

INTERNATIONAL COMMUNITY SCHOOL, INC.

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

INTERNATIONAL COMMUNITY SCHOOL, INC.

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INTERNATIONAL COMMUNITY SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
International Community School:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of International Community School, Inc. (a nonprofit organization) (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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-10, budgetary comparison information on page 32, and schedules of proportionate share of the net pension liability and contributions to Teachers Retirement System of Georgia on pages 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of state revenue is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of state revenue on page 35 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state revenue is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 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 the School's internal control over financial reporting and compliance.

Brooks, McAnnis & Company, LLC

Atlanta, Georgia
September 23, 2019

INTERNATIONAL COMMUNITY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The discussion and analysis of International Community School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- Total net position increased \$965,411 from fiscal year 2018. This total increase was due to governmental activities since the School has no business-type activities. Of this \$965,411 increase, \$257,090 is due to a decrease in the School's net pension liability, \$102,120 was used for capital expenditures, \$387,956 was set aside for future capital needs and the remaining increase was added to operating working capital. This increase in operating working capital brought the balance in the operating working capital account to an estimated equivalent of four months of operating expenses.
- Program specific revenues in the form of grants and contributions accounted for \$5,672,760 or 98% percent of total revenues.
- The School had \$4,831,711 in expenses related to governmental activities; these expenses were fully offset by operating grants and contributions.
- The General Fund had \$5,751,995 in revenues, \$376,216 of these revenues represent funds owed to the School from previous years, \$5,059,764 in expenditures, and \$45,127 in other financing sources. The General Fund's fund balance increased from \$1,726,205 to \$2,463,563.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand International Community School as a financial whole, or as an entire operating entity.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School; present both an aggregate view of the School's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. International Community School only operates a single fund, the General Fund.

INTERNATIONAL COMMUNITY SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED
JUNE 30, 2019

Reporting the School as a Whole

Statement of Net Position and Statement of Activities

The view of the School as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2019?” The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School’s *net position* and changes in those assets. This change in net position is important because it tells the reader whether, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School’s Full Time Equivalent (FTE) revenue per student, number of students, facility conditions, required educational program and other factors.

In the Statement of Net Position and the Statement of Activities, the School has one distinct type of activity:

- Governmental Activities - All of the School’s programs and services are reported here including instruction and support services.

Reporting the School’s General Fund

Fund Financial Statements

Fund financial reports provide detailed information about the School’s major fund. The School uses one governmental fund, the General Fund, to account for a multitude of financial transactions.

Governmental Funds: All of the School’s activities are reported in governmental funds, which focus on how money flows into and out of the General Fund and the balances left at year-end available for spending in future periods. The General Fund is reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

INTERNATIONAL COMMUNITY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
JUNE 30, 2019

The School as a Whole

The perspective of the Statement of Net Position is of the School as a whole. Table 1 provides a summary of the School's net position as of June 30:

Table 1
Statement of Net Position

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	\$ 2,622,946	\$ 1,840,782
Capital assets	510,724	539,761
Total assets	<u>3,133,670</u>	<u>2,380,543</u>
Deferred outflows of resources:		
Pension related items	<u>991,720</u>	<u>856,030</u>
Total assets and deferred outflows of resource	<u>\$ 4,125,390</u>	<u>\$ 3,236,573</u>
Liabilities		
Other liabilities	\$ 159,383	\$ 114,577
Proportionate share of collective pension liability	<u>3,727,835</u>	<u>3,788,615</u>
Total liabilities	<u>3,887,218</u>	<u>3,903,192</u>
Deferred inflows of resources:		
Pension related items	<u>368,946</u>	<u>429,566</u>
Net position		
Invested in capital assets	510,724	539,761
Restricted for transportation and program purposes	14,775	13,415
Unrestricted	<u>(656,273)</u>	<u>(1,649,361)</u>
Total net position	<u>(130,774)</u>	<u>(1,096,185)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,125,390</u>	<u>\$ 3,236,573</u>

INTERNATIONAL COMMUNITY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
JUNE 30, 2019

Table 2 shows the change in net position for the year ended June 30:

Table 2
Change in Net Position

	Governmental Activities	
	2019	2018
Revenues		
Program revenues		
Operating grants and contributions	\$ 5,672,760	\$ 4,795,713
Fees for services	57,917	65,802
General revenues:		
Contributions - general	33,329	47,981
Other	33,116	28,410
Total revenues	<u>5,797,122</u>	<u>4,937,906</u>
Expenses		
Instruction	2,767,875	2,575,392
Supporting services:		
Pupil services	77,210	69,012
Improvement of instructional services	20,473	17,339
Education media services	68,344	57,728
School administration	689,864	688,690
Support services - business	428,996	227,060
Maintenance and operation of plant services	449,827	366,381
Student transportation services	119,309	181,494
Food services operation	209,813	192,547
Total expenses	<u>4,831,711</u>	<u>4,375,643</u>
Change in net position	965,411	562,263
Net position, beginning of year	<u>(1,096,185)</u>	<u>(1,658,448)</u>
Net position, end of year	<u>\$ (130,774)</u>	<u>\$ (1,096,185)</u>

INTERNATIONAL COMMUNITY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
JUNE 30, 2019

Governmental Activities

Instruction comprises 58% percent of governmental program expenses.

The Statement of Activities shows the cost of program services and the grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services, that is, it identifies the cost of these services supported by miscellaneous revenues.

Table 3
Governmental Activities

	2019	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,767,875	\$ 273,450
Supporting services:		
Pupil services	77,210	65,809
Improvement of instructional services	20,473	4,438
Education media services	68,344	2,892
School administration	689,864	209,675
Support services - business	428,996	156,635
Maintenance and operation of plant services	449,827	125,201
Student transportation services	119,309	44,275
Food services operation	209,813	16,591
Total expenses	\$ 4,831,711	\$ 898,966
	2018	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,575,392	\$ 150,663
Supporting services:		
Pupil services	69,012	61,802
Improvement of instructional services	17,339	1,794
Education media services	57,728	318
School administration	688,690	119,686
Support services - business	227,060	44,496
Maintenance and operation of plant services	366,381	54,220
Student transportation services	181,494	38,055
Food services operation	192,547	14,838
Total expenses	\$ 4,375,643	\$ 485,872

INTERNATIONAL COMMUNITY SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED
JUNE 30, 2019

The School’s Funds

The School’s governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$5,797,122 and expenditures of \$4,831,711. The General Fund’s fund balance increased by \$965,411.

General Fund Budgeting Highlights

The School’s budget is for the General Fund. During the course of the fiscal year 2019, the School did not have amendments to its General Fund budget. The budgeting systems are designed to tightly control cost yet provide flexibility.

Actual revenues of \$5,797,122 came in more than the budgeted amount by \$965,114. The actual expenditures of \$5,059,764 were more than the budgeted amount by \$367,600. Revenues exceeded expenditures by \$737,358.

Capital Assets

At the end of fiscal year 2019, the School had invested in capital assets, all in governmental activities. These were all acquired during fiscal year 2019. Table 4 shows capital assets (net of depreciation) held at June 30:

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities	
	2019	2018
Leasehold improvements	\$ 177,013	\$ 172,466
Equipment, furniture and fixtures	333,711	367,295
	\$ 510,724	\$ 539,761

Additional information on the School’s capital assets can be found in Note 6 of the footnotes to the financial statements.

Current Issues

The School’s current operating Full Time Equivalent (FTE) revenue is based on 464 FTE’s from last year’s enrollment. The school opened in 2002 with grades kindergarten through fifth. Despite challenges of being a charter school, the School’s management and Board are committed to continue to effectively and prudently manage the available resources to provide quality educational opportunities for all of the School’s students.

INTERNATIONAL COMMUNITY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
JUNE 30, 2019

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 information, contact the Treasurer at International Community School, 2418 Wood Trail Lane, Decatur, GA, 30033.

INTERNATIONAL COMMUNITY SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets:	
Cash	\$ 2,537,039
Restricted cash for program purposes	14,775
Receivables:	
Intergovernmental:	
Federal	31,953
Other receivables	8,833
Other assets	30,346
Capital assets (depreciable, net of accumulated depreciation)	510,724
Total assets	<u>3,133,670</u>
Deferred outflows of resources:	
Pension related items	991,720
Total deferred outflows of resources	<u>991,720</u>
Total assets and deferred outflows of resources	<u>\$ 4,125,390</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	\$ 26,286
Accrued expenses	133,097
Long-term liability:	
Proportionate share of collective net pension liability	3,727,835
Total liabilities	<u>3,887,218</u>
Deferred inflows of resources	
Pension related items	368,946
Total deferred inflow of resources	<u>368,946</u>
Net position:	
Invested in capital assets	510,724
Restricted for program purposes	14,775
Unrestricted	(656,273)
Total net position	<u>(130,774)</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 4,125,390</u>

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Expenses and Changes in Net Position</u>
	<u>Expenses</u>	<u>Fees for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Governmental Activities</u>				
Instruction	\$ 2,767,875	\$ -	\$ 3,041,325	\$ 273,450
Support services				
Pupil services	77,210	43,363	99,656	65,809
Improvement of instructional services	20,473	-	24,911	4,438
Educational media services	68,344	-	71,236	2,892
School administration	689,864	-	899,539	209,675
Support services - business	428,996	-	585,631	156,635
Maintenance and operation of plan services	449,827	-	575,028	125,201
Student transportation services	119,309	-	163,584	44,275
Food services operation	209,813	14,554	211,850	16,591
Total governmental activities	<u>\$ 4,831,711</u>	<u>\$ 57,917</u>	<u>\$ 5,672,760</u>	<u>898,966</u>
General revenues:				
				33,329
				33,116
			Total general revenues	<u>66,445</u>
			Change in net position	965,411
				<u>(1,096,185)</u>
				<u>\$ (130,774)</u>

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019

		<u>General Fund</u>
ASSETS		
Assets:		
Cash	\$	2,537,039
Restricted cash for program purposes		14,775
Receivables:		
Intergovernmental:		
Federal		31,953
Other receivables		8,833
Other assets		<u>30,346</u>
Total assets	\$	<u><u>2,622,946</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	26,286
Accrued expenses		<u>133,097</u>
Total liabilities		<u><u>159,383</u></u>
Fund balances:		
Nonspendable - other assets		30,346
Restricted for program purposes		14,775
Assigned - capital reserves		891,912
Unassigned		<u>1,526,530</u>
Total fund balances		<u><u>2,463,563</u></u>
Total liabilities and fund balances	\$	<u><u>2,622,946</u></u>

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds \$ 2,463,563

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

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

Depreciable, net of accumulated depreciation	\$ <u>510,724</u>	
Total capital assets		<u>510,724</u>

Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reports in funds:

Deferred outflows of current year contributions related to pension		<u>991,720</u>
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Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in funds

Proportionate share of collective pension liability		<u>(3,727,835)</u>
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Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reports in funds:

Deferred inflows of current year contributions related to pension		<u>(368,946)</u>
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Net position of governmental activities	<u>\$ (130,774)</u>
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The accompanying notes are an integral part of these financial statements.

INTERNATIONAL COMMUNITY SCHOOL, INC.
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund
Revenues	
Federal grants	\$ 330,173
State and local funding	5,297,460
Contributions - restricted for programs	45,127
Contributions - general	33,329
Fees for services	57,917
Miscellaneous	33,116
Total revenues	5,797,122
Expenses	
Current	
Instruction	2,847,215
Pupil services	77,210
Improvement of instructional services	20,473
Educational media services	68,344
School administration	736,457
Support services- business	428,996
Maintenance and operation of plant	449,827
Student transportation services	119,309
Food service operation	209,813
Capital outlay	102,120
Total expenditures	5,059,764
Excess of revenues over expenditures/net change in fund balances	737,358
Fund balances, beginning of year	1,726,205
Fund balances, end of year	\$ 2,463,563

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds \$ 737,358

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital outlay	\$ 102,120	
Depreciation expense	<u>(131,157)</u>	
Total capital assets		<u>(29,037)</u>

Governmental funds reports school pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is recorded as pension expense:

School pension contributions	537,081	
Cost of benefits earned net of employee contributions	<u>(279,991)</u>	
		<u>257,090</u>

Changes in net position of governmental activities \$ 965,411

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

1. Description of School and Reporting Entity

Reporting Entity

International Community School incorporated in DeKalb County, Georgia, was formed in 2002 to operate a public charter school in Georgia, serving grades Kindergarten through fifth grade. The mission of the School is to educate refugees, immigrants, and local children, and provide a rigorous and holistic education in an intentionally diverse community of mutual learners. The charter expired on June 30, 2019. The School submitted an application to renew its charter August 6, 2018. The charter contract was submitted to the Georgia State Department of Education with the proper signatures in May 2019. The School was subsequently provided an updated Georgia State Department of Education approved charter contract with a revised Appendix A in July, which the School approved on August 26, 2019 and signed. The School is awaiting the proper signatures from the DeKalb County School District central offices before submitting a final copy to the Georgia State Department of Education for the Department's signature and execution.

2. Summary of Significant Accounting Policies

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 School.

Government-Wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School. Governmental activities generally are financed through intergovernmental revenue, and other non-exchange transactions.

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.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies – Continued

Basis of Presentation – Continued

Government-Wide Statements – Continued:

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

Fund Financial Statements:

The fund financial statements provide information about the School's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports only one major governmental fund:

- General Fund is the School's primary operating fund. It accounts for all financial resources of the School.

Basis of Accounting/Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The School-wide governmental activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenues are recognized in the fiscal year in which they are earned. 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 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 thirty 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.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies – Continued

Basis of Accounting/Measurement Focus – Continued

The School funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net positions 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.

Cash: Composition of Deposits

Cash consists of cash on hand and demand deposits.

Receivables

Receivables consist of amounts due from the various entities disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

The State of Georgia reimburses the local school systems for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally, the teachers are contracted for the school year (July 1 – June 30) and paid over a twelve-month contract period, generally July 1 through June 30. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the local school systems over the same twelve-month period in which teachers are paid.

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 School-wide financial statements, all purchased capital assets are valued at 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 is not capitalized.

Depreciation is computed using the straight-line method. The School 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.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies – Continued

Capital Assets – Continued

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$2,500	5-7 years
Furniture and fixtures	\$2,500	5-7 years
Equipment and software	\$2,500	3-5 years

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has only one item that meets the criterion for this category – pension contributions. 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 a future period and so will not be recognized as revenue until then. The School has both deferred inflows and outflows of resources related to pensions; see Note 7 for a detail of these items.

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.

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.”

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies – Continued

Fund Equity – Continued

Fund Balance - The School recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the School and is fiscally advantageous for both the School and the taxpayer. The policy adopted establishes guidance concerning the desired level of year-end fund balance to be maintained by the School and the management of fund balance levels and is applicable only to the General Fund of the School.

Fund balance is a measurement of available financial resources defined as the difference between total assets and total liabilities in each fund.

The Governmental Accounting Standards Board (GASB) Statement 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

Nonspendable– Fund balance reported as “nonspendable” represents fund balance associated with inventory, prepaid items, long-term amounts of loans and notes receivable, property held for resale (however, if the use of the proceeds from the collection of receivables or sale of the property is restricted, committed, or assigned, then the receivables or property should be reported in those categories), and corpus of a permanent fund (legally/contractually required to be maintained).

Restricted – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources (such as bond resolutions and covenants and grant agreements).

Committed – Fund balance reported as “committed” includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The Board as the highest level of decision-making authority will have the sole authority to commit fund balance. Constraints can be removed or changed only by the Board. Actions to constrain resources should occur prior to the end of the School’s fiscal year, though the exact amount may be determined subsequently.

Assigned – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. The intent is expressed either by the Board or a high-level body (budget or finance committee) or individual authorized by the Board. If these funds should have a deficit fund balance, those deficits are required to be reported as unassigned fund balance. The Board will have the authority under this policy to assign funds for a particular purpose.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies – Continued

Fund Equity – Continued

Unassigned – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. The Board will strive to maintain an unassigned fund balance in the General Fund of between 5% -15% based upon annual budgeted expenditures. The balance may be drawn down in the event of an unexpected decrease in state funding.

If expenditures incurred exceed the amounts that have been restricted, committed, and assigned to a specific purpose and results in a negative residual amount for that specific purpose, amounts assigned to other purposes in that governmental fund are reduced to eliminate the deficit.

The School applies restricted resources first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted equity is available.

Use of Estimates

The preparation of 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, 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.

Funding and Economic Dependency

The School receives funding from the DeKalb County School District. This funding is based on the State of Georgia reimbursements to the DeKalb County School District for teachers’ salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program, in addition to allocation of revenues raised from local property taxes and other sources. During fiscal year ended June 30, 2019, the School also received \$330,173 in federal grant monies passed through Title I program for instructional use and federal meal reimbursements. The School also receives donations from private individuals and organizations. The School’s total support and revenue from DeKalb County School District amounted to 91% of the School’s total revenue for the year ended June 30, 2019.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. Summary of Significant Accounting Policies – Continued

Income Taxes

On January 22, 2003, the School received notification of its exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no provision or benefit for federal and state income taxes has been recorded in the accompanying financial statements. The School believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. The School is subject to income tax examinations by the U.S. federal, state, or local tax authorities for the previous three years.

3. 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 and in accordance with U.S. generally accepted accounting principles. After the School has tentatively adopted the budget, amendments or revisions are presented to the Board as needed. Although the tentatively adopted budget is not advertised in a newspaper, it is publicly available.

4. Deposits

Custodial Credit Risk

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 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.

The School maintains several bank accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances were in excess of the FDIC insured level by \$1,092,054 as of June 30, 2019. A policy of depositing all such funds in banks of significant financial strength is maintained. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

5. Grants Receivables

The School receives a portion of its funding from U.S. Department of Education grants which are awarded and managed through the Georgia State Board of Education. As these grants are reimbursement grants, the School's ability to collect amounts due is affected by the State's acceptance of reimbursable expenses.

INTERNATIONAL COMMUNITY SCHOOL, INC.
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

5. Grants Receivables – Continued

Grants receivable owed to the School at June 30, 2019 consist of \$31,953 from the Department of Education Title 1 grant.

6. Capital Assets

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

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
	<u>June 30, 2018</u>			<u>June 30, 2019</u>
Governmental Activities:				
Capital assets being depreciated:				
Leasehold improvements	\$ 327,490	\$ 43,425	\$ -	\$ 370,915
Equipment, furniture and fixtures	<u>747,853</u>	<u>58,695</u>	<u>(2,187)</u>	<u>804,361</u>
Total capital assets being depreciated	<u>1,075,343</u>	<u>102,120</u>	<u>(2,187)</u>	<u>1,175,276</u>
Less accumulated depreciation for:				
Leasehold improvements	(155,024)	(38,878)	-	(193,902)
Equipment, furniture and fixtures	<u>(380,558)</u>	<u>(92,279)</u>	<u>2,187</u>	<u>(470,650)</u>
Total accumulated depreciation	<u>(535,582)</u>	<u>\$ (131,157)</u>	<u>\$ 2,187</u>	<u>(664,552)</u>
Governmental activity capital assets, net	<u>\$ 539,761</u>			<u>\$ 510,724</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 123,288
School administration	<u>7,869</u>
	<u>\$ 131,157</u>

7. Retirement Benefits

General Information about the Teachers Retirement System

Plan description: All teachers of the School as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) 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.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. Retirement Benefits – Continued

General Information about the Teachers Retirement System – Continued

Benefits provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60.

Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. 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 payroll. School contributions to TRS were \$537,081 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 \$3,727,835 for its proportionate share of the net pension liability. 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 net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2018. As June 30, 2018, the School's proportion was 0.020083%, which was a decrease of 0.000302% from its proportion measured as of June 30, 2017.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. Retirement Benefits – Continued

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

For the year ended June 30, 2019, the School recognized pension expense of \$279,991. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 246,788	\$ 7,683
Changes of assumptions	56,258	-
Net difference between projected and actual earnings on pension plan investments	-	101,926
Changes in proportion and differences between School contributions and proportionate share of contributions	151,593	259,337
School contributions subsequent to the measurement date	<u>537,081</u>	<u>-</u>
Total	<u>\$ 991,720</u>	<u>\$ 368,946</u>

School contributions subsequent to the measurement date of \$537,081 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the year ended June 30,</u>	
2020	\$ 158,768
2021	94,555
2022	(152,567)
2023	(17,545)
2024	<u>2,476</u>
	<u>\$ 85,687</u>

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. Retirement Benefits – Continued

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

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

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

7. Retirement Benefits – Continued

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	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%
	100.00%	

* Rates shown are net 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 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:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	\$ 6,222,824	\$ 3,727,835	\$ 1,671,837

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. Retirement Benefits – Continued

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

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 publicly available at www.trsga.com/publications.

Payables to the Pension Plan

As of June 30, 2018, the School did not have any amounts due to the pension plan required for the year ended June 30, 2018. As of June 30, 2019, the School had amounts due to the pension plan of \$56,358 for the year ended June 30, 2019.

8. 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. The School has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School's insurance coverage in the past year.

9. Lease Commitments

In January 2012, the School entered into a lease agreement with DeKalb County School System. The lease agreement is for the rental of the former Medlock Elementary School property in DeKalb County, Georgia (the Property) as a public charter school. The initial lease term began July 1, 2012 and ends June 30, 2022. The lease has two (2) successive five (5) extension options, after the initial term. The Property includes all improvements and fixtures, including land, parking lots, playgrounds, athletic fields and the like. In lieu of monetary rent, the School shall pay all expenses relating to the operation and maintenance of the Property. The County or the School may terminate the lease at any time, given at least eighteen months' notice to the other party.

INTERNATIONAL COMMUNITY SCHOOL, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

9. Lease Commitments – Continued

The School leases certain office equipment under non-cancelable operating lease agreements. For the years ended June 30, 2019 and 2018, rent paid under these leases was \$17,710 and \$19,320, respectively. Minimum future rental payments due under these agreements are as follows:

<u>For the Year Ending June 30,</u>		
2020	\$	15,540
2021		15,540
2022		15,540
		<hr/>
	\$	<u>46,620</u>

10. Commitments and Contingencies

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although the return of funds is a possibility, management of the School deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal funds, the Federal government. Such agencies have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

The School has elected the reimbursable method of financing unemployment claims in which the School reimburses the Georgia Department of Labor for benefits paid to its former employees. No accrual has been recorded for the year ended June 30, 2019 or 2018.

The School has entered into a contract for bus services for the 2019-2020 school year with Dekalb County School District.

11. Subsequent Events

The Organization has evaluated subsequent events through September 23, 2019, the date the financial statements were available to be issued. There were no significant subsequent events requiring recognition or disclosure in the financial statements.

INTERNATIONAL COMMUNITY SCHOOL, INC.



SUPPLEMENTAL INFORMATION

INTERNATIONAL COMMUNITY SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
Revenues			
Federal grants	\$ 309,000	\$ 330,173	\$ 21,173
State and local funding	4,429,483	5,297,460	867,977
Contributions - restricted for programs	-	45,127	45,127
Contributions - general	40,325	33,329	(6,996)
Fees for services	53,200	57,917	4,717
Other	-	33,116	33,116
Total revenues	4,832,008	5,797,122	965,114
Expenditures			
Current			
Instruction	2,762,957	2,847,215	(84,258)
Pupil services	74,300	77,210	(2,910)
Improvement of instructional services	35,000	20,473	14,527
Educational media services	68,347	68,344	3
School administration	825,636	736,457	89,179
Support services - business	232,504	428,996	(196,492)
Maintenance and operation of plant	450,720	449,827	893
Student transportation services	73,000	119,309	(46,309)
Food service operation	169,700	209,813	(40,113)
Capital outlay	-	102,120	(102,120)
Total expenditures	4,692,164	5,059,764	(367,600)
Net change in fund balances	\$ 139,844	\$ 737,358	\$ 597,514

1. Notes to the Statements of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR
 TEACHERS RETIREMENT SYSTEM OF GEORGIA
 FOR THE YEARS ENDED JUNE 30, 2019, 2018 AND 2017

	2019	2018	2017
School's proportion of the net pension liability	0.020083%	0.020385%	0.021995%
School's proportionate share of the net pension liability	\$ 3,727,835	\$ 3,788,615	\$ 4,537,814
School's covered-employee payroll during the measurement period	\$ 2,569,766	\$ 2,391,675	\$ 2,340,855
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	145.07%	158.41%	193.85%
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	76.06%

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

INTERNATIONAL COMMUNITY SCHOOL, INC.
 SCHEDULE OF CONTRIBUTIONS TO
 TEACHERS RETIREMENT SYSTEM OF GEORGIA
 FOR THE YEARS ENDED JUNE 30, 2019, 2018 AND 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 537,081	\$ 402,040	\$ 334,070
Contributions in relation to contractually required contribution	<u>537,081</u>	<u>402,040</u>	<u>334,070</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 2,569,766	\$ 2,391,675	\$ 2,340,855
Contributions as a percentage of covered-employee payroll	20.90%	16.81%	14.27%

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

1. Notes to the Schedule of Contributions to 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 TRS Board adopted recommended changes to the economic and demographic assumptions utilized by the School. 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).

INTERNATIONAL COMMUNITY SCHOOL, INC.
SCHEDULE OF STATE REVENUE
FOR THE YEAR ENDED JUNE 30, 2019

<u>State Agency/Funding</u>	<u>Governmental Fund Type General Fund</u>
Georgia Department of Education	
Passed through DeKalb County School District:	
Quality Based Education Funding	\$ <u>2,190,037</u>
	\$ <u><u>2,190,037</u></u>



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 *GOVERNMENTAL AUDITING STANDARDS*

To the Board of Directors
of International Community School, Inc.

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 and the major fund of International Community School, Inc. (the "School"), as of and for the year ended June 30, 2019, and the related notes to the financial statements and have issued our report thereon dated September 23, 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Atlanta, Georgia
September 23, 2019

Brooks, McInnis & Company, LLC