

**Dubois Integrity Academy  
Audited Financial Statements  
June 30, 2019**

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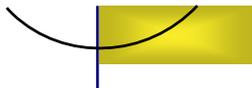
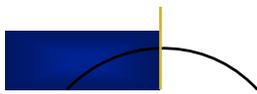
# Dubois Integrity Academy

## Table of Contents

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### Table of Contents

	Page(s)
Report of Independent Auditors.....	1-2
Management’s Discussion and Analysis.....	3-7
<u>Basic Financial Statements</u>	
Statement of Net Position.....	8
Statement of Activities.....	9
Balance Sheet – Governmental Funds.....	10
Reconciliation of Balance Sheet – Governmental Funds with the Statement of Net Position.....	11
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds.....	12
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances with the Statement of Activities.....	13
Notes to the Financial Statements.....	14-29
<u>Required Supplementary Information</u>	
Schedule of Proportionate Share of the Net Pension Liability- Teachers’ Retirement System of Georgia .....	30
Schedule of Contributions - Teachers’ Retirement System of Georgia .....	31
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	32-33
<u>Single Audit, Compliance and Internal Control Reports</u>	
Schedule of Expenditure of Federal Awards.....	34
Notes to the Schedule of Expenditure of Federal Awards.....	35
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.....	36-37
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.....	38-39
Schedule of Findings and Questioned Costs.....	40
Schedule of Expenditure of State Awards.....	41



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Dubois Integrity Academy  
Riverdale, 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 Dubois Integrity Academy ("the School"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

### Opinion

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

**Other Matters**

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, the schedules of proportionate share of net pension liability and schedules of contributions to retirement systems, and budgetary comparison information 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 3, 2019 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 School's internal control over financial reporting and compliance.

*Bambo Sonaike CPA, LLC*

August 3, 2019

# Dubois Integrity Academy

## Management Discussion and Analysis

### As of June 30, 2019

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#### **Introduction**

As management of Dubois Integrity Academy (the "School"), we offer readers of the School's financial statement this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the Basic Financial Statements.

#### **Financial highlights**

- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$395,217.
- The School's liabilities exceeded its assets at the close of the most recent fiscal year by \$661,254 (net position).

#### **Overview of the financial statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instructions, school administration, and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself.

Dubois Integrity Academy  
 Management Discussion and Analysis  
 As of June 30, 2019

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Comparison of the condensed statement of net position and the statement of activities are provided below.

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Variance</b>
<b>ASSETS</b>			
Current and other assets	\$ 547,846	\$ 530,443	\$ 17,403
Capital assets <sup>(net)</sup>	619,068	313,001	306,067
Total assets	<u>1,166,914</u>	<u>843,444</u>	<u>323,470</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	2,950,744	3,105,220	(154,476)
Total assets and deferred outflow of resources	<u>4,117,658</u>	<u>3,948,664</u>	<u>168,994</u>
<b>LIABILITIES</b>			
Current and other liabilities	461,285	452,800	8,485
Long term liabilities	4,194,302	3,916,110	278,192
Total liabilities	<u>4,655,587</u>	<u>4,368,910</u>	<u>286,677</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	123,325	41,728	81,597
Total liabilities and deferred inflow of resources	<u>4,778,912</u>	<u>4,410,638</u>	<u>368,274</u>
<b>NET POSITION</b>			
Investment in capital assets <sup>(net)</sup>	619,068	313,001	306,067
Restricted	-	-	-
Unrestricted (deficit)	<u>(1,280,322)</u>	<u>(774,975)</u>	<u>(505,347)</u>
Total net position (deficit)	<u>\$ (661,254)</u>	<u>\$ (461,974)</u>	<u>\$ (199,280)</u>

Dubois Integrity Academy  
Management Discussion and Analysis  
As of June 30, 2019

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Variance</b>
<b>REVENUES</b>			
State passed through State Charter School Commission	\$ 6,978,448	\$ 5,876,462	\$ 1,101,986
Charges for services	138,229	125,807	12,422
Operating grants and contributions	1,356,517	1,387,117	(30,600)
Other revenues	15,896	5,568	10,328
Total revenues	8,489,090	7,394,954	1,094,136
<b>EXPENSES</b>			
Basic instruction	4,525,516	3,989,657	535,859
Pupil services	229,948	175,016	54,932
Improvement of instructional services	230,127	59,924	170,203
General administration	104,136	107,539	(3,403)
School administration	584,651	459,373	125,278
Food services	572,752	534,593	38,159
Support services - central	690,688	660,759	29,929
Support services - business	293,197	250,659	42,538
Operation of school	1,361,247	1,102,952	258,295
Other support services	44,417	37,150	7,267
Debt service	40,313	89,625	(49,312)
Transportation	11,378	3,089	8,289
Total expenses	8,688,370	7,470,336	1,218,034
<b>Change in net position</b>	<b>\$ (199,280)</b>	<b>\$ (75,382)</b>	<b>\$ (123,898)</b>

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the operations of the School are presented in governmental funds only.

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

# Dubois Integrity Academy

## Management Discussion and Analysis

### As of June 30, 2019

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available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The School maintains individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be the School's only major fund. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

#### **Notes to the financial statements**

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

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, liabilities exceeded assets by \$661,254 for the year ended June 30, 2019.

A portion of the School's net position reflects its investment in capital assets (e.g., furniture, fixtures and equipment, and leasehold improvements), less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### **Financial analysis of the Government's Funds**

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year. The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$395,217.

#### **General Fund Budgetary Highlights**

The School's actual revenues exceeded budget revenues by \$878,139 mainly due the School's supplemental revenue being higher than budgeted. Actual expenditures were above budgeted expenditures by \$898,588 due mainly to the overall cost of operating the School being higher than budgeted.

# Dubois Integrity Academy

## Management Discussion and Analysis

### As of June 30, 2019

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#### **Capital Asset**

The School's investment in capital assets for its governmental type activities as of June 30, 2019, amounts to \$619,068. This investment in capital assets includes furniture, fixtures and equipment. Additional information on the School's capital assets can be found in the notes below.

#### **Long term debt**

The School's long term debt for its governmental type activities as of June 30, 2019, amounts to \$381,156. Additional information on the School's long term debt can be found in note below.

#### **Contacting the School's financial management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School.

Dubois Integrity Academy  
Statement of Net Position  
As of June 30, 2019

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents <sup>(note 2)</sup>	\$ 403,580
Deposits	58,910
Accounts receivable <sup>(note 5)</sup>	71,766
Prepays	13,590
Capital assets <sup>(net) (note 3)</sup>	<u>619,068</u>
Total assets	1,166,914
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Related to defined benefit pension plans <sup>(note 9)</sup>	<u>2,950,744</u>
Total deferred outflow of resources	2,950,744
<b>LIABILITIES</b>	
Accounts payable & accrued expenses <sup>(note 4)</sup>	77,090
Other liabilities	3,039
Net pension liability <sup>(note 9)</sup>	4,194,302
Notes payable <sup>(note 8)</sup>	<u>381,156</u>
Total liabilities	4,655,587
<b>DEFERRED INFLOW OF RESOURCES</b>	
Related to defined benefit pension plans <sup>(note 9)</sup>	<u>123,325</u>
Total deferred inflow of resources	123,325
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	619,068
Restricted	-
Unrestricted (deficit)	<u>(1,280,322)</u>
Total net position (deficit)	<u><u>\$ (661,254)</u></u>

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

Dubois Integrity Academy  
Statement of Activities  
For the period ended June 30, 2019

Governmental Activities	Expenses	Program revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Basic instruction	\$ 4,525,516	\$ 138,229	\$ 3,335,161	\$ -	\$ (1,052,126)
Pupil services	229,948	-	-	-	(229,948)
Health services	-	-	20,000	-	20,000
Media services	-	-	105,916	-	105,916
Improvement of instructional services	230,127	-	15,962	-	(214,165)
General administration	104,136	-	-	-	(104,136)
School administration	584,651	-	149,088	-	(435,563)
Food services	572,752	-	-	-	(572,752)
Support services - central	690,688	-	44,427	-	(646,261)
Support services - business	293,197	-	-	-	(293,197)
Operation of school	1,361,247	-	201,651	-	(1,159,596)
Other support services	44,417	-	-	-	(44,417)
Debt service	40,313	-	-	-	(40,313)
Transportation	11,378	-	-	-	(11,378)
<b>Total governmental activities</b>	<b>\$ 8,688,370</b>	<b>\$ 138,229</b>	<b>\$ 3,872,205</b>	<b>\$ -</b>	<b>\$ (4,677,936)</b>

General revenues:

State passed through State Charter School Commission	3,106,243
Operating grants and contributions	1,356,517
Other revenues	15,896
<b>Total general revenues</b>	<b>4,478,656</b>
Change in net position	(199,280)
Net position (deficit) - beginning of year	(461,974)
<b>Net position (deficit) - end of the year</b>	<b>\$ (661,254)</b>

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

Dubois Integrity Academy  
 Balance Sheet - Governmental Funds  
 As of June 30, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents <sup>(note 2)</sup>	\$ 403,580	\$ -	\$ 403,580
Deposits	58,910	-	58,910
Accounts receivable <sup>(note 5)</sup>	71,766	-	71,766
Prepaid expenses	13,590		13,590
Total assets	<u>547,846</u>	<u>-</u>	<u>547,846</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable & accrued expenses <sup>(note 4)</sup>	77,090	-	77,090
Other liabilities	3,039	-	3,039
Total liabilities	<u>80,129</u>	<u>-</u>	<u>80,129</u>
<b>FUND BALANCES</b>			
Non-spendable	72,500	-	72,500
Restricted	-	-	-
Committed	-	-	-
Unassigned	395,217	-	395,217
Total fund balances	<u>467,717</u>	<u>-</u>	<u>467,717</u>
Total liabilities and fund balances	<u>\$ 547,846</u>	<u>\$ -</u>	<u>\$ 547,846</u>

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

Dubois Integrity Academy  
 Reconciliation of Balance Sheet – Governmental Funds with the  
 Statement of Net Position  
 For the period ended June 30, 2019

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Total Fund balances - Governmental funds \$ 467,717

The amounts reported for governmental activities in the statement of net position are different because:

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

Furniture, fixtures and equipment	987,041
Accumulated depreciation	(367,973)
Total capital assets	<u>619,068</u>

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes payable	(381,156)
Total long-term liabilities	<u>(381,156)</u>

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

Net pension liability	(4,194,302)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds

Deferred outflows of resources	2,950,744
Deferred inflows of resources	(123,325)
Net flow of resources	<u>2,827,419</u>

Total Net position (deficit) - Governmental activities	<u>\$ (661,254)</u>
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The accompanying notes are an integral part to these financial statements.

Dubois Integrity Academy  
Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Governmental Funds  
For the period ended June 30, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
State passed through State Charter School Commission	\$ 6,978,448	\$ -	\$ 6,978,448
Operating grants and contributions	1,356,517	-	1,356,517
Charges for services	138,229	-	138,229
Other revenues	15,896	-	15,896
Total revenues	8,489,090	-	8,489,090
<b>EXPENDITURES</b>			
Basic instruction	3,804,061	-	3,804,061
Pupil services	229,948	-	229,948
Improvement of instructional services	230,127	-	230,127
General administration	104,136	-	104,136
School administration	584,651	-	584,651
Food services	572,752	-	572,752
Support services - central	690,688	-	690,688
Support services - business	293,197	-	293,197
Operation of school	1,361,247	-	1,361,247
Other support services	44,417	-	44,417
Transportation	11,378	-	11,378
Capital outlay	513,257	-	513,257
Debt service:			
Principal payment	-	1,119,952	1,119,952
Interest expense	40,313	-	40,313
Total expenditures	8,480,172	1,119,952	9,600,124
Excess (deficiency) of revenue over (under) expenditures	8,918	(1,119,952)	(1,111,034)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from advances	1,227,004	-	1,227,004
Transfers within fund	(1,119,952)	1,119,952	-
Net change in fund balance	115,970	-	115,970
<b>Fund balances at beginning of the year</b>	351,747	-	351,747
<b>Fund balances at end of the year</b>	\$ 467,717	-	\$ 467,717

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

# Dubois Integrity Academy

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the period ended June 30, 2019

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Total net change in fund balances- Government funds \$ 115,970

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

Capital assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	513,257
Depreciation expense	(207,190)
Total	<u>306,067</u>

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

Principal payments on notes payable	1,119,952
Proceeds from advances	(1,227,004)
Total of long-term debt	<u>(107,052)</u>

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

Change in pension related accounts	(514,265)
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Total change in net position- Governmental activities	<u><u>\$ (199,280)</u></u>
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The accompanying notes are an integral part to these financial statements.

# Dubois Integrity Academy

## Notes to the Financial Statements

June 30, 2019

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### 1. Organization

Dubois Integrity Academy (a Georgia 501 (c) (3) Corporation) (the School), provides educational services to students in grades K-5. The School is authorized to enroll a minimum of 300 students and not to exceed 700 students. The governing body of the School is the Board of Directors, which is currently comprised of six members. Information presented in these financial statements only reflects the financial position and activities of the School.

The general operating authority of the School is contained in O.C.G.A. (Official Code of Georgia Annotated) 20-2-2060 and 20-2-2084 (Charter Schools Act), Georgia Statutes. The School operates under a 5-year charter sponsored by State Charter Schools Commission (the "Commission"). The current charter is effective until June 30, 2020. At the end of the charter's term, the Charter may be renewed by agreement of the School and the Commission following the procedures set forth in the Charter Schools Act and accompanying Commissions' rules.

During the term of charter, the Commission may terminate the charter following the procedures set forth in the Charter School Act and rule of the State Board of Education.

### 2. Significant accounting policies

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

#### **Basis of presentation**

The School's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements, and notes to the basic financial statements of the Dubois Integrity Academy

#### Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School, except for fiduciary activities. As part of the consolidation process, all interfold activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

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

- Net investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

# Dubois Integrity Academy

## Notes to the Financial Statements

June 30, 2019

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- Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School related to the administration and support of the School'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 are presented as general revenues.

### Fund Financial Statements

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

The School reports the following major governmental funds:

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

### **Basis of accounting**

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, with the exception of the School's proportionate share of the Net Pension Liability. These collective amounts have been allocated by the pension plan based on actual contributions made to the plan during the measurement period to actuarially determine the proportionate share to each participating employer. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School 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

# Dubois Integrity Academy

## Notes to the Financial Statements

June 30, 2019

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segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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

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

### **Net position**

The School's net position in the Government-wide Financial Statements is classified as follows:

#### Net investment in capital assets

This represents the School's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

#### Restricted net position

This represents resources for which the School is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

#### Unrestricted net position

Unrestricted net position represents resources derived from grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School, and may be used at the discretion of the Board to meet current expenses for those purposes.

### **Fund balances**

The School's fund balances are classified as follows:

#### Non-spendable

These are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

# Dubois Integrity Academy

## Notes to the Financial Statements

June 30, 2019

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### Restricted

These are amounts with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

### Committed

These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's highest level of decision-making authority.

### Assigned

These are amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed.

### Unassigned

These are amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This is the residual classification for the general fund.

### **Cash and cash equivalent**

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

### **Collateralization of deposits**

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be a deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. Acceptable security for deposits consists of any one of or any combination of the following:

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

**Concentrations of credit risks**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School 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 collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2019, the School's cash and cash equivalent accounts were insured or collateralized as required by State statutes.

**Stewardship, Compliance and Accountability**

The School adopts an annual budget for its General Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167. After the School has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget. The detail of the fiscal year budget is outlined in the supplemental section of the financial statement.

**Capital assets**

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value on the date donated. 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 are not capitalized. Depreciation is computed using the straight-line method. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School.

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

<u>Asset Class</u>	<u>Estimated Useful Life (years)</u>
Furniture, fixtures and equipment	3 - 10
Leasehold Improvements	20

# Dubois Integrity Academy

## Notes to the Financial Statements

June 30, 2019

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### **Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

### **Revenue sources and recognition**

Revenues for current operations are received primarily from the State of Georgia through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 20-2-2060, Georgia Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 20-2-2060, Georgia Statutes, the District reports the number of FTE students and related data to the Georgia Department of Education (GDOE) for funding. Funding for the School is adjusted during the year to reflect revised calculations by the GDOE under the Georgia Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

### **Deferred outflows/inflows of resources**

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School has reported the contributions to the cost sharing benefit pension plans subsequent to the measurement date and prior to the fiscal year end as deferred outflows of resources. The School has also reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in note below.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School has reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in notes below. This item is reported only in the Statement of Net Position.

### **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

# Dubois Integrity Academy

## Notes to the Financial Statements

### June 30, 2019

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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.

#### **Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. The School considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

#### **Income Tax**

The School is exempt from federal income taxes under Section 501(C) (3) of the Internal Revenue Code. The School is also exempt from Georgia income taxes and, therefore, has made no provision for federal or Georgia income taxes. In addition, the Internal Revenue Service has determined that the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

#### **Budgetary Data**

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

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

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

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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**3. Capital assets**

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance at July 1, 2018	Additions	Dispositions	Balance at June 30, 2019
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 463,300	\$ 513,257	\$ -	\$ 976,557
Leasehold improvements	10,484	-	-	10,484
Total assets depreciated	<u>473,784</u>	<u>513,257</u>	<u>-</u>	<u>987,041</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	(156,222)	(207,190)	-	(363,412)
Leasehold improvements	(4,561)	-	-	(4,561)
Total accumulated depreciation	<u>(160,783)</u>	<u>(207,190)</u>	<u>-</u>	<u>(367,973)</u>
Total governmental activities				
Capital assets, net	<u>\$ 313,001</u>			<u>\$ 619,068</u>

Depreciation expense in the amount of \$207,190 was recorded under basic instructions in the statements of activities.

**4. Accounts payable and accrued expenses**

As of June 30, 2019, accounts payable and accrued expenses consisted of the following:

Accounts payable	\$ 53,092
Accrued salaries & benefits	23,998
Total	<u>\$ 77,090</u>

**5. Accounts receivable**

As of June 30, 2019, the accounts receivable consisted of the following:

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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Pass-through from Georgia Department of Education:	
Special Education - Grants to States	\$ 47,833
Title I Grant to Local Educational Agencies	20,336
Title II Grant - Improving Teacher Quality State Grant	3,597
	<hr/>
Total accounts receivable	<u>\$ 71,766</u>

**6. Concentrations - Revenue sources**

As stated in Note 2, the School receives revenues for current operations primarily from the State of Georgia through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	
State passed through State Charter School Commission - Quality Basic Education	\$ 6,978,448
	<hr/>
Total QBE funds	6,978,448
<u>Federal funds:</u>	
Title I	261,805
Special Ed - Flowthrough	106,453
Title II	30,085
Title IV	15,420
Food & Nutrition Program	578,258
Charter School Program	264,496
	<hr/>
Total federal funds	1,256,517
<u>Other revenues:</u>	
Student after care	125,519
Student activities	12,710
Facility grant	100,000
Fundraising, donations and other revenue	15,896
	<hr/>
Total revenues	<u>\$ 8,489,090</u>

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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**7. Commitments and contingencies**

**Federal and state grants**

The School participates in federal and state 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 School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the School, 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.

**Facilities**

On November 1, 2015 the School entered into a 20-year lease agreement for a newly constructed school facility. The lease requires an initial annual payment of 9.5% of the \$6,583,441 facility construction cost escalating at 2% annually. The lease agreement required a \$50,000 security deposit paid in twelve equal installments. As of June 30, 2019, amount paid towards this lease agreement was \$918,971. The minimum payment for the School under the lease agreement is as follows:

As of June 30,	Amount
2020	\$ 948,829
2021	967,805
2022	987,162
2023	1,006,905
2024	1,027,043
Thereafter	11,470,749
Total	<u>\$ 16,408,493</u>

**Other commitments**

On November 14, 2014, the School entered into an agreement, commencing on July 1, 2015, with W.E Dubois Charter School Consortium, Inc. to provide curriculum development, special education compliance, grant writing and implementation, student assessment and evaluation, communications and marketing, human resource, technology and compliance reporting. The agreement requires payment of up-to 14% of the Schools' annual operating budget as compensation for services. For the period ended June 30, 2019 total amount paid for those services was \$690,313 which equates to 9.9% of the Schools' actual QBE funding.

# Dubois Integrity Academy

## Notes to the Financial Statements

### June 30, 2019

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#### 8. Notes Payable

As of June 30, 2019, notes payable consisted of the following:

Lender / Factoring Company / Collateral	Interest Rate	Maturity Date	Payment Frequency	Principal Amortization	Beginning Balance at 7/1/18	Current Year Drawdown	Current Year Principal Paydown	Outstanding Balance at 6/30/19
Charter Asset Management	Note A Below	30-days	Monthly	N/A	274,104	\$1,146,864	\$ 1,117,037	\$ 303,931
School Bus	5.85%	7/27/2023	Monthly	Yes	-	80,140	2,915	77,225
				Total	\$ 274,104	\$1,227,004	\$ 1,119,952	\$ 381,156

Notes:

(A) Charter Asset Management charges 1.85% admin fee and discount rate of up-to 2.23% for each loan advance.

#### 9. Retirement plan

The School participates in the Teachers Retirement System of Georgia (TRS) retirement plan administered by the State of Georgia. TRS issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

**Plan description:** –All teachers of the school 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.

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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**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's contractually required contribution rate for the year ended June 30, 2019 was 20.90 % of annual school's payroll (excluding payroll attributable to those personnel funded on behalf of the School by the State). School contributions to TRS (excluding contributions funded by the State on behalf of the School) were \$652,044 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 School reported a liability of \$4,194,302 for its proportionate share of the net pension liability that reflected a reduction for support attributable to those personnel funded on behalf of the School by the State. 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 School's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2018. At June 30, 2018, the School's proportion was 0.022596%, which was an increase of 0.001525% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School recognized pension expense of \$1,175,145 and revenue of \$6,978,448 for support provided by the State of Georgia for certain support personnel . At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 277,669	\$ 8,645
Changes of assumptions	63,290	-
Net difference between projected and actual earnings on pension plan investments	-	114,680
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,957,741	-
School contributions subsequent to the measurement date	652,044	-
Total	<u>\$ 2,950,744</u>	<u>\$ 123,325</u>

School contributions subsequent to the measurement date of \$652,044 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	(Outflow) / Inflow of resources
<u>                    </u>	<u>                    </u>
2020	\$ 958,927
2021	\$ 850,631
2022	\$ 280,337
2023	\$ 76,231
2024	\$ 9,249
Thereafter	\$ -

**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:

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28.4 years
Asset valuation method	Five-year smoothed market
Inflation rate	2.75%
Salary increases	3.25 - 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-retirement benefit increase	1.50% semi-annually

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

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

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

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

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

**Discount rate**

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

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

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
School's proportion of the net pension liability	\$ 7,001,490	\$ 4,194,302	\$ 1,881,035

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

**Payables to the pension plan:** As of June 30, 2019 \$0 in accounts payable to the pension plan was recorded in the statement of net assets.

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

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

**10. Risk management**

The School 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 acts of God. The School has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees and acts of God.

Dubois Integrity Academy  
Notes to the Financial Statements  
June 30, 2019

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The School elects to pay unemployment insurance taxes using the contributory method. Taxes are paid quarterly to the Georgia Department of Labor using a set rate based on historical experience.

**11. Inherent limitation in evaluating the entity's ability to continue as a going concern**

The potential effects of inherent limitations on the ability to detect material misstatements are greater for future events or conditions, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. Predictions cannot be made about such future conditions or events. Accordingly, the absence of any reference to substantial doubts about the entity's ability to continue as a going concern for a reasonable period of time in the accompanying financial statements cannot be viewed as a guarantee of the entity's ability to continue as a going concern for a reasonable period of time.

**12. Subsequent events**

The School evaluated subsequent events through the date the financial statements were available to be issued. The School is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

Dubois Integrity Academy  
 Schedule of Proportionate Share of the Net Pension Liability- Teachers'  
 Retirement System of Georgia  
 June 30, 2019

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net pension liability	0.022596%	0.013639%	0.013639%
School's proportionate share of the net pension liability	\$4,194,302	\$3,916,110	\$2,813,878
School's covered-employee payroll	\$3,119,827	\$2,638,763	\$2,605,321
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	134.44%	148.41%	108.01%
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	76.06%

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

Dubois Integrity Academy  
 Schedule of Contributions - Teachers' Retirement System of Georgia  
 June 30, 2019

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 652,044	\$ 443,576	\$ 371,779	\$ 213,491
Contributions in relation to the contractually required contribution	652,044	443,576	371,779	213,491
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$3,119,827	\$2,638,763	\$2,605,321	\$1,496,083
Contributions as a percentage of covered-employee payroll	20.90%	16.81%	14.27%	14.27%

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

Dubois Integrity Academy  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual – General Fund  
 For the period ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
State passed through State Charter School Commission	\$ 6,978,448	\$ 6,978,448	\$ -
Supplemental revenue	632,503	1,510,642	878,139
Total revenue	<u>7,610,951</u>	<u>8,489,090</u>	<u>878,139</u>
<b>EXPENDITURES</b>			
Basic instruction	4,849,791	3,804,061	(1,045,730)
Pupil services	-	229,948	229,948
Improvement of instructional services	10,000	230,127	220,127
General administration	41,000	104,136	63,136
School administration	429,529	584,651	155,122
Food services	-	572,752	572,752
Support services - central	1,037,502	690,688	(346,814)
Support services - business	-	293,197	293,197
Operation of school	1,213,762	1,361,247	147,485
Other support services	-	44,417	44,417
Transportation	-	11,378	11,378
Capital outlay	-	513,257	513,257
Interest expense	-	40,313	40,313
Total expenditures	<u>7,581,584</u>	<u>8,480,172</u>	<u>898,588</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from advances	-	1,227,004	1,227,004
Transfers between funds	-	(1,119,952)	(1,119,952)
Total sources (uses) of funds	<u>-</u>	<u>107,052</u>	<u>107,052</u>
Net change in fund balances	<u>29,367</u>	<u>115,970</u>	<u>86,602</u>
Fund balances at beginning of the year	351,747	351,747	-
Fund balances at end of the year	<u>\$ 381,114</u>	<u>\$ 467,717</u>	<u>\$ 86,602</u>

Dubois Integrity Academy  
Note to the Schedule of Revenues, Expenditures, and Changes in Fund  
Balances – Budget and Actual – General Fund  
For the period ended June 30, 2019

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**1. Budgetary Information**

**Budgetary basis of accounting**

Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the board of directors (the “Board”). The budgets presented for the fiscal year ended June 30, 2019 have been amended according to Board procedures. Budgets are adopted in full accrual basis accounting. The legal level of budgetary control is the fund level.

Dubois Integrity Academy  
 Schedule of Expenditure of Federal Awards  
 For the period ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying	Federal Expenditures	Pass-through to Subrecipients
<b>U.S. Department of Education:</b>				
Pass-through from Georgia Department of Education:				
Title I Grant to Local Educational Agencies	84.010	S010A170010, S010A180010	\$ 261,805	\$ -
Title II Grant - Supporting Effective Instruction State Grants	84.367	S367A170001, S367A180001	30,085	-
Title IV-A Student Support and Academic Enrichment Program	84.424	S424A170011, S424A180011	15,420	-
Charter School Program - Federal Implementation	84.282	U282A160016, U282A160016	264,496	-
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	H027A170073, H027A180073	106,452	-
Total U.S. Department of Education			678,258	-
<b>U.S. Department of Agriculture:</b>				
Pass-through from Georgia Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	N/A	382,543	-
School Breakfast Program (Child Nutrition Cluster)	10.553	N/A	195,716	-
Total U.S. Department of Agriculture			578,259	-
Total Federal Awards			\$ 1,256,517	\$ -

# Dubois Integrity Academy

## Notes to the Schedule of Expenditure of Federal Awards

### For the period ended June 30, 2019

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#### **1. Basis of Presentation**

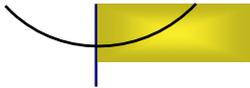
The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Dubois Integrity Academy (the "School") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with requirements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

#### **2. Summary of Significant Accounting Policies**

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

#### **3. Indirect Cost Rate**

The Organization has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.



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

To the Board of Directors  
Dubois Integrity Academy  
Riverdale, 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 Dubois Integrity Academy ("the School"), as of and for the year ended June 30, 2019, and related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 3, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School'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 controls 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.

*Bambo Sonaike CPA, LLC*

August 3, 2019



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

To the Board of Directors  
Dubois Integrity Academy  
Riverdale, Georgia

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

We have audited Dubois Integrity Academy's (the School) 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 Organization's major federal programs for the year ended June 30, 2019. The Organization'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 Organization'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 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 Organization'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 Organization's compliance.

**Opinion on Each Major Federal Program**

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

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

Management of the Organization 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 Organization'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 Organization's internal control over compliance.

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

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

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

*Bambo Sonaike CPA, LLC*

August 3, 2019

Dubois Integrity Academy  
 Schedule of Findings and Questioned Costs  
 For the period ended June 30, 2019

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**Section I - Summary of Auditors Result**

**Financial Statements**

Type of auditor's report issued	Un-modified
<u>Internal control over financial reporting:</u>	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weakness?	None reported
Non-compliance material to financial statements noted?	No

**Federal Awards**

<u>Internal control over financial reporting:</u>	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weakness?	None reported
Non-compliance material to financial statements noted?	No
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

Identification of major federal programs:

<u>Name of federal program or cluster</u>	<u>CFDA Numbers</u>
Title I Grant to Local Educational Agencies	84.010
Charter School Program - Federal Implementation	84.282
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low risk auditee?	No

**Section II - Financial Statement Findings**

There were no reportable conditions identifies to be material weakness.

**Section III - Federal Awards Findings & Questioned Costs**

There were no reportable conditions identifies to be material weakness.

Dubois Integrity Academy  
 Schedule of Expenditures of State Awards  
 For the period ended June 30, 2019

State Grantor/ Pass-through Grantor/ Program Title	Revenues	Expenditures	Amount (due to) / from Agency
<b>U.S. Department of Education:</b>			
Pass-through from Georgia Department of Education:			
Title I Grant to Local Educational Agencies	\$ 261,805	\$ 261,805	\$ -
Title II Grant - Supporting Effective Instruction State Grants	30,085	30,085	-
Title IV-A Student Support and Academic Enrichment Progra	15,420	15,420	-
Charter School Program - Federal Implementation	264,496	264,496	-
Special Education Cluster (IDEA)			
Special Education - Grants to States	106,452	106,452	-
Charter School Facility Grant	100,000	100,000	-
Total U.S. Department of Education	778,258	778,258	-
<b>U.S. Department of Agriculture:</b>			
Pass-through from Georgia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	382,543	382,543	-
School Breakfast Program (Child Nutrition Cluster)	195,716	195,716	-
Total U.S. Department of Agriculture	578,259	578,259	-
Total State Awards	\$ 1,356,517	\$ 1,356,517	\$ -

-End of Report-