TUSCUMBIA CITY BOARD OF EDUCATION
TUSCUMBIA, ALABAMA

AUDITED
FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

SPARKS
CPA Firm

Certified Public Accountants

TUSCUMBIA CITY BOARD OF EDUCATION
Tuscumbia, Alabama

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09/30/2019

SPARKS
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Certified Public Accountants

Member of:
American Institute of Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

Members of the Board
Tuscumbia City Board of Education

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tuscumbia City Board of Education as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Tuscumbia City 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.

Auditors' 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 auditors' 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.

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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 Tuscumbia City Board of Education, as of September 30, 2019, and the respective changes in financial position thereof 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 budgetary comparison information, the Schedule of the Board's Proportionate Share of the Net Pension Liability, the Schedule of Board Contributions – Pension, the Board's Proportionate Share of the Net OPEB Liability, and the Schedule of Board Contributions – OPEB on pages 40-44, 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tuscumbia City Board of Education's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Tuscumbia City 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 Board'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 Tuscumbia City Board of Education's internal control over financial reporting and compliance.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
June 25, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit A

TUSCUMBIA CITY BOARD OF EDUCATION
Statement of Net Position
September 30, 2019

		Governmental Activities
Assets		
Cash and cash equivalents	$	4,844,221
Investments		59,544
Accounts receivable		19,420
Intergovernmental receivables		668,414
Inventories		45,386
Restricted assets		2,096,248
Capital assets:		
Non-depreciable		2,882,676
Depreciable, net		8,776,191
Total Assets		19,392,100
Deferred Outflows of Resources		
Loss on refunding of debt		128,703
Employer pension contribution		1,043,854
Proportionate share of collective deferred outflows related to net pension liability		1,188,000
Employer OPEB Contribution		425,904
Proportionate share of collective deferred outflows related to Net Other Postemployment Benefits (OPEB) liability		1,024,115
Total Deferred Outflows of Resources		3,810,576
Liabilities		
Accounts payable		426,386
Salaries and benefits payable		1,031,933
Accrued interest payable		67,709
Long-term liabilities:		
Portion due or payable within one year:		
Notes payable		522,406
Portion due or payable after one year:		
Notes payable		8,224,737
Net pension liability		11,891,000
Net OPEB liability		11,321,707
Total Liabilities		33,485,878
Deferred Inflows of Resources		
Proportionate share of collective deferred inflows related to net pension liability		1,311,000
Proportionate share of collective deferred inflows related to net OPEB liability		1,368,765
Total Deferred Inflows of Resources		2,679,765
Net Position		
Net investment in capital assets		4,027,391
Restricted for:		
Expendable:		
Capital projects		994,598
Debt service		387,170
School based activities		714,979
Unrestricted		(19,087,105)
Total Net Position	$	(12,962,967)

The notes to the financial statements are an integral part of this statement.

Exhibit B

TUSCUMBIA CITY BOARD OF EDUCATION
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instructional services	$ 9,043,769	283,734	6,939,144	360,481	(1,460,410)
Instructional support services	2,990,899	250,705	2,058,835	-	(681,359)
Operation and maintenance services	1,502,790	78,920	679,172	41,543	(703,155)
Auxiliary services:					
Student transportation	192,644	41,914	31,873	7,109	(111,748)
Food service	1,228,933	840,092	89,342	-	(299,499)
General administrative and central support	1,185,149	21,535	435,374	25,305	(702,935)
Interest and fiscal charges	327,633	-	-	-	(327,633)
Other expenditures	446,847	133,442	200,648	-	(112,757)
Total Governmental Activities	$ 16,918,664	1,650,342	10,434,388	434,438	(4,399,496)

General Revenues:	
Taxes:	
Property taxes for general purposes	$ 966,919
Property taxes for specific purposes	689,378
Sales tax	1,048,964
Alcohol beverage tax	19,211
Other taxes	15,370
Grants and contributions not restricted for specific programs	309,006
Investment earnings	7,056
Miscellaneous	888,311
Total General Revenues	3,944,215
Change in Net Position	(455,281)
Net Position - Beginning of Year	(12,507,686)
Net Position - End of Year	$ (12,962,967)

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Exhibit C

TUSCUMBIA CITY BOARD OF EDUCATION
Balance Sheet - Governmental Funds
September 30, 2019

	Major Funds				
	General Fund	**Capital Projects Fund - Local Default Source**	**Capital Projects Fund - Bond Issue Payments**	**Other Governmental Funds**	**Total Governmental Funds**
Assets					
Cash and cash equivalents	$ 3,770,650	$ 1,070,686	$ -	$ 1,112,169	$ 5,953,505
Cash with fiscal agent	-	-	986,964	-	986,964
Investments	-	-	-	59,544	59,544
Accounts receivables	18,777	-	-	643	19,420
Intergovernmental receivables	259,282	-	-	409,132	668,414
Due from other funds	11,745	-	-	-	11,745
Inventories	-	-	-	45,386	45,386
Total Assets	$ 4,060,454	$ 1,070,686	$ 986,964	$ 1,626,874	$ 7,744,978
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ -	$ 426,386	$ -	$ 426,386
Salaries and benefits payable	936,960	-	-	94,973	1,031,933
Due to other funds	-	-	-	11,745	11,745
Total Liabilities	936,960	-	426,386	106,718	1,470,064
Fund Balances					
Nonspendable:					
Inventory	-	-	-	45,386	45,386
Restricted:					
Capital projects	-	1,070,686	560,578	418,007	2,049,271
Debt service	-	-	-	387,170	387,170
Grant activities	-	-	-	166,764	166,764
Assigned:					
School based activities	-	-	-	502,829	502,829
Unassigned	3,123,494	-	-	-	3,123,494
Total Fund Balances	3,123,494	1,070,686	560,578	1,520,156	6,274,914
Total Liabilities and Fund Balances	$ 4,060,454	$ 1,070,686	$ 986,964	$ 1,626,874	$ 7,744,978

The notes to the financial statements are an integral part of this statement.

TUSCUMBIA CITY BOARD OF EDUCATION
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2019

Total fund balances for governmental funds		$ 6,274,914
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets	$ 24,336,278	
Accumulated depreciation	(12,677,411)	11,658,867
An advanced refunding that results in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources on the statement of net position.		128,703
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		920,854
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		81,254
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(67,709)	
Current portion of notes payable	(522,406)	
Noncurrent portion of notes payable	(8,224,737)	
Net pension liability	(11,891,000)	
Net OPEB liability	(11,321,707)	(32,027,559)
Total net position - governmental activities		$ (12,962,967)

The notes to the financial statements are an integral part of this statement.

Exhibit D

TUSCUMBIA CITY BOARD OF EDUCATION
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

	Major Funds				
	General Fund	**Capital Projects Fund - Local Default Source**	**Capital Projects Fund - Bond Issue Payments**	**Other Governmental Funds**	**Total Governmental Funds**
Revenues:					
State sources	$ 9,394,410	-	-	433,370	9,827,780
Federal sources	740	-	-	1,534,657	1,535,397
Local sources	2,233,658	200,000	-	2,580,714	5,014,372
Other sources	55,255	-	-	11,122	66,377
Total Revenues	11,684,063	200,000	-	4,559,863	16,443,926
Expenditures:					
Instructional services	7,490,102	-	-	888,118	8,378,220
Instructional support services	2,300,320	-	-	553,793	2,854,113
Operation and maintenance services	1,224,206	-	30,400	229,417	1,484,023
Auxiliary services:					
Student transportation	94,520	-	-	30,797	125,317
Food service	-	-	-	1,288,576	1,288,576
General administrative and central support	999,343	-	-	169,010	1,168,353
Other expenditures	233,378	-	-	230,537	463,915
Capital outlay	-	194,312	2,450,666	744	2,645,722
Debt service:					
Principal	-	-	-	379,323	379,323
Interest	-	-	-	259,587	259,587
Other debt service expenditures	-	-	-	96,265	96,265
Total Expenditures	12,341,869	194,312	2,481,066	4,126,167	19,143,414
Excess (Deficiency) of Revenues over (under) Expenditures	(657,806)	5,688	(2,481,066)	433,696	(2,699,488)
Other Financing Sources (Uses)					
Indirect cost	103,572	-	-	-	103,572
Long-term debt issued	-	-	-	2,520,000	2,520,000
Discounts on Long-Term Debt Issued	-	-	-	(20,800)	(20,800)
Other financing sources	5,650	-	-	-	5,650
Transfers in	842,732	-	-	508,116	1,350,848
Transfers out	(412,335)	-	-	(938,513)	(1,350,848)
Payments to refunding escrow agent	-	-	-	(2,289,398)	(2,289,398)
Total Other Financing Sources (Uses)	539,619	-	-	(220,595)	319,024
Net Changes in Fund Balances	(118,187)	5,688	(2,481,066)	213,101	(2,380,464)
Fund Balances - Beginning of Year	3,241,681	1,064,998	3,041,644	1,307,055	8,655,378
Fund Balances - End of Year	$ 3,123,494	1,070,686	560,578	1,520,156	6,274,914

The notes to the financial statements are an integral part of this statement.

TUSCUMBIA CITY BOARD OF EDUCATION
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2019

Net changes in fund balances - total governmental funds		$ (2,380,464)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 2,680,209	
Depreciation expense	(715,769)	1,964,440
Repayment of the debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		379,323
Discounts/issuance costs (prepaid insurance) on debt issuance are recorded as financing uses/expenditures in the governmental funds, but are deferred and amortized in the statement of activities		20,800
Payments to refunding escrow agent are recorded as expenditures or other financing uses in the governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the statement of net position but does not affect the statement of activities.		2,289,398
Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the statement of net position but does not affect the statement of activities.		(2,520,000)
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.		
Accrued interest payable	6,901	
Amortization of bond premiums, discounts, and deferred loss on refunding	21,318	
Pension expense, current year increase/decrease	26,409	
OPEB expense, current year increase/decrease	(277,210)	(222,582)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Donated Assets		13,804
Change in net position of governmental activities		$ (455,281)

The notes to the financial statements are an integral part of this statement.

TUSCUMBIA CITY BOARD OF EDUCATION **Exhibit E**

Statement of Fiduciary Assets and Liabilities

As of September 30, 2019

		Agency Funds
Assets		
Cash	$	169,842
Total Assets		169,842
Liabilities		
Due to student clubs		169,842
Total Liabilities	$	169,842

The notes to the financial statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, Tuscumbia City Board of Education is considered a "primary government." The Board is composed of five members appointed by the Tuscumbia City Council. The Board is responsible for the general administration and supervision of the public schools for the educational interests of the City.

For financial reporting purposes, the Board has included all funds and organization. The Board has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Boards financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Board to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Board. Based on the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Board. However, for financial reporting purposes the Board is considered a component unit of the City of Tuscumbia.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the Board. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The Board reports the following major governmental funds:

- General Fund – The general fund is the primary operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. The Board primarily received revenue from the Educational Trust Fund (ETF) and local taxes. Amounts appropriated from the ETF were allocated to the school board on a formula basis.

- Capital Projects Fund – Local Default Source – The capital projects fund accounts for the funds that are to be used for the acquisition, improvement, or construction of capital assets.

- Capital Projects Fund – Bond Issue Payments – The capital projects fund accounts for the funds that are to be used for projects in conjunction with the 2017-A PSCA Bond Issue.

  All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the Board reports the following fund types:

Governmental Fund Types

- Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources (other than those derived from special assessments or dedicated for major capital projects) that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

- Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Fund Type

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

C. Measurement Focus, Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. 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 government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by legislation. Property taxes are due and payable on the following October 1 and are delinquent after December 31.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

D. Assets, Liabilities and Net Position / Fund Balances

1. Cash, Cash equivalents and Investments

Cash and Cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired. Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of inter-fund loans).

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

3. Inventories

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in/first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

4. Restricted Assets

Certain resources set aside for repayment of debt or for capital projects and improvements are classified as cash with fiscal agent and investments on the balance sheet and are classified restricted assets on the Statement of Net Position because their use is limited. General obligation warrants issued by the Board require that certain amounts for debt service outlays be deposited into a restricted fund to pay the principal and interest on these warrants as they become due.

5. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets, are reported in the applicable governmental column in the government-wide financial statements. Such assets are valued at cost where historical records are available and an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Board as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

	Capitalization Threshold	Estimated Useful Life
Land	$ 1	N/A
Land Improvements	50,000	20 years
Buildings	50,000	20-50 years
Building Improvements	50,000	5-30 years
Equipment and Furniture	5,000	5-20 years
Vehicles	5,000	8-15 years
Equipment under Capital Lease	5,000	5-20 years

6. Long-term Obligations

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financials statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See note 7 for details.

7. Compensated Absences

Professional and support employees earn non-vesting sick leave at the rate of one day per month worked. Employees may accumulate a maximum of 225 days of sick leave. Employees may use up to 180 days of their accrued sick leave as membership service in determining the total years of creditable service in the teachers' retirement system, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

Professional and support personnel are provided days of personal leave per year with pay as follows:

Personal Leave – Full Time Employees

Personal leave consists of two days without loss of pay, plus three additional days with loss of pay for substitute services. Staff members with ten to fifteen years of service receive three personal days without loss of pay, plus two additional days with loss of pay for substitute services, those with fifteen to twenty years of service receive four personal days without loss of pay, plus one additional day with loss of pay for substitute services, and those with twenty or more years of service receive five personal days without loss of pay.

Personal Leave – Part Time Employees

Personal leave will be granted according to full-time equivalency. Personal leave is non-cumulative. However, unused personal leave may be converted to sick leave.

The State provides funding, at the substitute rate, for up to 2 days of personal leave per employee per year. Professional employees are paid, at the Board's substitute rate, for state and board paid unused personal leave as of June 30 of each year. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Vacation

All twelve-month full-time employees are eligible for paid vacation. Twelve-month employees who have been employed by the Board for more than one (1) year shall be entitled to fifteen (15) vacation days per year. Accumulation of days shall be at the rate of 1.25 days per month. First-year employees shall be entitled to ten (10) vacation days and shall earn vacation days at a rate of .84 days per month. Vacations must be scheduled with the knowledge and approval of the employee's supervisor.

Restrictions
1. Only twelve (12) month personnel shall earn vacation days.
2. No vacation days will be granted before they are earned.
3. No employee shall accumulate over thirty (30) days by June 30th of any year.
4. Each employee vacation accrual period will be from July 1st to June 30th of each year.
5. Vacation days may not be bought, sold, or donated.
6. Unused vacation time will be paid if not used prior to the effective date of resignation or retirement up to fifteen (15) days at the employee's daily rate of pay.

In the current audit period, the amount of compensated absence is immaterial to the financial statements.

8. Pensions

The Teachers' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

9. Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes 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 Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 future periods and so will not be recognized as an outflow of resources (expense) until then. The Board reports four types of deferred outflows: Loss on refunding of debt, employer pension contribution, and proportionate share of collective deferred outflows related to net pension liability.

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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board reports one deferred inflow: Proportionate share of collective deferred inflows related to net pension liability.

11. Net Position/Fund Balance

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net asset categories:

- Net investment in capital assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.

- Restricted – Constraints imposed on net asset by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

- Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

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

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the Board:

Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables.

Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Examples of restricted fund balances include restricted grants.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for the District.

Assigned fund balances consist of amounts that are intended to be used by the school system for specific purposes. The Board authorizes the Superintendent or Chief School Finance Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Board to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Also ad valorem taxes and certain federal revenues are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. All other governmental funds adopt budgets on the modified accrual basis of accounting with the same exceptions if applicable. Capital project funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

On or before October 1 of each year, the Board is required to prepare and submit to the State Superintendent of Education the annual budget to be adopted by the Board. The Superintendent or City Board of Education cannot approve any budget for operations of the school system for any fiscal year, which shows expenditures in excess of income estimated to be available, plus any balances on hand.

Note 3 – Deposits, Investments and Cash with Fiscal Agent

A. Cash

The carrying amount of the Board's deposits with financial institutions reported in the governmental funds was $6,940,469 and $169,842 in the fiduciary funds.

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Board will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Board's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. As of September 30, 2019 $986,964 of the Board's $6,940,469 cash balance was not covered by the SAFE Program. The $986,964 are proceeds from the PSCA 2017-A Bond issue that are yet to be spent. These funds are held in escrow by the Public School & College Authority.

B. Cash with Fiscal Agents and Investments

The ***Code of Alabama 1975*** Sections 19-3-120 and 19-3-120.1 outline the provisions for investments of funds. The Board's investments and cash with fiscal agent are to be invested in accordance with the applicable statutes.

Cash with Fiscal Agents

The carrying amount of the Board's cash with fiscal agents held by financial institutions was $986,964.

As of September 30, 2019 the Board has the following investments:

Investments	Maturities	Fair Value
US Bank 2013 Bond Escrow – Treasury Obligations	60 days or less	$ 58,826
Bank Independent – Certificate of Deposit	One year	718
		$ 59,544

The Board 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; Level 3 inputs are significant unobservable inputs.

The Board has the following recurring fair value measurements as of September 30, 2019:

- US Bank 2013 Bond Escrow – Treasury Obligations type of investments of $58,826 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates. The Board has $59,544 in negotiable instruments during the year ended September 30, 2019 that were not covered by FDIC insurance.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Board held approximately 99.93% of its investments at US Bank, and all 86.10% of its demand deposits were held at Bank Independent and 13.90% of its unspent Bond proceeds were held by PSCA. The Board does not have a formal policy which places limits on the amount the Board may invest in any one user.

Credit Risk – Credit risk is the risk that the issuer or other counter party to an investment will not fulfill its obligation. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Board does not have a formal investment policy that addresses its investment choices.

Custodial Credit Risk – Custodial credit risk is the risk that the Board will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. The board does not have an investment policy that limits the amount of securities that can be held by counterparties. The Board has $59,544 in negotiable instruments during the year ended September 30, 2019 that were not covered by FDIC insurance.

Note 4 – Inter-fund Receivables, Payables and Transfers

Due From/To Other Funds during the fiscal year ended September 30, 2019 were as follows:

Receivable Fund	Payable Fund	Total
General Fund	Other Governmental Funds	$ 11,745
Total		$ 11,745

Inter-fund transfers during the fiscal year ended September 30, 2019 were as follows:

Transfer In	Transfer Out	Total
General Fund	Other Governmental Funds	$ 842,732
Other Governmental Funds	General Funds	412,335
Other Governmental Funds	Other Governmental Funds	95,781
Total		$ 1,350,848

The Board typically uses transfers to fund ongoing operating subsidies, to recoup certain expenditures paid on behalf of the local schools, and to transfer any remaining balance in Debt Service to the General Fund after all debt obligations for the year have been made.

Note 5 – Restricted Assets

The restricted assets on the Statement of Net Position represent the cash with fiscal agent balance, totaling $986,964 unspent bond proceeds held by PSCA for the 2017 Bond Issue, capital improvement funds in the amount of 1,070,686 and fleet renewal funds of 38,598.

TUSCUMBIA CITY BOARD OF EDUCATION
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Capital Assets

Capital asset activity for the year ended September 20, 2019 was as follows:

	Balance 10/01/2018	Additions	Retirements/ Reclassifications	Balance 09/30/2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 326,648	-	-	$ 326,648
Construction in progress	28,695	2,527,333	-	2,556,028
Total capital assets not being depreciated	355,343	2,527,333	-	2,882,676
Capital assets being depreciated:				
Land improvements – exhaustible	8,777	-	-	8,777
Buildings	6,556,634	-	-	6,556,634
Building improvements	13,251,041	118,389	-	13,369,430
Equipment and furniture	1,010,008	34,487	-	1,044,495
Vehicles	460,462	13,804	-	474,266
Total assets being depreciated	21,286,922	166,680	-	21,453,602
Less accumulated depreciation for:				
Land improvements – exhaustible	2,002	439	-	2,441
Buildings	4,595,813	119,651	-	4,715,464
Building improvements	6,084,290	554,475	-	6,638,765
Equipment and furniture	868,677	28,369	-	897,046
Vehicles	410,860	12,835	-	423,695
Total accumulated depreciation	11,961,642	715,769	-	12,677,411
Total capital assets being depreciated, net	9,325,280	(549,089)	-	8,776,191
Governmental activities capital assets, net	$ 9,680,623	1,978,244	-	$ 11,658,867

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	Depreciation Expense
Instructional services	$ 499,011
Instructional support services	74,987
Operation and maintenance services	21,641
Student transportation	65,769
Food service	27,382
General administrative and central support	26,979
Total Depreciation Expense – Governmental Activities	$ 715,769

The details of construction in progress are as follows:

	Spent to 09/30/2019	Remaining Commitment
Governmental Activities:		
Deshler High School renovations (Breezeway)	$ 4,200	$ 55,800
Deshler High School renovations (Track & Field)	1,574,907	720,154
R.E. Thompson Intermediate School renovations	620,258	39,742
G.W. Trenholm Primary School renovations	252,296	27,704
Systemwide Upgrades	104,367	17,477
Total	$ 2,556,028	$ 912,022

Note 7 – Long Term Debt

The following is a summary of the general long-term debt transactions for the Board for the year ended September 30, 2019:

Description	Balance 10/01/2018	Additions	Refunding	Reductions	Balance 9/30/2019	Amounts Due Within One Year
Capital outlay pool warrant series 2012-A	$ 243,472	-	-	49,516	193,956	$ 51,991
Plus: Premium on warrants	44,967	-	-	7,494	37,473	7,494
Special tax school warrant series 2013	2,245,000	-	(2,245,000)	-	-	-
Less: Discount on warrants	(33,249)	-	-	(33,249)	-	-
Capital outlay pool warrant series 2014-A	629,495	-	-	68,888	560,607	72,098
Plus: Premium on warrants	83,975	-	-	10,954	73,021	10,953
Capital outlay pool warrant series 2017-A	2,860,525	-	-	91,450	2,769,075	96,100
Plus: Premium on warrants	210,202	-	-	10,967	199,235	10,967
Special tax school warrant series 2019	-	2,520,000	-	-	2,520,000	100,000
Less: Discount on warrants	-	(20,800)	-	(180)	(20,620)	(1,095)
Energy efficiency lease	2,583,865	-	-	169,469	2,414,396	173,898
Total	$ 8,868,252	2,499,200	(2,245,000)	375,309	8,747,143	$ 522,406

Capital Outlay Pool Warrant Series 2012-A

On March 14, 2012, the Alabama Public School and College Authority, on behalf of the various Boards of Education in the pool, issued $79,340,000 in Pool Refunding Bonds, Series 2012-A ("Series 2012-A") with interest rates ranging from 3.00% to 5.00% to refund and retire on a current basis $57,497,698 of outstanding Capital Improvement Pool Bonds, Series 2002-A ("Series 2002-A") and $21,842,302 of outstanding Capital Improvement and Economic Development and Training Bonds, Series 2003 ("Series 2003") which were scheduled to mature in fiscal years 2013 through 2024 with interest rates ranging from 4.00% to 5.00%. The Board had a 2.2767% participation in the Series 2003. This resulted in the Board being obligated for $497,286 of the total principal of $79,340,000. The warrant will be payable solely out of and secured by the annual amounts of Leveraged Funds allocated and distributed to the Tuscumbia City Board of Education (the pledged revenues), pursuant to the said section 16-13-234, Code of Alabama 1975 (the leveraged funds). Payment of principal and interest on this warrant to the Alabama Public School and College Authority will be made by the finance director of the State of Alabama.

The principal and interest requirements to the above general obligations at September 30, 2019 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service to Maturity
2020	$ 51,991	$ 8,089	$ 60,080
2021	54,592	5,427	60,019
2022	57,413	2,627	60,040
2023	14,635	826	15,461
2024	15,325	230	15,555
Total	$ 193,956	$ 17,199	$ 211,155

Capital Outlay Pool Warrant Series 2014-A

The Tuscumbia City Board of Education, Capital Outlay Pool Warrant, dated March 16, 2006, was authorized in the amount of $1,344,567, at a rate of 7.129% and a maturity date of March 1, 2026. The warrant was issued to finance capital improvements to the various schools in the system. The warrant will be payable solely out of and secured by the annual amounts of Leveraged Funds allocated and distributed to the Tuscumbia City Board of Education (the pledged revenues), pursuant to the said section 16-13-234, Code of Alabama 1975 (the leveraged funds). Payment of principal and interest on this warrant to the Alabama Public School and College Authority will be made by the finance director of the State of Alabama. These bonds were refunded by the Alabama Public School and College Authority with the issuance of Pool Refunding Bonds, Series 2014-A issued on May 28, 2014.

On May 28, 2014, the Alabama Public School and College Authority, on behalf of the various Boards of Education in the pool, issued $80,065,000 in Pool Refunding Bonds, Series 2014-A ("Series 2014-A") with interest rates ranging from 2.00% to 5.00%. This resulted in the Board being obligated for $882,209 of the total principal of $80,065,000. The warrant will be payable solely out of and secured by the annual amounts of Leveraged Funds allocated and distributed to the Tuscumbia City Board of Education (the pledged revenues), pursuant to the said section 16-13-234, Code of Alabama 1975 (the leveraged funds). Payment of principal and interest on this warrant to the Alabama Public School and College Authority will be made by the finance director of the State of Alabama.

The principal and interest requirements to the above general obligations at September 30, 2019 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service to Maturity
2020	$ 72,098	$ 26,228	$ 98,326
2021	75,801	22,531	98,332
2022	79,628	18,645	98,273
2023	83,702	14,562	98,264
2024	88,023	10,268	98,291
2025-2026	161,355	7,472	168,827
Total	$ 560,607	$ 99,706	$ 660,313

Capital Outlay Pool Warrant Series 2017-A

On November 8, 2017, the Alabama Public School and College Authority, on behalf of the various Boards of Education in the pool, issued $18,455,000 in Capital Improvement Pool Bonds, Series 2017-A ("Series 2017-A") with interest rates ranging from 3.125% to 5.00%. This resulted in the Board being obligated for $2,860,525 of the total principal of $18,455,000.The warrant will be payable solely out of and secured by the annual amounts of Leveraged Funds allocated and distributed to the Tuscumbia City Board of Education (the pledged revenues), pursuant to the said section 16-13-234, Code of Alabama 1975 (the leveraged funds). Payment of principal and interest on this warrant to the Alabama Public School and College Authority will be made by the finance director of the State of Alabama.

The principal and interest requirements to the above general obligations at September 30, 2019 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service to Maturity
2020	$ 96,100	$ 103,461	$ 199,561
2021	100,750	98,539	199,289
2022	106,175	93,366	199,541
2023	111,600	87,922	199,522
2024	116,250	83,388	199,638
2025-2029	669,600	327,893	997,493
2030-2034	817,625	179,816	998,441
2035-2038	750,975	47,411	798,386
Total	$ 2,769,075	$ 1,021,796	$ 3,790,871

Special School Tax Warrants Series 2019

The Tuscumbia City Board of Education, Special School Tax Warrants, was authorized on June 19, 2019 in the amount of $2,520,000, at a rate of 2.00% to 3.00% and will mature on August 1, 2038. The Special School Tax Warrants Series 2019 is a current refunding of the Special School Tax Warrants Series 2013. The warrants were issued to finance various capital improvement projects throughout the district. The Special School Tax Warrants Series 2013 will be payable out of ½ cent county sales tax.

The principal and interest requirements to the above general obligations at September 30, 2019 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service to Maturity
2020	$ 100,000	$ 67,167	$ 167,167
2021	110,000	58,150	168,150
2022	110,000	55,950	165,950
2023	115,000	53,750	168,750
2024	120,000	51,450	171,450
2025-2029	630,000	220,225	850,225
2030-2034	705,000	145,576	850,576
2035-2038	630,000	47,437	677,437
Total	$ 2,520,000	$ 699,705	$ 3,219,705

Energy Efficiency Lease

An energy efficiency lease agreement dated June 30, 2015, was executed by and between the Board, the lessee, and U.S. Bancorp Government Leasing and Finance, Inc., the lessor.

The agreement authorized the borrowing of $3,066,817 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. The interest rate for the energy efficiency lease is 2.613%. Payments of the lease shall be made from the Sales Tax Fund. The maturity of the lease is June 30, 2031.

The principal and interest requirements to the above energy efficiency lease at September 30, 2019 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service to Maturity
2020	$ 173,898	$ 63,088	$ 236,986
2021	178,442	58,544	236,986
2022	183,104	53,882	236,986
2023	187,889	49,097	236,986
2024	192,798	44,188	236,986
2025-2029	1,042,244	142,685	1,184,929
2030-2031	456,021	17,951	473,972
Total	$ 2,414,396	$ 429,435	$ 2,843,831

Premiums, Discounts, Early Extinguishment of Debt

The Board reports warrant premiums of debt in connection with the issuance of its 2012-A, 2014-A and 2017-A Pool Refunding Bonds and a warrant discount in connection with its Special School Tax Warrants 2019. The warrant premiums, warrant discounts, and loss on early extinguishment of debt are being amortized using the straight-line method over the term of the related debt.

		Deferred Outflow of Resources - Loss on Early Extinguishment of Debt		Premiums		Discounts
Beginning amounts	$	58,970	$	339,142	$	33,249
Refunded bonds		-		-		(33,249)
Current year additions		83,191		-		20,800
Current amount amortized		13,459		29,415		180
Ending balance	$	128,702	$	309,727	$	20,620
Current portion	$	7,182	$	29,414	$	1,095
Long-term portion	$	121,520	$	280,313	$	19,525

Note 8 – Pledged Revenues

The board issued Series 2012-A Capital Improvement Pool Bonds which are pledged to be repaid from their allocation of public school funds received from the State of Alabama. The proceeds were used to refund the Board's Series 2003-A Capital Improvement Pool Bonds. Future revenues in the amount of $211,155 are pledged to repay the outstanding principal and interest on the bonds at September 30, 2019 Pledged funds in the amount of $49,516 were used to pay principal and interest on the bonds during the fiscal year ended September 30, 2019. The Series 2012-A bonds will mature in fiscal year 2024.

The board issued Series 2014-A Capital Improvement Pool Bonds which are pledged to be repaid from their allocation of public school funds received from the State of Alabama. The proceeds were used to refund the Board's Series 2006 Capital Improvement Pool Bonds. Future revenues in the amount of $660,313 are pledged to repay the outstanding principal and interest on the bonds at September 30, 2019. Pledged funds in the amount of $68,888 were used to pay principal and interest on the bonds during the fiscal year ended September 30, 2019. The Series 2014-A bonds will mature in fiscal year 2026.

The board issued Series 2017-A Capital Improvement Pool Bonds which are pledged to be repaid from their allocation of public-school funds received from the State of Alabama. The proceeds were used to finance various capital improvement projects throughout the district. Future revenues in the amount of $3,790,871 are pledged to repay the outstanding principal and interest on the bonds at September 30, 2019. Pledged funds in the amount of $91,450 were used to pay interest only due on the bonds during the fiscal year ended September 30, 2019. The Series 2017-A bonds will mature in fiscal year 2037.

The board issued Special School Tax Warrants Series 2019 which are pledged to be repaid from their allocation of ½ cent sales tax received from Colbert County. The proceeds were used to finance various capital improvement projects throughout the district. Future revenues in the amount of $3,219,705 are pledged to repay the outstanding principal and interest on the bonds at September 30, 2019. There were no principal or interest payments due during the fiscal year ended September 30, 2019. The Series 2019 bonds will mature in fiscal year 2038.

Note 9 – Risk Management

The Board is exposed to various risks of loss related to torts; theft of damage to the destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to $3.5 million per occurrence and purchases commercial insurance for claims in excess of $3.5 million. Errors and omissions insurance and vehicle liability insurance is purchased from the Alabama Risk Management for Schools (ARMS), a public entity risk pool. The ARMS collects the premiums and purchases excess insurance for any amount of coverage requested by pool participants in excess of the coverage provided by the pool. The Board purchases commercial insurance for fidelity bonds. Settled claims in the past three years have not exceeded the commercial insurance coverage.

The current insurance provides coverage up to $1 million per occurrence and a maximum $2 million in aggregate claims. The Board purchases commercial insurance for fidelity bonds. Settled claims in the past three years have not exceeded the commercial insurance coverage. Employee health insurance is provided through the Public Education Employees' Health Insurance Plan (PEEHIP) administered by the Public Education Employees' Health Insurance Board. The fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are set annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board contributes the specified amount monthly to the PEEHIP for each employee. The Board contribution is applied against the employees' premium for the coverage selected and the employee pays any remaining premium.

The State Board of Adjustments is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board does not have insurance coverage for job-related injuries. Claims for employee job-related injuries may be filed with the State Board of Adjustment. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board.

Note 10 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan description

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2018 was 12.24% of annual pay for Tier 1 members and 11.01% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $960,052 for the year ended September 30, 2019.

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

At September 30, 2019, the Board reported a liability of $11,891,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2018, the Board's proportion was 0.119596%, which was an increase of 0.002550% from its proportion measured as of September 30, 2017.

For the year ended September 30, 2019, the Board recognized pension expense of $1,017,445. At September 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between Expected & Actual Experience	$	257,000	$	362,000
Change of Assumptions		661,000		-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		-		898,000
Changes in Proportion & Differences between Board Contributions and Proportionate Share of Contributions		270,000		51,000
Employer Contributions Subsequent to the Measurement Date		1,043,854		-
Total	$	2,231,854	$	1,311,000

$1,043,854 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		Amount
2020	$	174,000
2021		(202,000)
2022		(173,000)
2023		46,000
2024		32,000

C. Actuarial assumptions

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

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of return	7.70% (net of pension plan investment expense)

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016 which became effective at the beginning of fiscal year 2016.

Mortality rates for TRS were based on the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females age 78 and older.

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 geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash Equivalents	3.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.50%

D. Discount rate

The discount rate used to measure the total pension liability was 7.70%. 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 the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of net pension liability to changes in the discount rate

The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.70%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate:

	1.00% Decrease (6.70%)	Current Discount Rate (7.70%)	1.00% Increase (8.70%)
Board's proportionate share of the net pension liability	$ 16,552,000	$ 11,891,000	$ 7,948,000

E. Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2018. The auditor's report dated August 16, 2019, on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2018, along with supporting schedules is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes 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 Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

Note 11 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

A. Plan Description

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Comprehensive Annual Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees, and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eye glasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. The MAPDP plan is fully insured by United Healthcare and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the United Healthcare plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2.00% for each year of service less than 25 and increased by 2.00% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100.00% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

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

At September 30, 2019, the Board reported a liability of $11,321,707 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2018, the Board's proportion was 0.137755%, which was a decrease of 0.007281% from its proportion measured as of September 30, 2017.

For the year ended September 30, 2019, the System recognized OPEB expense of $703,114, with no special funding situations. At September 30, 2019, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	213,153	$	-
Changes of assumptions		307,754		859,225
Net difference between projected and actual earnings on OPEB plan investments		-		60,662
Changes in proportion and differences between employer contributions and proportionate share of contributions		503,209		448,878
Employer contributions subsequent to the measurement date		425,904		-
Total	$	1,450,020	$	1,368,765

$425,904 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:		
2020	$	(130,490)
2021		(130,490)
2022		(130,490)
2023		(116,872)
2024		126,194
Thereafter		37,499

Actuarial assumptions

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

Inflation	2.75%
Projected Salary Increases[1]	3.25%-5.00%
Long-Term Investment Rate of Return[2]	7.25%
Municipal Bond Index Rate at the Measurement Date	4.18%
Municipal Bond Index Rate at the Prior Measurement Date	3.57%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2029
Single Equivalent Interest Rate the Measurement Date	4.44%
Single Equivalent Interest Rate the Prior Measurement Date	4.63%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.00% beginning in 2019
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75% in 2026
Medicare Eligible	4.75 % in 2024

[1]Includes 3.00% wage inflation.
[2]Compounded annually, net of investment expense, and includes inflation.

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2016.

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

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

*Geometric mean, includes 2.50% inflation.

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability at September 30, 2018 was 4.44%. The discount rate used to measure the total OPEB liability at the prior measurement date was 4.63%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately, 20.307% of the employer contributions were used to assist in funding retiree benefit payments in 2018 and it is assumed that the amount will increase by 2.75% per year and continue into the future. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. Therefore, the projected future benefit payments for all current plan members were projected through 2116. The long term rate of return is used until the assets are expected to be depleted in 2029, after which the municipal bond rate is used.

<u>Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.</u>

The following table presents the Board's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6% decreasing to 3.75% for pre-Medicare and 4% decreasing to 3.75% for Medicare Eligible)	Current Healthcare Trend Rate (7% decreasing to 4.75% for pre-Medicare and 5% decreasing to 4.75% for Medicare Eligible)	1% Increase (8% decreasing to 5.75% for pre-Medicare and 6% decreasing to 5.75% for Medicare Eligible)
Net OPEB Liability	$ 9,306,701	$ 11,321,707	$ 13,887,090

The following table presents the Board's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.44%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.44%)	Current Discount Rate (4.44%)	1% Increase (5.44%)
Net OPEB Liability	$ 13,524,635	$ 11,321,707	$ 9,544,728

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2018. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 12 – Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds or the general fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Board expects such amounts, if any, to be immaterial.

The Tuscumbia City Board of Education is party to legal proceeding in the normal course of operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Board. The Board has adequate legal defenses, intends to contest the cases vigorously, and believes there is a very good likelihood of favorable outcomes. The potential loss to the Board should be minimal.

Note 13 – Effects of Deferred Amounts on Net Position

The unrestricted net position amount of ($19,087,105), as of September 30, 2019, includes the effect of deferring the recognition of expenses resulting from the deferred outflow from pensions, OPEB, and loss on refunding of debt. The $1,043,854 balance of employer pension contributions that are subsequent to the measurement date will be recognized as an expense and will decrease unrestricted net position in the next fiscal period. The $1,188,000 balance of proportionate share of collective deferred outflows related to net pension liability will be recognized as an expense and will decrease the unrestricted net position over the next 5 years. The $425,904 balance of employer OPEB contributions will be recognized as an expense and will decrease unrestricted net position in the next fiscal period. The $1,024,115 balance of proportionate share of collective deferred outflows related to net pension liability will be recognized as an expense and will decrease the unrestricted net position over the next 6 years. The $128,703 on the loss on refunding of debt will be recognized as component of interest expense over the life of the bonds.

The unrestricted net position amount of ($19,087,105), as of September 30, 2019, includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions and OPEB. The $1,311,000 balance of proportionate share of collective deferred inflows related to net pension liability will be recognized as revenue and will increase the unrestricted net position over the next 5 years. The $1,368,765 balance of proportionate share of collective deferred inflows related to net OPEB liability will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

Please reference Note 7,10, and 11 for details on amortization of deferred outflows/inflows of resources related to debt, pensions, and OPEB.

Note 14 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Tuscumbia City Board of Education evaluated the activity of the district for potential recognition and disclosure through June 25, 2020 which is the date the financial statements were issued or available to be issued and determined there were no events that occurred that required disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TUSCUMBIA CITY BOARD OF EDUCATION
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues				
State sources	$ 8,959,830	8,952,466	9,394,410	441,944
Federal sources	800	800	740	(60)
Local sources	2,869,100	2,286,700	2,233,658	(53,042)
Other sources	40,400	54,267	55,255	988
Total Revenues	11,870,130	11,294,233	11,684,063	389,830
Expenditures				
Current:				
Instructional services	7,356,856	7,395,960	7,473,489	(77,529)
Instructional support services	2,265,982	2,260,412	2,292,309	(31,897)
Operation and maintenance services	1,298,750	1,272,566	1,216,008	56,558
Auxiliary Services:				
Student transportation	91,683	91,941	95,238	(3,297)
General administrative and central support	955,412	973,977	993,534	(19,557)
Other expenditures	107,159	149,744	218,494	(68,750)
Total Expenditures	12,075,842	12,144,600	12,289,072	(144,472)
Excess (Deficiency) of Revenues over (under) Expenditures	(205,712)	(850,367)	(605,009)	245,358
Other Financing Sources (Uses):				
Indirect cost	99,182	100,771	103,572	2,801
Transfers in	-	-	842,732	842,732
Other financing sources	-	-	5,650	5,650
Transfers out	(432,488)	(412,335)	(412,335)	-
Total Other Financing Sources (Uses)	(333,306)	(311,564)	539,619	851,183
Net Change in Fund Balances	(539,018)	(1,161,931)	(65,390)	1,096,541
Fund Balances - Beginning of Year	3,600,836	3,988,829	4,125,845	137,016
Fund Balances - End of Year	$ 3,061,818	2,826,898	4,060,455	1,233,557

The notes to the required supplementary information are an integral part of this schedule.

TUSCUMBIA CITY BOARD OF EDUCATION
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of Alabama
For the Year Ended September 30, 2019

	2019	2018	2017	2016	2015
Board's proportion of the net pension liability	0.119596%	0.117046%	0.116895%	0.118113%	0.116349%
Board's proportionate share of the net pension liability	$ 11,891,000	$ 11,504,000	$ 12,655,000	$ 12,361,000	$ 10,570,000
Board's covered payroll	$ 7,994,069	$ 7,738,086	$ 7,442,716	$ 7,474,612	$ 7,379,712
Board's proportionate share of the net pension liability as a percentage of its covered payroll	148.75%	148.67%	170.03%	165.37%	143.23%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	71.50%	67.93%	67.51%	71.01%

The schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

TUSCUMBIA CITY BOARD OF EDUCATION
Schedule of Board Contributions
Teachers' Retirement System of Alabama
For the Year Ended September 30, 2019

	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,043,854	$ 960,445	$ 916,210	$ 879,984	$ 871,179
Contributions in relation to the contractually required contribution	(1,043,854)	(960,445)	(916,210)	(879,984)	(871,179)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered-employee payroll	8,503,914	7,994,069	7,738,086	7,442,716	7,474,612
Contributions as a percentage of covered-employee payroll	12.27%	12.01%	11.84%	11.82%	11.66%

The schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

TUSCUMBIA CITY BOARD OF EDUCATION
Schedule of the Board's Proportionate Share of the Net OPEB Liability
Alabama Retired Education Employees' Health Care Trust
For the Year Ended September 30, 2019

		2019		2018
Board's proportion of the net OPEB liability		0.137755%		0.130474%
Board's proportionate share of the net OPEB liability	$	11,321,707	$	9,690,863
Board's covered-employee payroll	$	8,503,914	$	7,995,689
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		133.14%		121.20%
Plan fiduciary net position as a percentage of the total OPEB liability		14.81%		15.37%

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

TUSCUMBIA CITY BOARD OF EDUCATION
Schedule of Board Contributions - OPEB
Alabama Retired Education Employees' Health Care Trust
For the Year Ended September 30, 2019

	2019	2018
Contractually required contribution	$ 425,904	$ 340,414
Contributions in relation to the contractually required contribution	(425,904)	(340,414)
Contribution deficiency (excess)	$ -	$ -
Board's covered-employee payroll	8,503,914	8,000,521
Contributions as a percentage of covered-employee payroll	5.01%	4.25%

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

TUSCUMBIA CITY BOARD OF EDUCATION
Notes to the Required Supplementary Information
For the Year Ended September 30, 2019

Note 1 – Excess of Expenditures Over Appropriations

The Board budgeted appropriations for General Fund expenditures based on anticipated revenue. Salaries of teachers and other personnel with contracts of less than 12 months are paid over a 12-month period. Expenditures for salaries and related fringe benefits are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related benefits) earned but not paid are reported as expenditures on the financial statements.

Note 2 – Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		General Fund
Sources/inflows of resources		
Actual total revenue budgetary basis	$	11,684,063
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	$	11,684,063
Expenditures:		
Actual total expenditures budgetary basis	$	12,289,072
Differences – budget to GAAP		
Salaries and related fringe benefits		52,797
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	$	12,341,869

Note 3 – Notes to Pension Required Supplementary Information Schedules

(1) Change in assumptions.

2017:

The expectation of mortality rates for TRS were based on the RP-2000 Combined Mortality Table as in the prior year, but the adjustments for mortality improvements was changed to the Scale BB projected 2020 rather than the Scale AA projected to 2015 as was used in the prior year audit report.

The discount rate used to measure the total net pension liability was changed from 8.00% to 7.75%.

Assumed rates of salary increase were adjusted from 3.50%-8.25% to 3.25%-5.00%.

The price inflation and investment rate of return assumptions were changed from 3.00% to 2.75% and 8.00% to 7.75%, respectively.

(2) Method and assumptions used in calculations of actuarially determined contributions.

2018:

The actuarial funding method used to develop the benchmarks are the Entry Age Normal actuarial cost method. The actuarial methods and assumptions used will be those last adopted by the Board of Control based upon the advice and recommendation of the actuary. The actuary shall conduct an investigation into the system's experience at least every five years and utilize the results of the investigation to form the basis for those recommendations.

The actuarial assumptions used in the actuarial valuation as of September 30, 2016, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016 which became effective at the beginning of fiscal year 2016.

Note 4 – Notes to OPEB Required Supplementary Information Schedules

(1) Changes in actuarial assumptions

In 2016, rates of withdrawal, retirement, disability, mortality, spouse coverage, and tobacco usage were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 and later, the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females.

(2) Recent Plan Changes

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan was changed in 2017 to reflect the ACA maximum annual out-of-pocket amounts.

(3) Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most contribution rate reported in that schedule:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, closed
Remaining amortization period	27 years
Asset valuation method	Market value of assets
Healthcare cost trend rate	
Pre-Medicare eligible	7.75%
Medicare eligible	5.00%
Ultimate trend rate	
Pre-Medicare eligible	5.00%
Medicare eligible	5.00%
Year of ultimate trend rate	2019 for pre-Medicare eligible 2017 for Medicare eligible
Investment rate of return	5.00%, including inflation

SUPPLEMENTARY INFORMATION

TUSCUMBIA CITY BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	CFDA Number		Total Federal Awards Expended
U.S. Department of Agriculture			
Pass-Through Program From:			
Alabama Department of Education:			
School Breakfast Program	10.553	$	150,534
National School Lunch Program	10.555		466,357
Summer Food Service Program	10.559		26,625
Sub-Total Child Nutrition Cluster			643,516
State Administrative Expenses for Child Nutrition	10.560		3,927
Fresh Fruit and Vegetable Program	10.582		19,215
Total passed through the Alabama Department of Education			666,658
Total U.S. Department of Agriculture			666,658
U.S. Department of Education			
Pass-Through Program From:			
Alabama Department of Education:			
Special Education-Grants to States	84.027		318,001
Special Education-Preschool Grants	84.173		23,666
Sub-Total Special Education Cluster			341,667
Title I Grants to Local Educational Agencies	84.010		353,146
Career and Technical Education -Basic Grants to States	84.048		69,767
Supporting Effective Instruction State Grants	84.367		47,719
Student Support and Academic Enrichment	84.424		22,591
Total passed through the Alabama Department of Education			834,890
Pass-Through Program From:			
Department of Early Childhood Education:			
Preschool Development grants	84.419		33,109
Total passed through the Department of Early Childhood Education			33,109
Total U.S. Department of Education			867,999
U.S. Department of Health and Human Services			
Pass-Through Program From:			
Alabama Department of Education			
Social Security Disability Insurance	96.001		740
Total passed through Alabama Department of Education			740
Total U.S. Department of Health and Human Services			740
Total Federal Awards		$	1,535,397

The accompanying notes to the Schedule of Expenditures of Federal Awards is an integral part of this schedule.

TUSCUMBIA CITY BOARD OF EDUCATION
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts show on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Non-Cash Awards

The Tuscumbia City Board of Education is the recipient of certain non-cash assistance in the form of donated commodities received from the U.S. Department of Agriculture. Revenues and expenditures are recorded for the value of commodities received. In addition, the Tuscumbia City Board of Education may receive certain other non-cash assistance from federal and state awarding agencies. The amount of non-cash assistance received at September 30, 2019 was $66,217.

Note 4 – Indirect Cost Rate

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

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

SPARKS
CPA Firm
Certified Public Accountants

Member of:
American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants
Mississippi Society of Certified Public Accountants

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INDEPENDENT AUDITORS' 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*

Superintendent and School Board
Tuscumbia City Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tuscumbia City Board of Education, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Tuscumbia City Board of Education's basic financial statements, and have issued our report thereon dated June 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tuscumbia City 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 Tuscumbia City Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Tuscumbia City 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 Tuscumbia City 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.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
June 25, 2020

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

Members of the Board
Tuscumbia City Board of Education
Tuscumbia, Alabama

Report on Compliance for Each Major Federal Program

We have audited Tuscumbia City 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 Tuscumbia City Board of Education's major federal programs for the year ended September 30, 2019. Tuscumbia City Board of Education's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Tuscumbia City 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 Tuscumbia City 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 Tuscumbia City Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, Tuscumbia City 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 September 30, 2019.

Report on Internal Control Over Compliance

Management of Tuscumbia City 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 Tuscumbia City 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 Tuscumbia City 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.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
June 25, 2020

TUSCUMBIA CITY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

Section I: Summary of Auditors' Results

Financial Statements:

1.	Type of auditors' report issued:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
3.	Noncompliance material to financial statements noted?	No

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
5.	Any findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
6.	Type of auditors' report issued on compliance for Major federal programs:	Unmodified
7.	Identification of major programs:	
	Title I, Part A CFDA# 84.010	
8.	The dollar threshold used to distinguish between Type A and type B programs:	$750,000
9.	Auditee qualified as low-risk auditee?	Yes

Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under Government Auditing Standards.

Section III – Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.