

**BARTOW COUNTY  
BOARD OF EDUCATION**

**ANNUAL FINANCIAL REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2019**

# BARTOW COUNTY BOARD OF EDUCATION

## ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

### TABLE OF CONTENTS

---

<b><u>I. Financial Section</u></b>	<b><u>Page</u></b>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	19
General Fund - Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual	20
Statement of Fiduciary Assets and Liabilities – Agency Fund	21
Notes to the Basic Financial Statements	22-55
<b><u>II. Required Supplementary Information</u></b>	
Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System	56
Schedule of Contributions – Teachers Retirement System	57
Schedule of Proportionate Share of Net Pension Liability – Public School	
Employees Retirement System	58
Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund	59
Schedule of Contributions – School OPEB Fund	60
Notes to Required Supplementary Information	61
<b><u>III. Other Supplementary Information</u></b>	
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	62
<b><u>IV. Single Audit Section</u></b>	
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 <i>Government Auditing Standards</i>	63 and 64
Independent Auditor's Report on Compliance For Each Major Federal Program and	
Report on Internal Control Over Compliance Required by the Uniform Guidance	65-67
Schedule of Expenditures of Federal Awards	68 and 69
Schedule of Findings and Questioned Costs	70 and 71
Schedule of Prior Audit Findings	72

## **I. FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

---

**To the Superintendent and Members of  
the Bartow County Board of Education  
Cartersville, Georgia**

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

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

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

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

### ***Auditor's Responsibility***

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

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

---

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

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bartow County Board of Education as of June 30, 2019, and the respective changes in financial position, and the budgetary comparison for the General Fund, 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, Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System, Schedule of Contributions – Teachers Retirement System, and Schedule of Proportionate Share of Net Pension Liability – Public School Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund, and Schedule of Contributions – School OPEB Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

---

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bartow County Board of Education's basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax proceeds and the schedule of expenditures of federal awards (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of the Bartow County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Bartow County Board of Education'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 Bartow County Board of Education's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 30, 2020

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

---

## **INTRODUCTION**

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

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2019 are as follows:

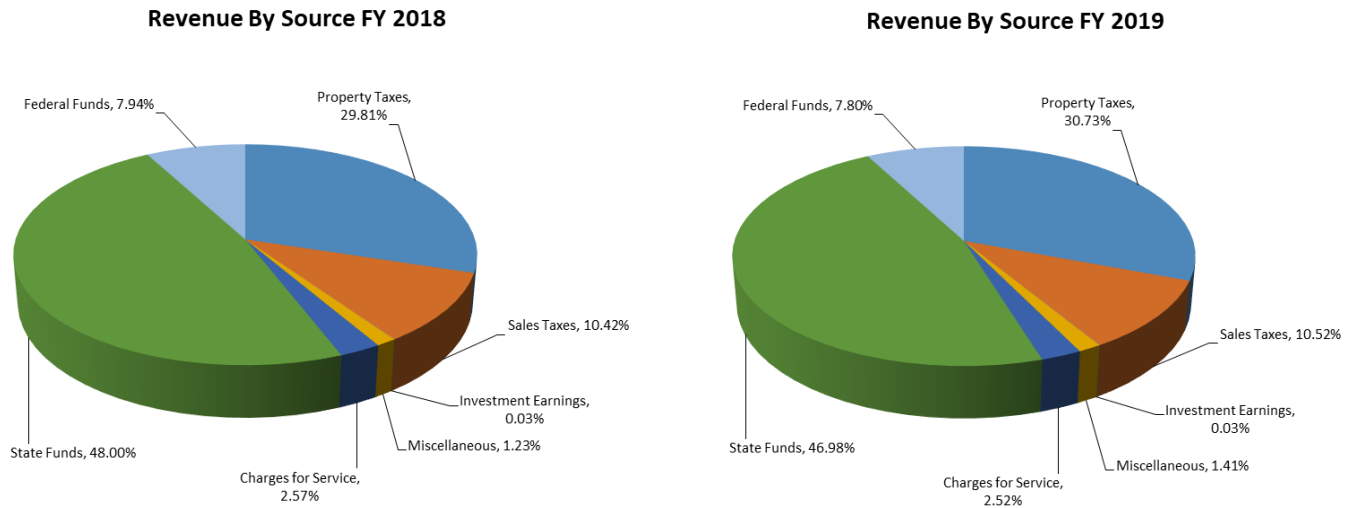
In total, net position increased \$27.7 million, which represents a 41.2% increase from the prior year.

- Combined general revenues for governmental activities accounted for \$71.5 million or approximately 43% of all revenues. Program specific revenues – charges for services, grants and contributions accounted for \$96 million or 57% of total revenues of \$167.5 million. Total combined revenues were \$9.8 million more than the prior year.
- Combined general and program revenues for the year were from Federal, State, and Local sources, with the State QBE appropriation, proceeds from the Educational Local Option Sales Tax, and local property tax assessments providing the bulk of the resources. The percentage breakdown by source is as follows: Property Taxes 33.73%; Sales and Other Taxes 10.52%; State funds 46.98%; Federal funds 7.80% Charges for services 2.52% Investment earnings .03% and Miscellaneous 1.41%.
- The School District had \$140 million in expenses related to governmental activities and \$96 million of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$71.5 million provided the remaining support for these programs.
- Among major funds, the General Fund had \$146.3 million in revenues and \$138.0 million in expenditures; the capital project fund had \$19 million in revenues and \$16.6 million in expenditures and the Debt Service Fund had no revenues recorded as SPLOST funds recorded in Capital Projects Funds pay the debt service and \$10.2 million in expenditures (excluding other financing sources and uses). Fund balance increased for the General Fund by \$8.7 million; the fund balance decreased for the Debt Service Fund by \$9,318 and the fund balance decreased for capital projects decreased by \$7.8 million. The decreases in Debt Service and the Capital Projects funds are due to the expenditures for capital projects and Debt Service obligation payments that are being made. These expenses are offset by the issuance of the 2016 bonds and the SPLOST proceeds.

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

---

The following charts show the source of governmental activities revenue for the current and prior fiscal years.



## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include a series of statements and notes to the statements. These statements are presented so the reader can understand the School District as a financial whole or its individual fund level.

The District-wide financial statements include the statement of net positions and statement of activities and the supporting notes to these statements. These statements provide aggregated information about the activities of the School District and a longer-term view of those activities.

At the next level, the fund financial statements focus on individual parts of the School District, reporting operations in more detail and includes the supporting notes to these statements. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary fund statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. In the case of the Bartow County School District, the General Fund, District-Wide Capital Projects Fund, and Debt Service Fund are the most significant funds. These funds are reported as major funds and therefore are not non-major funds.

The notes to the financial statements provide additional detailed information that is essential to understanding data provided in the system-wide and fund level statements. The notes can be found on pages 22-55 of this report.



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

---

**District-Wide Statements**

The District-wide statements are designed to provide readers with a broad overview of the finances. This view of the School District as a whole looks at financial transactions and asks these questions, "How did we do financially in fiscal year 2019 and are we in a better financial position this year than last?"

The Statement of Net Position and Statement of Activities provide the basis for answering this question. These statements are presented using the accrual basis of accounting, similar to the accounting used by most private-sector businesses. This basis of accounting includes all of the current year's revenues and expenditures regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether our financial position is improving or deteriorating.

The Statement of Activities presents information showing how the School District's net position changed during the fiscal year. The causes of this change may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, and other factors.

In the Statements of Net Position and Statement of Activities, the School District has one type of activity-governmental. Governmental activities includes all programs of instruction, support services, operating and maintenance of plant, administration, pupil transportation, school nutrition, after school and school activity accounts.

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

---

**Fund Financial Statements**

The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

Governmental Funds – Most 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 the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds statements provide a detailed short-term view of the School District's general operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

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

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

---

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

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net positions for the current and prior fiscal years:

**Table 1  
Condensed Statement of Net Position  
June 30**

	<b>Governmental Activities</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Assets and Deferred Outflows of Resources</b>		
Current and Other Assets	\$ 77,917,801	\$ 74,725,645
Capital Assets	<u>291,010,565</u>	<u>285,051,189</u>
<b>Total Assets</b>	<u>368,928,366</u>	<u>359,776,834</u>
<b>Deferred Outflow of Resources</b>	<u>29,301,926</u>	<u>21,840,648</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 398,230,292</u>	<u>\$ 381,617,482</u>
<b>Liabilities</b>		
Current and Other Liabilities	\$ 32,280,311	\$ 32,016,040
Long-term Liabilities	<u>231,250,015</u>	<u>259,516,953</u>
<b>Total Liabilities</b>	<u>263,530,326</u>	<u>291,532,993</u>
<b>Deferred Inflows of Resources</b>	<u>39,540,190</u>	<u>22,665,206</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>\$ 303,070,516</u>	<u>\$ 314,198,199</u>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 249,263,378	\$ 242,771,135
Restricted	21,499,805	18,507,184
Unrestricted	<u>(175,603,407)</u>	<u>(193,861,618)</u>
<b>Total Net Position</b>	<u>\$ 95,159,776</u>	<u>\$ 67,416,701</u>

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

Table 2 shows the changes in net position for the current and prior fiscal years:

**Table 2  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2019**

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 4,213,183	\$ 2,239,201
Operating grants and contributions	90,676,459	88,809,388
Capital grants and contributions	1,079,502	729,521
Total program revenues	95,969,144	91,778,110
General revenues:		
Taxes		
Property taxes	51,465,019	46,999,739
Sales taxes	17,623,851	16,433,541
Grants and contributions not restricted to specific programs	2,366,151	2,342,437
Investment earnings	57,445	46,114
Gain on sale of capital assets	-	76,663
Total general revenues	71,512,466	65,898,494
Total revenues	167,481,610	157,676,604
Program expenses		
Instruction	90,614,135	92,799,774
Support services		
Pupil services	4,520,912	4,133,292
Improvement of instructional services	2,844,304	1,997,569
Educational media services	1,856,773	1,820,860
Federal grant administration	262,881	313,421
General administration	922,935	712,509
School administration	8,717,573	8,457,409
Business administration	1,200,414	1,347,737
Maintenance and operations of facilities	10,831,165	10,179,007
Student transportation services	8,250,582	8,461,499
Central support services	1,897,406	1,986,233
Other support services	184,092	87,003
Operations of non-instructional services:		
Food services operation	7,106,914	7,269,863
Interest on long-term debt	528,449	663,085
Total expenses	139,738,535	140,229,261
Change in net position	27,743,075	17,447,343
Net position, beginning of year	67,416,701	49,969,358
Net position, end of year	\$ 95,159,776	\$ 67,416,701

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

---

**Governmental Activities**

As reported in the statement of activities, the cost of all our governmental activities this year was \$139,738,505. Instructional program expenses of \$90,614,135 represent 64.8% of the total expenses. Interest expense was attributable to the various outstanding bond issues and represents less than 1% of total expenses.

Although program revenues make up a majority of the combined revenues, the School District is dependent upon general revenues (property tax, sales tax and other non-restricted revenues) to cover the net cost of services. For the fiscal year 2019, general revenues in the amount of \$71,512,466 represented 43% of total revenues.

The statement of activities, on page 15, shows the cost of program services and the charges for services and grants offsetting these 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 federal and state entitlements.

**Table 3  
Statement of Activities  
For the Fiscal Year Ended June 30**

	<u><b>Total Cost of Services</b></u>		<u><b>Net Cost of Services</b></u>	
	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Instruction	\$90,614,135	\$92,799,774	\$(22,638,391)	\$(27,418,003)
Support Services				
Pupil Services	4,520,912	4,133,292	(3,281,457)	(2,823,267)
Improvement of				
Instructional Services	2,844,304	1,997,569	423,690	290,985
Educational Media Services	1,856,773	1,820,860	(44,509)	2,692
Federal Grant Administration	262,881	313,421	(262,881)	(313,421)
General Administration	922,935	712,509	1,222,889	1,596,219
School Administration	8,717,573	8,457,409	(4,828,472)	(4,690,885)
Business Administration	1,200,414	1,347,737	(1,190,927)	(1,340,889)
Maintenance and Operation				
of Plant	10,831,165	10,179,007	(6,435,625)	(6,061,533)
Student Transportation				
Services	8,250,582	8,461,499	(4,527,608)	(4,631,003)
Central Support Services	1,897,406	1,986,233	(1,881,633)	(1,970,596)
Other Support Services	149,957	87,003	(144,497)	(86,814)
Food Services	7,141,049	7,269,863	348,479	(341,551)
Interest on Short-term and				
Long-term Debt	528,449	663,085	(528,449)	(663,085)
<b>Total Program Expenses</b>	<u><b>\$139,738,535</b></u>	<u><b>\$140,229,261</b></u>	<u><b>\$(43,769,391)</b></u>	<u><b>\$(48,451,151)</b></u>

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

---

**FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM'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 (excluding transfers) of \$165,699,839 and expenditures and other financing uses (excluding transfers) of \$164,794,479. There was a total increase in fund balance in the amount of \$905,360. The total governmental fund balance for 2019 is comprised of the following:

**Table 4  
Governmental Fund Balances  
June 30**

	<u><b>2019</b></u>	<u><b>2018</b></u>
General Fund	\$ 38,245,052	\$ 29,568,266
Capital Projects Fund	14,048,024	21,810,132
Debt Service Fund	<u>6,591</u>	<u>15,909</u>
Total Fund Balance	<u>\$ 52,299,667</u>	<u>\$ 51,394,307</u>

The \$8.7 million increase for the fund balance in the General Fund was the result of revenues exceeding expenditures. The District has continued to significantly reduce the deficit in prior fiscal years as the funding levels have begun to increase with the reduction of austerity and the recovering tax digest, which has resulted in the increase of the fund balance in the General Fund. Additional miscellaneous revenue was received for the sale of assets including vacant buildings and computers, additional grant funds, and TAVT (Title Ad Valorem Tax) revenue.

The reduction of fund balance for District-Wide Capital Project Fund balance is due to the expenditures related to Capital Projects throughout the District which are being completed using the bond funds that were approved in 2016 and will be paid with SPLOST V of which began July 1, 2017.

**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 fiscal year 2019, the School District amended its General Fund budget as needed.
- For the General Fund, the final actual revenues and other financing sources on the GAAP basis of \$146,718,067 were greater than the final budgeted amount of \$140,153,667 by \$6,564,400. This difference was due largely to the prior year carryover of State Special revenue funds, increased local funding from the Bartow County PILOT program, increase school distribution portion of the TAVT, increase in the County tax digest, and the increase in other Local School Miscellaneous Revenues. Also, increased revenue was received on the 2019 mid-term adjustment to QBE revenue.

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

---

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year, June 30, 2019, the School District had \$291,010,565 invested in capital assets, all in governmental activities. Additional information about capital assets can be found in the notes to the financial statements. Table 5 reflects these balances.

**Table 5  
Capital Assets (net of depreciation)  
June 30**

	<u><b>2019</b></u>	<u><b>2018</b></u>
Land	\$ 16,653,288	\$ 16,699,092
Construction in Progress	12,079,772	27,744,111
Land Improvements	3,560,756	3,391,817
Buildings	247,072,698	227,224,076
Equipment	<u>11,644,051</u>	<u>9,992,093</u>
Total Capital Assets	<u>\$ 291,010,565</u>	<u>\$ 285,051,189</u>

**Debt**

At the end of fiscal year June 30, 2019, the School District had \$36,675,000 in general obligation bonds outstanding, with \$8,570,000 due within one year. Debt service payments are made from the proceeds of the Educational Local Option Sales Tax. Table 6 summarizes general obligation bonds outstanding. Additional information about long-term debt can be found in the notes to the financial statements.

Compensated absences outstanding at June 30, 2019 were \$673,092 compared to \$583,014 in the prior year.

**Table 6  
General Obligation Debt  
June 30**

	<u><b>2019</b></u>	<u><b>2018</b></u>
Series 2016 G.O. Bonds	<u>\$ 36,675,000</u>	<u>\$ 45,000,000</u>
Total General Obligation bonds	<u>\$ 36,675,000</u>	<u>\$ 45,000,000</u>

The School District maintains an "AA+" bond rating as determined by the Standard and Poor's Ratings Services.

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

---

**CURRENT ISSUES**

- As The School District's gross tax digest experienced an increase in FY19. This growth has helped stabilize the effect on General Fund fund balance.
- Capital Improvements – The School District has completed the new Transportation Facility in 2019. Projects during the 2019 fiscal year included HVAC and Lighting at Kingston Elementary School, Taylorsville Elementary School, and Allatoona Elementary School. Artificial turf was installed at all three high schools along with a new track at Cass High School and athletic facility renovations at Adairsville High School. All capital projects were completed with SPLOST funds. The current SPLOST, SPLOST IV expired was voted by taxpayers in November 2015 to extend the for another 5-year term and in FY16 the District issued bonds in the amount of \$45,000,000 which will further enhance capital projects throughout the District. The debt will be paid off within the 5-year period of the current SPLOST referendum.

**CONTACTING THE SCHOOL SYSTEM'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Megan Brown, CFO at Bartow County Schools, 65 Gilreath Road, Cartersville, GA 30120, or 770-606-5800.



## **BASIC FINANCIAL STATEMENTS**

# BARTOW COUNTY BOARD OF EDUCATION

## STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 60,246,946
Receivables:	
Taxes, net of allowances	4,958,955
Intergovernmental:	
State	10,311,832
Federal	1,709,063
Other	196,545
Inventory	494,460
Capital assets (nondepreciable)	28,733,060
Capital assets (depreciable, net of accumulated depreciation)	262,277,505
Total assets	<u>368,928,366</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	23,263,667
Other postemployment benefits related items	6,038,259
Total deferred outflows of resources	<u>29,301,926</u>
<b>LIABILITIES</b>	
Accounts payable	515,106
Salaries and benefits payable	18,829,567
Contracts payable	2,694,677
Accrued interest payable	421,188
Retainage payable	709,130
Unearned revenue	75,772
Claims payable due within one year	185,875
Claims payable due in more than one year	61,958
Bonds payable due within one year	8,570,000
Bonds payable due in more than one year	30,474,710
Compensated absences due within one year	278,996
Compensated absences due in more than one year	394,096
Net pension liability due in more than one year	106,037,350
Net other postemployment benefits liability due in more than one year	94,281,901
Total liabilities	<u>263,530,326</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	12,996,856
Other postemployment benefits related items	26,543,334
Total deferred inflows of resources	<u>39,540,190</u>
<b>NET POSITION</b>	
Net investment in capital assets	249,263,378
Restricted for:	
Federal programs	2,275,700
Capital projects	19,217,514
Debt service	6,591
Unrestricted	(175,603,407)
Total net position	<u>\$ 95,159,776</u>

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

# BARTOW COUNTY BOARD OF EDUCATION

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 90,614,135	\$ 759,806	\$ 67,049,280	\$ 166,658	\$ (22,638,391)
Support services:					
Pupil services	4,520,912	-	1,223,639	15,816	(3,281,457)
Improvement of instructional services	2,844,304	-	3,267,994	-	423,690
Educational media services	1,856,773	-	1,812,048	216	(44,509)
Federal grant administration	262,881	-	-	-	(262,881)
General administration	922,935	-	2,113,968	31,856	1,222,889
School administration	8,717,573	-	3,821,051	68,050	(4,828,472)
Business administration	1,200,414	-	9,487	-	(1,190,927)
Maintenance and operation of facilities	10,831,165	-	4,082,670	312,870	(6,435,625)
Student transportation services	8,250,582	1,507,684	1,784,800	430,490	(4,527,608)
Central support services	1,897,406	-	14,886	887	(1,881,633)
Other support services	149,957	-	5,460	-	(144,497)
Operations of non-instructional services:					
Food services operation	7,141,049	1,945,693	5,491,176	52,659	348,479
Interest on long-term debt	528,449	-	-	-	(528,449)
Total governmental activities	<u>\$ 139,738,535</u>	<u>\$ 4,213,183</u>	<u>\$ 90,676,459</u>	<u>\$ 1,079,502</u>	<u>(43,769,391)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	51,465,019
Sales taxes	17,623,851
Grants and contributions not restricted to specific programs	2,366,151
Unrestricted investment earnings	57,445
Total general revenues	<u>71,512,466</u>
Change in net position	27,743,075
Net position, beginning of year	67,416,701
Net position, end of year	<u>\$ 95,159,776</u>

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

# BARTOW COUNTY BOARD OF EDUCATION

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

ASSETS	General	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 44,323,266	\$ 15,917,089	\$ 6,591	\$ 60,246,946
Receivables:				
Taxes, net of allowances	957,200	4,001,755	-	4,958,955
Intergovernmental:				
State	10,311,832	-	-	10,311,832
Federal	1,709,063	-	-	1,709,063
Other	196,545	-	-	196,545
Inventory	494,460	-	-	494,460
 Total assets	 \$ 57,992,366	 \$ 19,918,844	 \$ 6,591	 \$ 77,917,801
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 515,106	\$ -	\$ -	\$ 515,106
Contracts payable	-	2,694,677	-	2,694,677
Salaries and benefits payable	18,829,567	-	-	18,829,567
Retainage payable	-	709,130	-	709,130
Unearned revenue	75,772	-	-	75,772
 Total liabilities	 19,420,445	 3,403,807	 -	 22,824,252
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	326,869	-	-	326,869
Unavailable revenue - intergovernmental	-	2,467,013	-	2,467,013
 Total deferred inflows of resources	 326,869	 2,467,013	 -	 2,793,882
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	494,460	-	-	494,460
Restricted for:				
Federal programs	1,781,240	-	-	1,781,240
Capital projects	-	14,048,024	-	14,048,024
Debt service	-	-	6,591	6,591
Assigned:				
2020 fiscal year appropriations of fund balance	860,230	-	-	860,230
Unassigned:				
General fund	35,109,122	-	-	35,109,122
 Total fund balances	 38,245,052	 14,048,024	 6,591	 52,299,667
 Total liabilities, deferred inflows of resources and fund balances	 \$ 57,992,366	 \$ 19,918,844	 \$ 6,591	 \$ 77,917,801

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

**BARTOW 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		\$ 52,299,667
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
Cost	\$ 401,401,681	
Less accumulated depreciation	<u>(110,391,116)</u>	291,010,565
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Property taxes	\$ 326,869	
Intergovernmental revenue - state	<u>2,467,013</u>	2,793,882
The net pension liability is not expected to be paid with current financial resources and is therefore not reported in governmental funds.		
Net pension liability	\$ (106,037,350)	
Deferred outflows of resources	23,263,667	
Deferred inflows of resources	<u>(12,996,856)</u>	(95,770,539)
The net other postemployment benefits liability is not expected to be paid with current financial resources and is therefore not reported in governmental funds.		
Net other postemployment benefits liability	\$ (94,281,901)	
Deferred outflows of resources	6,038,259	
Deferred inflows of resources	<u>(26,543,334)</u>	(114,786,976)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (36,675,000)	
Premium, net of amortization	(2,369,710)	
Accrued interest	(421,188)	
Compensated absences	(673,092)	
Claims liability	<u>(247,833)</u>	(40,386,823)
Net position of governmental activities		<u>\$ 95,159,776</u>

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

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

	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 51,452,143	\$ -	\$ -	\$ 51,452,143
Sales taxes	-	17,623,851	-	17,623,851
State funds	75,115,210	1,079,502	-	76,194,712
Federal funds	13,065,912	-	-	13,065,912
Investment income	57,444	278,418	1	335,863
Charges for services	4,213,183	-	-	4,213,183
Miscellaneous	2,410,374	-	-	2,410,374
Total revenues	146,314,266	18,981,771	1	165,296,038
<b>EXPENDITURES</b>				
Current:				
Instruction	89,800,690	13,145	-	89,813,835
Support services:				
Pupil services	4,767,330	-	-	4,767,330
Improvement of instructional services	3,004,822	-	-	3,004,822
Educational media services	2,015,400	-	-	2,015,400
Federal grant administration	282,552	-	-	282,552
General administration	880,942	-	-	880,942
School administration	9,281,450	-	-	9,281,450
Business administration	1,251,996	-	-	1,251,996
Maintenance and operation of facilities	10,147,031	-	-	10,147,031
Student transportation services	7,327,344	477,072	-	7,804,416
Central support services	1,964,537	-	-	1,964,537
Other support services	149,957	-	-	149,957
Food services operation	7,167,230	-	-	7,167,230
Capital outlay	-	16,111,287	-	16,111,287
Debt service:				
Principal retirement	-	-	8,325,000	8,325,000
Interest and fees	-	-	1,826,694	1,826,694
Total expenditures	138,041,281	16,601,504	10,151,694	164,794,479
Excess (deficiency) of revenues over expenditures	8,272,985	2,380,267	(10,151,693)	501,559
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	10,142,375	10,142,375
Transfers out	-	(10,142,375)	-	(10,142,375)
Proceeds from sale of capital assets	403,801	-	-	403,801
Total other financing sources (uses)	403,801	(10,142,375)	10,142,375	403,801
Net change in fund balances	8,676,786	(7,762,108)	(9,318)	905,360
<b>FUND BALANCES, beginning of year</b>	29,568,266	21,810,132	15,909	51,394,307
<b>FUND BALANCES, end of year</b>	\$ 38,245,052	\$ 14,048,024	\$ 6,591	\$ 52,299,667

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

# BARTOW 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	\$	905,360
--	----	---------

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 amount by which capital outlays exceeded depreciation in the current period is as follows:

Capital outlay	\$	16,766,802	
Depreciation expense		<u>(9,768,154)</u>	6,998,648

The net effect of miscellaneous transactions involving capital assets is as follows:

Net book value of assets disposed	\$	<u>(1,039,272)</u>	(1,039,272)
-----------------------------------	----	--------------------	-------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	12,876	
Intergovernmental		<u>2,467,013</u>	2,479,889

In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.

7,663,598

In the governmental funds, current year expenditures related to other postemployment benefits are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to other postemployment benefits include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of other postemployment benefits and related items.

1,265,179

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the principal repayment of long-term debt.

8,325,000

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.

Amortization of bond premium	\$	1,227,495	
Change in claims payable		(63,494)	
Change in compensated absences		(90,078)	
Change in accrued interest		<u>70,750</u>	1,144,673

Change in net position of governmental activities	\$	<u>27,743,075</u>
---	----	-------------------

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

**BARTOW COUNTY BOARD OF EDUCATION**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND**

**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 48,302,638	\$ 48,302,638	\$ 51,452,143	\$ 3,149,505
State funds	75,194,396	75,257,662	75,115,210	(142,452)
Federal funds	12,479,357	14,503,915	13,065,912	(1,438,003)
Charges for services	1,794,041	1,794,041	4,213,183	2,419,142
Investment income	26,000	26,000	57,444	31,444
Miscellaneous	261,911	261,911	2,410,374	2,148,463
Total revenues	138,058,343	140,146,167	146,314,266	6,168,099
<b>EXPENDITURES</b>				
Current:				
Instruction	90,224,961	90,380,156	89,800,690	579,466
Support services:				
Pupil services	4,335,130	4,819,030	4,767,330	51,700
Improvement of instructional services	2,359,118	3,633,612	3,004,822	628,790
Educational media services	2,100,741	2,100,741	2,015,400	85,341
Federal grant administration	437,774	386,666	282,552	104,114
General administration	924,790	1,109,777	880,942	228,835
School administration	9,422,678	9,429,036	9,281,450	147,586
Business administration	1,152,675	1,152,675	1,251,996	(99,321)
Maintenance and operation of plant	11,425,513	11,424,809	10,147,031	1,277,778
Student transportation services	7,182,447	7,349,107	7,327,344	21,763
Central support services	2,216,934	2,216,934	1,964,537	252,397
Other support services	111,868	120,779	149,957	(29,178)
Food services operation	7,357,542	7,349,542	7,167,230	182,312
Total expenditures	139,252,171	141,472,864	138,041,281	3,431,583
Excess (deficiency) of revenues over expenditures	(1,193,828)	(1,326,697)	8,272,985	9,599,682
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	7,500	7,500	403,801	396,301
Total other financing sources	7,500	7,500	403,801	396,301
Net change in fund balances	(1,186,328)	(1,319,197)	8,676,786	9,995,983
<b>FUND BALANCES, beginning of year</b>	29,568,266	29,568,266	29,568,266	-
<b>FUND BALANCES, end of year</b>	\$ 28,381,938	\$ 28,249,069	\$ 38,245,052	\$ 9,995,983

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



**BARTOW COUNTY BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**JUNE 30, 2019**

---

		<b>Club and Athletics Fund</b>
<b>ASSETS</b>		
Cash		<u>\$ 151,223</u>
Total assets		<u><u>\$ 151,223</u></u>
<b>LIABILITIES</b>		
Funds held for others		<u>\$ 151,223</u>
Total liabilities		<u><u>\$ 151,223</u></u>

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

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

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

**Reporting Entity**

The Bartow County Board of Education (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**

**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 of the Bartow County Board of Education.

***Government-wide Statements:***

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

The Statement of 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.

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

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 for each category (governmental and fiduciary) are presented. 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:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), bond proceeds and grants from the Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund* accounts for accumulated resources legally restricted for the payment of general long-term debt principal, interest and paying agent's fees.

The School District also reports the following fund types:

- *Agency Fund* accounts for assets held by the School District as an agent for various individual school clubs and activities.

**Basis of Accounting/Measurement Focus**

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental activities and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year-end.

Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and capital leases are reported as other financing sources.

Revenue from grants and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**Cash and Cash Equivalents**

**COMPOSITION OF DEPOSITS**

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia Laws OCGA 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks or insured Federal savings and loan associations.

**Investments**

**COMPOSITION OF INVESTMENTS**

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. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. 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. Funds may be invested in the following:

- (1) Obligations issued by the State of Georgia or by other states,
- (2) Obligations issued by the United States government,
- (3) Obligations fully insured or guaranteed by the United States government or a United States government agency,
- (4) Obligations of any corporation of the United States government,
- (5) Prime banker's acceptances,
- (6) The Local Government Investment Pool administered by the State Treasurer of the State of Georgia,
- (7) Repurchase agreements, and
- (8) Obligations of other political subdivisions of the State of Georgia.

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

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 are reported net of an allowance for uncollectible receivables when necessary.

**Property Taxes**

The Bartow County Tax Commissioner levied the property tax for the 2018 tax digest year (calendar year) on September 15, 2018 (levy date). Taxes were due on November 15, 2018 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. The Bartow County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations amounted to \$51,452,143. Allowances for uncollectible property taxes at June 30, 2019 for the School District's General Fund are \$44,811.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The Bartow County Board of Education is in compliance with this law. Tax millage rates levied for the 2018 tax year (calendar year) for the Bartow County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Maintenance and Operations	18.85 mills
-----------------------------------	-------------

**Sales Taxes**

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$17,623,851 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories**

**CONSUMABLE SUPPLIES**

On the basic financial statements, consumable supplies are reported at cost (first-in, first-out). The School District uses the consumption method to account for the consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses/expenditures are recorded at the time the supplies are consumed.

**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). 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.

**Prepaid Items**

Payments made to vendors for services that will benefit periods subsequent to June 30, 2019, are recorded as prepaid items.

**Capital Assets**

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued 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 estimated acquisition value. Disposals are deleted at depreciated recorded cost. 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. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

		<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land		All	N/A
Land Improvements	\$	10,000	20-30 years
Buildings and Improvements	\$	10,000	15-60 years
Equipment	\$	10,000	5-20 years
Intangible Assets	\$	10,000	5-20 years

**Deferred Outflows/Inflows of Resources**

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



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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Compensated Absences**

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

Vacation leave of 10 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days. Vacation leave of 15 days is awarded on a fiscal year basis to the Superintendent and there are no limits on the amount that may be carried over.

**General Obligation Bonds**

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund existing general obligation bonds. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

**Use of Estimates**

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

**Pensions**

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

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

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Other Postemployment Benefits (OPEB)**

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

**Fund Equity/Net Position**

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment, also through a resolution.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent or his or her designee to assign fund balances.

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

It is the goal of the School District to achieve and maintain a committed, assigned and unassigned fund balance in the General Fund at fiscal year-end of not less than 5% of budgeted expenditures and not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia annotated 20-2-167(a)5. If unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

***Net Position*** – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

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

**Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The School System adopts an annual budget for the General Fund and Debt Service Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

For the year ended June 30, 2019 expenditures exceeded the budget in the General Fund departments as follows:

General Fund:

Support services:

Business administration	\$	99,321
Other support services		29,178

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

**Note 4: DEPOSITS AND INVESTMENTS**

**CATEGORIZATION OF INVESTMENTS**

The investment in the local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the School District's investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Georgia Fund 1	39 days	\$ 14,674,252

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

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

**INTEREST RATE RISK**

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**FAIR VALUE MEASUREMENTS**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School District does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

**CUSTODIAL CREDIT RISK**

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

**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. For the year ended June 30, 2019, the commodities usage is recorded at their federally assigned value of \$299,251.

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

**Note 6: RECEIVABLES**

Receivables at June 30, 2019, for the School District's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	<b>General</b>	<b>District-Wide Capital Projects</b>	<b>Total</b>
Receivables:			
Taxes	\$ 1,002,011	\$ 4,001,755	\$ 5,003,766
Intergovernmental	12,020,895	-	12,020,895
Other	196,545	-	196,545
Gross receivables	13,219,451	4,001,755	17,221,206
Less allowance for uncollectibles	(44,811)	-	(44,811)
Net total receivables	<u>\$ 13,174,640</u>	<u>\$ 4,001,755</u>	<u>\$ 17,176,395</u>

**Note 7: CAPITAL ASSETS**

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

	<b>Balances July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balances June 30, 2019</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 16,699,092	\$ -	\$ (45,804)	\$ -	\$ 16,653,288
Construction in progress	27,744,111	9,571,559	-	(25,235,898)	12,079,772
Total	44,443,203	9,571,559	(45,804)	(25,235,898)	28,733,060
Capital assets, being depreciated:					
Building and improvements	303,576,365	2,319,299	(3,168,091)	25,235,898	327,963,471
Equipment	29,336,484	4,391,425	(2,404,749)	-	31,323,160
Land improvements	13,037,124	484,519	(139,653)	-	13,381,990
Total	345,949,973	7,195,243	(5,712,493)	25,235,898	372,668,621
Less accumulated depreciation for:					
Building and improvements	(76,352,289)	(6,713,107)	2,174,623	-	(80,890,773)
Equipment	(19,344,391)	(2,739,467)	2,404,749	-	(19,679,109)
Land improvements	(9,645,307)	(315,580)	139,653	-	(9,821,234)
Total	(105,341,987)	(9,768,154)	4,719,025	-	(110,391,116)
Total capital assets, being depreciated, net	240,607,986	(2,572,911)	(993,468)	25,235,898	262,277,505
Governmental activities capital assets, net	<u>\$ 285,051,189</u>	<u>\$ 6,998,648</u>	<u>\$ (1,039,272)</u>	<u>\$ -</u>	<u>\$ 291,010,565</u>

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

**Note 7: CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

Instruction	\$ 7,825,410
Support services:	
Pupil services	43,253
Educational media services	592
General administration	87,115
School administration	186,097
Maintenance and operation of facilities	855,605
Student transportation services	623,649
Central support services	2,426
Operations of non-instructional services:	
Food services operation	144,007
	<hr/>
	\$ 9,768,154
	<hr/>

**Note 8: TRANSFERS**

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

<u>Transfer From</u>	<u>Transfers To</u>	<u>Amount</u>
District-Wide Capital Projects	Debt Service	\$ 10,142,375

Transfers are used to move SPLOST proceeds from the District-Wide Capital Projects Fund to the Debt Service Fund to fund debt service as allowed in the referendum.



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

**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; acts of God; and unemployment compensation.

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

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expense/expenditures, and liability being reported when it is probably that a loss has occurred and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$350,000 loss per occurrence, up to the statutory limit.

For purposes of estimating the unpaid claims liability as of June 30, 2019, the District's third party administrator calculated the reserve liability based on the estimated costs of each outstanding claim, and an estimate for incurred by not reported claims, from claims experience for like claims.

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

	Beginning of Year	Claims and Changes in Estimates	Claims Paid	End of Year	Due Within One Year
2018	\$ 309,746	\$ 175,714	\$ 301,121	\$ 184,339	\$ 138,254
2019	\$ 184,339	\$ 260,076	\$ 196,582	\$ 247,833	\$ 185,875

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

Superintendent	\$ 150,000
----------------	------------

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

**Note 9: RISK MANAGEMENT (Continued)**

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

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

	<u>Beginning of Year</u>	<u>Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year</u>
2018	\$ -	\$ 3,200	\$ 3,200	\$ -
2019	\$ -	\$ 2,922	\$ 2,922	\$ -

**Note 10: OPERATING LEASES**

Bartow County Board of Education was committed under various leases for equipment during the fiscal year. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year totaled approximately \$174,710.

Year ending June 30,	
<u>2020</u>	\$ 174,710

**Note 11: LONG-TERM DEBT**

**COMPENSATED ABSENCES**

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

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

**Note 11: LONG-TERM DEBT (Continued)**

**GENERAL OBLIGATION DEBT OUTSTANDING**

General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Balance at June 30, 2019</u>
General Government - Series 2016	2.00% - 5.00%	\$ 36,675,000

The changes in long-term obligations during the fiscal year ended June 30, 2019, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 45,000,000	\$ -	\$ (8,325,000)	\$ 36,675,000	\$ 8,570,000
Unamortized bond premium	3,597,205	-	(1,227,495)	2,369,710	-
Total bonds payable	48,597,205	-	(9,552,495)	39,044,710	8,570,000
Claims payable	184,339	260,076	(196,582)	247,833	185,875
Net pension liability	110,009,040	10,419,581	(14,391,271)	106,037,350	-
Net OPEB liability	108,652,694	2,811,523	(17,182,316)	94,281,901	-
Compensated absences	583,014	331,736	(241,658)	673,092	278,996
Governmental activity					
Long-term liabilities	<u>\$ 268,026,292</u>	<u>\$ 13,822,916</u>	<u>\$ (41,564,322)</u>	<u>\$ 240,284,886</u>	<u>\$ 9,034,871</u>

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

In fiscal year 2016, the School District issued \$45,000,000 of Series 2016 General Obligation Bonds for the purpose of financing the costs of acquiring, constructing, and equipping a new elementary school and a new transportation and maintenance facility, adding to, renovating, repairing, equipping, and improving existing school facilities and acquiring instructional and administrative technology improvements and school busses and other vehicles.

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

**Note 11: LONG-TERM DEBT (Continued)**

At June 30, 2019, payments due by fiscal year, which includes principal and interest, for these items are as follows:

Fiscal Year Ending June 30	General Obligation Bonds	
	Principal	Interest
2020	\$ 8,570,000	\$ 1,495,500
2021	8,915,000	1,110,125
2022	9,360,000	688,500
2023	9,830,000	231,500
	<u>\$ 36,675,000</u>	<u>\$ 3,525,625</u>

**Note 12: ON-BEHALF PAYMENTS**

The School District has recognized revenues and costs in the amount of \$294,317 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education  
Paid to the Teachers Retirement System  
for Teachers Retirement (TRS)  
in the amount of \$69,755

State Treasurer of the State of Georgia  
Paid to the Public School Employees Retirement System  
for Public School Employees Retirement (PSERS) Employer's Cost  
in the amount of \$224,562

**Note 13: CONTINGENCIES**

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. The School District believes that such disallowances, if any, will be immaterial to its overall financial position.

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

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

**Note 14: SIGNIFICANT COMMITMENTS**

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

<u>Project</u>	
Adairsville High School Turf	\$ 308,452
Cass High School Turf	404,764
Woodland High School Turf	417,194
Woodland High School Family/Consumer Science Lab	33,091
Allatoona Elementary School HVAC/Lighting	495,670
Kingston Elementary School HVAC/Lighting	440,408
Taylorsville Elementary School HVAC/Lighting	472,392
Central Registration Renovation (Stars)	338,387
New Transportation	324,821
	<u>\$ 3,235,179</u>

The amounts described in this note are not reflected as liabilities in the basic financial statements.

**Note 15: RETIREMENT PLANS**

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

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

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

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

**Note 15: RETIREMENT PLANS (Continued)**

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2019. The school district's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual school district payroll, excluding payroll attributable to those personnel funded on behalf of the District by the State. District contributions to TRS were \$14,643,780 for the year ended June 30, 2019.

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the State of Georgia for certain public school support personnel. The amount recognized by the District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 106,037,350
State of Georgia's proportionate share of the net pension liability associated with the District	<u>513,429</u>
Total	<u><u>\$ 106,550,779</u></u>

The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The 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 District's proportion was 0.571256%, which was a decrease of 0.020658% from its proportion measured as of June 30, 2017.

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

**Note 15: RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2019, the District recognized pension expense of \$6,980,182 and revenue of \$20,394 for support provided by the State of Georgia for certain support personnel. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,019,822	\$ 218,545
Net difference between projected and actual earnings on pension plan investments	-	2,899,267
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,879,044
Actuarial assumption changes	1,600,065	-
District contributions subsequent to the measurement date	<u>14,643,780</u>	<u>-</u>
Total	<u>\$ 23,263,667</u>	<u>\$ 12,996,856</u>

District contributions subsequent to the measurement date of \$14,643,780 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>	
2020	\$ 1,761,691
2021	(363,160)
2022	(4,926,055)
2023	(878,030)
2024	28,585
Total	<u>\$ (4,376,969)</u>

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

**Note 15: RETIREMENT PLANS (Continued)**

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

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

Inflation	2.75%
Salary increases	3.25 – 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.5% semi-annually

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

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



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

**Note 15: RETIREMENT PLANS (Continued)**

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

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large equities	39.80	9.00
Domestic mid equities	3.70	12.00
Domestic small equities	1.50	13.50
International developed market equities	19.40	8.00
International emerging market equities	5.60	12.00
Total	100.00%	

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

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

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

**Note 15: RETIREMENT PLANS (Continued)**

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the 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:

	<b>1% Decrease (6.50%)</b>	<b>Current discount rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
District's proportionate share of the net pension liability	\$ 177,006,699	\$ 106,037,350	\$ 47,554,994

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

**PAYABLES TO THE PENSION PLAN**

As of June 30, 2019, the District is reporting \$4,368,160 in accrued benefits payable for the Teachers Retirement System Plan.

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

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

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

**Note 15: RETIREMENT PLANS (Continued)**

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

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

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

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

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

***Pension Liabilities and Pension Expense***

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

State of Georgia's proportionate share of the Net	
Pension Liability associated with the District	\$ <u>1,184,536</u>

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

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

**Note 15: RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2019, the District recognized pension expense of \$274,263 and revenue of \$274,263 for support provided by the State of Georgia.

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

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

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

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.

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

**Note 15: RETIREMENT PLANS (Continued)**

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

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

<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return*</b>
Fixed income	30.00%	(0.50)%
Domestic large stocks	37.20	9.00
Domestic mid stocks	3.40	12.00
Domestic small stocks	1.40	13.50
International developed market stocks	17.80	8.00
International emerging market stocks	5.20	12.00
Alternatives	5.00	11.00
Total	100.00%	

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

**Discount rate:** The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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.

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

**Note 16: POSTEMPLOYMENT BENEFITS**

**GEORGIA SCHOOL PERSONNEL EMPLOYEES POSTEMPLOYMENT HEALTH BENEFIT FUND**

**Plan Description:** The District participates in the State of Georgia School Employees Postemployment Benefit Fund (School OPEB Fund), which is another postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board. The School OPEB Fund is included in the State of Georgia Comprehensive Annual Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

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

**Contributions:** As established by the Board of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the District were \$3,980,918 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

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

**Note 16: POSTEMPLOYMENT BENEFITS (Continued)**

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

At June 30, 2019, the District reported a liability of \$94,281,901 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 District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was 0.7418111%, which was a decrease of 0.031520% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$2,715,739. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ 127,563	\$ -
Differences between expected and actual experience	-	2,144,542
Changes in proportion and differences between District contributions and proportionate share of contributions	1,929,778	8,426,985
Changes in plan assumptions	-	15,971,807
District contributions subsequent to the measurement date	3,980,918	-
Total	<u>\$ 6,038,259</u>	<u>\$ 26,543,334</u>

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

**Note 16: POSTEMPLOYMENT BENEFITS (Continued)**

District contributions subsequent to the measurement date of \$3,980,918 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ending June 30:</b>	
2020	\$ (4,762,215)
2021	(4,762,215)
2022	(4,762,215)
2023	(4,769,835)
2024	(3,930,350)
2025	(1,499,163)
Total	<u><u>\$ (24,485,993)</u></u>

**Actuarial assumptions:**

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

Inflation	2.75%
Salary 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



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

**Note 16: POSTEMPLOYMENT BENEFITS (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 Table projected to 2025 with projection scale BB (set forward 1 year for males) was used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 2 years for males and four years for females) was used for death after disability retirement.
- For PSERS Members: The RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) was used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for the period after disability retirement.

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

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

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

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

**Note 16: POSTEMPLOYMENT BENEFITS (Continued)**

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

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

**Discount rate:**

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

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

**Note 16: POSTEMPLOYMENT BENEFITS (Continued)**

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate:**

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what the 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 rate:

	<b>1% Decrease (2.87%)</b>	<b>Current discount rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
District's proportionate share of the net OPEB liability	\$ 110,091,699	\$ 94,281,901	\$ 81,532,954

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

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 trend rates:

	<b>1% Decrease</b>	<b>Current Healthcare cost trend rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$ 79,263,553	\$ 94,281,901	\$ 113,474,797

**Note 17: TAX ABATEMENTS**

For the year ended June 30, 2019, School District property tax revenues were reduced by \$4,269,188 under agreements entered into by the Bartow-Cartersville Joint Development Authority, Bartow-Cartersville Second Joint Development Authority and Development Authority of Bartow County. Under the agreements, taxes on both real property and personal property are reduced based on jobs created and investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

## **II. REQUIRED SUPPLEMENTARY INFORMATION**

**BARTOW COUNTY BOARD OF EDUCATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

**TEACHERS RETIREMENT SYSTEM OF GEORGIA**

**FOR THE FISCAL YEAR ENDED JUNE 30**

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.571256%	0.591914%	0.626095%	0.661820%	0.678905%
District's proportionate share of the net pension liability	\$ 106,037,350	\$ 110,009,040	\$ 129,170,379	\$ 100,755,523	\$ 85,770,692
State of Georgia's proportionate share of the net pension liability associated with the District	513,429	606,624	849,383	624,489	480,080
Total	<u>\$ 106,550,779</u>	<u>\$ 110,615,664</u>	<u>\$ 130,019,762</u>	<u>\$ 101,380,012</u>	<u>\$ 86,250,772</u>
District's covered payroll	\$ 68,040,333	\$ 67,965,494	\$ 68,676,391	\$ 69,858,943	\$ 69,261,759
District's proportionate share of the net pension liability as a percentage of its covered payroll	155.84%	161.86%	188.09%	144.23%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	76.06%	81.44%	84.03%

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

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

	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 14,643,780	\$ 11,437,580	\$ 9,698,676	\$ 9,800,121	\$ 9,186,451	\$ 8,505,344
Contributions in relation to the contractually required contributions	14,643,780	11,437,580	9,698,676	9,800,121	9,186,451	8,505,344
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 70,065,933	\$ 68,040,333	\$ 67,965,494	\$ 68,676,391	\$ 69,858,943	\$ 69,261,759
Contributions as a percentage of covered payroll	20.90%	16.81%	14.27%	14.27%	13.15%	12.28%

**BARTOW COUNTY BOARD OF EDUCATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

**PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA**

**FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	<u>1,184,536</u>	<u>1,159,938</u>	<u>1,562,595</u>	<u>1,043,767</u>	<u>982,468</u>
Total	<u><u>\$ 1,184,536</u></u>	<u><u>\$ 1,159,938</u></u>	<u><u>\$ 1,562,595</u></u>	<u><u>\$ 1,043,767</u></u>	<u><u>\$ 982,468</u></u>
District's covered-employee payroll	\$ 3,866,562	\$ 3,552,767	\$ 3,597,411	\$ 3,843,350	\$ 4,097,052
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.26%	85.69%	81.00%	87.00%	88.29%

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

# **BARTOW COUNTY BOARD OF EDUCATION**

## **REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY SCHOOL OPEB FUND FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.741811%	0.773331%
District's proportionate share of the net OPEB liability	<u>\$ 94,281,901</u>	<u>\$ 108,652,694</u>
Total	<u><u>\$ 94,281,901</u></u>	<u><u>\$ 108,652,694</u></u>
District's covered-employee payroll	\$ 62,158,545	\$ 61,620,120
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	151.68%	176.33%
Plan fiduciary net position as a percentage of the total OPEB liability	2.93%	1.61%

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



**BARTOW COUNTY BOARD OF EDUCATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS**

**SCHOOL OPEB FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30**

	2019	2018
Contractually required contributions	\$ 3,980,918	\$ 3,844,738
Contributions in relation to the contractually required contributions	3,980,918	3,844,738
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 63,484,041	\$ 62,158,545
Contributions as a percentage of covered-employee payroll	6.271%	6.185%

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

## **BARTOW COUNTY BOARD OF EDUCATION**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

#### **Teachers Retirement System of Georgia:**

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

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

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

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

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

#### **School OPEB Fund:**

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

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

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

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

### **III. OTHER SUPPLEMENTARY INFORMATION**

**BARTOW COUNTY BOARD OF EDUCATION**

**SCHEDULE OF EXPENDITURES OF**

**SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Project</u>	<u>Original Estimated Cost(1)</u>	<u>Current Estimated Cost(2)</u>	<u>Expended In Current Year (3)</u>	<u>Expended In Prior Years (3)</u>	<u>Total Completion Cost</u>	<u>Project Status</u>
<b>SPLOST Issue 2016:</b>						
Acquiring, constructing, and equipping one replacement elementary school and a new transportation and maintenance facility, acquiring land for future schools, instructional and administrative technology improvements (including necessary software), and school buses and other vehicles, adding to, renovating, repairing, improving, and equipping existing school buildings, athletic facilities, and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property thereof, both real and personal.						
	\$ 111,000,000	\$ 111,000,000	\$ 14,872,364	\$ 45,408,532	\$ 60,280,896	Ongoing
Total SPLOST Issue 2016	111,000,000	111,000,000	14,872,364	45,408,532	60,280,896	
Total	\$ 111,000,000	\$ 111,000,000	\$ 14,872,364	\$ 45,408,532	\$ 60,280,896	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the project(s). Includes all cost from project inception to completion.
- (3) The voters of Bartow County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

#### **IV. SINGLE AUDIT SECTION**



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

---

**To the Superintendent and Members of  
the Bartow County Board of Education  
Cartersville, Georgia**

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

**Internal Control Over Financial Reporting**

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

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

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

---

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 30, 2020



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

---

**To the Superintendent and Members of  
the Bartow County Board of Education  
Cartersville, Georgia**

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

We have audited the Bartow County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Bartow County Board of Education's major federal programs for the year ended June 30, 2019. The Bartow County Board of Education'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 Bartow County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bartow County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



---

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

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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 30, 2020

# BARTOW COUNTY BOARD OF EDUCATION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Cash Assistance	10.553	195GA324N1099	\$ 1,304,005
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	195GA324N1099	299,251
Cash Assistance	10.555	195GA324N1099	3,521,655
School Snack Program	10.555	195GA324N1099	104,654
Total Child Nutrition Cluster			<u>5,229,565</u>
Total U. S. Department of Agriculture			<u>5,229,565</u>
<b>U. S. DEPARTMENT OF DEFENSE</b>			
Junior R.O.T.C.	12.Unknown	N/A	125,785
Total U. S. Department of Defense			<u>125,785</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed through the Georgia Department of Education:			
Striving Readers	84.371	S371C170002	837,121
Title I-A Program			
Title I, Part A - Local Education Agency	84.010	S010A170010	306,588
Title I, Part A - Local Education Agency	84.010	S010A180010	2,739,513
Total Title I-A Program			<u>3,046,101</u>
Title II-A Program			
Title II-A - Improving Teacher Quality	84.367	S367A170001	8,405
Title II-A - Improving Teacher Quality	84.367	S367A180001	367,749
Title II-A - Advanced Placement	84.367	S367A180001	2,250
Total Title II-A Program			<u>378,404</u>
Special Education Cluster (IDEA)			
Title VI-B Preschool	84.173	H173A180081	89,617
Title VI-B Flowthrough	84.027	H027A180073	2,710,986
High Cost Fund Pool	84.027	H027A180073	67,600
Total Special Education Cluster (IDEA)			<u>2,868,203</u>

(Continued)

# BARTOW COUNTY BOARD OF EDUCATION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
<b>U. S. DEPARTMENT OF EDUCATION (Continued):</b>			
Passed through Georgia Department of Education (continued):			
Title III Program			
Title III - Limited English Proficient	84.365	S365A180010	65,462
Total Title III Program			<u>65,462</u>
Education for the Homeless Children and Youth	84.196	S196A180011	<u>41,068</u>
Vocational Education - Program Improvement	84.048	V048A180010	<u>139,943</u>
Title IV - Part A Student Support and Academic Enrichment	84.424	S424A180011	<u>162,708</u>
Total Passed Through Georgia Department of Education			<u>7,539,010</u>
Total U. S. Department of Education			<u>7,539,010</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Georgia Department of Behavioral Health and Development Disabilities:			
Substance Abuse Block Grant	93.959	DBH0000503	<u>171,552</u>
Total U. S. Department of Health and Human Services			<u>171,552</u>
Total Expenditures of Federal Awards			<u>\$ 13,065,912</u>

(1) The amounts shown for the Food Distribution Program represents the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bartow County Board of Education and is presented on the modified accrual basis of accounting.

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

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**BARTOW COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**SECTION I**  
**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

\_\_\_ yes    X no

Significant deficiencies identified?

\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

**Federal Awards**

Internal Control over major federal programs:  
Material weaknesses identified?

\_\_\_ yes    X no

Significant deficiencies identified?

\_\_\_ yes    X none reported

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

Unmodified

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

\_\_\_ yes    X no

Identification of major program:

Name of Federal Program or Cluster  
Title I Part A

CFDA Number  
84.010

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

\$750,000

Auditee qualified as low-risk auditee?

X yes    \_\_\_ no

**BARTOW COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**None reported.**

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**None reported.**

**BARTOW COUNTY BOARD OF EDUCATION**

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

---

**STATUS OF PRIOR YEAR FINDINGS**

**None reported**