



**Marietta  
city schools**

**BOARD OF EDUCATION  
OF THE  
CITY OF MARIETTA, GEORGIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**BOARD OF EDUCATION  
OF THE  
CITY OF MARIETTA, GEORGIA**

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

**Prepared by:  
MCS Financial Services  
Erin Franklin, CPA – Chief Financial Officer  
Cynthia Leatherwood, CPA – Director of Accounting**

**INTRODUCTORY SECTION**  
(unaudited)

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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December 17, 2019

To the Honorable Members of the City of Marietta Board of Education  
and the Citizens of Marietta, Georgia:

The Comprehensive Annual Financial Report (CAFR) of the City of Marietta Board of Education, Marietta, Georgia (the School District) for the fiscal year ended June 30, 2019, is submitted herewith. This report was prepared by the Financial Services Department and is intended to fulfill the requirements for audit prescribed by Georgia Statutes for local boards of education. Also, included in this CAFR is the Single Audit report which is issued to fulfill Single Audit Requirements of completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Financial Services Department prepared this report in conformance with the standards of the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Government Finance Officers Association. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the School District. We believe the report, as presented, is accurate in all material aspects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain maximum understanding of the School District's financial affairs have been included.

Mauldin & Jenkins, LLC, has issued an unmodified ("clean") opinion on the School District's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) document immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in four sections: 1) Introductory, 2) Financial, 3) Statistical, and 4) Single Audit. The Introductory section includes this transmittal letter, a list of principal officials, and an organizational chart. The Financial section includes the basic financial statements as well as the unmodified opinion of independent public accountants on the basic financial statements. The Statistical section contains selected financial and demographic information, generally presented over a

multi-year basis. The Single Audit section contains federal compliance information including schedules and auditor reports required for the District to comply with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### Profile of the School District

The School District's boundaries are coterminous with those of the City of Marietta, Georgia (the City). Incorporated in 1834, the City of Marietta is the county seat for Cobb County, Georgia. On June 11, 2006, the National Civic League crowned the City of Marietta one of the 10 best communities in the nation as a 2006 All-America City, the oldest and most respected community recognition award in the country. *Marietta Reads!*, the School District and City-wide effort to foster reading and literacy in the community, successfully helped the City illustrate how the program has increased student test scores and book circulation.

Marietta is the only city in Cobb County which operates its schools separately from the Cobb County School District. The Georgia General Assembly provided for the creation of the independent school system on December 29, 1890 and the School District was approved by the voters of the City of Marietta in 1892. The school bell rang for the first time on September 5, 1892, as 733 students attended class in four different locations.

The School District is an independent public Prekindergarten (Prek) through 12<sup>th</sup> grade school system and is not considered a component unit of any other government. The School District provides all basic services required by Georgia State law and Georgia Department of Education policies. These services include: regular and special educational programs at the elementary, middle and secondary levels and additional services in preschool special education.

In June, 2008, the School District became one of Georgia's first Charter School Systems, which means the School District has a charter, or contract, with the State of Georgia to increase student achievement. Simply put, charter systems have increased flexibility to operate beyond state mandates and make adjustments in staffing, teaching methods, and management in exchange for higher accountability. While adhering to state curriculum, Charter Systems are permitted to utilize leading-edge educational programs and are given resources to implement these ideas.

Due to its high performance and innovative practices, the School District was selected as the Georgia Charter System Foundation's 2016 Charter System Innovator of the Year. The School District was acknowledged for the innovative Marietta Student Life Center, a program at Marietta High School that mobilizes staff members and partners within the community to equip students to graduate prepared and optimistic for their life journey. In 2019, the District opened the Emily Lembeck Early Learning Center, a

pre-kindergarten program to serve as a launching pad for kindergarten readiness. The School District's charter was reapproved for an additional five years in 2018.

In 2008, the School District became the first International Baccalaureate (IB) World School District in Georgia, offering the IB continuum in grades K-12, one of only a few districts nationwide to do so. As an IB World School District, MCS offers the optional IB Primary Years Programme for grades K-5, IB Middle Years Programme for all students in grades 6-10, and the IB Diploma Programme as an option for high school students in grades 11-12. Additionally, Marietta High School offers multiple industry-certified IB Career-related Certificates, a framework of international education that incorporates the vision and educational principles of IB into career-related learning.

Other notable program services in the School District include Science, Technology, Engineering, Math (STEM) education, Choice Academies at the elementary level, an expanded governance model through local school councils, emerging career pathways at the high school level, looping cohorts, teacher leadership academies, financial incentives for expanded roles in critical need areas, web based learning and assessments, 1:1 technology initiatives, community school programs and numerous others, which far exceed legal requirements.

The School District is governed by a Board of Education consisting of seven members elected by the registered voters of the City from seven wards within the City boundaries in nonpartisan elections. The Board Members serve four year terms. Each year a Board Chairman and Board Vice-Chairman are elected from the membership.

Day to day administration of the School District is the responsibility of the Superintendent, who is appointed by the Board of Education for a contract term determined by the Board. The Superintendent acts as the Secretary and Treasurer of the Board of Education, ex-officio member.

The School District serves students at small neighborhood schools while providing the dynamics of an urban school district. As of June 30, 2019, there were 800 certificated and 400 classified personnel servicing an active enrollment of approximately 8,800 Prek through 12<sup>th</sup> grade students in the School District's one high school, one middle school, one sixth grade academy, one blended learning program, eight elementary schools and one pre-kindergarten school – one of which was the first certified Science, Technology, Engineering and Math (STEM) Magnet school in Georgia. STEM programs are also available in grades 6-12. The District is ranked nationally among the Top Ten US School Districts in Digital Technology.

All of the School District's facilities have been well maintained and provide space to support the varied educational programs. A schedule of building information is provided in the statistical section of this report.



The School District has one of the highest levels of staff training and experience of any Prek-12 school system in Georgia. Approximately 70% of the teaching staff has obtained an education level of master's degree or higher. The School District fosters a continuing interest in professional and personal growth by providing staff development training at all levels. The high percentage of employees with advanced degrees and the high retention rate for teachers translates into a highly trained and qualified staff at every school.

The School District is accredited by AdvanED, currently known as Cognia. The School District earned initial district accreditation as a quality school system which is the highest level of accreditation that a school system can receive from this organization.

### Local Economy

The City of Marietta is located in Cobb County, about 20 miles northwest of Atlanta, Georgia, one of the fastest growing economies in the United States. At 23 square miles, with a population exceeding 61,000, Marietta is the county's seat and largest city. Cobb County has become one of the most economically robust counties in Georgia. The region has significantly lower unemployment rates than most places in the United States and has led the nation in job creation several times over the last twenty years.

The business outlook for Marietta is favorable and there are several redevelopment projects underway in Marietta to foster small business growth and revitalize areas to create a stronger tax base. With a combined millage rate of 30.48 mills per thousand dollars of value (combined City, County and School), Marietta offers one of the lowest tax rates in the Metro Atlanta area.

The School District's gross property tax digest increased 28% from fiscal year 2013 to fiscal year 2019, which reflects the economic recovery taking place nationwide and the increasing real estate values within the City of Marietta. The tax digest currently provides 50% of the total general fund revenue. The digest is expected to increase gradually with new housing construction taking place and an increased commercial presence resulting from the City's redevelopment focus. The Atlanta Braves baseball franchise moved from Atlanta to a new stadium in Cobb County in 2017 and is expected to be a continuing boost to the local economy.

The national economic downturn presented challenges to the State funding for public education in Georgia. Most of the funding reductions occurred due to austerity or budget cuts imposed by the State. These reductions to the amounts earned by school systems based on the funding formula within State Law have extended to all systems in Georgia in order to help the State balance its budget. In the last six fiscal years, the School District has experienced over \$22 million in austerity reductions due to reduced State funding. However, in fiscal year 2018, the District's austerity was eliminated and we expect that trend to continue as the State's revenues continue to improve.

### Relevant Financial Policies

The District's vision is for all students to learn to their fullest potential. In partnership with our families and the community, our mission is to prepare each student to maximize career, college, and life opportunities. The financial policies are designed to ensure there are adequate funds to support this vision and mission, by monitoring budgetary controls, consistently improving financial reporting, and implementing internal control systems in compliance with applicable federal and state laws and regulations.

The School Board established a fund balance policy to protect the financial condition of the School District and to meet the requirements of the Governmental Accounting Standards Board Statement 54. The policy defines the five categories of fund balance reported as nonspendable, restricted, committed, assigned and unassigned. The School Board determines the committed fund balance through board action, and delegates the assigned fund balance to the Superintendent or designee.

### Long Term Financial Planning

Through conservative budgeting and closely monitoring expenditures, the School District maintained a healthy fund balance throughout the economic decline. Unassigned fund balance in the general fund exceeds policy and state requirements for budgetary and planning purposes.

In March 2017, the citizens of Marietta and Cobb County voted to renew a one-percent local option sales tax for education for a period of five years beginning January 1, 2019 and ending December 31, 2023. This sales tax for educational capital expenditures, in place since 1999, has allowed the School District to construct new schools, renovate and improve existing schools, improve technology and security systems and purchase buses.

The School District plans capital expenditures as needs arise due to student growth and building maintenance. Enrollment forecasts, demographic studies and the age of facilities are all considered within the capital plan.

### Strategic Initiatives

In 2017, the School District's administration undertook a comprehensive organizational assessment in order to identify strengths and opportunities for growth. This collaborative process led to the development of the School District's strategic plan. Strategic planning is now considered to be a continuous improvement process and an updated strategic plan will be created in 2020. The School District's stakeholders can expect it to leverage existing processes and resources, both fiscal and otherwise, to maximize student learning and maintain the highest levels of transparency and feedback through impact checks, community collaboration, and shared governance.

As in the prior two fiscal years, the School District will continue to invest in competitive teacher salaries based on effectiveness and increased compensation for additional instructional roles, with the ultimate goal of increased student achievement and graduation rate. Teacher salary schedules were modified for fiscal year 2019 to ensure Marietta City Schools offered one of the highest teacher compensation packages in the metro Atlanta area in an effort to hire and retain top performing teachers.

The Board of Education of the City of Marietta, Georgia has continued these strategic objectives, including highly compensated teachers, as seen in the adoption of its 2020 budget on June 18, 2019. The General Fund budget for 2020 anticipated revenues of \$105,120,044 and expenditures of \$108,255,809. Unassigned fund balance in the amount of \$3,135,765 will be used to make up the difference, if necessary. This budget reflects an increase from the 2019 amended budget of 4%.

#### Closing

In closing, we wish to thank the members of the City of Marietta Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of the School District's finances. To the citizens of Marietta, please accept our gratitude for your ongoing support of our successful School District.


#### Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Department. Each member of the Financial Services Department has our sincere appreciation for their committed service and skill in maintaining the School District's finances.

Respectfully submitted,



Grant Rivera, Ed.D.  
Superintendent



Erin Franklin, CPA  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Board of Education of the City  
of Marietta, Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**BOARD OF EDUCATION OF THE CITY OF MARIETTA**  
**PRINCIPAL OFFICIALS**  
**JUNE 30, 2019**

All matters relating to education and operations of the Marietta City School District are governed and controlled by the Board of Education as proven by Georgia law. The Board has the responsibility to maintain a uniform system of public schools providing quality education for all young people of the City of Marietta. With the advice of the superintendent, the Board must determine the policies and prescribe the rules and regulations for the management and administration of the school system.

Generally, the Board holds public meetings twice a month to conduct normal business with special sessions as needed. The Board is composed of seven members who are each elected for four years from one of seven geographical districts within the city. The Board elects a chairman and vice-chairman from the seven members to govern the body for a one year period.

Each board member's term ends December 31, 2021.



Mr. Alan Levine  
Ward One  
Board Member



Mr. Jason Waters  
Ward Two  
Board Chair



Mr. Randy Weiner  
Ward Three  
Board Member



Ms. Allison Gruehn  
Ward Four  
Board Vice-Chair



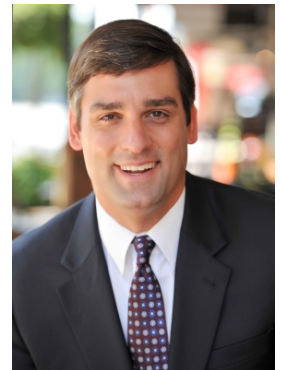
Ms. Angela Orange  
Ward Five  
Board Member



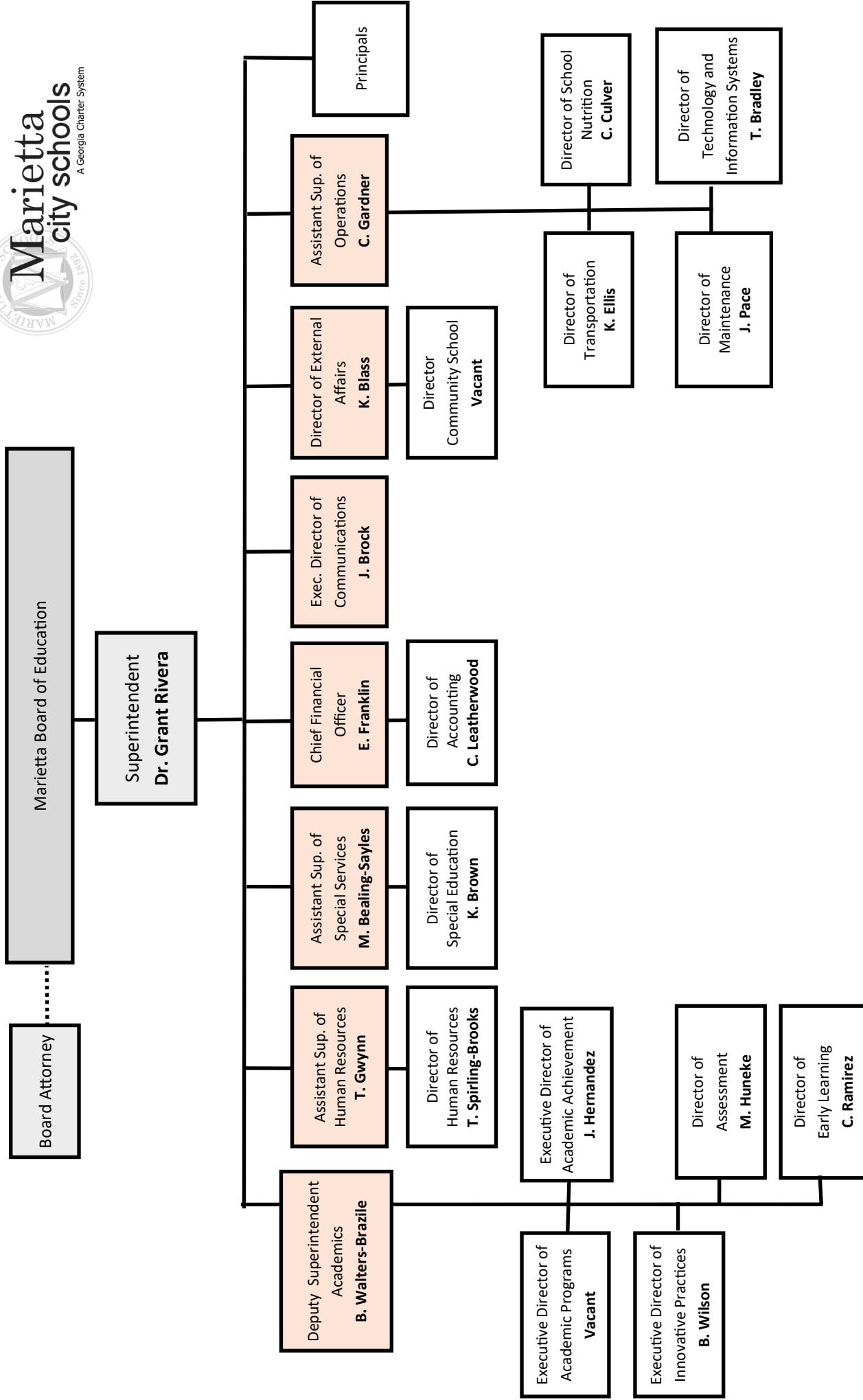
Ms. Kerry Minervini  
Ward Six  
Board Member



Ms. Irene Berens  
Ward Seven  
Board Member



Dr. Grant Rivera  
Superintendent



 Cabinet Level

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**To the Superintendent and Members of  
the Board of Education of the City of Marietta  
Marietta, Georgia**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Marietta City Schools**, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Marietta City Schools' 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.



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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 Marietta City Schools, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Grant Fund for the fiscal 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, the Schedule of Proportionate Share of the Net Pension Liability – TRS, the Schedule of Contributions – TRS, the Schedule of Proportionate Share of the Net Pension Liability – PSERS, the Schedule of Proportionate Share of the Net OPEB Liability – School OPEB Fund, and the Schedule of Contributions – School OPEB Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marietta City Schools' basic financial statements. The statement of changes in assets and liabilities – agency Fund, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019 on our consideration of the Marietta City Schools' 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 Marietta City Schools' 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 Marietta City Schools' internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 17, 2019

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Introduction**

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

**Financial Highlights**

Key financial highlights for fiscal year 2019 are as follows:

- The District's 2019 deficit net position decreased by \$12,263,680, or 66.5%, compared to fiscal year 2018 due to an increase in the assessed property values of 7.5%.
- GASB Statement No. 68 requires school districts to report the District's proportionate share of the collective net pension liability for each plan in which a district participates. The District's Net Pension Liability increased from \$95,939,404 in 2018 to \$96,045,534 in 2019.
- Total liabilities decreased from \$196,167,839 in 2018 to \$190,613,883 in 2019, a decrease of \$5,553,956, due to a decrease in the District's proportionate share of the net OPEB liability. Other liabilities increased by \$3,932,440 or 47% due to an increase in accounts payable at year-end.
- Total revenue increased from \$126,092,521 in 2018 to \$134,412,517 in 2019, a 6.6% increase of \$8,319,996 resulting primarily from a 7.5% increase in tax revenue and a \$3,000,000 capital grant. Overall revenue for 2019 was \$12,263,680 more than expenses.
- Total expenses increased from \$120,430,890 in 2018 to \$122,148,837 in 2019, an increase of 1.4% totaling \$1,717,947.
- Instructional program expenses decreased \$3,525,625 from \$78,099,438 in 2018 to \$74,573,813 in 2019. Pupil, Instructional, and Educational Media Services expenses increased 16.5% from \$11,954,070 in 2018 to \$13,923,943 in 2019. School and Administrative Services expenses, including Federal Grant Administration, increased from \$8,961,247 in 2018 to \$10,373,853 in 2019. Maintenance and Operations expenses increased from \$7,704,228 to \$8,845,654 due to increases in contracted services and repairs. Transportation expenses increased from \$4,906,624 in 2018 to \$5,271,551 in 2019. Other expenses increased from \$8,805,283 in 2018 to \$9,160,023 in 2019.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements are comprised of three components: district-wide financial statements, fund financial statements, and notes to the financial statements.

**District-wide Financial Statements**

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, similar to a private-sector business.

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 reported as net position. Over a period of time, increases or decreases in net position may serve as an indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the School District'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 the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows during future fiscal periods, for example, uncollected taxes. The District-wide financial statements are presented on pages 14 and 15.

**Fund Financial Statements**

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

*Governmental Funds*

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine if there are more or less financial resources to be spent in the near future to finance educational goals and programs. The basic governmental fund financial statements, including the General Fund and Grant Fund's budgetary statements are presented on pages 16 through 21.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

*Fiduciary Funds*

The School District is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. The other fund type, fiduciary funds, used to account for the School District's school activity accounts is presented on page 22.

*Notes to the Basic Financial Statements*

The accompanying notes to the basic financial statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 23.

*Required Supplementary Information*

Information regarding the District's net pension liability, contributions and additional required supplementary information is located on pages 56-61.

*Other Supplementary Information*

This final section of the financial report includes the schedule of expenditures of special purpose local option sales tax proceeds and the statement of changes in assets and liabilities – agency fund beginning on page 62.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The Statement of Net Position for 2019 has been summarized and compared with net position for 2018. (See Condensed Statement of Net Position - Table I). The School District's 2019 ending deficit in net position was (\$6,169,264), a 67% increase over the 2018 ending deficit in net position of (\$18,432,944). The implementation of GASB Statement No. 75 in 2018 requires school districts to report a district's proportionate share of the collective net OPEB liability for each plan in which a district participates. The decrease in Long-Term Liabilities in 2019 is a result of the decrease in the proportionate share of the District's net OPEB liability. More information regarding the District's retirement and OPEB plans, net pension liability, and net OPEB liability is located in Notes 12 and 14 in the Notes to the Basic Financial Statements.

**District-Wide Financial Analysis**

**Table I**  
**Condensed Statement of Net Position**

<u><b>Governmental Activities</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
<u><b>Assets</b></u>		
Current and Other Assets	\$ 57,957,904	\$ 58,826,634
Capital Assets	107,095,630	118,461,845
Total Assets	<u>165,053,534</u>	<u>177,288,479</u>
<u><b>Deferred Outflows of Resources</b></u>	<u>24,704,145</u>	<u>27,748,368</u>
<u><b>Liabilities</b></u>		
Other Liabilities	8,340,821	12,490,039
Long-Term Liabilities	<u>187,827,018</u>	<u>178,123,844</u>
Total Liabilities	<u>196,167,839</u>	<u>190,613,883</u>
<u><b>Deferred Inflows of Resources</b></u>	<u>12,022,784</u>	<u>20,592,228</u>
<u><b>Net Position</b></u>		
Net investment in Capital Assets	105,381,471	105,283,586
Restricted	1,744,720	9,070,307
Unrestricted	<u>(125,559,135)</u>	<u>(120,523,157)</u>
Total Net Position	<u>\$ (18,432,944)</u>	<u>\$ (6,169,264)</u>

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Table II**  
**Changes in Net Position**  
**Governmental Activities**

	<u>2018</u>	<u>2019</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 3,083,900	\$ 2,997,376
Operating Grants/Contributions	56,836,662	55,283,285
Capital Grants/Contributions	1,875,974	4,011,654
General Revenues:		
Taxes	62,080,531	66,746,012
Other	2,215,454	5,374,190
Total Revenues	<u>126,092,521</u>	<u>134,412,517</u>
<u>Expenses</u>		
Instruction	78,099,438	74,573,813
Pupil and Instructional Services	11,954,070	13,923,943
School and Administrative Services	8,961,247	10,373,853
Maintenance and Operations	7,704,228	8,845,654
Transportation	4,906,624	5,271,551
Other	8,805,283	9,160,023
Total Expenses	<u>120,430,890</u>	<u>122,148,837</u>
Change in Net Position	5,661,631	12,263,680
Net Position, beginning of year	<u>(24,094,575)</u>	<u>(18,432,944)</u>
Net Position, end of year	<u>\$ (18,432,944)</u>	<u>\$ (6,169,264)</u>

*Revenues*

The School District's total revenue increased 6.6% in 2019 (See Changes in Net Position - Table II). The primary increases were a result of a 7.5% (\$4.6 million) increase in Tax Revenue and a \$2.1 million increase in capital grant revenues.

*Expenses*

The School District's total expenses are primarily related to the instruction of students, providing pupil services, improving instructional services and transporting students. Total expenses increased 1.4% during fiscal year 2019, by \$1,717,947. Direct instructional costs decreased 4.5% and maintenance and operations expenses increased 14.8%. Increases in State QBE funding and State and Federal grant funding allowed for competitive salary increases for employees.



**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
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The Net Cost of Governmental Activities Table presents the total and net cost of six major District activities: instruction, pupil and instructional services, school and administrative services, maintenance and operations, transportation, and other. (See Net Cost of Governmental Activities Table - Table III).

**Table III**  
**Net Cost of Governmental Activities**

	<u><b>Total Cost of Services</b></u>		<u><b>Net Cost of Services</b></u>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>
Instruction	\$ 78,099,438	\$ 74,573,813	\$ 36,618,440	\$ 33,740,233
Pupil & Instructional Services	11,954,070	13,923,943	7,092,529	8,193,370
School & Administrative Services	8,961,247	10,373,853	4,380,705	5,645,804
Maintenance & Operations	7,704,228	8,845,654	4,550,586	5,443,043
Transportation	4,906,624	5,271,551	3,745,762	4,049,658
Other	8,805,283	9,160,023	2,246,332	2,784,414
Total	<u>\$ 120,430,890</u>	<u>\$ 122,148,837</u>	<u>\$ 58,634,354</u>	<u>\$ 59,856,522</u>

Net Cost of Services is the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The Net Cost shows the financial burden on the School District's taxpayers by each activity. The Total Cost of governmental services in 2019 was \$122,148,837. Users of the School District's programs financed \$2,997,376 of the costs. Federal and State grants, subsidized programs, and contributions financed \$59,294,939 of the cost. The School District's taxpayers financed the remainder of the School District's cost, which was \$59,856,522 in 2019.

### **The School District's Funds**

The School District ended fiscal year 2019 with positive fund balances in all of its governmental funds. The combined balance of all governmental funds, \$46,312,186 was a decrease of 6% from the 2018 ending balance of \$49,427,388. This decrease was primarily associated with an increase in capital outlay for the fiscal year 2019. At the end of 2019, the School District's General Fund balance (assigned and unassigned) was equivalent to approximately two months of General Fund expenditures.

### **General Fund**

The General Fund is the operating fund of the School District. Property taxes and other taxes account for the majority of the School District's revenues. Property tax revenues increased approximately 7.5% in fiscal year 2019 when compared to fiscal year 2018 due to increases in the tax digest and appraised property values. The unassigned General Fund Balance was approximately \$15.0 million at June 30, 2019.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
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**Grant Fund**

The Grant Fund is used to account for Federal, State, and locally funded grant awards to the School District for accomplishing specific education tasks. In fiscal year 2019, grant revenues decreased slightly by \$39,200. The fund balance decreased by approximately \$1.3 million, due to the use of unrestricted fund balance available for support of the grant projects.

**District-wide Capital Projects Fund**

The District-wide Capital Projects Fund is used to account for school construction and other improvement projects. Special Purpose Local Option Sales Tax (SPLOST) revenues and State funds account for the majority of the revenues in the Capital Projects Fund. SPLOST revenues increased by \$587,013 in fiscal year 2019. The fund balance decreased by \$2,811,653 due to the ongoing construction projects.

**General Fund Budgetary Highlights**

The fiscal year 2019 budget was developed in compliance with State Law and by balancing the challenges of projected increases in student enrollment, higher student/teacher ratios and reductions in state funding for education while maintaining an adequate fund balance reserve for financial stability.

The fiscal year 2019 General Fund budget, both revenues and expenditures, was amended during the fiscal year to reflect an increase in tax revenue and State grants. Several variances were noted between budgeted and actual revenues. Actual property tax receipts were 1.4% more than projected. Investment earnings exceeded budgeted earnings by 48% due to rising interest rates.

One significant variance between actual and budgeted expenditures occurred in Instruction. Actual expenditures were 3.2% less than budgeted expenditures which can be attributed to retiring educators. Each year's budget is planned using the current workforce and a greater number of retirees results in a younger workforce with lower salary and benefit costs.

**Capital Assets and Debt Administration**

***Capital Assets***

The School District is committed to maintaining and improving its capital assets. Capital assets increased from \$107,095,630 in 2018 to \$118,461,845 in 2019, an increase of \$11,366,215. (See Capital Assets, Net of Accumulated Depreciation - Table IV). The School District had depreciable capital asset additions of \$5,079,423. This was offset by current year depreciation of \$6,174,548. At June 30, 2019, the School District had commitments under construction contracts totaling \$12,461,340 for the construction of two new facilities and renovations and improvements to existing facilities.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
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**Table IV**  
**Capital Assets, Net of Accumulated Depreciation**

	<u>2018</u>	<u>2019</u>
Land	\$ 9,695,861	\$ 9,695,861
Construction in Progress	1,893,294	14,238,341
Buildings & Improvements	87,314,692	84,801,153
Machinery & Equipment	8,191,783	9,726,490
Total	<u>\$ 107,095,630</u>	<u>\$ 118,461,845</u>

More detailed information about capital assets can be found in Note 6 of the Notes to the Basic Financial Statements.

***Long-Term Debt***

The School District made payments to the City of Marietta for debt issued on behalf of the school district. Principal payments of \$710,000 were made during fiscal year 2019. As of June 30, 2019, this debt has been paid in full.

In May 2018, the District entered into an intergovernmental agreement with the Downtown Marietta Development Authority for the issuance of revenue bonds to advance the construction projects to be paid for by SPLOST V. Principal payments will begin in 2022. The principal balance on this debt is \$10,690,000 as of June 30, 2019.

More detailed information about long-term obligations can be found in Note 9 of the Notes to the Basic Financial Statements.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Economic Factors and Next Year's Budgets**

Marietta City School District is one of Georgia's first Charter School Systems, an International Baccalaureate World School District, and consistently ranked in the top 15% of the nation's public school systems. Marietta City Schools continues to maintain a positive financial position. The tax millage rate remained the same for 2019 after reductions in 2014 and 2015, keeping the City of Marietta among the lowest city millage rates in Metro Atlanta. The voter approved extension of the Special Purpose Local Option Sales Tax (SPLOST) allows the School District to improve existing school facilities and technology, fund ongoing capital needs and retire long-term debt payments related to school facilities. Despite the continuing financial challenges of recent years, our schools continue to meet academic challenges. In fiscal year 2019, Marietta City Schools received a \$3.1 million grant to assist construction of the new College and Career Academy, scheduled to open in fiscal year 2020. The Emily Lembeck Early Learning Center opened in fiscal year 2019. This pre-kindergarten academic program for 4 year olds will serve as a launching pad for kindergarten readiness. In 2019, Marietta High School received two AP Honor School awards for Humanities and AP Access and Support. The Marietta Center for Advanced Academics was named a 2019 National Blue Ribbon School and both Hickory Hills and Sawyer Road Elementary Schools were named Title I Reward Schools by the Georgia Department of Education. The Board of Education of the City of Marietta was named a 2019 Georgia School Boards Association Distinguished School Board, recognizing a high level of commitment from school boards and individual members. These honors continue to highlight the strong academic and fiscal leadership provided to the students, parents, and community of the School District.

The Board of Education of the City of Marietta, Georgia adopted its 2020 budget on June 18, 2019. The General Fund budget for 2020 anticipated revenues of \$105,120,044 and expenditures of \$108,255,809. Unassigned fund balance in the amount of \$3,135,765 will be used to make up the difference. The approved millage rate to fund the 2020 budget is 17.97 mills. This budget reflects an increase from the 2019 budget of 4%.

**Contacting the School System's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the School District's finances. If you have questions about this report or need additional financial information, please contact Mrs. Erin Franklin, Chief Financial Officer, at the Board of Education of the City of Marietta, P.O. Box 1265, Marietta, Georgia 30061. You may also e-mail your question to Mrs. Franklin at [efranklin@marietta-city.org](mailto:efranklin@marietta-city.org)

## **BASIC FINANCIAL STATEMENTS**

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## STATEMENT OF NET POSITION

JUNE 30, 2019

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 38,871,266
Investments	7,205,266
Receivables:	
Taxes, net	1,925,148
Intergovernmental	7,563,147
Other	418,715
Inventory	88,901
Prepaid items	117,440
Restricted cash equivalents	2,636,751
Capital assets (nondepreciable)	23,934,202
Capital assets (depreciable, net of accumulated depreciation)	94,527,643
Total assets	<u>177,288,479</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	24,389,904
OPEB related items	3,358,464
Total deferred outflows of resources	<u>27,748,368</u>
<b>LIABILITIES</b>	
Accounts payable	1,089,851
Salaries and benefits payable	6,832,073
Due to other governments	9,258
Unearned revenues	104,040
Accrued interest payable	166,800
Claims and judgements payable, due within one year	193,710
Claims and judgements payable, due in more than one year	6,734
Retainage payable	4,071,239
Intergovernmental payable, due in more than one year	11,743,771
Net pension liability, due in more than one year	96,045,534
Net OPEB liability, due in more than one year	70,024,308
Compensated absences, within one year	293,908
Compensated absences, due in more than one year	32,657
Total liabilities	<u>190,613,883</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	6,141,853
OPEB related items	14,450,375
Total deferred inflows of resources	<u>20,592,228</u>
<b>NET POSITION</b>	
Net investment in capital assets	105,283,586
Restricted for:	
Continuation of federal programs	39,434
Capital projects	9,030,873
Unrestricted (deficit)	(120,523,157)
Total net position	<u>\$ (6,169,264)</u>

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 74,573,813	\$ 303,979	\$ 37,049,189	\$ 3,480,412	\$ (33,740,233)
Support services:					
Pupil services	6,708,679	-	864,195	-	(5,844,484)
Improvement of instructional services	5,615,956	-	3,511,346	-	(2,104,610)
Educational media services	1,599,308	-	1,355,032	-	(244,276)
Federal grant administration	97,645	-	-	-	(97,645)
General administration	2,193,314	-	1,671,509	-	(521,805)
School administration	7,065,157	-	3,000,956	-	(4,064,201)
Business administration	1,017,737	-	55,584	-	(962,153)
Maintenance and operation of plant	8,845,654	23,287	3,379,324	-	(5,443,043)
Student transportation services	5,271,551	26,882	663,769	531,242	(4,049,658)
Central support services	1,610,381	-	72,587	-	(1,537,794)
Other support services	45,748	-	4,000	-	(41,748)
Enterprise operation	175,648	-	-	-	(175,648)
Food services operation	5,004,687	626,915	3,655,794	-	(721,978)
Community service operation	1,948,776	2,016,313	-	-	67,537
Interest on long-term debt	374,783	-	-	-	(374,783)
Total governmental activities	<u>\$ 122,148,837</u>	<u>\$ 2,997,376</u>	<u>\$ 55,283,285</u>	<u>\$ 4,011,654</u>	<u>(59,856,522)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					53,208,934
Sales taxes					11,350,281
Other taxes					2,186,797
Unrestricted investment earnings					1,338,652
Other					3,970,226
Gain on sale of capital assets					65,312
Total general revenues					<u>72,120,202</u>
Change in net position					<u>12,263,680</u>
Net position (deficit), beginning of year					<u>(18,432,944)</u>
Net position (deficit), end of year					<u>\$ (6,169,264)</u>

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

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

ASSETS	General	Grant	District-wide Capital Projects	Non-major Capital Projects Fund Asset Replacement	Total Governmental Funds
Cash and cash equivalents	\$ 12,472,064	\$ 3,131,948	\$ 20,024,143	\$ 3,243,111	\$ 38,871,266
Investments	7,205,266	-	-	-	7,205,266
Receivables:					
Taxes, net	949,611	-	975,537	-	1,925,148
Intergovernmental	6,726,452	836,695	-	-	7,563,147
Other	383,689	35,026	-	-	418,715
Prepaid items	29,699	-	87,741	-	117,440
Inventory	-	88,901	-	-	88,901
Restricted cash and cash equivalents	-	-	2,636,751	-	2,636,751
Total assets	<u>\$ 27,766,781</u>	<u>\$ 4,092,570</u>	<u>\$ 23,724,172</u>	<u>\$ 3,243,111</u>	<u>\$ 58,826,634</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 752,511	\$ 337,340	\$ -	\$ -	\$ 1,089,851
Contracts and retainage payable	-	-	4,071,239	-	4,071,239
Salaries and benefits payable	6,499,014	333,059	-	-	6,832,073
Due to other governments	-	9,258	-	-	9,258
Unearned revenue	-	-	104,040	-	104,040
Total liabilities	<u>7,251,525</u>	<u>679,657</u>	<u>4,175,279</u>	<u>-</u>	<u>12,106,461</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	407,987	-	-	-	407,987
Total deferred inflows of resources	<u>407,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,987</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	-	88,901	-	-	88,901
Prepaid items	29,699	-	87,741	-	117,440
Restricted for:					
Continuation of federal programs	-	39,434	-	-	39,434
Capital Outlay	-	-	7,596,385	-	7,596,385
Committed for:					
Local school accounts	416,373	-	-	-	416,373
Employee recognitions from donations	-	11,866	-	-	11,866
Marietta Reads	-	10,713	-	-	10,713
Special Olympics	-	304	-	-	304
Assigned for:					
Appropriation for next year's budget	3,135,765	-	-	-	3,135,765
Capital projects	-	-	11,864,767	3,243,111	15,107,878
Unemployment compensation	145,707	-	-	-	145,707
Vocational replacement	38,118	-	-	-	38,118
Worker's compensation	250,000	-	-	-	250,000
Tuition fund	104,992	-	-	-	104,992
Donation fund	70,280	-	-	-	70,280
Transportation safety fund	178,838	-	-	-	178,838
Excel compensation fund	85,259	-	-	-	85,259
Graduate Marietta	12,344	-	-	-	12,344
Graduate Marietta student success center	102,810	-	-	-	102,810
Medicaid	269,376	-	-	-	269,376
Local funding programs	-	3,261,695	-	-	3,261,695
GCCAP	145,501	-	-	-	145,501
Wilton donation	145,792	-	-	-	145,792
Unassigned	14,976,415	-	-	-	14,976,415
Total fund balances	<u>20,107,269</u>	<u>3,412,913</u>	<u>19,548,893</u>	<u>3,243,111</u>	<u>46,312,186</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,766,781</u>	<u>\$ 4,092,570</u>	<u>\$ 23,724,172</u>	<u>\$ 3,243,111</u>	<u>\$ 58,826,634</u>

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



# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total fund balances - governmental funds		\$	46,312,186
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Cost	\$	228,798,348	
Less accumulated depreciation		<u>(110,336,503)</u>	118,461,845
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.			
			407,987
The net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.			
Net pension liability		(96,045,534)	
Deferred outflows of resources - pension items		24,389,904	
Deferred inflows of resources - pension items		<u>(6,141,853)</u>	(77,797,483)
The net OPEB liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.			
Net OPEB liability		(70,024,308)	
Deferred outflows of resources - other postemployment benefits related items		3,358,464	
Deferred inflows of resources - other postemployment benefits related items		<u>(14,450,375)</u>	(81,116,219)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Intergovernmental payable		(10,690,000)	
Unamortized premiums		(1,053,771)	
Accrued interest		(166,800)	
Claims and judgments payable		(200,444)	
Compensated absences		<u>(326,565)</u>	<u>(12,437,580)</u>
Net position of governmental activities		\$	<u>(6,169,264)</u>

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

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

			District-wide	Non-major	
			Capital	Capital Projects Fund	Total
	General	Grant	Projects	Asset Replacement	Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 52,990,642	\$ -	\$ -	\$ -	\$ 52,990,642
Sales taxes	-	-	11,350,281	-	11,350,281
Other taxes	2,186,797	-	-	-	2,186,797
State funds	46,912,028	564,957	-	-	47,476,985
Federal funds	519,497	8,661,364	-	-	9,180,861
Charges for services	327,266	626,915	-	-	954,181
Investment earnings	816,276	37,045	474,430	80,562	1,408,313
Other local sources	2,026,917	2,344,780	90,448	-	4,462,145
Miscellaneous	95,503	95,601	3,806,004	-	3,997,108
Total revenues	105,874,926	12,330,662	15,721,163	80,562	134,007,313
<b>EXPENDITURES</b>					
Current:					
Instruction	67,096,748	5,255,149	2,737,320	-	75,089,217
Support services:					
Pupil services	6,402,116	407,628	-	-	6,809,744
Improvement of instructional services	5,195,403	430,334	-	-	5,625,737
Educational media services	1,535,177	64,131	-	-	1,599,308
Federal grant administration	-	97,645	-	-	97,645
General administration	1,863,244	135,789	1,604	-	2,000,637
School administration	6,719,726	355,865	-	-	7,075,591
Business administration	887,390	-	141,353	-	1,028,743
Maintenance and operation of plant	7,217,424	66,015	1,467,008	109,124	8,859,571
Student transportation services	4,861,152	160,800	637,915	-	5,659,867
Central support services	1,201,498	226,757	175,120	-	1,603,375
Other support services	-	4,000	-	-	4,000
Miscellaneous non-instructional services	-	175,648	-	-	175,648
Food services operation	38,119	4,966,568	-	-	5,004,687
Community services operation	-	1,949,107	-	-	1,949,107
Capital outlay	-	95,404	13,379,016	-	13,474,420
Debt service:					
Principal retirement	-	-	710,000	-	710,000
Interest and fees	-	-	420,530	-	420,530
Total expenditures	103,017,997	14,390,840	19,669,866	109,124	137,187,827
Excess (deficiency) of revenues over expenditures	2,856,929	(2,060,178)	(3,948,703)	(28,562)	(3,180,514)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	31,762	33,550	-	-	65,312
Transfers in	-	764,496	1,137,050	-	1,901,546
Transfers out	(1,901,546)	-	-	-	(1,901,546)
Total other financing sources (uses)	(1,869,784)	798,046	1,137,050	-	65,312
Net change in fund balances	987,145	(1,262,132)	(2,811,653)	(28,562)	(3,115,202)
<b>FUND BALANCE, beginning of year</b>	<b>19,120,124</b>	<b>4,675,045</b>	<b>22,360,546</b>	<b>3,271,673</b>	<b>49,427,388</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 20,107,269</b>	<b>\$ 3,412,913</b>	<b>\$ 19,548,893</b>	<b>\$ 3,243,111</b>	<b>\$ 46,312,186</b>

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

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

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

Net change in fund balances - total governmental funds	\$	(3,115,202)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	17,540,763	
Depreciation expense		<u>(6,174,548)</u>	11,366,215

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

Property taxes			218,292
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In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.

Pension items	\$	2,725,811	
OPEB items		<u>119,308</u>	2,845,119

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, these repayments do not have any effect on net position. This is the amount of principal repaid during the year for the intergovernmental payable.

			710,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of premium	\$	197,755	
Change in compensated absences		23,143	
Change in claims and judgements payable		170,366	
Change in accrued interest		<u>(152,008)</u>	239,256

Change in net position of governmental activities	\$	<u>12,263,680</u>
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**The accompanying notes are an integral part of these financial statements.**

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 50,250,000	\$ 52,250,000	\$ 52,990,642	\$ 740,642
Other taxes	2,000,000	2,000,000	2,186,797	186,797
State funds	47,141,367	47,103,135	46,912,028	(191,107)
Federal funds	250,000	417,000	519,497	102,497
Charges for services	115,000	170,000	327,266	157,266
Investment earnings	300,000	550,000	816,276	266,276
Other local sources	576,667	2,206,500	2,026,917	(179,583)
Miscellaneous	-	-	95,503	95,503
Total revenues	100,633,034	104,696,635	105,874,926	1,178,291
<b>EXPENDITURES</b>				
Current:				
Instruction	67,938,648	69,316,942	67,096,748	2,220,194
Support services:				
Pupil services	6,180,866	6,180,941	6,402,116	(221,175)
Improvement of instructional services	4,763,110	4,770,110	5,195,403	(425,293)
Educational media services	1,541,424	1,541,424	1,535,177	6,247
General administration	2,111,516	2,111,516	1,863,244	248,272
School administration	6,769,343	6,770,343	6,719,726	50,617
Business administration	903,841	908,841	887,390	21,451
Maintenance and operation of plant	7,199,833	7,286,855	7,217,424	69,431
Student transportation services	4,654,913	4,886,573	4,861,152	25,421
Central support services	1,286,179	1,290,179	1,201,498	88,681
Food services operation	-	-	38,119	(38,119)
Total expenditures	103,349,673	105,063,724	103,017,997	2,045,727
Excess (deficiency) of revenues over expenditures	(2,716,639)	(367,089)	2,856,929	3,224,018
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	10,500	31,762	21,262
Transfers in	115,000	640,000	-	(640,000)
Transfers out	(900,947)	(1,589,496)	(1,901,546)	(312,050)
Total other financing sources (uses)	(785,947)	(938,996)	(1,869,784)	(930,788)
Net change in fund balances	(3,502,586)	(1,306,085)	987,145	2,293,230
<b>FUND BALANCE, beginning of year</b>	19,120,124	19,120,124	19,120,124	-
<b>FUND BALANCE, end of year</b>	\$ 15,617,538	\$ 17,814,039	\$ 20,107,269	\$ 2,293,230

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

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## GRANT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
State funds	\$ 522,461	\$ 522,461	\$ 564,957	\$ 42,496
Federal funds	10,009,972	10,009,972	8,661,364	(1,348,608)
Charges for services	948,600	948,600	626,915	(321,685)
Investment earnings	83,756	83,756	37,045	(46,711)
Other local sources	2,523,474	2,524,185	2,344,780	(179,405)
Miscellaneous	79,750	79,750	95,601	15,851
Total revenues	14,168,013	14,168,724	12,330,662	(1,838,062)
EXPENDITURES				
Current:				
Instruction	5,281,079	5,919,171	5,255,149	664,022
Support services:				
Pupil services	397,014	493,537	407,628	85,909
Improvement of instructional services	553,869	638,484	430,334	208,150
Educational media services	11,000	65,500	64,131	1,369
Federal grant administration	114,969	111,421	97,645	13,776
General administration	167,719	167,719	135,789	31,930
School administration	272,806	464,401	355,865	108,536
Maintenance and operation of plant	98,223	207,278	66,015	141,263
Student transportation services	158,982	162,941	160,800	2,141
Central support services	212,900	212,900	226,757	(13,857)
Other support services	25,460	25,460	4,000	21,460
Miscellaneous non-instructional services	174,411	176,411	175,648	763
Food services operation	5,391,500	5,391,500	4,966,568	424,932
Community services operation	1,888,206	1,950,000	1,949,107	893
Capital outlay	73,567	95,405	95,404	1
Total expenditures	14,821,705	16,082,128	14,390,840	1,691,288
Excess (deficiency) of revenues over expenditures	(653,692)	(1,913,404)	(2,060,178)	(146,774)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	33,550	33,550
Transfers in	900,497	900,497	764,496	(136,001)
Transfers out	(340,000)	(340,000)	-	340,000
Total other financing sources (uses)	560,497	560,497	798,046	237,549
Net change in fund balances	(93,195)	(1,352,907)	(1,262,132)	90,775
FUND BALANCE, beginning of year	4,675,045	4,675,045	4,675,045	-
FUND BALANCE, end of year	\$ 4,581,850	\$ 3,322,138	\$ 3,412,913	\$ 90,775

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2019**

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	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash	<u><u>\$ 356,174</u></u>
<b>LIABILITIES</b>	
Funds held for others	<u><u>\$ 356,174</u></u>

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**REPORTING ENTITY**

The Board of Education of the City of Marietta ("District" or "School System") was established under the laws of the state of Georgia and operates under the guidance of a seven (7) member board elected by the voters of the City of Marietta and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes. Its budget is not subject to approval by any other entity. Accordingly, the District is a primary government and consists of all the organizations that compose its legal entity. There are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity.

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

**BASIS OF PRESENTATION**

The District's basic financial statements are collectively comprised of the District-wide financial statements, fund financial statements, and notes to the basic financial statements of the Board of Education of the City of Marietta.

***District-wide Statements:***

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the 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 District related to the administration and support of the District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

***Fund Financial Statements:***

The fund financial statements provide information about the District's funds, including fiduciary funds using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities, along with deferred inflows of resources, generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., the revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between government-wide statements and the governmental fund statements. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

The District reports the following major governmental funds:

- *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those resources required to be accounted for in another fund.
- *Grant Fund* is a special revenue fund and accounts for federal and state funded grants awarded to the District for accomplishing specific educational tasks and whose expenditures are restricted to specific purposes.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST IV and SPLOST V) to be used for the acquisition, construction or renovation of major capital facilities.

Additionally, the District reports the following non-major fund:

- The *Asset Replacement Capital Project Fund* accounts for expenditures of the District to make replacement purchases of capital assets.

The District reports the following fiduciary fund type:

- *Agency Funds* account for assets held by the District as an agent for various individual school clubs and activities.



**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Measurement Focus and Basis of Accounting**

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental activities and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the 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 District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year-end. Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases and bonds are reported as other financing sources.

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Measurement Focus and Basis of Accounting (Continued)**

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

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

**Cash and Cash Equivalents**

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Investments**

Investments made by the District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost, which approximates market. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

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

**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 include any amounts which would necessitate the need for an allowance for uncollectible receivables. The District reported the following gross receivables and allowances:

	<b>General Fund</b>	<b>Grant Fund</b>	<b>District-wide Capital Projects</b>	<b>Total</b>
Receivables:				
Taxes	\$ 1,083,502	\$ -	\$ 975,537	\$ 2,059,039
Intergovernmental	6,726,452	836,695	-	7,563,147
Other	383,689	35,026	-	418,715
Allowances	(133,891)	-	-	(133,891)
Net receivables	<u>\$ 8,059,752</u>	<u>\$ 871,721</u>	<u>\$ 975,537</u>	<u>\$ 9,907,010</u>

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Property Taxes**

The City of Marietta levied the 2018 tax digest on July 24, 2018. Taxes were due on October 31, 2018. Taxes collected within the current fiscal year or within 60 days after year-end are reported as revenue in the governmental funds for fiscal year 2019. The City of Marietta Tax Division bills and collects the property taxes for the District and remits the balance of taxes collected to the District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations amounted to \$52,990,642.

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

School Maintenance & Operations	17.97 mills
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**Sales Taxes**

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$11,350,281 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.

**Inventories**

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their federally assigned value and purchased foods inventories are reported at cost (first-in, first-out). The 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.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Interfund Receivables, Payables and Transfers**

During the course of its operations, the District makes transfers between funds to finance operations, provide services, acquire assets and service debt. To the extent that certain transfers between funds had not been received as of year-end, balances of interfund amounts receivable or payable have been recorded.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund loan receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

**Prepaid Items**

Payments made to vendors for services that will benefit periods subsequent to June 30, 2019, are recorded as prepaid items. The prepaid items are recognized on the consumption method.

**Capital Assets**

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated acquisition cost. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Site Improvements	\$10,000	20 to 50 years
Buildings and Improvements	\$10,000	20 to 50 years
Intangible Assets	\$10,000	20 to 50 years
All Equipment	\$10,000	5 to 15 years

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Compensated Absences**

Annual employees earn vacation leave at the rate of 10 days per year for the first four years up to a maximum of 20 days after ten years being employed at the Board of Education of the City of Marietta. The maximum possible accumulation is 30 days. At termination, annual employees are paid for any accumulated vacation leave.

Annual employees can earn sick leave at the rate of one and one-half days per month up to a maximum of 100 days. Accumulated days in excess of 100 at the previous year end are paid at the beginning of each fiscal year to Public School Employee Retirement System employees. The days are paid at the rate of one-half the daily standard substitute teacher pay rate. At termination, these employees are paid for their accumulated sick leave.

**Pensions**

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

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

**Other Postemployment Benefits (OPEB)**

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Payments of principal and interest and issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

**Use of Estimates**

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

**Fund Equity**

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Fund Equity (Continued)**

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the approval of a formal motion and passage of a resolution. Only the Board of Education may modify or rescind the commitment, through a supplemental resolution.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent, through the Director of Finance, the authority to assign fund balances.
- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

***Net Position*** - Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources for activities and funds which use the accrual basis of accounting. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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



**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Deferred Outflows/Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of deferred inflow of resources, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The District also has deferred inflows and outflows related to the recording of changes in its net pension and net OPEB liability. Certain changes in the net pension and net OPEB liability are recognized as pension and OPEB expense over time instead of all being recognized in the year of occurrence. The difference between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension and OPEB expense over a five year period. Changes in the proportion and differences between the District's contributions and the District's proportionate share of contributions are deferred and amortized against pension and OPEB expense over the remaining estimated service life of the active employees. Experience gains or losses and changes in assumptions related to the pension plan are deferred and amortized against pension and OPEB expense over the remaining estimated service life of the active employees. Additionally, any contributions made by the District to the pension and OPEB plan before year end but subsequent to the measurement date of the District's net pension and net OPEB liability are reported as deferred outflows of resources.

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

The District adopts an annual budget for its General Fund and Grant Fund. The budgets are prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167. After the Board of Education of the City of Marietta has tentatively adopted the budgets, such budgets are advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budgets are revised as necessary and adopted as the final budgets.

The following functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2019.

General Fund:

Pupil services	\$ 221,175
Improvement of instructional services	425,293
Food services operation	38,119

Grant Fund:

Central support services	13,857
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These over expended functions were funded by savings in other functions.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 4: DEPOSITS AND INVESTMENTS**

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

**Credit risk.** State statutes authorize the School District to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Operating funds of the School District are currently invested in the Georgia Fund 1; U.S. Treasuries, U.S Government agencies; or certificates of deposit.

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

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

The certificates of deposit are reported at amortized cost for nonparticipating interest-earning investment contracts. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

At June 30, 2019, information on the credit risk and interest rate risk related to the School District's investments is disclosed as follows:

<b>Investment</b>	<b>Maturities</b>	<b>Rating</b>	<b>Balance</b>
Certificate of deposit	12 month CDs	n/a	\$ 1,726,212
Certificate of deposit	13 - 24 month CDs	n/a	1,230,875
Certificate of deposit	25 - 36 month CDs	n/a	988,391
Certificate of deposit	37 - 48 month CDs	n/a	988,056
U.S. Government Bonds	6/7/2022	AAA	1,043,988
U.S. Government Bonds	11/18/2026	AAA	1,227,744
Georgia Fund One	39 day weighted average	AAAf	9,953,631
			<u>\$ 17,158,897</u>

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Fair Value Measurements.** The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The School District has the following recurring fair value measurements as of June 30, 2018:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
U.S. Government Bonds	\$ -	\$ 2,271,732	\$ 2,271,732
Investments not subject to level disclosure:			
Georgia Fund One			9,953,631
Certificates of Deposit			4,933,534
			<u>\$ 17,158,897</u>

The U.S. government bonds in Level 1 and 2 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

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

**Note 5: NON-MONETARY TRANSACTIONS**

The District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their federally assigned value of \$330,693.

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**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 6: CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 9,695,861	\$ -	\$ -	\$ -	\$ 9,695,861
Construction in progress	1,893,294	12,461,340	-	(116,293)	14,238,341
Total	<u>11,589,155</u>	<u>12,461,340</u>	<u>-</u>	<u>(116,293)</u>	<u>23,934,202</u>
Capital assets, being depreciated:					
Site improvements	2,056,583	830,877	-	77,000	2,964,460
Buildings and improvements	166,558,450	329,849	-	39,293	166,927,592
Machinery and equipment	32,185,695	3,918,697	(1,132,298)	-	34,972,094
Total	<u>200,800,728</u>	<u>5,079,423</u>	<u>(1,132,298)</u>	<u>116,293</u>	<u>204,864,146</u>
Less accumulated depreciation for:					
Site improvements	(636,305)	(123,758)	-	-	(760,063)
Buildings and improvements	(80,664,036)	(3,666,800)	-	-	(84,330,836)
Machinery and equipment	(23,993,912)	(2,383,990)	1,132,298	-	(25,245,604)
Total	<u>(105,294,253)</u>	<u>(6,174,548)</u>	<u>1,132,298</u>	<u>-</u>	<u>(110,336,503)</u>
Total capital assets, being depreciated, net	<u>95,506,475</u>	<u>(1,095,125)</u>	<u>-</u>	<u>116,293</u>	<u>94,527,643</u>
Governmental activities capital assets, net	<u>\$ 107,095,630</u>	<u>\$ 11,366,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,461,845</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Instruction	\$ 5,373,362
Pupil Services	85,265
General Administration	198,335
Maintenance & Operations	14,613
Pupil Transportation	461,225
School Nutrition Program	41,748
Total depreciation expense - governmental activities	<u>\$ 6,174,548</u>

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2019 are as follows:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
Grants Fund	General Fund	\$ 764,496
District-Wide Capital Projects Fund	General Fund	1,137,050
		<u>\$ 1,901,546</u>

A transfer was made to the Grant Fund as a supplemental funding source for additional instructional activities. Transfers were made to the District-Wide Capital Projects Fund as a supplemental funding source for additional capital outlay activities.

**Note 8: RISK MANAGEMENT**

The 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.

The District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions and job related illness or injuries to employees. The District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the District's insurance coverage in any of the past three years.

The District is self-insured with regard to workers' compensation claims up to the first \$250,000 of each workers' compensation claim. The District accounts for claims within the General Fund with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

<u>Fiscal Year</u>	<u>Beginning of Year Claims Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Claims Liability</u>
2019	\$ 370,810	\$ 6,026	\$ 176,392	\$ 200,444
2018	147,267	523,062	299,519	370,810

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 9: LONG-TERM OBLIGATIONS**

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

	Balance as of June 30, 2018	Increases	Decreases	Balance as of June 30, 2019	Due within one year
Intergovernmental payable	\$ 11,400,000	\$ -	\$ 710,000	\$ 10,690,000	\$ -
Premium	1,251,526	-	197,755	1,053,771	-
Intergovernmental payable, net	12,651,526	-	907,755	11,743,771	-
Compensated absences	349,708	327,913	351,056	326,565	293,908
Net pension liability	95,939,404	13,320,242	13,214,112	96,045,534	-
Net OPEB liability	78,500,778	2,917,338	11,393,808	70,024,308	-
Claims and judgements payable	370,810	6,026	176,392	200,444	193,710
Long-term liabilities	<u>\$ 187,812,226</u>	<u>\$ 16,571,519</u>	<u>\$ 26,043,123</u>	<u>\$ 178,340,622</u>	<u>\$ 487,618</u>

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

In addition to appropriation of taxes and other revenues to the District from the City of Marietta, the City also services certain debt for the District as set forth below.

In May 2018, the Downtown Marietta Development Authority issued \$10,690,000 of General Obligation Bonds Series 2018. The 2018 bonds were issued to provide funds to finance a portion of the costs of certain capital outlay projects for the School System. The bonds were issued with a premium of \$1,251,526 and an interest rate of 4.00% – 5.00%. Interest on the bonds is payable semiannually, on March 1 and September 1 of each year, commencing March 1, 2019. Interest of \$385,030 was paid during fiscal year ending June 30, 2019. The bonds are scheduled to mature on March 1, 2024. As of June 30, 2019 \$10,690,000 is outstanding.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 9: LONG-TERM OBLIGATIONS (CONTINUED)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30,			
2020	\$ -	\$ 500,400	\$ 500,400
2021	-	500,400	500,400
2022	3,410,000	500,400	3,910,400
2023	3,550,000	364,000	3,914,000
2024	3,730,000	186,500	3,916,500
Total	<u>\$ 10,690,000</u>	<u>\$ 2,051,700</u>	<u>\$ 12,741,700</u>

**Note 10: SIGNIFICANT COMMITMENTS**

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

<u>Project</u>	<u>Amount</u>
Marietta Sixth Grade Academy	\$ 554,164
Marietta Middle School	458,997
Marietta High School	11,172,400
Park Street Elementary School	17,182,557
Dunleith Elementary School	118,725
Early Learning Center	193,902
System-wide	8,618
	<u>\$ 29,689,363</u>

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



**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 11: ON-BEHALF PAYMENTS**

The District has recognized revenues and expenditures in the amount of \$169,867 for retirement contributions paid on the District's behalf by the following state agencies:

Georgia Department of Education  
Paid to the Teachers Retirement System  
For Teachers Retirement (TRS)  
In the amount of \$78,177

Office of the State Treasurer of the State of Georgia  
Paid to Public School Employee Retirement System  
For Public School Employees Retirement (PSERS)  
In the amount of \$91,690

**Note 12: RETIREMENT PLANS**

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

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

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2019. The School District's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual school district payroll, excluding payroll attributable to those personnel funded on behalf of the District by the State. District contributions to TRS, excluding contributions funded by the State on behalf of the District were \$13,435,097 for the year ended June 30, 2019.

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

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

District's proportionate share of the net pension liability	\$	96,045,534
State of Georgia's proportionate share of the net pension liability associated with the District		<u>657,842</u>
Total	\$	<u>96,703,376</u>

The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was 0.517427%, which was an increase of 0.001216% from its proportion measured as of June 30, 2017.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2019, the District recognized pension expense of \$10,709,286 and revenue of \$99,188 for support provided by the State of Georgia for certain support personnel. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,358,350	\$ 197,952
Changes of assumptions	1,449,292	-
Net difference between projected and actual earnings on pension plan investments	-	2,626,071
Changes in proportion and differences between District contributions and proportionate share of contributions	3,147,165	3,317,830
District contributions subsequent to the measurement date	<u>13,435,097</u>	<u>-</u>
Total	<u>\$ 24,389,904</u>	<u>\$ 6,141,853</u>

District contributions subsequent to the measurement date of \$13,435,097 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>	
2020	\$ 5,579,743
2021	1,691,132
2022	(2,576,479)
2023	23,582
2024	<u>94,976</u>
Total	<u>\$ 4,812,954</u>

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

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

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

Inflation	2.75%
Salary increases	3.25 – 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.50% semi-annually

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

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

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

<b>Asset class</b>	<b>Target allocation</b>	<b>expected real rate of return*</b>
Fixed income	30.00%	(.50)%
Domestic large equities	39.80	9.00
Domestic mid equities	3.70	12.00
Domestic small equities	1.50	13.50
International developed market equities	19.40	8.00
International emerging market equities	5.60	12.00
Total	100.00%	

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

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

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

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

	<b>1% Decrease (6.50%)</b>	<b>Current discount rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
District's proportionate share of the net pension liability	\$ 160,327,498	\$ 96,045,534	\$ 43,073,925

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

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

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

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

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

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

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

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

***Pension Liabilities and Pension Expense***

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

State of Georgia's proportionate share of the Net Pension Liability associated with the District	<u>\$ 492,802</u>
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The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the District was based on actuarially determined contributions paid by the state during the fiscal year ended June 30, 2018.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2019, the District recognized pension expense of \$114,102 and revenue of \$114,102 for support provided by the state of Georgia.

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

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

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

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

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**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

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

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

<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return*</b>
Fixed income	30.00%	(0.50)%
Domestic large stocks	37.20	9.00
Domestic mid stocks	3.40	12.00
Domestic small stocks	1.40	13.50
International developed market stocks	17.80	8.00
International emerging market stocks	5.20	12.00
Alternatives	5.00	10.50
Total	100.00%	

\* Includes 2.75% assumed rate of inflation.

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

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued PSERS financial report which is publicly available at [www.ers.ga.gov/formspubs/](http://www.ers.ga.gov/formspubs/).



**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 12: RETIREMENT PLANS (Continued)**

**TAX SHELTERED ANNUITY (TSA)**

**Plan Description:** The District provides retirement benefits for substantially all full-time employees through the defined contribution plan under Internal Revenue Code 403(b). Employees are eligible to participate at the date of employment.

**Funding Policy:** The District requires participants to contribute 3% of their gross salary, and the District contributes an additional 5.45%. Employees also have the option of contributing additional amounts up to a certain percentage of their salary. Total District and employee contributions, including voluntary contributions, were as follows:

<b>Fiscal Year Ended June 30</b>	<b>District Contributions</b>	<b>Employee Contributions</b>	<b>Total Contributions</b>
2017	\$ 2,221,694	\$ 2,717,974	\$ 4,939,668
2018	2,289,748	2,744,152	5,033,900
2019	2,284,373	2,909,662	5,194,035

**Note 13: CONTINGENCIES**

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 14: OTHER POSTEMPLOYMENT BENEFITS**

**Georgia School Personnel Employees Postemployment Health Benefit Fund**

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

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

**Contributions:** As established by the Board of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the School System were \$2,964,864 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

At June 30, 2019, the School System reported a liability of \$70,024,308 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 System's proportion of the net OPEB liability was actuarially determined based on employer contributions to the State OPEB Fund during the fiscal year ended June 30, 2018. At June 30 2018, the School System's proportion was 0.550952%, which was a decrease of 0.007774% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School System recognized OPEB expense of \$2,845,556. At June 30, 2019, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,592,777
Changes in plan assumptions	-	11,862,455
Net difference between projected and actual earnings on OPEB plan investments	94,742	-
Changes in proportion and differences between Employer and proportionate share of contributions	298,858	995,143
School System contributions subsequent to the measurement date	2,964,864	-
Total	<u>\$ 3,358,464</u>	<u>\$ 14,450,375</u>

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPE Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

The School System contributions subsequent to the measurement date of \$2,964,864 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ending June 30:</b>	
2020	\$ (2,708,406)
2021	(2,708,406)
2022	(2,708,406)
2023	(2,714,066)
2024	(2,295,876)
2025	(921,615)
Total	<u><u>\$ (14,056,775)</u></u>

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

Inflation	2.75%
Salary Increases	TRS – 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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPE Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

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

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

The remaining assumptions (eg., initial per capita costs, healthcare cost trends, rate of plan participation, rate 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 School System and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPE Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return*</b>
Fixed income	30.00%	(0.50)%
Domestic large stocks	37.20	9.00
Domestic mid stocks	3.40	12.00
Domestic small stocks	1.40	13.50
International developed market stocks	17.80	8.00
International emerging market stocks	5.20	12.00
Alternatives	5.00	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 Buyer Index). The projection of cash flows used to determine the discount rate assumed that the current sharing of costs between the employer and the member will continue and that contributions from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2018. Therefore, the calculated discount rate of 3.87% was applied to all periods of projected benefit payments to determine the total OPEB liability.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

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

	<b>1% Decrease (2.87%)</b>	<b>Current discount rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
School Systems's proportionate share of the net OPEB liability	\$ 81,766,436	\$ 70,024,308	\$ 60,555,511

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

	<b>1% Decrease</b>	<b>Current discount rate</b>	<b>1% Increase</b>
School Systems's proportionate share of the net OPEB liability	\$ 58,870,000	\$ 70,024,308	\$ 84,279,103

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 15: TAX ABATEMENTS**

For the year ended June 30, 2019, School District property tax revenues were reduced by \$97,227 under agreements entered into by the City of Marietta. Under the agreements, taxes on real property are reduced based on jobs created and investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - TRS**  
**TEACHERS RETIREMENT SYSTEM OF GEORGIA**  
**FOR THE FISCAL YEAR ENDED JUNE 30**

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.517427%	0.516211%	0.509387%	0.555142%	0.497726%	0.505185%
District's proportionate share of the net pension liability	\$ 96,045,534	\$ 95,939,404	\$ 105,092,218	\$ 84,514,857	\$ 62,881,115	\$ 88,027,880
State of Georgia's proportionate share of the net pension liability associated with the District	657,842	1,328,478	2,342,044	1,670,530	1,259,704	1,439,469
Total	<u>\$ 96,703,376</u>	<u>\$ 97,267,882</u>	<u>\$ 107,434,262</u>	<u>\$ 86,185,387</u>	<u>\$ 64,140,819</u>	<u>\$ 89,467,349</u>
District's covered payroll	\$ 63,549,137	\$ 59,272,964	\$ 58,585,627	\$ 57,321,503	\$ 51,794,418	\$ 51,648,974
District's proportionate share of the net pension liability as a percentage of its covered payroll	151.14%	161.86%	179.38%	147.44%	121.41%	170.43%
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	76.06%	81.44%	84.03%	Not available

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

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS - TRS TEACHERS RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30

	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 13,435,097	\$ 10,682,610	\$ 8,458,252	\$ 8,360,169	\$ 7,704,010	\$ 6,235,530
Contributions in relation to the contractually required contributions	13,435,097	10,682,610	8,458,252	8,360,169	7,704,010	6,235,530
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 64,282,761	\$ 63,549,137	\$ 59,272,964	\$ 58,585,627	\$ 57,321,503	\$ 51,794,418
Contributions as a percentage of covered payroll	20.90%	16.810%	14.270%	14.270%	13.440%	12.039%

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**TEACHERS RETIREMENT SYSTEM OF GEORGIA**

**FOR THE FISCAL YEAR ENDED JUNE 30**

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	492,802	498,283	638,015	436,926	434,323
Total	<u>\$ 492,802</u>	<u>\$ 498,283</u>	<u>\$ 638,015</u>	<u>\$ 436,926</u>	<u>\$ 434,323</u>
District's covered-employee payroll	\$ 2,186,723	\$ 2,853,684	\$ 2,876,256	\$ 2,685,936	\$ 2,669,940
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.26%	85.69%	81.00%	87.00%	88.29%

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

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

	2019	2018
District's proportion of the net OPEB liability	0.550952%	0.558726%
District's proportionate share of the net OPEB liability	\$ 70,024,308	\$ 78,500,778
District's covered-employee payroll	\$ 46,727,769	\$ 45,811,538
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	149.86%	171.36%
Plan fiduciary net position as a percentage of the total OPEB liability	2.93%	1.61%

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

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS SCHOOL OPEB FUND FOR THE FISCAL YEAR ENDED JUNE 30

	2019	2018	2017
Contractually required contributions	\$ 2,964,864	\$ 2,855,528	\$ 2,913,241
Contributions in relation to the contractually required contributions	2,964,864	2,855,528	2,913,241
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 53,213,259	\$ 46,727,769	\$ 45,811,538
Contributions as a percentage of covered-employee payroll	5.57%	6.11%	6.36%

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

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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**Teachers Retirement System of Georgia:**

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

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

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

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

On December 17, 2015, the District adopted recommended changes to the economic and demographic assumptions utilized by the District. 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).

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.

**School OPEB Fund:**

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

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

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

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

## **OTHER SUPPLEMENTARY INFORMATION**

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project	Original and Current Estimated Cost(1)	Expended In Current Year (2)	Expended In Prior Years	Project Status
<b>SPLOST IV</b>				
Retirement of outstanding general obligation debt of the City of Marietta to be issued in the future with respect to capital outlay projects;	\$ 15,234,750	\$ 745,500	\$ 13,589,250	Complete
Capital Outlay Projects as follows:	40,199,519	5,708,020	30,400,832	Ongoing
<p>Making system-wide technology improvements, including, but not limited to, acquisition and installation of instructional technology and information systems hardware and associated software and infrastructure at all schools and other selected facilities;</p> <p>Replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, books, and laboratory equipment;</p> <p>Acquiring automobiles for Marietta City Schools' driver education program;</p> <p>Making additions to, renovating, upgrading, making critical infrastructure improvements, and/or equipping existing schools and other selected facilities;</p>				
Total SPLOST IV Expenditures	55,434,269	6,453,520	43,990,082	

*Continued*



# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project	Original and Current Estimated Cost(1)	Expended In Current Year (2)	Expended In Prior Years	Project Status
<b>SPLOST V</b>				
Capital Outlay Projects as follows:				
Acquiring and preparing land for the construction of new or replacement schools and the expansion of existing schools;	62,486,000	\$ 12,352,193	\$ -	Ongoing
Constructing and equipping two (2) new or replacement schools;				
Making system-wide technology improvements, including, but not limited to, acquisition and installation of instructional technology, security, and information systems hardware and associated hardware and associated software and accessories, and infrastructure at all schools and selected other facilities;				
Replacing, purchasing, upgrading or supplementing, capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, security equipment, and laboratory equipment;				
Making additions to, renovating, upgrading, making critical infrastructure improvements, and/or equipping existing schools and other selected facilities;				
Total SPLOST V Expenditures	62,486,000	12,352,193	-	
Total SPLOST Expenditures	<u>\$ 117,920,269</u>	<u>\$ 18,805,713</u>	<u>\$ 43,990,082</u>	
Non-SPLOST Capital Projects expenditures		<u>864,153</u>		
Total District Wide Capital Project Fund Expenditures		<u>\$ 19,669,866</u>		

- (1) The District's original cost estimate as specified in the resolution calling for the imposition of the Special Purpose Local Option Sales Tax.
- (2) The voters of the City of Marietta 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.

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	<b>Balance June 30 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
Assets - cash	<u>\$ 336,974</u>	<u>\$ 272,224</u>	<u>\$ 253,024</u>	<u>\$ 356,174</u>
Liabilities - due to others	<u>\$ 336,974</u>	<u>\$ 272,224</u>	<u>\$ 253,024</u>	<u>\$ 356,174</u>

## STATISTICAL SECTION (unaudited)

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This part of the Board of Education of the City of Marietta's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	<u>Page</u>
<b>Financial Trends .....</b>	<b>65</b>
<b>These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.</b>	
<b>Revenue Capacity .....</b>	<b>71</b>
<b>These schedules contain information to help the reader assess the Board's most significant local revenue source, property tax.</b>	
<b>Debt Capacity .....</b>	<b>75</b>
<b>These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.</b>	
<b>Demographic and Economic Information .....</b>	<b>79</b>
<b>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.</b>	
<b>Operating Information.....</b>	<b>81</b>
<b>These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.</b>	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 62,810,593	(1) \$ 65,651,374	\$ 69,169,095	\$ 80,930,307	\$ 83,630,198	\$ 93,651,901	\$ 98,680,076	\$ 102,166,029	\$ 105,381,471	\$ 105,283,586
Restricted	6,021,478	4,439,587	5,701,462	3,000,547	4,462,134	4,476,094	3,439,462	2,916,444	1,744,720	9,070,307
Unrestricted (deficit)	26,284,940	32,134,217	32,843,196	28,907,964	31,488,940	(2) (48,844,234)	(3) (47,429,257)	(129,177,048)	(4) (125,559,135)	(120,523,157)
Total governmental activities	\$ 95,117,011	(1) \$ 102,225,478	\$ 107,713,753	\$ 112,838,818	\$ 119,581,272	\$ 49,283,761	\$ 54,690,281	\$ (24,094,575)	\$ (18,432,944)	\$ (6,169,264)
net position										

Source: Applicable annual financial report (2010-2013) and Comprehensive Annual Financial Report (2014-2019)

(1) During the fiscal year 2010 audit a restatement was made to recognize the Intergovernmental Agreement with the Downtown Marietta Development Authority for the repayment of the 2009A Refunding Revenue Bonds.

(2) Increase in net position is generated by the increase in State funding and no offsetting increase in expenditures/expenses.

(3) The District implemented GASB Statement No. 68, *Accounting for Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, which required the District to record the District's proportionate share of the TRS Retirement Plan. See Note 12 for further information.

(4) The District implemented GASB Statement No. 75, *Accounting for Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the District to record the District's proportionate share of the Other Postemployment Benefits. See Note 14 for further information.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
Instruction	\$ 59,035,898	\$ 59,170,060	\$ 57,466,112	\$ 60,159,535	\$ 61,103,119	\$ 59,747,981	\$ 68,031,631	(5) \$ 74,311,088	\$ 78,099,438	\$ 74,573,813
Support Services:										
Pupil services	4,118,547	4,104,680	3,999,604	3,790,540	3,844,918	3,946,704	4,975,068	5,197,409	5,934,626	6,708,679
Improvement of instructional services	3,735,270	2,944,783	3,427,756	3,652,451	4,193,354	4,647,180	5,114,642	4,335,553	4,608,902	5,615,956
Educational media services	1,601,165	1,296,540	1,346,899	1,315,550	1,249,975	1,305,303	1,362,974	1,372,288	1,410,542	1,599,308
Federal grant administration (1)	-	-	202,871	212,465	223,668	243,979	266,183	273,332	47,692	97,645
General administration	1,537,065	1,630,516	1,385,866	1,508,431	1,751,530	1,836,384	1,745,685	1,739,283	1,587,491	2,193,314
School administration	5,072,289	5,045,336	5,183,714	5,294,373	5,444,040	5,564,286	5,976,621	6,065,828	6,467,686	7,065,157
Business administration	782,537	678,178	676,256	520,212	643,631	657,189	786,799	917,868	858,378	1,017,737
Maintenance and operation of plant	6,310,921	6,620,784	6,178,812	6,069,019	7,466,453	6,427,533	5,863,516	7,100,843	7,704,228	8,845,654
Student transportation service	4,115,009	4,032,538	4,048,046	4,207,392	4,565,148	4,496,225	4,629,613	5,929,587	4,906,624	5,271,551
Central support services	918,753	768,641	1,096,144	918,312	771,734	1,071,411	994,767	1,472,162	1,398,614	1,610,381
Other	425,075	186,629	377,855	318,539	303,559	385,024	438,446	21,287	4,002	45,748
Enterprise operation	85,998	103,820	107,582	107,578	146,936	151,851	131,483	148,454	162,537	175,648
Food service operation	4,551,440	4,845,664	4,561,689	4,663,458	5,093,545	5,152,095	5,522,210	5,135,667	5,043,809	5,004,687
Community service operation	1,391,513	1,290,826	1,547,353	1,547,128	1,619,411	2,141,852	1,878,038	1,904,075	1,816,630	1,948,776
Interest on long-term debt	596,246	1,459,635	943,259	870,510	770,063	623,896	470,416	308,771	138,167	374,783
Cost of issuance	-	-	-	-	-	-	-	-	241,524	-
Total Expenses	94,277,726	94,168,630	92,549,818	95,155,483	99,191,084	98,398,893	108,188,092	116,233,475	120,430,890	122,148,837
<b>Program revenues</b>										
Governmental activities:										
Charges for services and sales:										
Instruction	438,560	396,696	437,050	490,340	605,334	456,839	414,397	420,476	451,116	303,979
School Nutrition	589,108	623,772	620,580	661,174	957,575	1,050,839	1,091,179	541,223	572,875	626,915
Community services operation	1,528,558	1,407,869	1,436,174	1,642,512	1,727,997	2,046,722	2,039,067	2,016,273	1,950,186	2,016,313
Other	214,092	258,666	222,281	190,458	144,077	115,630	133,828	109,926	109,723	90,169
Operating grants and contributions	42,707,943	43,925,279	41,156,633	41,832,195	48,508,982	51,030,789	53,117,402	54,778,439	56,836,662	55,283,285
Capital grants and contributions	1,009,373	1,926,002	2,024,032	1,730,946	5,811	77,220	77,220	77,216	1,875,974	4,011,654
Total governmental activities	46,487,634	48,538,284	45,896,750	46,547,625	51,949,776	54,778,039	56,873,093	57,943,553	61,796,536	62,292,315
program revenues	(47,790,092)	(45,630,346)	(46,653,068)	(48,607,858)	(47,741,308)	(43,620,854)	(51,314,999)	(58,289,922)	(58,634,354)	(59,856,522)
Net Expense										
<b>General revenues</b>										
Governmental activities:										
Property taxes	47,382,737	42,510,925	41,310,204	42,834,308	42,995,232	42,408,036	44,103,745	45,910,055	48,989,025	53,208,934
Special purpose local option sales taxes	8,274,638	8,002,202	8,843,924	8,730,945	9,133,382	9,919,213	10,080,194	10,319,158	10,763,268	11,350,281
Other taxes	1,483,463	1,536,301	1,614,953	1,792,997	1,540,615	1,627,968	2,026,366	2,266,142	2,328,238	2,186,797
Investment earnings	114,161	77,452	57,966	104,500	45,405	88,825	173,325	220,251	393,294	1,138,652
Other miscellaneous revenues	316,654	360,010	314,596	270,173	269,128	1,071,651	337,889	251,073	1,822,160	4,035,538
Total governmental activities	57,571,653	53,486,890	52,141,643	53,732,923	53,983,762	55,115,693	56,711,519	58,965,679	64,295,985	72,120,202
General revenues and other changes in net position										
<b>Change in net position</b>	\$ 9,781,561	\$ 6,856,544	\$ 5,488,575	\$ 5,125,065	\$ 6,742,454	\$ 11,494,839	\$ 5,406,520	\$ 676,757	\$ 5,661,631	\$ 12,263,680

Source: Applicable annual financial report (2008-2013) and Comprehensive Annual Financial Report (2014-2017).

(1) Federal Grant Administration reported as part of General Administration from 2007-2011.

(2) Due to improvements in the State economy, the austerity reductions were less than anticipated and resulted in an increase in State Funding.

(3) Decrease is due to the significant decrease in assessed values.

(4) The District agreed to settle a large claim for approximately \$900,000 which caused the one time increase in expenses.

(5) The District analyzed salaries and significantly increased certified salaries for competitiveness.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 722,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	14,773,686	-	-	-	-	-	-	-	-	-
Nonspendable	-	227,129	182,049	253,338	319,312	563,798	431,848	41,548	14,003	29,699
Restricted	-	185,457	76,991	55	55	-	-	-	-	-
Committed	-	202,756	215,147	231,993	283,678	411,572	325,171	354,813	340,906	416,373
Assigned	-	4,004,004	4,389,816	4,354,015	3,920,438	4,637,706	5,562,966	4,409,877	4,748,328	4,684,782
Unassigned	-	15,034,840	14,840,186	13,680,179	12,904,092	13,116,214	11,810,072	12,214,914	14,016,887	14,976,415
Total general fund	\$ 15,496,625	\$ 19,654,186	\$ 19,704,189	\$ 18,519,580	\$ 17,427,575	\$ 18,729,290	\$ 18,130,057	\$ 17,021,152	\$ 19,120,124	\$ 20,107,269
All Other Governmental Funds										
Reserved										
Grant Fund	\$ 4,418,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated, reported in:										
Special Revenue Funds	4,386,774	-	-	-	-	-	-	-	-	-
Capital Projects Fund	6,090,729	-	-	-	-	-	-	-	-	-
Asset Replacement Fund	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	74,414	53,213	61,217	66,326	100,913	116,665	66,876	42,140	176,642
Restricted	-	4,254,130	5,624,471	3,000,492	4,462,079	4,476,094	3,439,462	2,867,338	13,468,117	7,635,819
Committed	-	13,463	21,767	15,927	22,346	10,880	11,928	17,000	13,567	22,883
Assigned	-	12,096,039	13,126,677	10,452,254	15,577,445	11,728,158	11,933,525	13,682,365	16,783,440	18,369,573
Total all other governmental funds	\$ 14,896,040	\$ 16,438,046	\$ 18,826,128	\$ 13,529,890	\$ 20,128,196	\$ 16,316,045	\$ 15,501,580	\$ 16,633,579	\$ 30,307,264	\$ 26,204,917

(a) Implementation of GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions began July 1, 2010. Statement No. 54 provides clarification and transparency to fund balance classifications. The new standard changes overall definitions and classifications of governmental fund balance. Prior to these classifications fund balance was separated into two groups, Reserved and Unreserved. Under GASB No. 54, the District's fund balance is classified as follows:

- 1) Nonspendable Fund Balance - Noncash assets, such as inventories and prepaid items.
- 2) Restricted Fund Balance - Funds with limitations imposed on their use by external restrictions.
- 3) Committed Fund Balances - Amounts that can only be used for specific purposes pursuant to formal vote of the City of Marietta Board of Education.
- 4) Assigned Fund Balances - Amounts designated by the Board of Education for specific purposes.
- 5) Unassigned Fund Balance - Residual spendable fund balance after subtracting categories listed above.
- 6) The District completed several large capital projects in the 2013 fiscal year which increased capital outlays nearly \$10 million from the prior year.

Source: Applicable annual financial report (2010-2013) and Comprehensive Annual Financial Report (2014-2019).

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Taxes	\$ 56,567,811	\$ 53,324,522	\$ 52,229,311	\$ 53,864,586	\$ 53,649,929	\$ 54,008,448	\$ 56,230,182	\$ 58,554,276	\$ 62,057,563	\$ 66,527,720
Intergovernmental	42,219,823	44,192,698	41,098,550	41,482,809	45,512,796	48,478,713	50,579,174	52,432,657	56,277,757	56,657,846
Charges for services	2,770,318	2,687,003	2,716,085	2,930,751	1,563,663	1,519,253	1,521,188	984,502	1,059,150	954,181
Investment Earnings	114,161	82,569	63,011	112,434	50,954	97,776	181,692	236,985	417,111	1,408,313
Other sources	805,893	2,008,949	2,391,666	2,396,304	5,125,037	4,760,530	4,849,332	4,364,007	6,107,191	8,459,253
Total revenues	102,478,006	102,295,741	98,598,623	100,786,884	105,902,379	108,864,720	113,361,568	116,572,427	125,918,772	134,007,313
<b>Expenditures:</b>										
Current:										
Instruction	56,223,884	57,348,653	55,755,991	58,828,062	56,767,976	59,012,935	63,475,348	65,947,345	70,421,883	75,089,217
Pupil services	4,033,340	3,951,896	3,420,172	3,701,914	3,767,051	4,003,438	4,896,193	5,485,209	6,057,207	6,809,744
Instructional Services	3,735,270	2,944,783	3,437,150	3,659,551	4,191,535	4,647,872	5,113,444	5,759,558	5,635,486	5,625,737
Educational media services	1,601,165	1,296,540	1,346,899	1,315,550	1,249,975	1,305,303	1,362,974	1,372,288	1,410,542	1,599,308
General administration	1,519,219	1,612,971	1,503,212	1,564,445	1,729,213	1,835,901	1,735,024	1,930,917	1,886,164	2,098,282
School administration	5,124,525	5,294,056	5,196,715	5,300,852	5,451,370	5,552,558	5,980,652	6,093,372	6,445,465	7,075,591
Business administration	782,537	672,036	681,189	525,847	641,995	655,269	788,307	915,148	852,229	1,028,743
Maintenance and operations	6,309,621	6,674,057	6,233,190	6,791,439	6,554,485	7,583,314	6,801,471	7,081,342	7,728,878	8,859,571
Student transportation service	3,800,100	3,892,134	4,196,548	4,340,546	4,300,726	4,548,643	4,820,913	5,100,909	5,288,482	5,659,867
Support services - central	918,753	764,404	1,109,431	1,524,524	775,186	1,073,464	994,084	1,475,041	1,403,587	1,603,375
Other support services	436,456	353,015	381,022	337,310	302,377	391,921	436,121	21,267	4,002	4,000
Enterprise operations	85,998	103,820	107,582	107,578	146,936	151,851	131,483	148,454	162,537	175,648
School nutrition	4,551,440	4,845,664	4,561,689	4,663,458	5,093,545	5,152,095	5,522,210	5,135,667	5,043,809	5,004,687
Community service operations	1,391,513	1,294,159	1,550,889	1,548,859	1,619,943	2,149,171	1,877,802	1,903,146	1,812,091	1,949,107
Capital outlay	6,551,447	1,793,657 (1)	2,452,710	9,363,171 (1)	4,122,917	10,522,921	7,199,048	4,512,765	4,032,866	13,474,420 (2)
Debt service:										
Principal	3,104,444	2,640,000	2,720,000	2,795,000	2,865,000	2,105,000	3,160,000	3,335,000	3,520,000	710,000
Interest	596,246	1,053,625	974,425	899,625	829,750	686,500	536,250	378,250	211,500	420,530
Cost of issuance	-	-	-	-	-	-	-	-	241,524	-
Total expenditures	100,765,958	96,603,746	96,160,538	107,267,731	100,409,980	111,378,156	114,831,324	116,595,678	122,138,252	137,187,827
Excess (deficiency) of revenues over expenditures	1,712,048	5,691,995	2,438,085	(6,480,847)	5,492,399	(2,513,436)	(1,469,756)	(23,251)	3,780,520	(3,180,514)
Other financing sources (uses)										
Proceeds from sale of capital assets	-	7,573	-	-	13,902	3,000	56,058	46,345	50,611	65,312
Transfers in	3,587,057	777,124	2,068,813	3,460,736	5,913,946	819,405	3,560,051	3,766,353	3,572,894	1,901,546
Transfers out	(3,587,057)	(777,124)	(2,068,813)	(3,460,736)	(5,913,946)	(819,405)	(3,560,051)	(3,766,353)	(3,572,894)	(1,901,546)
Bond proceeds	-	-	-	-	-	-	-	-	10,690,000	-
Premium on bonds proceeds	-	-	-	-	-	-	-	-	1,251,526	-
Total other financing sources (uses)	-	7,573	-	-	13,902	3,000	56,058	46,345	11,992,137	65,312
Net change in fund balances	\$ 1,712,048	\$ 5,699,568	\$ 2,438,085	\$ (6,480,847)	\$ 5,506,301	\$ (2,510,436)	\$ (1,413,698)	\$ 23,094	\$ 15,772,657	\$ (3,115,202)
Debt service as a percentage of non-capital expenditures	4.0%	4.0%	4.0%	4.0%	3.9%	2.5%	3.5%	3.4%	3.4%	0.9%

Source: Applicable annual financial report (2010-2013) and Comprehensive Annual Financial Report (2014-2019).

(1) Due to funding constraints the District's capital outlay projects are typically staggered to allow for minimal financing of the projects.

(2) The change in capital outlay from 2018 to 2019 is due to two major construction projects: The College & Career Academy at MHS and the new Park Street Elementary School. The issuance of bonds in May 2018 created funding to complete multiple SPLOST projects earlier in the SPLOST 5 plan.

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**GENERAL FUND GOVERNMENTAL REVENUES BY SOURCE**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue Source</b>										
Property Taxes	\$ 46,805,999	\$ 43,581,924	\$ 41,870,434	\$ 43,340,644	\$ 42,975,932	\$ 42,461,267	\$ 44,123,622	\$ 45,968,976	\$ 48,966,057	\$ 52,990,642
State Funds	29,232,725	31,747,032	30,282,747	31,429,895	35,824,838	37,814,050	40,419,172	42,424,904	46,378,923	46,912,028
Federal Funds	-	-	-	-	-	-	-	613,061	533,690	519,497
Other Taxes	1,483,463	1,536,301	1,614,953	1,792,997	1,540,615	1,627,968	2,026,366	2,266,142	2,328,238	2,186,797
Charges for Services	438,560	534,979	536,885	490,340	605,334	468,414	430,009	443,279	486,275	327,266
Investment Earnings	82,876	57,987	44,386	85,602	32,103	70,720	153,436	180,737	244,911	816,276
Other Miscellaneous Revenues	649,257	1,826,909	2,235,814	2,237,056	3,138,476	2,433,828	2,357,154	1,835,624	2,152,505	2,122,420
<b>Total Revenues</b>	<b>\$ 78,692,880</b>	<b>\$ 79,285,132</b>	<b>\$ 76,585,219</b>	<b>\$ 79,376,534</b>	<b>\$ 84,117,298</b>	<b>\$ 84,876,247</b>	<b>\$ 89,509,759</b>	<b>\$ 93,732,723</b>	<b>\$ 101,090,599</b>	<b>\$ 105,874,926</b>

Source: Applicable annual financial report (2010-2013) and Comprehensive Annual Financial Report (2014-2019).



**CITY OF MARIETTA BOARD OF EDUCATION**  
**GENERAL FUND GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current:										
Instruction	\$ 51,350,940	\$ 50,837,828	\$ 50,497,523	\$ 52,917,674	\$ 53,467,503	\$ 55,363,421	\$ 59,029,737	(1) \$ 61,504,431	\$ 63,013,252	\$ 67,096,748
Pupil Services	6,671,166	5,847,658	6,252,634	6,512,629	7,213,557	7,950,601	8,940,303	10,106,485	12,040,137	13,132,696
School & Administrative Services	7,043,653	6,817,711	6,993,058	6,890,507	7,209,259	7,282,569	7,656,893	7,993,166	8,698,396	9,470,360
Maintenance & Operations	6,289,545	6,632,378	6,104,768	5,997,112	6,485,729	7,212,742	6,678,655	6,596,219	6,760,854	7,217,424
Student Transportation	3,558,471	3,608,940	3,940,906	4,092,002	4,173,805	4,212,988	4,601,662	4,670,191	4,436,358	4,861,152
Other	624,443	613,505	677,514	690,483	745,504	732,806	755,893	820,597	902,277	1,239,617
<b>Total Current Expenditures</b>	<b>\$ 75,538,218</b>	<b>\$ 74,358,020</b>	<b>\$ 74,466,403</b>	<b>\$ 77,100,407</b>	<b>\$ 79,295,357</b>	<b>\$ 82,755,127</b>	<b>\$ 87,663,143</b>	<b>\$ 91,691,089</b>	<b>\$ 95,851,274</b>	<b>\$ 103,017,997</b>

Source: Applicable annual financial report (2010-2013) and Comprehensive Annual Financial Report (2014-2019).

(1) The District analyzed salaries and significantly increased certified salaries for competitiveness.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## CITY OF MARIETTA, GEORGIA- ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real & Personal Property		Public Utilities	Motor Vehicles	Exemptions	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value
	Residential	Commercial						
2010	\$ 1,156,778,898	\$ 1,657,262,268	\$ 34,206,529	\$ 176,855,380	(77,654,755)	\$ 3,017,060,684	17.970	\$ 7,542,651,710
2011	1,000,600,110	1,594,093,752	32,552,625	176,824,760	(77,764,988)	2,794,714,421	17.970	6,986,786,053
2012	938,597,107	1,511,341,681	32,725,646	173,306,260	(90,772,583)	2,630,276,988	17.970	6,575,692,470
2013	881,908,736	1,527,184,515	30,091,324	167,482,790	(67,072,529)	2,607,225,118	19.157	6,518,062,795
2014	879,610,370	1,478,035,097	32,617,733	196,575,996	(82,317,947)	2,570,568,642	18.682	6,426,421,605
2015	953,712,220	1,486,271,023	35,430,207	165,398,610	(99,356,626)	2,608,558,232	17.970	6,521,395,580
2016	1,017,000,410	1,576,286,395	39,277,570	96,766,950	(100,827,641)	2,698,292,530	17.970	6,745,731,325
2017	1,148,085,718	1,625,449,092	39,768,926	69,926,410	(117,899,672)	2,830,079,310	17.970	7,075,198,275
2018	1,275,402,476	1,741,311,476	37,734,530	51,473,260	(105,444,960)	3,067,951,214	17.970	7,669,878,035
2019	1,392,730,400	1,892,743,253	38,501,228	37,393,020	(105,250,888)	3,327,865,045	17.970	8,319,662,613

Property Tax Assessments are based on 40% of the appraised market value as of January 1 each year. School tax, by law, cannot be greater than 20 mills per dollar for the support and maintenance of education.  
Note: The other category is comprised of historical properties, agriculture, conservation use, industrial property, brownfield property, mobile homes, and heavy equipment.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

Fiscal Year	Direct Rate			Overlapping Rates			Total Direct & Overlapping Rates
	Marietta School Operating	Marietta School Bond	Marietta School Total	City of Marietta Operating	Cobb County	Downtown Marietta DA (1) Millage	
2010	17.97	1.187	19.157	4.688	7.04	2.09	32.975
2011	17.97	1.187	19.157	5.238	7.04	2.09	33.525
2012	17.97	1.187	19.157	5.238	8.05	2.09	34.535
2013	19.157	-	19.157	4.048	8.05	2.09	33.345
2014	18.682	-	18.682	4.048	7.65	2.07	32.450
2015	17.970	-	17.970	6.050	7.45	2.07	33.540
2016	17.970	-	17.970	6.050	7.45	1.99	33.460
2017	17.970	-	17.970	5.590	6.89	1.82	32.270
2018	17.970	-	17.970	5.618	8.59	1.78	33.958
2019	17.970	-	17.970	5.368	8.59	1.78	33.708

Source: City of Marietta tax department, District Records

(1) The Downtown Marietta Development Authority is a special purpose district in the downtown business areas that assesses an additional tax levy.

(2) The District no longer needed a debt service millage as the note payable to the Downtown Marietta Development Authority was paid in full. The millage was adjusted to be M&O.

Note: School tax, by law, cannot be greater than 20 mills per dollar for the support and maintenance of education.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## CITY OF MARIETTA, GEORGIA - PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bridge III GA Laurel Hills	\$ 33,443,120	1	1.00%	\$ 15,412,320	3	0.61%
WAH10 Windy Hill LLC	23,424,000	2	0.70%			
Star 1250 West	21,621,200	3	0.65%			
Crawford Hickory Equity LLC	18,960,000	4	0.57%			
Lakeside 358 LLC	16,531,600	5	0.50%			
Kennestone Outpatient Pavilion	15,125,680	6	0.45%			
C W Matthews Contracting Co.	15,092,079	7	0.45%	15,413,700	2	0.61%
Nava Crossing LLC	13,545,309	8	0.41%			
Parkway Center Properties, I	11,560,000	9	0.35%	12,496,800	5	0.49%
Parkway Center Properties, II	11,200,000	10	0.34%	11,840,320	6	0.47%
Bellsouth Telecom / AT&T				17,914,070	1	0.71%
Sterling Town Center Apartments				13,068,240	4	0.52%
Wellstar Health System, Inc.				8,600,000	7	0.34%
Jasmine At Powers Ferry LLC				8,189,000	8	0.32%
Raula Frank P & Tyler J Raula				8,189,000	9	0.32%
GIH MMC LLC				7,768,280	10	0.31%
	<u>\$ 180,502,988</u>		<u>5.42%</u>	<u>\$ 118,891,730</u>		<u>4.70%</u>

Source: City of Marietta, GA

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
2010	\$	50,343,528	\$ 47,609,544	94.57%	\$ 2,733,257	\$ 50,342,801	100.00%
2011		46,166,293	40,583,775	87.91%	5,581,801	46,165,576	100.00%
2012		43,169,038	42,392,486	98.20%	774,391	43,166,877	99.99%
2013		45,507,072	45,180,644	99.28%	305,739	45,486,383	99.95%
2014		43,655,195	43,267,638	99.11%	361,618	43,629,256	99.94%
2015		43,010,798	42,759,977	99.42%	233,715	42,993,692	99.96%
2016		44,492,374	44,267,858	99.50%	202,522	44,470,380	99.95%
2017		45,844,142	45,601,996	99.47%	191,161	45,793,157	99.89%
2018		49,956,595	49,753,053	99.59%	109,704	49,862,757	99.81%
2019		54,455,925	54,068,854	99.29%	-	54,068,854	99.29%

Source: District records and City of Marietta, GA tax department

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value	\$ 3,017,060,684	\$ 2,794,714,421	\$ 2,630,276,988	\$ 2,607,225,118	\$ 2,570,568,642	\$ 2,608,558,232	\$ 2,698,292,530	\$ 2,698,292,530	\$ 3,067,951,214	\$ 3,327,865,045
Debt Limit: 10% of assessed value	301,706,068	279,471,442	263,027,699	260,722,512	257,056,864	260,855,823	269,829,253	269,829,253	306,795,121	332,786,505
Less: Debt applicable to debt limit	-	-	-	-	-	-	-	-	10,690,000	10,690,000
Legal Debt Margin	\$ 301,706,068	\$ 279,471,442	\$ 263,027,699	\$ 260,722,512	\$ 257,056,864	\$ 260,855,823	\$ 269,829,253	\$ 269,829,253	\$ 296,105,121	\$ 322,096,505
Margin to Limit	100%	100%	100%	100%	100%	100%	100%	100%	97%	97%

Source: (1) Georgia Department of Revenue - Local Government Services Division County Digest Section

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>		<b>Intergovernmental Payable</b>	<b>Percentage of Personal Income (1)</b>		<b>Per Capita</b>
2010	\$	24,750,000	1.49%	\$	380.84
2011		22,110,000	1.48%		390.78
2012		19,390,000	1.27%		332.94
2013		16,595,000	1.07%		282.53
2014		13,730,000	0.91%		232.04
2015		10,725,000	0.71%		179.40
2016		7,565,000	0.51%		128.07
2017		4,230,000	0.26%		69.41
2018		12,651,526	0.64%		204.45
2019		11,743,771	0.63%		191.35

(1) Personal Income is presented in City of Marietta, GA Demographic Statistics table

Source: Applicable annual financial report (2009-2013) and Comprehensive Annual Financial Report (2014-2018)  
and City of Marietta, GA

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2019**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
Marietta Board of Education	\$ 11,743,771	100%	\$ 11,743,771
City of Marietta, Georgia	89,120,999	100%	89,120,999
Cobb County, Georgia	484,915,000	11.74%	56,929,021
Total overlapping debt	574,035,999		146,050,020
Total direct and overlapping debt	\$ 585,779,770		\$ 157,793,791

Sources: Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment. Outstanding debt data obtained from the City of Marietta.

Note: Overlapping governments are those coinciding, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

(1) The calculation for the overlapping debt was determined by allocating the percentage of Net M&O for the city versus the total for the County. This information was obtained from the City of Marietta.



# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Special Purpose Local Option Sales Tax Bonds					
	Sales Tax	Less: Projects (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ 8,278,349	\$ 6,652,007	\$ 1,626,342	\$ 3,104,444	\$ 596,246	44%
2011	8,206,297	2,615,940	5,590,357	2,640,000	1,053,625	151%
2012	8,843,924	3,880,704	4,963,220	2,720,000	974,425	134%
2013	8,730,945	7,912,625	818,320	2,795,000	899,625	22%
2014	9,133,382	4,202,653	4,930,729	2,865,000	829,750	133%
2015	9,919,213	7,444,883	2,474,330	2,105,000	686,500	89%
2016	10,080,194	7,376,106	2,704,088	3,160,000	536,250	73%
2017	10,319,158	6,663,090	3,656,068	3,335,000	378,250	98%
2018	10,763,268	7,158,099	3,605,169	3,520,000	211,500	97%
2018	11,350,281	8,763,888	2,586,393	710,000	420,530	229%

Note: The Marietta Board of Education entered into a joint resolution with the City of Marietta, Georgia whereby the City issued general obligation bonds on behalf of the Board of Education to finance construction, renovations and upgrades to technology and capital equipment. Special Purpose Local Option Sales Tax (SPLOST) revenue from voter approved referendums in 2003, 2008 and 2013 is used to service the debt.

(1) This is the amount of SPLOST dollars expended on capital projects each year, per the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds in each respective year's financial statements.

Source: Applicable annual financial report (2010-2013) and Comprehensive Annual Financial Report (2014-2019).

## BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

### CITY OF MARIETTA, GEORGIA - DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

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Fiscal Year	Population (1)	Personal Income	Per Capita Income(1)	Median Age(1)	School Enrollment(2)	Unemployment Rate
2010	64,988	\$ 1,663,692,000	\$ 25,600	34.6	7,588	9.70%
2011	56,579	1,489,329,000	26,323	32.6	7,774	9.90%
2012	58,238	1,529,272,000	26,259	32.8	8,205	9.70%
2013	58,738	1,555,911,000	26,489	33.7	8,395	9.20%
2014	59,172	1,507,868,000	25,483	34.0	8,832	7.80%
2015	59,781	1,503,256,000	25,146	33.8	9,006	5.70%
2016	59,067	1,475,494,000	24,980	32.9	8,932	5.00%
2017	60,941	1,622,067,000	26,617	32.9	8,875	4.20%
2018	61,881	1,972,476,000	31,875	34.0	8,926	3.60%
2019	61,374	1,850,327,000	30,148	34.0	8,756	3.30%

(1) Information obtained from City of Marietta, Georgia.

(2) Enrollment was determined in early October of each fiscal year.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## CITY OF MARIETTA, GEORGIA - PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lockheed Martin Aeronautical Systems	8,200	1	23%			
Wellstar Kennestone Hospital	6,125	2	6%	4,700	1	13%
Marietta Technology Center (Home Depot)	2,241	3	17%			
Tip Top Poultry, Inc.	2,207	4	5%	1,300	6	4%
Dobbins Air Reserve Base	2,000	5	6%			
Cobb County Public Safety	1,800	6	2%			
Cobb County Board of Education	1,369	7	6%	1,083	8	3%
Marietta City Schools	1,019	8	4%	1,138	7	3%
Cobb County Government	890	9	3%	911	10	3%
C.W. Matthews Contracting, Inc.	550	10	2%	1,400	5	4%
YKK Corp of America				2,500	2	7%
Alere				1,766	3	5%
Columbian Chemical Company				1,410	4	4%
Solvay Pharmaceuticals				950	9	3%
	<u>26,401</u>		<u>73%</u>	<u>17,158</u>		<u>48%</u>

(1) Information obtained from City of Marietta, Georgia.

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## FULL TIME EQUIVALENT (FTE) POSITIONS\* LAST TEN FISCAL YEARS

Positions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>A.L. Burruss Elementary School</b>										
Classroom Teachers	32	30	31	35	37	37	37	38	39	39
Support Personnel	24	20	19	19	19	16	17	19	20	20
Administrators	2	2	2	2	2	2	3	3	2	2
<b>Dunleith Elementary School</b>										
Classroom Teachers	43	41	45	48	51	55	49	52	51	48
Support Personnel	32	31	30	31	28	25	23	24	26	23
Administrators	2	2	2	2	2	3	3	3	3	3
<b>Emily Lembeck Early Learning Center</b>										
Classroom Teachers	-	-	-	-	-	-	-	-	-	8
Support Personnel	-	-	-	-	-	-	-	-	-	12
Administrators	-	-	-	-	-	-	-	-	-	1
<b>Hickory Hills Elementary School</b>										
Classroom Teachers	35	36	35	37	42	39	37	40	36	38
Support Personnel	29	29	28	26	24	24	24	20	22	23
Administrators	2	2	2	2	2	2	3	3	3	2
<b>Lockheed Elementary School</b>										
Classroom Teachers	59	57	58	59	62	68	65	64	64	66
Support Personnel	34	34	37	35	29	28	24	26	30	25
Administrators	3	3	3	3	3	3	4	4	2	3
<b>Marietta Centers for Advanced Academics</b>										
Classroom Teachers	16	16	15	16	16	15	16	16	17	19
Support Personnel	11	13	10	10	8	10	10	11	10	11
Administrators	2	2	2	2	2	2	2	2	2	2
<b>Marietta Charter School</b>										
Classroom Teachers	13	13	-	-	-	-	-	-	-	-
Support Personnel	8	4	-	-	-	-	-	-	-	-
Administrators	1	1	-	-	-	-	-	-	-	-
<b>Park Street Elementary School</b>										
Classroom Teachers	48	46	44	45	46	42	52	53	52	50
Support Personnel	33	26	29	23	23	22	29	27	26	25
Administrators	2	2	2	2	2	2	4	4	3	4
<b>Sawyer Road Elementary School</b>										
Classroom Teachers	43	44	48	52	55	61	62	64	63	61
Support Personnel	32	26	26	25	27	28	24	23	22	29
Administrators	2	2	2	2	3	3	3	3	3	3

(continued)

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## FULL TIME EQUIVALENT (FTE) POSITIONS\* LAST TEN FISCAL YEARS

Positions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>West Side Elementary School</b>										
Classroom Teachers	40	38	40	35	36	37	39	38	39	36
Support Personnel	26	25	24	20	20	18	19	18	22	22
Administrators	2	2	2	2	2	2	2	2	2	3
<b>Marietta Sixth Grade Academy</b>										
Classroom Teachers	44	45	43	45	45	46	50	48	50	51
Support Personnel	27	26	26	22	24	26	24	20	25	25
Administrators	2	2	2	2	2	2	3	3	2	2
<b>Marietta Middle School</b>										
Classroom Teachers	82	78	81	84	83	83	81	87	92	88
Support Personnel	54	61	41	41	36	36	35	37	40	46
Administrators	4	4	4	4	4	4	5	5	5	5
<b>Marietta High School</b>										
Classroom Teachers	134	131	131	133	127	132	133	139	138	145
Support Personnel	62	52	48	51	48	50	53	53	60	59
Administrators	8	8	9	9	10	10	13	12	12	12
<b>Performance Learning Center</b>										
Classroom Teachers	5	5	7	7	7	7	7	7	7	2
Support Personnel	2	2	3	3	3	3	2	3	3	2
Administrators	1	1	1	1	1	1	1	1	1	1
<b>Other Education Facilities</b>										
Classroom Teachers	1	2	3	3	2	1	1	1	1	1
Support Personnel	1	-	-	-	-	-	-	-	-	-
Administrators	2	2	2	2	1	1	1	-	-	-
<b>Central Office</b>										
Support Personnel	38	36	39	46	43	47	46	46	45	45
Administrators	9	8	8	9	9	9	9	11	9	9

(continued)

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## FULL TIME EQUIVALENT (FTE) POSITIONS\* LAST TEN FISCAL YEARS

Positions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Maintenance Facility</b>										
Support Personnel	10	10	9	10	8	8	7	6	6	6
<b>Other Auxiliary Facility</b>										
Support Personnel	34	32	32	30	31	33	35	32	26	26
Administrators	2	2	2	2	2	2	2	3	3	6
<b>Transportation</b>										
Support Personnel	104	94	93	92	100	96	96	94	91	90
<b>School Board Members</b>	7	7	7	7	7	7	7	7	7	7
	1,209	1,155	1,127	1,136	1,134	1,148	1,162	1,172	1,182	1,206

\*CPI Annual School Report filed with the Department of Education (rounded by location)

Source: District Human Resources Department

## BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

### NUMBER OF PERSONNEL AND RATIO OF PUPILS TO PROFESSIONAL PERSONNEL LAST TEN FISCAL YEARS

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Fiscal Year	Professional Personnel (1)	Other Operating Personnel (2)	Service Personnel (3)	Total Personnel	Enrollment (4)	Ratio of Pupils to Professional Personnel
2010	717	351	148	1,216	7,588	10.6 : 1
2011	698	329	133	1,160	7,774	11.1 : 1
2012	701	340	93	1,134	8,205	11.7 : 1
2013	717	316	109	1,142	8,395	11.7 : 1
2014	732	298	111	1,141	8,832	12.1 : 1
2015	751	299	108	1,158	9,006	12.0 : 1
2016	759	309	103	1,171	8,932	11.8 : 1
2017	794	281	100	1,175	8,915	11.2 : 1
2018	809	286	97	1,192	8,926	11.0 : 1
2019	811	304	96	1,211	8,756	10.8 : 1

(1) Professional Personnel consists of all certified personnel including teachers, librarians, counselors, supervisors, consultants, coordinators, principals, assistant principals, and other leadership personnel.

(2) Other operating personnel includes, non-certified leadership personnel, classroom aides, secretarial, food service personnel, custodial, clerical employees and other technicians.

(3) Service Personnel includes bus drivers and maintenance/warehouse employees.

(4) Enrollment was determined in early October of each fiscal year.

Source: CPI Reports submitted to Department of Education

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## TEACHER'S SALARY SCHEDULE LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Minimum (1)</b>	<b>Maximum (2)</b>	<b>Annual Salary Increase Approved by School Board</b>	<b>State-Wide Average (3)</b>
2010	\$ 40,101	\$ 87,523	0.0%	\$ 53,155
2011	39,619	87,523	0.0%	52,872
2012	39,144	87,523	0.0%	53,002
2013	39,144	89,273	2.0%	52,956
2014	38,500	89,273	0.0%	52,973
2015	40,500	88,444	1.0%	53,424
2016	42,000	84,016	4.2% (4)	54,215
2017	43,050	85,966	4.1% (4)	55,537
2018	43,481	86,766	2.5% (4)	56,342
2019	46,698	90,560	6.5% (4)	57,072

(1) Minimum - Bachelors T-4

(2) Maximum - Doctorate T-7

(3) Georgia Governor's Office of Student Achievement

(4) Average Salary increase for Certified Positions

Source: District Human Resources Department and District FY2016 - FY2019 Salary Schedules



**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Expenditures</b>	<b>Enrollment (1)</b>	<b>Cost Per Pupil Enrolled</b>	<b>Percentage of Change</b>	<b>Professional Personnel</b>	<b>Ratio of Pupils to Professional Personnel</b>
2010	\$ 100,765,958	7,588	\$ 13,280	-1.79%	717	10.6 : 1
2011	96,603,746	7,774	12,427	-6.42%	698	11.1 : 1
2012	96,160,538	8,205	11,720	-5.69%	701	11.7 : 1
2013	107,267,731	8,395	12,778	9.03%	717	11.7 : 1
2014	100,409,980	8,832	11,369	-11.02%	732	12.1 : 1
2015	111,378,156	9,006	12,367	8.78%	751	12.0 : 1
2016	114,831,324	8,875	12,939	4.62%	759	11.8 : 1
2017	116,595,678	8,915	13,079	1.08%	794	11.8 : 1
2018	122,138,252	8,926	13,683	4.62%	809	11.2 : 1
2019	137,187,827	8,756	15,668	14.50%	811	10.8 : 1

(1) Enrollment was determined in early October of each fiscal year.

Source: District Records

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**SCHOOL NUTRITION PROGRAM  
LAST TEN FISCAL YEARS**

Fiscal Year	Average # of Lunches Served Daily	Student Lunch Prices					Average # of Breakfasts Served Daily	Breakfast Sites	Free and Reduced Eligibility	
		Elementary & Primary School		Middle School		High School				
		\$	1.80	\$	1.90	\$				1.90
2010	5,349	\$	1.80	\$	1.90	\$	1.90	3,947	11	64.45%
2011	5,462		1.80		1.90		1.90	4,081	11	65.81%
2012	5,944		1.90		2.00		2.00	4,397	11	66.59%
2013	6,014		2.00		2.10		2.10	4,836	11	67.69%
2014	6,118		2.05		2.15		2.15	4,615	11	65.23%
2015	5,869		2.10		2.20		2.25	4,146	11	64.00%
2016	5,678		2.20		2.25		2.30	3,929	11	63.93%
2017	5,432		2.20		2.30		2.35	3,724	11	62.13%
2018	5,119		2.30		2.35		2.40	3,596	11	56.14%
2019	4,876		2.35		2.40		2.45	3,253	12	54.68%

Source: District Records

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## SCHOOL BUILDINGS LAST TEN FISCAL YEARS

School Name	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
A.L. Burruss Elementary School										
Square Feet	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	357	374	389	439	469	445	497	451	495	495
Dunleith Elementary School										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	534	548	634	655	721	709	697	701	626	626
Emily Lembeck Early Learning Center (1)										
Square Feet	-	-	-	-	-	-	-	-	-	24,595
Capacity	-	-	-	-	-	-	-	-	-	255
Enrollment	-	-	-	-	-	-	-	-	-	148
Hickory Hills Elementary School										
Square Feet	55,924	55,924	55,924	55,924	55,924	55,924	55,924	55,924	55,924	55,924
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	369	416	446	474	487	374	404	385	372	372
Lockheed Elementary School										
Square Feet	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000	94,000
Capacity	875	875	875	875	875	875	875	875	875	875
Enrollment	807	804	86	818	860	861	823	859	773	773
Marietta Center for Advanced Academics										
Square Feet	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878	43,878
Capacity	400	400	400	400	400	400	400	400	400	400
Enrollment	259	256	271	305	319	328	324	328	334	334
Park Street Elementary School										
Square Feet	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563	76,563
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	520	528	546	584	648	661	546	643	552	552
Sawyer Road Elementary School										
Square Feet	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	562	646	714	739	760	769	774	780	758	758
West Side Elementary School										
Square Feet	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,152	69,152
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	508	489	539	498	492	535	526	538	504	504
Marietta Sixth Grade Academy										
Square Feet	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425	101,425
Capacity	775	775	775	775	775	775	775	775	775	775
Enrollment	601	601	614	661	675	681	678	681	736	736
Marietta Middle School										
Square Feet	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616	264,616
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,052	1,111	1,164	1,170	1,281	1,343	1,303	1,337	1276	1276

(continued)

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

## SCHOOL BUILDINGS LAST TEN FISCAL YEARS

School Name	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marietta High School										
Square Feet	365,000	365,000	365,000	365,000	390,109	390,109	390,109	390,109	390,109	390,109
Capacity	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Enrollment	2,086	2,019	2,001	2,024	2,052	2,215	2,270	2,220	2,321	2,321
Marietta Performance Learning Center										
Square Feet	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072	18,072
Capacity	115	115	115	115	115	115	115	115	115	115
Enrollment	75	78	100	104	104	85	90	123	168	168

Note: Increases in square footage are the results of renovations and additions.

(1) The Emily Lembeck Early Learning Center opened in fiscal year 2019.

Source: District Records

## **COMPLIANCE SECTION**



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

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**To the Superintendent and Members of  
the Board of Education of the City of Marietta  
Marietta, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marietta City Schools (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 17, 2019



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

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**To the Superintendent and Members of  
the Board of Education of the City of Marietta  
Marietta, Georgia**

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

We have audited the Marietta City Schools (the "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 the District's major federal programs for the year ended June 30, 2019. The 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 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 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 District's compliance.

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

In our opinion, the 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.



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## Report on Internal Control Over Compliance

Management of the 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 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 17, 2019

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

Funding Agency <u>Program/Grant</u>	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
U. S. Department of Agriculture			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
National School Breakfast Program - Cash Assistance	10.553	195GA324N1099	\$ 896,940
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	195GA324N1100	330,693
Cash Assistance (2)	10.555	195GA324N1100	2,272,147
Total Child Nutrition Cluster			<u>3,499,780</u>
Direct Awards			
Fresh Fruits and Vegetables Program	10.582	195GA324L1603	27,170
Total U. S. Department of Agriculture			<u>3,526,950</u>
U. S. Department of Education			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Title VI-B Flow Through	84.027	H027A180073	1,659,188
Title VI-B Preschool Grants	84.173	H173A180081	50,554
Total Special Education Cluster			<u>1,709,742</u>
Title I-A Program			
Title I-A - Improving the Academic Achievement of the Disadvantaged	84.010	S010A180010	2,331,756
Total Title I-A Program			<u>2,331,756</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Vocational Education - Basic Grant	84.048	V048A180010	87,115
Education for Homeless Children and Youth	84.196	S196A180011	42,707
Title IV-B, Part A, Student Support and Academic Enrichment	84.424	S424A180011	157,468
Title III-A, Limited English Proficient	84.365	S365A180010	193,882
Title II-A, Improving Teacher Quality	84.367	S367A180001	282,816
Title IV-B, 21st Century Community	84.287	S287C180010	228,042
Total U. S. Department of Education			<u>5,033,528</u>
Total Expenditures of Federal Awards			<u>\$ 8,560,478</u>

***Continued***

# BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

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

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### Notes to the Schedule of Expenditures of Federal Awards

- (1) The amounts shown for the Food Distribution Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the District during the current fiscal year.
- (2) Expenditures for the fund earned on Child and Adult Care Food Program and the School Snack Program were not maintained separately and are included in the National School Lunch Program.

The District did not provide Federal Assistance to any Subrecipient.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Marietta Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

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

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

BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

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SECTION I  
SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

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

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

\_\_\_ yes    X no

Significant deficiencies identified?

\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

**Federal Awards**

Internal Control over major federal programs:  
Material weaknesses identified?

\_\_\_ yes    X no

Significant deficiencies identified?

\_\_\_ yes    X none reported

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

Unmodified

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

\_\_\_ yes    X no

Identification of major federal program:

CFDA Number

84.010

Name of Federal Program or Cluster

Title I-A, School Improvement

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

\$750,000

Auditee qualified as low-risk auditee?

X yes    \_\_\_ no

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS**

None reported

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

None reported

**BOARD OF EDUCATION OF THE CITY OF MARIETTA, GEORGIA**

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

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None reported