continued)

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

(1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
(2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
(3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
(4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
(5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
(6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
(7) Bonds, bills, notes, certificates of indebtedness or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by 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 the 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 the amount of up to 125% if economic or financial conditions warrant. 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 assessment 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 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 value of $4,473,295, and bank balances were $4,632,063, including $169,691, classified as certificates as deposit. The bank balances insured by Federal depository insurance were $486,457.

At June 30, 2019, $4,145,606 of the School District’s bank balance was exposed to custodial credit risk and included in the State’s Secure Deposit Program.

Note 4: DEPOSITS (CONTINUED)

Categorization of Deposits (Continued)

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

Cash and cash equivalents		
Statement of Net Position	$	4,301,523
Statement of Fiduciary Net Position		2,081
Total cash and cash equivalents		4,303,604
Add:		
Deposits with original maturity of three months or more reported as investments		169,691
Total carrying value of deposits - June 30, 2019	$	4,473,295

Categorization of Investments

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

Investment	Maturities	Rating*	Cost-Based
Ameris Bank Certificate of Deposit	May 14, 2020	N/A	$ 30,703
Ameris Bank Certificate of Deposit	February 1, 2020	N/A	138,988
Deutsche Bank repurchase	January 28, 2027	N/A	2,670,944
Fidelity Institutional Government (Money Market Mutual fund)	24 - day weighted average	AAAm	504,891
			$ 3,345,526

**Rating as per Standard & Poor's*

Note 4: DEPOSITS (CONTINUED)

Categorization of Investments

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

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

As of June 30, 2019, $3,175,835 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in the Fidelity Institutional Government Money Market Mutual fund and Deutsche Bank repurchase. The Money Market Mutual fund represents 15% of the School District's total investments and the repurchase agreement represents 80% of the School District's total investments.

Note 5: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture ("USDA") for school breakfast and lunch programs. These commodities are recorded at their federally assigned value. See Note 2 – Inventories.

Note 6: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 581,159	$ -	$ -	$ -	$ 581,159
Construction in progress	-	291,920	-	-	291,920
Total	581,159	291,920	-	-	873,079
Capital assets, being depreciated:					
Buildings and improvements	35,023,789	-	-	-	35,023,789
Equipment	3,452,893	232,821	(32,787)	-	3,652,927
Land improvements	1,760,941	-	-	-	1,760,941
Total	40,237,623	232,821	(32,787)	-	40,437,657
Less accumulated depreciation for:					
Buildings and improvements	(6,169,688)	(617,750)	-	-	(6,787,438)
Equipment	(2,340,380)	(205,092)	32,787	-	(2,512,685)
Land improvements	(869,677)	(82,469)	-	-	(952,146)
Total	(9,379,745)	(905,311)	32,787	-	(10,252,269)
Total capital assets, being depreciated, net	30,857,878	(672,490)	-	-	30,185,388
Governmental activities capital assets, net	$ 31,439,037	$ (380,570)	$ -	$ -	$ 31,058,467

Current year depreciation expense by function is as follows:

Instruction		$ 705,446
Support Services		
General Administration	$ 548	
School Administration	21,705	
Maintenance and Operations	80,734	
Student Transportation	60,170	163,157
Food Services		36,708
Total Depreciation Expense		$ 905,311

Note 7: INTERFUND TRANSFERS

Interfund Transfers

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

Transfers To	Transfers From General Fund
Capital Projects Fund	$ 200,000

Transfers are used to move property tax revenues collected by the general fund to the capital projects fund as a required match or supplemental funding source for capital construction projects.

Note 8: LONG-TERM LIABILITIES

Changes in Long-term Liabilities

The changes in long-term liabilities during the fiscal year ended June 30, 2019, for governmental activities were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Qualified School Construction Bonds	$ 7,595,000	$ -	$ -	$ 7,595,000	$ -
Build America Bonds	7,715,000	-	-	7,715,000	-
Capital Leases	576,768	-	(76,976)	499,792	79,368
Net Pension Liability	11,708,001	1,438,815	(1,609,331)	11,537,485	-
Net OPEB Liability	12,890,276	959,811	(1,820,489)	12,029,598	-
Total	$ 40,485,045	$ 2,398,626	$ (3,506,796)	$ 39,376,875	$ 79,368

Section 1521 of the American Recovery and Reinvestment Act ("ARRA") of 2009 ("QSCB") and Section 1531 ("BAB") provides for a source of capital at no or at nominal interest rates for costs incurred by the School Districts in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows school districts to borrow without incurring interest costs.

Note 8: LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-term Liabilities (Continued)

When the stated interest rate on the QSCB and the BAB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB or BAB. The interest subsidy received by the School District in fiscal year 2019, was $482,481, which funded all but $330,070 of interest expense due on the QSCB and BAB.

In the event the amount of funds lawfully available is not sufficient to pay the QSCB and BAB payments when due in any year, the School District shall levy an ad valorem tax on all taxable property located within the boundaries of the School District subject to taxation for such purposes, at such rate or rates as may be necessary to produce in each calendar year revenues which shall be sufficient to fulfill the School District's obligations. Additionally, the State Board is authorized and directed to withhold from any state appropriations to which the School District may be entitled and apply so much thereof as shall be necessary to the payment of the principal and interest on such indebtedness then due.

Qualified School Construction Bonds ("QSCB") and Build America Bonds ("BAB")

Debt currently outstanding Qualified School Construction Bonds and Build America Bonds are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QSCB - Series 2010B	5.05%	September 2, 2010	February 1, 2027	$ 7,595,000	$ 7,595,000
BAB - Series 2010C	5.168% - 5.768%	September 2, 2010	February 1, 2040	7,715,000	7,715,000
				$ 15,310,000	$ 15,310,000

The following is a schedule of total QSCB and BAB payments:

Fiscal Year Ending June 30,	Principal	Interest
2020	$ -	$ 812,551
2021	-	812,551
2022	-	812,551
2023	-	812,551
2024	-	812,551
2025 - 2029	8,570,000	3,270,855
2030 - 2034	2,735,000	1,608,592
2035 - 2039	3,275,000	789,268
2040	730,000	42,106
Total Principal and Interest	$ 15,310,000	$ 9,773,576

Note 8: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases

The School District has acquired land improvements and 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
Land Improvements	$ 395,820
Equipment	363,032
Less: Accumulated Depreciation	(134,411)
	$ 624,441

Capital leases currently outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Water Tower	2.50%	July 8, 2013	March 1, 2053	$ 395,820	$ 353,745
Buses	3.20%	August 10, 2015	August 10, 2019	182,078	37,543
Buses	3.12%	July 6, 2017	July 6, 2022	180,954	108,504
				$ 758,852	$ 499,792

Note 8: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases (Continued)

The following is a schedule of capital lease payments:

Fiscal Year Ending June 30,	Capital Leases Principal	Capital Leases Interest
2020	$ 79,368	$ 13,353
2021	43,089	10,887
2022	44,393	9,583
2023	7,288	8,240
2024	7,472	8,056
2025 – 2029	40,291	37,349
2030 – 2034	45,650	31,990
2035 – 2039	51,721	25,919
2040 – 2044	58,600	19,040
2045 – 2049	66,394	11,246
2050 – 2053	55,526	2,701
Total Principal and Interest	$ 499,792	$ 178,364

Note 9: RISK MANAGEMENT

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.

The School District has elected to self-insure for all potential losses of property related to natural disasters. The School District has not experienced any losses related to this risk in the past three years.

The School District has purchased additional insurance coverage for all employees and board members in the amount of $250,000 for dishonesty, and $100,000 for forgery, alterations, theft, disappearance, destruction, and robbery.

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

Position Covered	Amount
Superintendent	$ 50,000
Board Chair	$ 12,000

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	Funding Available From State
L.K. Moss Elementary Renovation	$ 403,467	$ 507,150

The amounts described above are not reflected in the basic financial statements.

Note 11: OPERATING LEASES

The School District leases copiers and a postage meter under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases(s) totaled $87,178 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:

Fiscal Year Ending June 30,	Governmental Activities
2020	$ 49,008
2021	41,538
2022	33,471
2023	26,988
2024	6,747
	$ 157,752

The School District, a lessor, leases excess office space to various private companies and accounts for these leases as operating leases.

Note 11: OPERATING LEASES (CONTINUED)

Lease terms vary and extend through June 30, 2022. Rental revenues under these operating leases during the year ended June 30, 2019 were $10,800. Minimum future rentals to be received under operating leases are as follows:

Fiscal Year Ending June 30,		Payments
2020	$	10,800
2021		10,800
2022		9,600
	$	31,200

Note 12: SIGNIFICANT CONTINGENT LIABILITIES

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

Note 13: OTHER POST-EMPLOYMENT BENEFITS

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 O.C.G.A. are provided OPEB through the School OPEB Fund – a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (the "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.

Note 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Post-Employment Health Benefit Fund (Continued)

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 $498,758 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 $12,029,598 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 0.094649%, which was an increase of 0.002903% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of $719,085. 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	$ -	$ 273,626
Changes in assumptions	-	2,037,872
Net difference between projected and actual earnings on OPEB plan investments	16,276	-
Changes in proportion and differences between School District contributions and proportianate share of contributions	1,025,474	-
School District contributions subsequent to the measurement date	498,758	-
Total	$ 1,540,508	$ 2,311,498

Note 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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 ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30.	OPEB
2020	$ (235,036)
2021	(235,036)
2022	(235,036)
2023	(236,009)
2024	(222,305)
2025	(106,326)

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

Note 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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 projected to 2025 with projection scale BB (set forward one 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 three years for males and two 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 five 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.

Note 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

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

*Net of Inflation

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

Note 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
School District's proportionate share of the net OPEB liablity	$ 14,046,798	$ 12,029,598	$ 10,402,937

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 collective net OPEB liablity	$ 10,113,379	$ 12,029,598	$ 14,478,453

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 14: 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 §47-3-60 of the O.C.G.A. and certain other support personnel as defined by §47-3-63 are provided a pension through the 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 audit report that can be obtained at www.trsga.com/publications.

Note 14: RETIREMENT PLANS (CONTINUED)

Teachers Retirement System of Georgia ("TRS") (Continued)

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 ten years of service and attainment of age 60. Eligibility for disability and death benefits requires ten years of service. 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. 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% 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. The current year contribution was $1,562,141.

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 TRS. The ERS Board of Trustees, plus two additional trustees, administer PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

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

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

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

Note 14: RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System (“PSERS”) (Continued)

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 year fiscal year contribution was $23,311.

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

At June 30, 2019, the School District reported a liability of $11,537,485 for its proportionate share of the net pension liability for TRS.

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.

At June 30, 2018, the School District’s TRS proportion was 0.062156%, which was a decrease of 0.000840% 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 $158,239.

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, 2018, the School District recognized pension expense of $1,059,169 for TRS, $36,638 for PSERS and revenue of $36,638 for PSERS. The revenue is support provided by the State of Georgia.

Note 14: RETIREMENT PLANS (CONTINUED)

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

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 763,798	$ 23,779
Changes in assumptions	174,096	-
Net difference between projected and actual earnings on pension plan investments	-	315,457
Changes in proportion and differences between School District contributions and proportionate share of contributions	49,461	435,179
School District contributions subsequent to the measurement date	1,562,141	-
Total	$ 2,549,496	$ 774,415

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

Fiscal Year Ending June 30,	TRS
2020	$ 408,829
2021	170,726
2022	(341,895)
2023	(32,708)
2024	7,988

Note 14: RETIREMENT PLANS (CONTINUED)

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

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

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 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 three years for males and two 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 five 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.

Note 14: RETIREMENT PLANS (CONTINUED)

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

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	0.00%	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 non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 14: RETIREMENT PLANS (CONTINUED)

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

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:

	Decrease (6.50%)	**Discount Rate (7.50%)**	**Increase (8.50%)**
School District's proportionate share of the net pension liablity	$ 19,259,366	$ 11,537,485	$ 5,174,262

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

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MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

Schedule "1"

	Fiscal Year				
	2015	2016	2017	2018	**2019**
School District's proportion of the net pension liability	0.068161%	0.065672%	0.062577%	0.062996%	**0.062156%**
School District's proportionate share of the net pension liability	$ 8,611,243	$ 9,997,910	$ 12,910,333	$ 11,708,001	**$ 11,537,485**
School District's covered payroll	6,953,819	6,958,471	6,883,616	7,451,451	**7,685,229**
School District's proportionate share of the net pension liability as a percentage of its covered payroll	123.83%	143.68%	187.55%	157.12%	**150.13%**
Plan fiduciary net position as a percentage of the total pension liability	84.03%	81.44%	76.06%	79.33%	**80.27%**

Note: The measurement period for the year ended June 30, 2019, is June 30, 2018. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available. The Schedule includes all significant plans and funds administered by Marion County Board of Education.

MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019
Contractually required contribution	$ 915,039	$ 982,292	$ 1,063,322	$ 1,291,887	**$ 1,562,141**
Contributions in relation to the contractually required contribution	915,039	982,292	1,063,322	1,291,887	**1,562,141**
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	**$ -**
School District's covered payroll	$ 6,958,471	$ 6,883,616	$ 7,451,451	$ 7,685,229	**$ 7,474,359**
Contributions as a percentage of covered payroll	13.15%	14.27%	14.27%	16.81%	**20.90%**

The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	**0.000000%**
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	98,846	107,498	162,208	142,951	**158,239**
	$ 98,846	$ 107,498	$ 162,208	$ 142,951	**$ 158,239**
School District's covered payroll	$ 340,799	$ 335,232	$ 371,411	$ 407,062	**$ 404,641**
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	**N/A**
Plan fiduciary position as a percentage of the total pension liability	88.29%	87.00%	81.00%	85.69%	**85.26%**

The measurement period for the year ended June 30, 2019, is June 30, 2018. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

Schedule "4"

MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2018	2019
School District's proportion of the net OPEB liability	0.091746%	0.094649%
School District's proportionate share of the net OPEB liability	$ 12,890,276	$ 12,029,598
School District's covered-employee payroll	7,750,486	7,865,573
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	166.32%	152.94%
Plan fiduciary net position as a percentage of the total OPEB liability	1.61%	2.93%

Note: The measurement period for the year ended June 30, 2019, is June 30, 2018. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available. The Schedule includes all significant plans and funds administered by Marion County Board of Education.

MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2017	2018	2019
Contractually required contribution	$ 478,372	$ 490,553	$ 498,758
Contributions in relation to the contractually required contribution	478,372	490,553	498,758
Contribution deficiency (excess)	$ -	$ -	$ -
School District's covered-employee payroll	$ 7,750,486	$ 7,865,573	$ 7,933,809
Contributions as a percentage of covered-employee payroll	6.17%	6.24%	6.29%

The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

Teachers Retirement System

Changes of assumptions:

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

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

Public School Employees Retirement System

Changes of assumptions:

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

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

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 organziations (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.

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

	Budget			Variance With
	Original (1)	Final (1)	Actual	Final Budget
REVENUES				
Property taxes	$ 3,399,118	$ 3,399,118	$ 3,477,117	$ 77,999
Sales taxes	24,000	24,000	46,564	22,564
Other taxes	-	-	18,732	18,732
State funds	9,425,012	9,412,718	9,613,086	200,368
Federal funds	2,084,689	2,508,607	2,263,661	(244,946)
Charges for services	57,684	57,684	299,940	242,256
Investment earnings	100	100	2,166	2,066
Miscellaneous	3,500	3,500	407,547	404,047
Total revenues	14,994,103	15,405,727	16,128,813	723,086
EXPENDITURES				
Current:				
Instruction	8,128,966	8,516,834	8,640,758	(123,924)
Support services:				
Pupil services	422,349	456,904	441,046	15,858
Improvement of instructional services	988,560	994,192	930,114	64,078
Educational media services	211,039	223,889	210,252	13,637
General administration	463,378	451,458	402,586	48,872
School administration	918,456	918,456	874,103	44,353
Business administration	218,558	218,558	226,074	(7,516)
Maintenance and operation of plant	1,396,253	1,396,253	1,409,161	(12,908)
Student transportation services	1,159,444	1,161,099	1,139,976	21,123
Central support services	42,725	42,725	36,402	6,323
Other support services	67,366	89,358	80,802	8,556
Enterprise operations	-	-	118,515	(118,515)
Food services operations	1,138,167	1,138,167	995,837	142,330
Debt service:				
Principal retirement	-	-	76,976	(76,976)
Interest and fiscal charges	-	-	15,745	(15,745)
Total expenditures	15,155,261	15,607,893	15,598,347	9,546
Excess (Deficiency) of revenues over (under) expenditures	(161,158)	(202,166)	530,466	732,632
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	2,805	2,805
Transfers in	84,895	76,895	-	(76,895)
Transfers out	(84,895)	(76,895)	(200,000)	(123,105)
Total other financing sources (uses)	-	-	(197,195)	(197,195)
Net change in fund balances	(161,158)	(202,166)	333,271	535,437
FUND BALANCE, beginning of year	2,983,557	2,983,557	2,983,557	-
FUND BALANCE, end of year	$ 2,822,399	$ 2,781,391	$ 3,316,828	$ 535,437

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

(1) Original and Final Budget amounts do not include budgeted revenues ($590,034) or expenditures ($541,963) of the various school activity accounts.

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.

MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Funding Agency Program/Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	195GA324N1099	$ 282,425
National School Lunch Program	10.555	195GA324N1099	684,939
Total Child Nutrition Cluster			967,364
Total U.S. Department of Agriculture			967,364
Education, U.S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A180073	300,556
Preschool Grants	84.173	H173A180081	6,987
Total Special Education Cluster			307,543
Other Programs			
Pass-Through From Georgia Department of Education			
Migrant Education - State Grant Program	84.011	S011A170011	7,712
Migrant Education - State Grant Program	84.011	S011A180011	4,152
Rural Education	84.358	S358B170010	1,292
Rural Education	84.358	S358B180010	27,089
Title I Grants to Local Educational Agencies	84.010	S010A180010	627,494
Title I Grants to Local Educational Agencies	84.010	S010A170010-17A	42,118
Career and Technical Education - Basic Grants to States	84.048	V048A170010	745
Career and Technical Education - Basic Grants to States	84.048	V048A180010	21,660
Striving Readers	84.371	S371C170002	281,240
Student Support and Academic Enrichment	84.424	S424A180011	20,871
			1,034,373
Total U.S. Department of Education			1,341,916
Total Expenditures of Federal Awards			$ 2,309,280

Notes to the Schedule of Expenditures of Federal Awards

The School District did not provide Federal Assistance to any Subrecipient.

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Marion 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).

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* , wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Agency/Funding	Governmental Fund Type General Fund
Grants	
Bright from the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 310,524
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	349,950
Kindergarten Program - Early Intervention Program	127,980
Primary Grades (1-3) Program	868,184
Primary Grades - Early Intervention (1-3) Program	368,368
Upper Elementary Grades (4-5) Program	451,187
Upper Elementary Grades - Early Intervention (4-5) Program	252,691
Middle School (6-8) Program	896,059
High School General Education (9-12) Program	849,571
Vocational Laboratory (9-12) Program	232,899
Students with Disabilities	907,360
Program for Intellectually Gifted Students - Category VI	207,152
Remedial Education Program	234,474
Alternative Education Program	69,204
English Speakers of Other Languages (ESOL)	122,464
Media Center Program	158,939
20 Days Additional Instruction	50,057
Staff and Professional Development	25,802
Principal, Staff and Professional Development	547
Indirect Cost	
Central Administration	376,173
School Administration	337,102
Facility Maintenance and Operations	344,847
State Health Benefit Plan Employer Holiday	(71,820)
Categorical Grants	
Pupil Transportation	369,964
Sparsity	19,552
Nursing Services	45,000
Mid-term Adjustment Hold-Harmless	131,516
Vocational Supervisors	7,150
Education Equalization Funding Grant	1,260,178
Food Services	24,482
Vocational Education	36,851
Amended Formula Adjustment	21,094
Other State Programs	
Preschool Handicapped	2,616
Bus Purchases - State Allotment	154,440
Math and Science Supplements	13,089
Facility Safety Grant	34,129
Total Grants from Georgia Department of Education	9,279,251
Office of the State Treasurer	
Public School Employees' Retirement	23,311
	$ 9,613,086

See Notes to the Basic Financial Statements.

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MARION COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Schedule "10"

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3) (4)	Expended In Prior Years (3) (4)	Total Completion Cost	Estimated Completion Date
To retire a portion of the principal and interest on the School District's previously incurred general obligation Series 2010B and 2010C Bonds coming due in the years 2018 through 2023.	$ 2,500,000	$ 2,500,000	$ -	$ -	$ -	December 2022
(i) Making system-wide technology improvements, including, but not limited to, the acquisition and installation of instruction technology, security, and information system hardware and associated software accessories, and infrastructure at all schools and seleted other facilities; (ii) Improving school facilities, purchasing school buses, school equipment, and acquiring safety and security equipment.	500,000	500,000	-	-	-	December 2022
	$ 3,000,000	$ 3,000,000	$ -	$ -	$ -	

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

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

(3) The voters of Marion County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.

(4) $812,551 Interest paid on Bonds in FY2019; $482,481 from Federal Subsidy; $330,070 from property taxes.

(5) Sinking Fund Payment of $487,324 made in January 2019 - $458,525 from Sales Tax; $28,799 from Property Tax.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Superintendent and Members of the
Marion 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 Marion 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 March 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Greg S. Griffin
State Auditor

March 30, 2020

DEPARTMENT OF AUDITS AND ACCOUNTS
270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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
Marion County Board of Education

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,

Greg S. Griffin
State Auditor

March 30, 2020

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal Control over major program:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major program: major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.