



# **BEN HILL COUNTY BOARD OF EDUCATION FITZGERALD, GEORGIA**

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

**(Including Independent Auditor's Reports)**



BEN HILL COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL



# DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

August 10, 2020

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

## INTRODUCTION

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

## FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2019 are as follows:

- In fiscal year 2019, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The adoption of this statement did not have an impact on the School District's financial statement.
- In fiscal year 2019, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this statement did not have an impact on the School District's financial statement.
- The School District received \$293,529 more in equalization funds as part of an overall increase of \$587,155 in state revenue over the prior year along with a \$2.5 million increase in federal funding from the prior year.
- On the government-wide financial statements, the assets and deferred outflows of resources of the School District fell short of liabilities and deferred inflows of resources by \$3.2 million. The main reason for the shortfall is our pension and OPEB liabilities.
- The School District had \$34.3 million in expenses relating to governmental activities for the fiscal year. \$25.5 million of the above mentioned expenses for the fiscal year were offset by program specific charges for services and grants and contributions. General revenues (primarily property and sales taxes) of \$13.1 million, along with fund balance were adequate to provide for these programs.
- The current ratio, which measures the School District's ability to transform current assets into cash and pay its short-term liabilities was 3.6 based on the Statement of Net Position as of June 30, 2019. Generally, a ratio greater than 2.0 is considered very financially stable.
- The general fund (the primary operating fund), presented on a current financial resource basis, ended the fiscal year with a fund balance of \$5.5 million, an increase of \$1.8 million from the June 30, 2018 fund balance.

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information that will enhance the reader's understanding of the financial condition of the School District.

### *Government-wide Statements*

The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances in a format similar to the financial statements of a private-sector business. The government-wide financial statements provide short-term and long-term information about the School District's financial status as a whole.

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

These statements are presented using the economic resources measurement focus (accrual accounting), which is similar to the accounting used by most private-sector businesses. This basis of accounting includes all of the current year's revenues and expenditures regardless of when cash is received or paid.

The government-wide statements include the School District's basic services such as instruction, support services, food services, and enterprise operations. Property taxes, state grants, and Federal grant funds finance most of these activities.

### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into governmental funds or fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as the governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and capital projects funds, which are considered to be major funds.

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule for the general fund as presented on a generally accepted accounting principle basis. This schedule is intended to demonstrate the School District's compliance with the legally adopted and amended budgets.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$3.2 million.

The largest portion of the School District's net position of \$37.9 million, reflects the School District's investment in capital assets (property, plant, and equipment) less any related debt used to acquire those assets that is still outstanding. The School District uses its assets to provide safe and secure facilities to the students, these assets are not available for future spending.

The School District reports a restricted net position of \$3.8 million, which consists of SPLOST funds to be used for capital projects, school nutrition funds to be used for student meals and a reserve for bus replacement.

The remaining portion of the School District's net position represents an unrestricted net position deficit of \$44.9 million. The unrestricted net position deficit is a result of the fiscal year 2018 adoption of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* and the fiscal year 2015 adoption of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. More information about these reported liabilities can be found in Notes 9 and 10, respectively, of the financial statements.

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

**Table 1**  
**Net Position**

	Governmental Activities	
	Fiscal Year 2019	Fiscal Year 2018
<b>Assets</b>		
Current and Other Assets	\$ 12,355,261	\$ 9,357,743
Capital Assets (Net of Accumulated Depreciation)	37,879,700	38,478,944
<b>Deferred Outflows of Resources</b>	6,408,619	5,236,054
<b>Total Assets and Deferred Outflows of Resources</b>	56,643,580	53,072,741
<b>Liabilities</b>		
Current and Other Liabilities	3,462,322	3,856,759
Net Pension and OPEB Liabilities	48,811,623	52,841,952
<b>Deferred Inflows of Resources</b>	7,594,824	3,948,374
<b>Total Liabilities and Deferred Inflows of Resources</b>	59,868,769	60,647,085
<b>Net Position</b>		
Investment in Capital Assets	37,879,700	38,478,945
Restricted	3,784,476	2,014,255
Unrestricted (Deficit)	(44,889,365)	(48,067,544)
<b>Total Net Position</b>	\$ (3,225,189)	\$ (7,574,344)

**Change in net position**

The change in net position was an increase of \$4.3 million from fiscal year 2018 to fiscal year 2019.

The increase of \$2.9 million in total revenues is largely due to an increase of \$2.6 million in program revenues for operating grants and contributions, which are funds earned through state and federal grants.

The expenditures did not change in fiscal year 2019 when compared to fiscal year 2018, with a total of \$34.3 million.

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

**Table 2**  
**Net Position**

	Governmental Activities		
	Fiscal Year 2019	Fiscal Year 2018	Net Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 298,681	\$ 131,002	\$ 167,679
Operating Grants and Contributions	25,076,145	22,467,112	2,609,033
Capital Grants and Contributions	154,440	-	154,440
<b>Total Program Revenues</b>	<b>25,529,266</b>	<b>22,598,114</b>	<b>2,931,152</b>
General Revenues:			
Taxes			
Property Taxes			
For Maintenance and Operations	6,400,079	6,415,300	(15,221)
For Railroad Cars	25,485	23,233	2,252
Sales Taxes			
Special Purpose Local Option Sales Tax			
For Capital Projects	2,146,866	2,127,960	18,906
Other Taxes	52,952	95,386	(42,434)
Grants and Contributions Not Restricted to Specific Programs	3,610,591	3,317,062	293,529
Investment Earnings	27,281	20,024	7,257
Miscellaneous	350,498	627,425	(276,927)
Extraordinary Item			
Donation	494,972	500,000	(5,028)
<b>Total General Revenues and Extraordinary Item</b>	<b>13,108,724</b>	<b>13,126,390</b>	<b>(17,666)</b>
<b>Total Revenues and Extraordinary Item</b>	<b>38,637,990</b>	<b>35,724,504</b>	<b>2,913,486</b>
<b>Program Expenses</b>			
Instruction	22,221,065	22,201,770	19,295
Support Services			
Pupil Services	969,909	1,000,157	(30,248)
Improvement of Instructional Services	1,346,526	1,364,088	(17,562)
Educational Media Services	402,190	464,027	(61,837)
General Administration	692,269	678,639	13,630
School Administration	2,086,905	2,064,311	22,594
Business Administration	472,268	476,962	(4,694)
Maintenance and Operation of Plant	2,413,289	2,363,530	49,759
Student Transportation Services	1,434,635	1,520,122	(85,487)
Central Support Services	27,761	31,344	(3,583)
Other Support Services	18,200	17,272	928
Operations of Non-Instructional Services			
Enterprise Operations	290,127	74,459	215,668
Food Services	1,913,692	2,028,971	(115,279)
Interest on Short-Term and Long-Term Debt	-	3,341	(3,341)
<b>Total Expenses</b>	<b>34,288,836</b>	<b>34,288,993</b>	<b>(157)</b>
<b>Change in Net Position</b>	<b>\$ 4,349,154</b>	<b>\$ 1,435,511</b>	<b>\$ 2,913,643</b>

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

**Revenues**

The School District's total revenues and extraordinary item was \$38.6 million for the year. Grants and contributions make up 74.7% and property taxes accounted for 16.7% of the School District's revenue.

**Expenditures**

The School Districts total expenses were \$34.3 million. The School District's expenses are predominantly accounted for in the instructional category, which accounts for 64.8% of the total cost. This cost is directly related to educating the students. Maintenance and operations accounted for 7.0% of the total cost, which is the cost to keep the facilities comfortable, safe, and secure.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the year.

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$8.6 million, an increase in fund balance of \$3.4 million.

**General Fund**

The general fund is the primary operating fund of the School District. At the end of the fiscal year the total fund balance was \$5.5 million, representing an unassigned fund balance of \$3.8 million, and a restricted, non-spendable and assigned fund balance of \$1.7 million. Fund balance increased by \$1.8 million as a result of an increase in state and federal funding for the fiscal year. The School District tries to maintain an available general fund balance of 15% of general fund expenditures for unforeseen needs or other opportunities that might arise in addition to meeting the cash flow needs of the School District. The School District currently has an available general fund balance of 11.0% of the \$34.7 million general fund expenditures.

**Capital Projects**

The capital projects fund accounts for capital projects managed by the School District. After expenditures of \$525,259 for renovations at various facilities, the capital projects fund had an increase in fund balance of \$1.6 million and ended the year with a fund balance of \$3.1 million.

**Table 3  
Governmental Fund Balances**

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2019	2018
General Fund	\$ 5,494,092	\$ 3,713,691
Capital Projects Fund	3,099,928	1,473,550
<b>Total</b>	<b>\$ 8,594,020</b>	<b>\$ 5,187,241</b>

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

**General Fund Budgeting Highlights**

The School District's budget utilized a conservative approach based on limited information available. Emphasis was given to ensure financial stability and long-term stability while providing revenue enhancement, financial priorities, and discipline. The budget is a legally adopted document that incorporates input from the citizens of the School District and input from the management of the School District, and the decisions of the School District regarding how to pay for the services that are provided to the students.

In the current year, the School District revised its budget periodically to recognize new funding amounts from external sources and state and federal grants. The Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, is included in the financial statements. For fiscal year 2019, the School District's general fund had a favorable budget variance of \$1.4 million. There was a \$1.3 million favorable budget variance for revenues, with a \$380,573 unfavorable budget variance for expenditures. There was a favorable budget variance of \$494,972 for other financing sources (uses).

The \$1.3 million favorable revenue budget variance is attributed to more state and federal funds collected than what was budgeted. Other factors that attributed to a favorable budget variance include an increase in property tax revenue and revenues for the various school accounts, which is reported as charges for services revenue.

The \$380,573 unfavorable expenditure budget variance is attributable to additional funding needed in the areas of instruction, maintenance and operation of plant as well as student transportation services.

The \$494,972 favorable other financing sources (uses) budget variance is attributable to a donation received that was not budgeted.

***Capital Assets and Debt Administration***

**Capital Assets**

At fiscal year ended June 30, 2019, the School District had \$37,879,700 invested in capital assets (net of accumulated depreciation). The capital assets increased by \$280,772 due to the additions to construction in progress of Fitzgerald High School Football Stadium and the ROTC Armory Building, along with several equipment purchases. The net change in capital assets (net of accumulated depreciation) from fiscal year 2018 to fiscal year 2019 was a decrease of \$599,245.

Additional information about the School District's capital assets can be found in the Notes of the Basic Financial Statements.

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

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

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2019	2018
Land	\$ 1,266,020	\$ 1,266,020
Construction in Progress	182,081	759,676
Buildings and Improvements	34,441,365	34,417,594
Equipment	1,393,931	1,325,895
Land Improvements	596,303	709,760
Total	\$ 37,879,700	\$ 38,478,945

**Long-Term Debt**

At the end of fiscal year 2019, the School District had no long-term debt.

**CURRENT ISSUES**

In subsequent period the School District issued \$24,680,000 of general obligation bonds of the \$27, 400,000 authorized in prior years. The proceeds from these bonds will be used for acquiring, constructing, and equipping capital outlay projects.

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

**REQUESTS FOR INFORMATION**

This report is designed to provide an overview of the School District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Thomas Rachels, Chief Operating Officer, Ben Hill County Board of Education, 509 West Palm Street, Fitzgerald, GA 31750. One may also call (229) 409-5500, visit our website [www.ben-hill.k12.ga.us](http://www.ben-hill.k12.ga.us) or send an email to [thomas.rachels@benhillschools.org](mailto:thomas.rachels@benhillschools.org).



BEN HILL COUNTY BOARD OF EDUCATION

BEN HILL COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2019

EXHIBIT "A"

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 7,269,499.41
Accounts Receivable, Net	
Taxes	669,102.40
State Government	2,509,464.15
Federal Government	1,856,997.00
Local	7,829.06
Other	618.90
Inventories	41,749.99
Capital Assets, Non-Depreciable	1,448,101.19
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>36,431,598.59</u>
 Total Assets	 <u>50,234,960.69</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	5,363,542.00
Related to OPEB Plan	<u>1,045,077.00</u>
 Total Deferred Outflows of Resources	 <u>6,408,619.00</u>
<u>LIABILITIES</u>	
Accounts Payable	41,899.24
Salaries and Benefits Payable	3,418,656.22
Deposits and Unearned Revenues	1,766.69
Net Pension Liability	24,900,623.00
Net OPEB Liability	<u>23,911,000.00</u>
 Total Liabilities	 <u>52,273,945.15</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	2,574,164.00
Related to OPEB Plan	<u>5,020,660.00</u>
 Total Deferred Inflows of Resources	 <u>7,594,824.00</u>
<u>NET POSITION</u>	
Investment in Capital Assets	37,879,699.78
Restricted for	
Bus Replacement	14,098.00
Continuation of Federal Programs	670,449.34
Capital Projects	3,099,928.57
Unrestricted (Deficit)	<u>(44,889,365.15)</u>
 Total Net Position	 \$ <u><u>(3,225,189.46)</u></u>

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

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 22,221,064.59	\$ 245,038.69
Support Services		
Pupil Services	969,908.84	-
Improvement of Instructional Services	1,346,525.56	-
Educational Media Services	402,189.94	-
General Administration	692,269.47	-
School Administration	2,086,905.06	-
Business Administration	472,267.65	-
Maintenance and Operation of Plant	2,413,289.20	22,955.00
Student Transportation Services	1,434,635.50	-
Central Support Services	27,761.09	-
Other Support Services	18,200.00	-
Operations of Non-Instructional Services		
Enterprise Operations	290,127.54	
Food Services	1,913,691.66	30,687.62
	\$ 34,288,836.10	\$ 298,681.31
General Revenues		
Taxes		
Property Taxes		
For Maintenance and Operations		
Railroad Cars		
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects		
Other Sales Tax		
Grants and Contributions not Restricted to Specific Programs		
Investment Earnings		
Miscellaneous		
Extraordinary Item		
Donation		
Total General Revenues		
Change in Net Position		
Net Position - Beginning of Year		
Net Position - End of Year		

EXHIBIT "B"

PROGRAM REVENUES		NET (EXPENSES)
OPERATING	CAPITAL	REVENUES
GRANTS AND	GRANTS AND	AND CHANGES IN
CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION
\$ 17,998,748.04	\$ -	\$ (3,977,277.86)
255,628.04	-	(714,280.80)
1,658,237.02	-	311,711.46
427,552.70	-	25,362.76
627,050.72	-	(65,218.75)
870,181.99	-	(1,216,723.07)
4,232.00	-	(468,035.65)
890,649.41	-	(1,499,684.79)
405,531.98	154,440.00	(874,663.52)
-	-	(27,761.09)
17,541.63	-	(658.37)
-	-	(290,127.54)
<u>1,920,791.06</u>	<u>-</u>	<u>37,787.02</u>
\$ <u>25,076,144.59</u>	\$ <u>154,440.00</u>	<u>(8,759,570.20)</u>
		6,400,079.49
		25,485.02
		2,146,865.81
		52,951.72
		3,610,591.00
		27,281.00
		350,498.34
		<u>494,971.96</u>
		<u>13,108,724.34</u>
		4,349,154.14
		<u>(7,574,343.60)</u>
		\$ <u>(3,225,189.46)</u>

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

EXHIBIT "C"

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,358,049.12	\$ 2,911,450.29	\$ 7,269,499.41
Accounts Receivable, Net			
Taxes	480,624.12	188,478.28	669,102.40
State Government	2,509,464.15	-	2,509,464.15
Federal Government	1,856,997.00	-	1,856,997.00
Local	7,829.06	-	7,829.06
Other	618.90	-	618.90
Inventories	41,749.99	-	41,749.99
Total Assets	<u>\$ 9,255,332.34</u>	<u>\$ 3,099,928.57</u>	<u>\$ 12,355,260.91</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 41,899.24	\$ -	\$ 41,899.24
Salaries and Benefits Payable	3,418,656.22	-	3,418,656.22
Deposits and Unearned Revenue	1,766.69	-	1,766.69
Total Liabilities	<u>3,462,322.15</u>	<u>-</u>	<u>3,462,322.15</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Property Taxes	298,918.38	-	298,918.38
<u>FUND BALANCES</u>			
Nonspendable	41,749.99	-	41,749.99
Restricted	642,797.35	3,099,928.57	3,742,725.92
Assigned	1,005,245.09	-	1,005,245.09
Unassigned	3,804,299.38	-	3,804,299.38
Total Fund Balances	<u>5,494,091.81</u>	<u>3,099,928.57</u>	<u>8,594,020.38</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,255,332.34</u>	<u>\$ 3,099,928.57</u>	<u>\$ 12,355,260.91</u>

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C") \$ 8,594,020.38

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

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

Land	\$	1,266,020.01	
Construction in progress		182,081.18	
Buildings		49,492,298.52	
Equipment		6,411,336.37	
Land Improvements		2,994,268.28	
Accumulated depreciation		<u>(22,466,304.58)</u>	37,879,699.78

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

Net pension liability	\$	(24,900,623.00)	
Net OPEB liability		<u>(23,911,000.00)</u>	(48,811,623.00)

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

Related to pensions	\$	2,789,378.00	
Related to OPEB		<u>(3,975,583.00)</u>	(1,186,205.00)

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

298,918.38

Net Position of Governmental Activities (Exhibit "A") \$ (3,225,189.46)

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Property Taxes	\$ 6,440,388.63	\$ -	\$ 6,440,388.63
Sales Taxes	52,951.72	2,146,865.81	2,199,817.53
State Funds	22,315,276.77	-	22,315,276.77
Federal Funds	6,534,620.44	-	6,534,620.44
Charges for Services	298,681.31	-	298,681.31
Investment Earnings	22,509.24	4,771.76	27,281.00
Miscellaneous	350,498.34	-	350,498.34
	36,014,926.45	2,151,637.57	38,166,564.02
Total Revenues			
<u>EXPENDITURES</u>			
Current			
Instruction	22,118,248.47	39,255.13	22,157,503.60
Support Services			
Pupil Services	999,680.86	28,704.40	1,028,385.26
Improvement of Instructional Services	1,404,912.04	-	1,404,912.04
Educational Media Services	430,532.75	-	430,532.75
General Administration	728,107.57	-	728,107.57
School Administration	2,199,148.13	-	2,199,148.13
Business Administration	499,807.21	-	499,807.21
Maintenance and Operation of Plant	2,431,346.10	16,500.00	2,447,846.10
Student Transportation Services	1,629,997.82	88,700.00	1,718,697.82
Other Support Services	18,200.00	32,760.00	50,960.00
Enterprise Operations	290,127.54	-	290,127.54
Food Services Operation	1,979,389.46	-	1,979,389.46
Capital Outlay	-	319,339.00	319,339.00
	34,729,497.95	525,258.53	35,254,756.48
Total Expenditures			
Revenues over (under) Expenditures	1,285,428.50	1,626,379.04	2,911,807.54
<u>OTHER FINANCING SOURCES</u>			
Extraordinary Item - Donation	494,971.96	-	494,971.96
	1,780,400.46	1,626,379.04	3,406,779.50
Net Change in Fund Balances			
Fund Balances - Beginning	3,713,691.35	1,473,549.53	5,187,240.88
	5,494,091.81	3,099,928.57	8,594,020.38
Fund Balances - Ending			

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

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ 3,406,779.50

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

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

Capital outlay	\$ 645,254.00	
Depreciation expense	<u>(1,244,499.03)</u>	(599,245.03)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (14,824.12)

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

Pension expense	\$ 1,464,804.79	
OPEB expense	<u>91,639.00</u>	<u>1,556,443.79</u>

Change in net position of governmental activities (Exhibit "B") \$ 4,349,154.14



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

EXHIBIT "G"

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>11,269.42</u>	\$ <u>121,402.49</u>
<u>LIABILITIES</u>		
Funds Held for Others		\$ <u>121,402.49</u>
<u>NET POSITION</u>		
Held in Trust for Private Purposes	\$ <u>11,269.42</u>	

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

EXHIBIT "H"

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Contributions	
Investment Earnings	
Interest	\$ 27.31
Other Additions	<u>4,735.00</u>
Total Additions	4,762.31
<u>DEDUCTIONS</u>	
Other Deductions	<u>885.31</u>
Change in Net Position	3,877.00
Net Position - Beginning	<u>7,392.42</u>
Net Position - Ending	<u><u>\$ 11,269.42</u></u>

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

### **REPORTING ENTITY**

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

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

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

### **BASIS OF PRESENTATION**

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

### **GOVERNMENT-WIDE STATEMENTS:**

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

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

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

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

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

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

### **FUND FINANCIAL STATEMENTS**

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund types:

- Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.
- Agency funds are used to report resources held by the School District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

### **BASIS OF ACCOUNTING**

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 60 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Capital asset acquisitions are reported as expenditures in governmental funds.

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

#### **NEW ACCOUNTING PRONOUNCEMENTS**

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

In fiscal year 2019, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this statement did not have an impact on the School District's financial statement.

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

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

#### **RECEIVABLES**

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

#### **INVENTORIES**

##### **Food Inventories**

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

**CAPITAL ASSETS**

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

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

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

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

		Capitalization Policy	Estimated Useful Life
Land	\$	Any Amount	N/A
Land Improvements	\$	50,000.00	15 years
Buildings and Improvements	\$	50,000.00	60 to 75 years
Equipment	\$	5,000.00	5 to 25 years
Construction In Progress	\$	50,000.00	N/A
Intangible - Software	\$	100,000.00	10 years
All Other- Intangible Assets	\$	10,000.00	20 years

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

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

**PENSIONS**

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

## POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

## FUND BALANCES

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

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

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

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

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

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

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

## USE OF ESTIMATES

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

## PROPERTY TAXES

The Ben Hill County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on July 24, 2018 (levy date) based on property values as of January 1, 2018. Taxes were due on December 20, 2018 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. The Ben Hill County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations amounted to \$5,921,680.74.

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

School Operations	<u>18.128</u> mills
-------------------	---------------------

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$493,222.87 during fiscal year ended June 30, 2019.

#### **SALES TAXES**

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$2,146,865.81 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

#### **NOTE 3: BUDGETARY DATA**

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

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

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

#### **NOTE 4: DEPOSITS**

##### **COLLATERALIZATION OF DEPOSITS**

O.C.G.A. § 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. § 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance. At June 30, 2019, \$113,569.71 of deposits were not secured by surety bond, insurance or collateral as specified above. The School District is working with the affected financial institutions to ensure appropriate levels of collateral are maintained for all the School District's deposits.



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

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

**CATEGORIZATION OF DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2019, the School District had deposits with a carrying amount of \$7,402,171.32 and a bank balance of \$8,811,602.46. The bank balances insured by Federal depository insurance were \$500,000.00 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name were \$8,198,032.75.

At June 30, 2019, \$113,569.71 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	113,569.71
Uninsured with collateral held by the pledging financial institution		-
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School District's name		-
Total	\$	<u>113,569.71</u>

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

Cash and cash equivalents		
Statement of Net Position	\$	7,269,499.41
Statement of Fiduciary Net Position		<u>132,671.91</u>
Total carrying value of deposits - June 30, 2019	\$	<u><u>7,402,171.32</u></u>

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**NOTE 5: CAPITAL ASSETS**

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

	Balances July 1, 2018	Increases	Decreases	Balances June 30, 2019
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,266,020.01	\$ -	\$ -	\$ 1,266,020.01
Construction in Progress	759,676.42	302,421.50	880,016.74	182,081.18
Total Capital Assets Not Being Depreciated	2,025,696.43	302,421.50	880,016.74	1,448,101.19
Capital Assets Being Depreciated				
Buildings and Improvements	48,612,281.78	880,016.74	-	49,492,298.52
Equipment	6,154,205.87	342,832.50	85,702.00	6,411,336.37
Land Improvements	2,994,268.28	-	-	2,994,268.28
Less Accumulated Depreciation for:				
Buildings and Improvements	14,194,687.88	856,246.22	-	15,050,934.10
Equipment	4,828,310.99	274,796.40	85,702.00	5,017,405.39
Land Improvements	2,284,508.68	113,456.41	-	2,397,965.09
Total Capital Assets, Being Depreciated, Net	36,453,248.38	(21,649.79)	-	36,431,598.59
Governmental Activities Capital Assets - Net	\$ 38,478,944.81	\$ 280,771.71	\$ 880,016.74	\$ 37,879,699.78

Current year depreciation expense by function is as follows:

Instruction		\$ 998,797.16
Support Services		
Educational Media Services	\$ 16,433.75	
General Administration	1,750.00	
Business Administration	5,870.15	
Maintenance and Operation of Plant	28,217.39	
Student Transportation Services	132,119.48	
Central Support Services	20,738.00	205,128.77
Food Services		40,573.10
		\$ 1,244,499.03

**NOTE 6: RISK MANAGEMENT**

**INSURANCE**

**Commercial Insurance**

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

**WORKERS' COMPENSATION**

**Georgia Education Workers' Compensation Trust**

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

**UNEMPLOYMENT COMPENSATION**

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

**SURETY BOND**

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

Position Covered	Amount
Superintendent	\$ 99,000.00
Military Property Custodian	\$ 24,000.00
Each Principal	\$ 9,000.00
Director of Budget and Finance	\$ 8,000.00
Each Lunchroom Manager and Assistant Manager	\$ 4,000.00
Each Secretary and Bookkeeper	\$ 4,000.00
Payroll Administrator	\$ 3,000.00

**NOTE 7: FUND BALANCE CLASSIFICATION DETAILS**

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

Nonspendable		
Inventories		\$ 41,749.99
Restricted		
Bus Replacement	\$ 14,098.00	
Continuation of Federal Programs	628,699.35	
Capital Projects	3,099,928.57	3,742,725.92
Assigned		
Donated Funds	\$ 852,353.36	
School Activity Accounts	152,891.73	1,005,245.09
Unassigned		3,804,299.38
Fund Balance, June 30, 2019		\$ 8,594,020.38

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

#### **NOTE 8: SIGNIFICANT CONTINGENT LIABILITIES**

##### **FEDERAL GRANTS**

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

##### **LITIGATION**

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

#### **NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

##### **GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND**

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

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

**Contributions:** As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$1,012,725.00 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2019, the School District reported a liability of \$23,911,000.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the School District's proportion was 0.188132%, which was a decrease of 0.000773% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$921,086.00. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 543,881.00
Changes of assumptions	-	4,050,638.00
Net difference between projected and actual earnings on OPEB plan investments	32,352.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	426,141.00
School District contributions subsequent to the measurement date	1,012,725.00	-
Total	\$ 1,045,077.00	\$ 5,020,660.00

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

Year Ended June 30:	OPEB
2020	\$ (975,409.00)
2021	\$ (975,409.00)
2022	\$ (975,409.00)
2023	\$ (977,341.00)
2024	\$ (793,126.00)
2025	\$ (291,614.00)

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

**OPEB:**

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

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

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

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

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

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

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

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

\*Net of Inflation

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

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB Liability	\$ 27,920,550.00	\$ 23,911,000.00	\$ 20,677,717.00

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 20,102,170.00	\$ 23,911,000.00	\$ 28,778,544.00

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

**NOTE 10: RETIREMENT PLANS**

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

**TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

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

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

***Contributions:*** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2019. The School District's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School District payroll, of which 20.82% of payroll was required from the School District and 0.08% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$3,323,640.00 and \$12,373.62 from the School District and the State, respectively.



## EMPLOYEES' RETIREMENT SYSTEM

**Plan description:** The Employees' Retirement System of Georgia (ERS) is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/formspubs/formspubs](http://www.ers.ga.gov/formspubs/formspubs).

**Benefits provided:** The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

**Contributions:** Member contributions under the old plan are 4% of annual compensation, up to \$4,200.00, plus 6% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.66% of annual covered payroll of new and old plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$13,596.00 for the current fiscal year.

## PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$55,169.00.

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

At June 30, 2019, the School District reported a liability of \$24,900,623.00 for its proportionate share of the net pension liability for TRS (\$24,810,345.00) and ERS (\$90,278.00).

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

School District's proportionate share of the net pension liability	\$	24,810,345.00
State of Georgia's proportionate share of the net pension liability associated with the School District		116,570.00
Total	\$	24,926,915.00

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

At June 30, 2018, the School District's TRS proportion was 0.133661%, which was a decrease of 0.007302% from its proportion measured as of June 30, 2017. At June 30, 2018, the School District's ERS proportion was 0.002196%, which was a decrease of 0.000327% from its proportion measured as of June 30, 2017.

At June 30, 2019, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$293,873.00.

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

For the year ended June 30, 2019, the School District recognized pension expense of \$1,858,197.00 for TRS, \$5,061.00 for ERS and \$68,042.00 for PSERS and revenue of (\$9,221.00) for TRS and \$68,042.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,642,480.00	\$ 51,135.00	\$ 2,808.00	\$ -
Changes of assumptions	374,379.00	-	4,253.00	-
Net difference between projected and actual earnings on pension plan investments	-	678,363.00		2,080.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,386.00	1,833,898.00		8,688.00
School District contributions subsequent to the measurement date	<u>3,323,640.00</u>	<u>-</u>	<u>13,596.00</u>	<u>-</u>
Total	<u>\$ 5,342,885.00</u>	<u>\$ 2,563,396.00</u>	<u>\$ 20,657.00</u>	<u>\$ 10,768.00</u>

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

Year Ended June 30:	TRS	ERS
2020	\$ 584,845.00	\$ 1,130.00
2021	\$ 144,535.00	\$ (449.00)
2022	\$ (1,001,709.00)	\$ (3,458.00)
2023	\$ (269,951.00)	\$ (930.00)
2024	\$ (1,871.00)	\$ -

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

***Teachers Retirement System:***

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

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

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

***Employees' Retirement System:***

Inflation	2.75%
Salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP- 2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

***Public School Employees Retirement System:***

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

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

EXHIBIT "I"

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

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

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

Asset class	TRS Target allocation	ERS/PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.50)%
Domestic large stocks	39.80%	37.20%	9.00%
Domestic mid stocks	3.70%	3.40%	12.00%
Domestic small stocks	1.50%	1.40%	13.50%
International developed market stocks	19.40%	17.80%	8.00%
International emerging market stocks	5.60%	5.20%	12.00%
Alternative	-	5.00%	10.50%
Total	100.00%	100.00%	

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

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

***Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate:*** The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50% and 7.30%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50% and 6.30%) or 1-percentage-point higher (8.50% and 8.30%) than the current rate:

<b>Teachers Retirement System:</b>	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 41,415,569.00	\$ 24,810,345.00	\$ 11,126,794.00
<b>Employees' Retirement System:</b>	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
School District's proportionate share of the net pension liability	\$ 128,408.00	\$ 90,278.00	\$ 57,791.00

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

**NOTE 11: EXTRAORDINARY ITEM**

During fiscal year 2019, the School District received a bequest by a private citizen. The School District received \$494,971.96 to be used on scholarships, technology, literacy programs and capital outlay projects. This amount is shown on the Statement of Activities and the Statement of Revenues, Expenses and Changes in Fund Balances as an extraordinary item.

**NOTE 12: SUBSEQUENT EVENTS**

- In the subsequent fiscal year, the School District issued \$24,680,000.00 of general obligation bonds of the \$27,400,000.00 that were authorized in prior years. The proceeds from these bonds will be used for acquiring, constructing and equipping capital outlay projects.
- In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The extent of this impact is uncertain but is expected to have negative results on financial operations, however the impact cannot be reasonably estimated at this time.

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

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.133661%	\$ 24,810,345.00	\$ 116,570.00	\$ 24,926,915.00	\$ 15,994,439.37	155.12%	80.27%
2018	0.140963%	\$ 26,198,408.00	\$ 213,917.00	\$ 26,412,325.00	\$ 16,314,149.47	160.59%	79.33%
2017	0.142743%	\$ 29,449,472.00	\$ 244,066.00	\$ 29,693,538.00	\$ 15,786,646.73	186.55%	76.06%
2016	0.147075%	\$ 22,390,708.00	\$ 189,996.00	\$ 22,580,704.00	\$ 15,656,895.31	143.01%	81.44%
2015	0.154807%	\$ 19,557,823.00	\$ 160,953.00	\$ 19,718,776.00	\$ 15,932,172.02	122.76%	84.03%



BEN HILL COUNTY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PORPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "2"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2019	0.002196%	\$ 90,278.00	\$ 56,023.77	161.14%	76.68%
2018	0.002523%	\$ 102,467.00	\$ 61,878.66	165.59%	76.33%
2017	0.002585%	\$ 122,281.00	\$ 60,097.22	203.47%	72.34%
2016	0.002558%	\$ 103,635.00	\$ 58,488.36	177.19%	76.20%
2015	0.002591%	\$ 97,179.00	\$ 58,346.42	166.56%	77.99%

BEN HILL COUNTY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PORPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "3"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.00%	\$ -	\$ 293,873.00	\$ 293,873.00	\$ 813,644.00	N/A	85.26%
2018	0.00%	\$ -	\$ 273,648.00	\$ 273,648.00	\$ 730,766.58	N/A	85.69%
2017	0.00%	\$ -	\$ 383,890.00	\$ 383,890.00	\$ 725,869.10	N/A	81.00%
2016	0.00%	\$ -	\$ 242,736.00	\$ 242,736.00	\$ 783,445.60	N/A	87.00%
2015	0.00%	\$ -	\$ 224,650.00	\$ 224,650.00	\$ 846,638.60	N/A	88.29%

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

SCHEDULE "4"

Year Ended	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.188132%	\$ 23,911,000.00	\$ -	\$ 23,911,000.00	\$ 14,202,987.29	168.35%	2.93%
2018	0.188905%	\$ 26,541,077.00	\$ -	\$ 26,541,077.00	\$ 14,340,666.23	185.08%	1.61%

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

SCHEDULE "5"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2019	\$ 3,323,640.00	\$ 3,323,640.00	\$ -	\$ 15,963,784.68	20.82%
2018	\$ 2,676,096.72	\$ 2,676,096.72	\$ -	\$ 15,994,439.37	16.73%
2017	\$ 2,309,164.92	\$ 2,309,164.92	\$ -	\$ 16,314,149.47	14.15%
2016	\$ 2,234,505.20	\$ 2,234,505.20	\$ -	\$ 15,786,646.73	14.15%
2015	\$ 2,041,552.01	\$ 2,041,552.01	\$ -	\$ 15,656,895.31	13.04%

BEN HILL COUNTY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA  
 FOR THE YEAR ENDED JUNE 30

SCHEDULE "6"

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2019	\$ 13,596.00	\$ 13,596.00	\$ -	\$ 54,867.38	24.78%
2018	\$ 13,899.49	\$ 13,899.49	\$ -	\$ 56,023.77	24.81%
2017	\$ 15,352.05	\$ 15,352.05	\$ -	\$ 61,878.66	24.81%
2016	\$ 14,856.00	\$ 14,856.00	\$ -	\$ 60,097.22	24.72%
2015	\$ 12,844.08	\$ 12,844.08	\$ -	\$ 58,488.36	21.96%

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

SCHEDULE "7"

<u>Year Ended</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>School District's covered-employee payroll</u>	<u>Contribution as a percentage of covered- employee payroll</u>
2019	\$ 1,012,725.00	\$ 1,012,725.00	\$ -	\$ 14,511,158.88	6.98%
2018	\$ 975,069.00	\$ 975,069.00	\$ -	\$ 14,202,987.29	6.87%

**Teachers Retirement System**

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

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

**Employees' Retirement System**

- \* A new benefit tier was added for members joining the System on and after July 1, 2009.
- \* A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016.
- \* A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.

**Changes of assumptions:** On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

**Public School Employees Retirement System**

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

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

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

**School OPEB Fund**

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

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

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

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

SCHEDULE "9"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property Taxes	\$ 6,295,000.00	\$ 6,295,000.00	\$ 6,440,388.63	\$ 145,388.63
Sales Taxes	60,000.00	60,000.00	52,951.72	(7,048.28)
State Funds	21,826,805.00	21,826,805.00	22,315,276.77	488,471.77
Federal Funds	5,616,230.88	5,626,230.88	6,534,620.44	908,389.56
Charges for Services	164,622.40	164,622.40	298,681.31	134,058.91
Investment Earnings	12,516.00	12,516.00	22,509.24	9,993.24
Miscellaneous	698,844.72	698,844.72	350,498.34	(348,346.38)
<b>Total Revenues</b>	<b>34,674,019.00</b>	<b>34,684,019.00</b>	<b>36,014,926.45</b>	<b>1,330,907.45</b>
<b>EXPENDITURES</b>				
Current				
Instruction	21,968,439.67	21,421,169.42	22,118,248.47	(697,079.05)
Support Services				
Pupil Services	833,374.06	999,326.06	999,680.86	(354.80)
Improvement of Instructional Services	1,326,984.09	2,236,396.09	1,404,912.04	831,484.05
Educational Media Services	452,110.85	478,984.85	430,532.75	48,452.10
General Administration	687,399.83	691,580.83	728,107.57	(36,526.74)
School Administration	2,189,339.45	2,129,324.45	2,199,148.13	(69,823.68)
Business Administration	483,260.81	483,260.81	499,807.21	(16,546.40)
Maintenance and Operation of Plant	2,337,674.11	2,328,289.11	2,431,346.10	(103,056.99)
Student Transportation Services	1,502,042.86	1,444,955.86	1,629,997.82	(185,041.96)
Central Support Services	-	1,100.00	-	1,100.00
Other Support Services	146,840.00	85,500.00	18,200.00	67,300.00
Enterprise Operations	197,401.00	197,401.00	290,127.54	(92,726.54)
Food Services Operation	1,851,636.00	1,851,636.00	1,979,389.46	(127,753.46)
<b>Total Expenditures</b>	<b>33,976,502.73</b>	<b>34,348,924.48</b>	<b>34,729,497.95</b>	<b>(380,573.47)</b>
Excess of Revenues over (under) Expenditures	697,516.27	335,094.52	1,285,428.50	950,333.98
<b>OTHER FINANCING SOURCES (USES)</b>				
Extraordinary Item - Donation	-	-	494,971.96	494,971.96
Operating Transfers From Other Funds	95,000.00	526,671.00	-	(526,671.00)
Operating Transfers To Other Funds	(95,000.00)	(526,671.00)	-	526,671.00
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>494,971.96</b>	<b>494,971.96</b>
<b>Net Change in Fund Balances</b>	<b>697,516.27</b>	<b>335,094.52</b>	<b>1,780,400.46</b>	<b>1,445,305.94</b>
Fund Balances - Beginning	3,452,167.96	3,452,167.96	3,713,691.35	261,523.39
Adjustments	(3,619.16)	(57,662.52)	-	57,662.52
<b>Fund Balances - Ending</b>	<b>\$ 4,146,065.07</b>	<b>\$ 3,729,599.96</b>	<b>\$ 5,494,091.81</b>	<b>\$ 1,764,491.85</b>

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



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

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	19195GA324N1099	\$ 411,203.74
National School Lunch Program	10.555	19195GA324N1100	1,485,261.23
Total U. S. Department of Agriculture			<u>1,896,464.97</u>
Education, U. S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	11,872.50
Grants to States	84.027	H027A180073	644,335.11
Preschool Grants	84.173	H173A170081	24,983.90
Preschool Grants	84.173	H173A180081	29,438.69
Total Special Education Cluster			<u>710,630.20</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A180010	42,795.00
English Language Acquisition Grants	84.365	S365A170010	205.00
English Language Acquisition Grants	84.365	S365A180010	10,808.18
Migrant Education - State Grant Program	84.011	S011A170011	5,830.61
Migrant Education - State Grant Program	84.011	S011A180011	48,432.69
Rural Education	84.358	S365B170010	4,896.36
Rural Education	84.358	S365B180010	55,281.96
Striving Readers	84.371	S371C170002	874,640.29
Student Support and Academic Enrichment Program	84.424A	S424A180011	3,465.25
Supporting Effective Instruction State Grants	84.367	S367A180001	19,497.77
Title I Grants to Local Educational Agencies	84.010	S010A170010	29,269.17
Title I Grants to Local Educational Agencies	84.010	S010A180010	1,979,314.50
Total Other Programs			<u>3,074,436.78</u>
Total U. S. Department of Education			<u>3,785,066.98</u>
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12.UNKNOWN		30,085.27
Health and Human Services, U. S. Department of			
Pass-Through From Children and Youth Coordinating Council			
Abstinence Education	93.235	NIG95295	103,379.04
Total Expenditures of Federal Awards			<u>\$ 5,814,996.26</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

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

SCHEDULE "11"

<u>AGENCY/FUNDING</u>	<u>GOVERNMENTAL FUND TYPE GENERAL FUND</u>
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning Pre-Kindergarten Program	\$ 722,085.92
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	1,033,272.00
Kindergarten Program - Early Intervention Program	23,721.00
Primary Grades (1-3) Program	2,619,949.00
Primary Grades - Early Intervention (1-3) Program	172,971.00
Upper Elementary Grades (4-5) Program	1,430,095.00
Upper Elementary Grades - Early Intervention (4-5) Program	332,950.00
Middle School (6-8) Program	2,232,011.00
High School General Education (9-12) Program	1,561,139.00
Vocational Laboratory (9-12) Program	777,324.00
Students with Disabilities	2,533,789.00
Gifted Student - Category VI	425,751.00
Remedial Education Program	400,739.00
Alternative Education Program	153,269.00
English Speakers of Other Languages (ESOL)	125,219.00
Media Center Program	382,857.00
20 Days Additional Instruction	118,649.00
Staff Development Programs	59,368.00
Principal Staff and Professional Development	1,114.00
Indirect Cost	
Central Administration	536,719.00
School Administration	745,872.00
Facility Maintenance and Operations	802,733.00
Mid-term Hold Harmless	293,049.00
Categorical Grants	
Pupil Transportation	
Regular	375,421.00
Nursing Services	65,676.00
Charter System Adjustment	288,564.00
Education Equalization Funding Grant	3,610,591.00
Other State Programs	
Bus Purchases - State Allotment	154,440.00
Food Services	53,106.00
Math and Science Supplements	15,384.92
Preschool Disability Services	85,726.31
State Health Benefit Plan Employer Holiday	(168,210.00)
Teachers Retirement	12,373.62
Vocational Education	117,790.00
Vocational Supervisors	14,299.00
Governor's Office of Student Achievement (GOSA)	
Connection for Classrooms	150,300.00
Office of the State Treasurer	
Public School Employees Retirement	55,169.00
	\$ 22,315,276.77

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

SCHEDULE "12"

PROJECT 2016	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
(i) Replacement of schools and/or construction of new schools, including and necessary demolition;	\$ 3,500,000.00	\$ 3,500,000.00	\$ 23,200.00	\$ 20,926.44	-	-	2022
(ii) Adding to, renovating, repairing, improving, furnishing, and/or equipping existing school buildings, including the central office, transportation and maintenance facilities, including necessary demolition;	500,000.00	500,000.00	105,966.98	227,185.26	-	-	2021
(iii) Adding to, constructing, renovating, furnishing, and/or equipping athletic facilities;	500,000.00	500,000.00	218,780.00	-	-	-	2021
(iv) Acquiring equipment, instruments and/or materials for the fine arts, vocational, physical education and athletic departments;	200,000.00	200,000.00	-	-	-	-	2021
(v) Renovations, additions, and/or improvements to parking, traffic access facilities and transportation department, including paving and any necessary site work;	1,000,000.00	1,000,000.00	-	-	-	-	2021
(vi) Acquiring instructional and/or administrative technology equipment and materials;	1,000,000.00	1,000,000.00	68,176.55	334,815.46	-	-	2021
(vii) Acquiring safety, security, and/or fire protection equipment;	100,000.00	100,000.00	20,435.00	-	-	-	2021
(viii) Acquiring buses, vehicles, and/or transportation equipment;	750,000.00	750,000.00	88,700.00	219,757.00	-	-	2021
(ix) Acquiring property;	500,000.00	500,000.00	-	-	-	-	2020
(x) Paying a portion of the principal and interest on the current general obligation debt and general obligation debt to be issued (collectively, the "Projects").	7,950,000.00	7,950,000.00	-	843,615.39	-	-	2037
	<u>\$ 16,000,000.00</u>	<u>\$ 16,000,000.00</u>	<u>\$ 525,258.53</u>	<u>\$ 1,646,299.55</u>	<u>-</u>	<u>-</u>	

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

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ben Hill County Board of Education (School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated August 10, 2020.

#### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

August 10, 2020



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

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

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

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

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

#### ***Management's Responsibility***

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

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

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

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



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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item FA 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

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

### ***Report on Internal Control over Compliance***

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as item FA 2019-001, that we consider to be a significant deficiency.

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

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

Respectfully submitted,

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

Greg S. Griffin  
State Auditor

August 10, 2020

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV  
FINDINGS AND QUESTIONED COSTS

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

**I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:  
 Governmental Activities; General Fund; Capital Projects Fund;  
 Aggregate Remaining Fund Information Unmodified

Internal control over financial reporting:  
 ■ Material weakness identified? No  
 ■ Significant deficiency identified? None Reported

Noncompliance material to financial statements noted: No

**Federal Awards**

Internal Control over major programs:  
 ■ Material weakness identified? No  
 ■ Significant deficiency identified? Yes

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

Any audit findings disclosed that are required to be reported in  
 accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.371	Striving Readers

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

Auditee qualified as low-risk auditee? No

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

**II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

FA 2019-001	<u>Improve Controls over Suspension and Debarment Procedures</u>
Compliance Requirement:	Procurement and Suspension and Debarment
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	84.371 Striving Readers
Federal Award Number:	S371C170002
Questioned Costs:	None Identified

**Description:**

The policies and procedures of the School District did not provide adequate internal controls over the suspension and debarment process as it relates to the Striving Readers program.

**Criteria:**

Provisions included in 2 CFR 180.300 provide the suspension and debarment compliance requirements for entering into a covered transaction. The School District is required to verify that the vendor is not excluded or disqualified by “(a) Checking System for Awards Management (SAM) exclusions; or (b) Collecting a certification from that entity; or (c) Adding a clause or condition to the covered transaction with that entity.”

**Condition:**

A random sample of six procurements was selected for testing using a non-statistical sampling approach. In addition, nine individually significant procurement transactions were selected for testing. These items were reviewed to ensure that the School District followed its procedures for verifying that each vendor is not debarred, suspended, or otherwise excluded before entering into a covered transaction. Upon review of these procurement transactions, it was noted that the School District did not complete appropriate procedures to verify that three of six vendors tested were not excluded or disqualified at any point during the procurement process.

**Cause:**

In discussing the deficiency with management, they stated that the School District did not follow procedures in place to verify the suspension and debarment status of vendors before purchases occurred.

**Effect or Potential Effect:**

Failure to appropriately implement procedures to address suspension and debarment compliance requirements could result in the expenditure of the Federal funds with unqualified vendors and the return of grant funds associated with these unallowable expenditures. Additionally, the School District is not in compliance with the Uniform Guidance and Georgia Department of Education guidance.

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

**III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Recommendation:**

Management should evaluate and improve the School District's policies and procedures for verifying that vendors are not suspended, debarred or otherwise excluded prior to entering into covered transactions. In addition, management should develop and implement a monitoring process to ensure that these procedure are operating appropriately.

**Views of Responsible Officials:**

We concur with this finding.



SECTION V

MANAGEMENT'S CORRECTIVE ACTION



SHAWN HARALSON  
SUPERINTENDENT

## Ben Hill County School District

509 WEST PALM STREET  
FITZGERALD, GEORGIA 31750

Telephone (229) 409-5500  
Fax (229) 409-5513

BEN HILL COUNTY BOARD OF EDUCATION  
AUDITEE'S RESPONSE  
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION  
YEAR ENDED JUNE 30, 2019

### CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

**FA 2019-001**

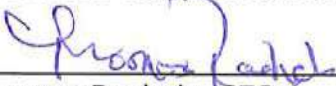
#### **Internal Controls over Suspension and Debarment Procedures**

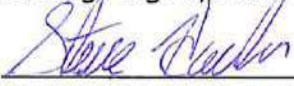
**For the Striving Readers federal program, a random sample of six of the procurements was selected for testing using a non-statistical sampling approach. In addition, nine individually significant procurement transactions were selected for testing. These items were reviewed to ensure that the School District followed its procedures for verifying that each vendor is not debarred, suspended, or otherwise excluded before entering into a covered transaction. Upon review of the procurement transactions, it was noted that the School District did not complete appropriate procedures to verify that three of six vendors tested were not excluded or disqualified at any point during the procurement process.**

#### **Corrective Action Plans:**

Management agrees with finding FA 2019-001. In order to ensure that suspension and debarment controls are fully compliant with uniform guidance the School District is requiring that a status report from the federal SAM's website (<https://sam.gov/SAM/pages/public/index.jsf>) be attached to every purchase requisition submitted for purchases using federal funds. This requirement/process is being entered into the federal programs handbook procurement section as a required procedure. Any purchase requisitions lacking a sufficient status report attachment will be denied by the Federal Programs Coordinator and/or the CFO.

Estimated Completion Date: As of 2019 audit closing meeting Aug. 5, 2020 for FY21 Reporting

  
\_\_\_\_\_  
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Telephone: 229-409-5500 ext. 5522

  
\_\_\_\_\_  
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