# COLUMBIA COUNTY BOARD OF EDUCATION

**EVANS, GEORGIA** 

## ANNUAL FINANCIAL REPORT

# FOR THE FISCAL YEAR ENDED

June 30, 2020

(Including Independent Auditors' Reports)

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FINANCIAL

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## INDEPENDENT AUDITORS' REPORT

To the Superintendent and Members of the Columbia County Board of Education Evans, 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 Columbia County Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

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

#### Auditors' Responsibility

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

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



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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia County Board of Education, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, proportionate share of net pension liability, contributions (pensions), proportionate share of net OPEB liability and contributions (OPEB) on pages iv through xiv and pages 42 through 47 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, which 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 Columbia County Board of Education's basic financial statements. Schedules 8 and 9 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Schedules 8 and 9 and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 8 and 9, and the schedule of expenditures of federal awards are 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 January 21, 2021 on our consideration of the Columbia County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Columbia County Board of Education's internal control over financial reporting and compliance.

Serata Maddocks Erans + Co. SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia January 21, 2021

The discussion and analysis of Columbia County Board of Education's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

#### Financial Highlights

Key financial highlights for 2019-20 are as follows:

- The Columbia County voters passed the sixth one-percent sales tax for educational purposes (ESPLOST) for another five years (July 2022 June 2027) on March 22, 2019. The voters also approved the issuance of \$160 million general obligation bonds. The school district issued \$52,670,000 of general obligation bonds on March 18, 2020. The remaining issuance of bonds will depend on future growth of the School District.
- The School District has an aggressive building program using ESPLOST revenue, bond proceeds, and state funds to construct new schools or to replace existing schools in order to accommodate the growth in the county. The Superintendent has not finalized the future building program needs with the school board, but below are projected future projects:
  - Elementary school/replacement
  - High school campus (alternative/vocational)
  - Additions to middle schools
  - Additions to high schools
  - Renovation of transportation, facilities, warehouse and technology complex
- Net position increased \$6.7 million, which was due to increase in state funding along with the growth in the digest. The total increase was due to governmental activities since the board has no business-type activities.
- General revenues accounted for \$136.3 million in revenue or 42.7% of all revenues. Programspecific revenues in the form of charges for services, grants, and contributions accounted for \$183.2 million or 57.3% of total revenues of \$319.5 million.
- The School District had \$312.7 million in expenses related to governmental activities; only \$183.2 million of these expenses were offset by program-specific charges, grants, or contributions. General revenue (primarily property and sales taxes) of \$136.3 million was adequate to provide for these programs.
- Among major funds, the general fund had \$293.5 million in revenues and \$283.3 million in expenditures. The general fund balance increased from \$50.1 million to \$60.3 million.

#### **Overview of the 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 Columbia County School District as a financial whole, an entire operating entity.

Table 1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

	Government-wide	Fund Financial Statements				
	Statements	Government Funds	Proprietary Funds	Fiduciary Funds		
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies		
Required financial statements	<ul> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul> <li>Balance sheet</li> <li>Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul> <li>Statement of net position</li> <li>Statement of revenues, expenses and changes in net position</li> <li>Statement of cash flows</li> </ul>	<ul> <li>Statement of fiduciary net position</li> <li>Statement of changes in fiduciary net position</li> </ul>		
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus		
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon there- after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long- term; funds do not currently contain capital assets, although they can		
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid		

 Table 1

 Major Features of the Government-Wide and Fund Financial Statements

#### **Government-Wide Statements**

The Statement of Net Position and Statement of Activities provide information about the District as a whole using accounting methods similar to industry. The increases and decreases in the District's net position are an indicator of whether the School District's financial position is improving or deteriorating. There are many factors that can affect the overall financial condition of the School District such as District's property tax base, state and federal funding, and the condition of buildings and equipment.

The Statement of Activities reflects the governmental activities of the School District by programs and services and distinguishes the revenue sources for these activities. The statement also helps identify how much local revenue is required to support the School District's activities.

#### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. Funds are accounting devices the district uses to keep track of general operations, federal and state grants, building programs, debt payments, and worker's compensation claims.

**Governmental Funds:** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in the future periods. These funds are reported using 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 District's general government operations and the basic services it provides. Governmental fund information helps 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 funds is reconciled in the financial statements. The School District's major governmental funds are the general fund, capital projects fund, and debt service fund.

**Proprietary Funds:** Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The School District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The School District uses internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for other programs and activities. The School District's only internal fund is the workers' compensation fund.

**Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and some of the student activity funds. The student activity funds are local school accounts the principal uses to collect funds for fieldtrips, school fundraisers, athletic events, and school clubs. The school clubs and fieldtrips are considered to be agency funds. The School District excludes these activities from the district-wide statements because it cannot use these assets to finance its operations.

#### The School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 2 provides a summary of the School District's net position for 2020 compared to 2019.

# Table 2Net Position

	Governmental Activities				
	Fiscal Year 2020	Fiscal Year 2019			
Assets Current and Other Assets Capital Assets, Net	\$ 165,413,220 354,446,865	\$ 97,622,613 349,804,973			
Total Assets	519,860,085	447,427,586			
Deferred Outflows of Resources	92,266,861	61,720,738			
Liabilities Current and Other Liabilities Long-Term Liabilities	27,246,507 514,547,637	36,889,732 417,469,540			
Total Liabilities	541,794,144	454,359,272			
Deferred Inflows of Resources	46,921,136	38,125,804			
Net Assets Net Investment in Capital Assets Restricted Unrestricted	307,946,976 78,730,772 (363,266,082)	294,301,904 25,062,246 (302,700,902)			
Total Net Position	\$ 23,411,666	\$ 16,663,248			

Total assets of governmental activities increased by \$72.4 million as cash increased by \$18.2 million, cash equivalents increased by \$48.7 million, receivables increased by \$722,354, and capital assets increased by \$4.6 million. The deferred outflows increased by \$30.5 million and inflows increased by \$8.8 million from the prior year. The long-term liabilities increased by \$97.1 million. This was due to the School District borrowing \$52.7 million in general obligation bonds and an increase in the net pension liability. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District decreased by \$60.6 million.

Table 3 shows the changes in net position for fiscal year 2020 compared to 2019.

#### Table 3 Change in Net Position

	Governmental Activities_				
	Fiscal Year 2020	Fiscal Year 2019	% Change		
Revenues					
Program Revenues:					
Charges for Services	\$ 12,208,498	\$ 12,656,248	-3.54%		
Operating Grants and Contributions	169,906,561	154,086,848	10.27%		
Capital Grants and Contributions	1,050,389	6,667,175	-84.25%		
Total Program Revenues	183,165,448	173,410,271	5.63%		
General Revenues:					
Taxes					
Property Taxes	100,436,882	94,180,688	6.64%		
Sales Taxes	28,794,534	25,516,975	12.84%		
Grants and Contributions not Restricted					
to Specific Programs	5,445,430	4,319,142	26.08%		
Investment Earnings	1,107,216	1,765,780	-37.30%		
Miscellaneous	548,102	534,049	2.63%		
Total General Revenues	136,332,164	126,316,634	7.93%		
Total Revenues	319,497,612	299,726,905	6.60%		
Program Expenses					
Instruction	209,923,242	179,215,623	17.13%		
Support Services	_ • • • • • • • • • - • • - •	, ,	- ,		
Pupil Services	7,265,857	6,255,908	16.14%		
Improvement of Instructional Services	11,085,825	9,332,177	18.79%		
Educational Media Services	5,129,480	4,500,972	13.96%		
General Administration	943,255	922,580	2.24%		
School Administration	19,364,114	17,643,447	9.75%		
Business Administration	2,801,757	1,797,207	55.90%		
Maintenance and Operation of Plant	22,413,183	20,292,101	10.45%		
Student Transportation Services	13,159,479	13,759,019	-4.36%		
Central Support Services	1,504,175	1,433,234	4.95%		
Other Support Services	-	5,417	-100.00%		
Operations of Non-Instructional Services					
Enterprise Operations	4,507,248	4,106,564	9.76%		
Food Services	11,546,530	12,101,568	-4.59%		
Interest on Debt and Bond Issuance Fees	3,105,049	826,863	275.52%		
Total Expenses	312,749,194	272,192,680	14.90%		
Increase in Net Assets	6,748,418	27,534,225	-75.49%		
Net Position - Beginning of Year	16,663,248	(10, 870, 977)			
Net Position - End of Year	\$ 23,411,666	\$ 16,663,248	40.50%		
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#### **Governmental Activities**

Instruction comprises 67.1% of governmental program expenses. Support service expenses make up 26.8% of the expenses. Operations of non-instructional services expenses make up 5.1% of the expenses. Interest expense was 0.99%. Interest expense was attributable to the outstanding bonds for capital projects.

The state's QBE funding does not provide an adequate level of funding to provide basic education services and to adequately maintain facilities. The school system levies a millage rate of 18.30 to provide the additional local funding along with a 1% (ESPLOST) sales tax.

The Statement of Activities shows the cost of program services and the changes for services and grants offsetting those services. Table 4 shows, for governmental activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

# Table 4Governmental Activities

	Total Cost of Services			Net Cost		of Services		
	Fis	cal Year 2020	Fis	cal Year 2019	Fis	scal Year 2020	Fise	cal Year 2019
Instruction	\$	209,923,242	\$	179,215,623	\$	76,956,546	\$	54,457,996
Support Services								
Pupil Services		7,265,857		6,255,908		5,387,171		4,707,022
Improvement of Instructional Services		11,085,825		9,332,177		9,200,704		8,034,938
Educational Media Services		5,129,480		4,500,972		1,254,651		585,389
General Administration		943,255		922,580		(4,038,683)		(2,630,625)
School Administration		19,364,114		17,643,447		12,005,234		10,700,343
Business Administration		2,801,757		1,797,207		2,765,024		1,790,955
Maintenance and Operation of Plant		22,413,183		20,292,101		11,769,225		11,713,975
Student Transportation Services		13,159,479		13,759,019		9,493,132		10,153,507
Central Support Services		1,504,175		1,433,234		1,483,670		1,433,228
Other Support Services		-		5,417		-		1,271
Operations of Non-Instructional Services								
Enterprise Operations		4,507,248		4,106,564		(891,860)		(2,810,266)
Food Services		11,546,530		12,101,568		1,093,883		(182,187)
Interest on Short and Long-Term Debt		3,105,049		826,863		3,105,049		826,863
-	-			i		<u> </u>		
Total Expenses	\$	312,749,194	\$	272,192,680	\$	129,583,746	\$	98,782,409

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services are activities designed to assess and improve the well-being of students and to supplement the teaching process.

Improvement of instruction are activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging learning experiences for students.

Educational media is directing, managing, and operating educational media centers.

General administration establishes and administers policy for operating the local school system.

School administration includes principals, assistant principals, and clerical staff who administer the school operations.

Business administration includes the financial and warehouse operations of the school district.

Maintenance and operation of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Student transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Central support includes personnel services, strategic planning, and public relations activities.

Other support services include all other support services.

Community services are student activity accounts used to collect money from students for various fundraisers for the school. The proceeds are spent on media center materials, instructional supplies, and other needed school supplies.

Food services prepares and serves breakfast, lunch, and snacks to the students of the school system.

Interest involves the transactions associated with the payment of interest related to the school system's outstanding bonds.

Although program revenues make up a majority of the revenue, the School District is still dependent upon tax revenues for governmental activities. Over 36.7% of instructional activities are supported through taxes and other general revenues, which decreased from the prior year by 6.4%; for all other governmental activities general revenue support is 51.2%, which is an increase of 15.3%.

#### The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$319.5 million and expenditures of \$317.5 million. The net change in fund balance for the year was significant in the general fund and the capital projects funds, which had an increase of \$10.2 million and an increase of \$53.2 million, respectively. The change in the general fund is the result of increased State funding and property tax revenues. The change in the capital projects fund is the result of the School District borrowing approximately \$52.7 million in general obligation bonds during the fiscal year.

The general fund operations increase was due to the increase of \$15.4 million in state funds from fiscal year 2019 to fiscal year 2020. This increase was due to three factors: student growth, the State Equalization Funding Grant, and the funding for teacher's retirement plan. Also, property tax revenue increased by \$6.3 million from fiscal year 2019 to fiscal year 2020, which is attributed to the growth in the tax digest.

The School District is continuing to build new schools or replacement schools due to the increase in student enrollment within the School District. Therefore, the capital projects fund fluctuates depending on the current building projects and how recent the School District issued general obligation bonds to fund the building program.

#### **General Fund Budgeting Highlights**

The School District's budget is prepared according to Georgia law. The most significant budgeted fund is the general fund. The general fund consists of the general operations, special revenue grants, and school nutrition program.

During 2020, the Board amended its general fund budget numerous times, which resulted in increasing the revenue budget by approximately \$5 million and increasing the expenditure budget by approximately \$500,000. The increase from the original general fund revenue budget was due to growth in the digest greater than originally anticipated. The revenue budget also increased due to additional funds received from the state and federal government. The expenditure budget increase was due mainly to changes with state and federal grants. The original revenue and expenditure budgets only reflect the anticipated funding for federal and state grants and are amended to reflect the final award. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but to provide flexibility for site management.

The majority of the variances between the final budget and actual revenue in 2020 are due to the student activity funds that are not budgeted, a decrease in participation of school nutrition program due to COVID-19, and decreases in miscellaneous revenue, interest, and charges for services due to COVID-19. The variances between the final budgeted expenditures and actual are due to over estimates in various areas; and the School District does not currently budget for the student activity funds. Approximately \$9.3 million of the School District budget was not spent due to conservative budgeting, teaching positions budgeted for growth but not needed, and savings during the COVID-19 shelter-in-place during the spring of 2020.

#### **Capital Assets**

At the end of the fiscal year 2020, the School District had \$354,446,865 invested in land, construction in progress, buildings, equipment, and buses.

Table 5 shows fiscal 2020 balances compared to 2019.

# Table 5Capital Assets (Net of Depreciation)

	Fiscal Year 2020	Fiscal Year 2019
Land	\$ 11,510,054	\$ 11,510,054
Construction in Progress	9,064,401	22,511,987
Buildings and Building Improvements	297,100,207	280,166,248
Equipment	24,089,860	24,564,839
Land Improvements	12,682,343	11,051,845
Total	\$ 354,446,865	\$ 349,804,973

Overall capital assets increased \$4.7 million from fiscal year 2019 to fiscal year 2020. Increases in capital assets (buildings and building improvements, equipment, and land improvements) were offset by depreciation expense for the year.

The increase in building and building improvements is due to opening a new elementary school and HVAC improvements at various schools.

#### Debt

At June 30, 2020 the School District had \$88.2 million in general obligation bonds outstanding with \$13.7 million due within one year.

On March 18, 1997 the voters of Columbia County approved the first one-percent sales tax for educational purposes for five years (July, 1997 - June, 2002); the second on March 20, 2001 (July, 2002 - June, 2007); the third on March 15, 2005 (July, 2007 - June, 2012); the fourth on July 20, 2010 (July, 2012 - June 2017); the fifth on March 17, 2015 (July 2017 - June 2022); and the sixth on March 22, 2019 (July 2022 - June 2027). The voters also approved in the March 22, 2019 election for the school district to sell up to \$160 million in bonds which can be repaid with either the sales tax proceeds, a debt service millage or a combination of the two. The School District issued approximately \$52.7 million in general obligation bonds on March 18, 2020, which will be repaid with 2022-2027 ESPLOST proceeds. The school district will determine later if the remaining bonds will be sold depending on future growth within the county. The School Board no longer levies a debt millage; instead, the proceeds from the sales tax are used to pay the debt. Table 6 summarizes general operation bonds and compensated absences outstanding.

# Table 6Outstanding Debt and Compensated Absences at June 30

	Fiscal Year 2020	Fiscal Year 2019
Compensated Absences Unamortized Premium on Bonds General Obligation Bonds	\$ 740,182 10,590,928 88,185,000	\$ 628,037 2,964,044 48,665,000
Total	\$ 99,516,110	\$ 52,257,081

#### **Current Financial Issues**

The Columbia County School District is financially stable. The School District's current millage rate is 18.30 mills for fiscal year 2020. Currently one mill produces approximately \$5 million in tax revenue. The gross tax digest has grown at 21.43% over the last five years and the average collection rate remains between 95-98% over those same years. In March 2013, the state of Georgia inactivated HB 386 that changed the fee structure for taxes on motor vehicles. New cars purchased will no longer be reflected on the tax digest; but will pay a onetime title ad valorem tax at the time of purchase. This new tax is intended to offset the revenue from the annual ad valorem tax. Based on the historical data, it appears the title ad valorem tax has offset the revenue for the last five years.

The School District continues to grow with an average increase of more than 500 students per year over the last four years. The School District plans to construct additional schools and additions to current schools in the next several years to accommodate the growth and replace aging schools. The School District plans to fund the additional capital outlays with the one percent local sales tax revenue, general obligation bonds, and state capital outlay grants.

The Quality Basic Education Act (QBE) was enacted into law by the 1985 session of the Georgia General Assembly. The Act set out the provisions for educational funding for grades kindergarten through twelve in the State of Georgia. The funding is based on student counts with the expectation that local school districts fund part of the cost with local tax monies. The School District received approximately 54.4% of the revenues budgeted for the General Fund from QBE. The School District received \$15.4 million more in QBE funding for 2020. The increase in QBE funding was due to continued growth in student enrollment and an increase in Equalization Grant. The increased funding allowed the School District to increase staff by 56 certified positions and 31 support staff positions to accommodate the growth and to continue with lower class sizes. Of the 31 support staff positions, 16 were paraprofessionals, which helped the School District support its commitment to lower class sizes.

The School District's original 2021 general fund budget includes \$248.4 million in total revenue and \$256.5 million in expenditures, resulting in a budgeted \$8.1 million decrease to general fund balance at June 30, 2021. The School District historically budgets conservatively, with actual year-end excess/deficits within \$3-5 million above the original budgeted anticipated fund balance. The 2021 budget was prepared at the height of the COVID-19 pandemic. The unknown fiscal impact to State and School District revenues resulted in a decreased revenue and expenditure budget for the fiscal year. The 2021 general fund budget has since been amended to include \$252.5 million in revenue and \$256.3 million in expenditures, resulting in a budget deficit of \$3.7 million. Both higher QBE funding and a higher growth in the tax digest than anticipated contributed to the increase in budgeted Despite that, the 2021 QBE amended formula adjustment due to COVID-19 fiscal revenues. concerns at the State resulted in a \$15.2 million decrease in QBE funding. State revenues have been reported to remain strong despite the pandemic, and the School District remains hopeful that all or part of the funding will be restored in the upcoming fiscal year. The School District was able to prepare a 2021 budget with reserves from fund balance and still maintain a 15% reserve of budgeted expenditures.

#### **Contacting the Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Alex Casado, Chief Financial Officer at Columbia County Board of Education, 4781 Hereford Farm Road, Evans, Georgia 30809 or email at alex.casado@ccboe.net.

**BASIC FINANCIAL STATEMENTS** 

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GOVERNMENTAL

#### COLUMBIA COUNTY BOARD OF EDUCATION STATEMENT OF NET POSITION JUNE 30, 2020

	GC	ACTIVITIES
ASSETS		
Cash	\$	23,641,610
Cash Equivalents		114,570,371
Receivables, Net		
Taxes		4,414,583
State Government		21,010,260
Federal Government		1,343,002
Inventories		377,923
Prepaid Items Capital Assets, Non-Depreciable		55,471
Capital Assets, Non-Depreciable Capital Assets, Depreciable (Net of Accumulated Depreciation)		20,574,455 333,872,410
		555,672,110
Total Assets	\$	519,860,085
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB Plan	\$	16,899,458
Related to Defined Pension Plans		75,367,403
Total Deferred Outflows of Resources	\$	92,266,861
<u>LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$	636,818
Salaries and Benefits Payable		17,415,858
Payroll Withholdings Payable		6,287,215
Interest Payable		993,611
Claims Payable		607,618
Contracts Payable		953,139
Retainages Payable		352,248
Long-Term Liabilities		
Due Within One Year		
Bonds Payable		13,715,000
Unamortized Premium		2,640,154
Due in More Than One Year		
Bonds Payable		74,470,000
Unamortized Premium		7,950,775
Compensated Absences		740,182
Net OPEB Liability		163,594,817
Net Pension Liability		251,436,709
Total Liabilities	\$	541,794,144
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to OPEB	\$	40,859,116
Related to Pension		6,062,020
Total Deferred Inflows of Resources	\$	46,921,136
NET POSITION		
Net Investment in Capital Assets	\$	307,946,976
Restricted for		
Continuation of Federal Programs		1,328,428
Debt Service		7,812,573
Capital Projects		69,589,771
Unrestricted (Deficit)		(363,266,082)
Total Net Position	\$	23,411,666

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

#### COLUMBIA COUNTY BOARD OF EDUCATION STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

					PRO	GRAM REVENUES			N	ET (EXPENSES)
	_	EXPENSES	C	HARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS				REVENUES AND CHANGES IN NET POSITION	
GOVERNMENTAL ACTIVITIES										
Instruction	\$	209,923,242	\$	2,104,725	\$	130,245,940	\$	616,031	\$	(76,956,546)
Support Services										
Pupil Services		7,265,857		-		1,878,203		483		(5,387,171)
Improvement of Instructional Services		11,085,825		-		1,882,975		2,146		(9,200,704)
Educational Media Services		5,129,480		-		3,872,176		2,653		(1,254,651)
General Administration		943,255		-		4,980,253		1,685		4,038,683
School Administration		19,364,114		-		7,350,530		8,350		(12,005,234)
Business Administration		2,801,757		-		35,000		1,733		(2,765,024)
Maintenance and Operation of Plant		22,413,183		-		10,622,138		21,820		(11,769,225)
Student Transportation Services		13,159,479		-		3,288,312		378,035		(9,493,132)
Central Support Services Operations of Non-Instructional Services		1,504,175		-		20,144		361		(1,483,670)
Enterprise Operations		4,507,248		5,382,664		13,360		3,084		891,860
Food Services		11,546,530		4,721,109		5,717,530		14,008		(1,093,883)
Interest on Long-Term Debt		3,105,049		-	_	-		-		(3,105,049)
Total Governmental Activities	\$	312,749,194	\$	12,208,498	\$	169,906,561	\$	1,050,389	\$	(129,583,746)
General Revenues Taxes Property Taxes For Maintenance and Operations For Ad Valorem Title Tax Sales Taxes Special Purpose Local Option Sales T For Debt Services For Capital Projects Intangible Recording Tax Real Estate Forest Land Protection Grants and Contributions not Restricted to Investment Earnings Miscellaneous Total General Revenues		rograms								91,149,499 9,287,383 15,261,438 9,595,568 2,906,914 839,112 191,502 5,445,430 1,107,216 548,102 136,332,164
Change in Net Position										6,748,418
Net Position - Beginning of Year										16,663,248
Net Position - End of Year									\$	23,411,666

EXHIBIT "C"

#### COLUMBIA COUNTY BOARD OF EDUCATION BALANCE SHEET GOVERMENTAL FUNDS JUNE 30, 2020

		GENERAL FUND	-	CAPITAL PROJECTS FUND		DEBT SERVICE FUND	-	TOTAL
<u>ASSETS</u>								
Cash Cash Equivalents Receivables, Net		22,861,288 37,548,719	\$	209,606 75,430,989	\$	28,962	\$	23,070,894 113,008,670
Taxes State Government Federal Government Inventories		2,117,917 20,268,752 1,343,002 377,923		2,296,666 741,508		- - -		4,414,583 21,010,260 1,343,002 377,923
Prepaid Items	_	55,471	-	-			_	55,471
Total Assets	\$	84,573,072	\$_	78,678,769	\$	28,962	\$_	163,280,803
<u>LIABILITIES</u>								
Accounts Payable Salaries and Benefits Payable Payroll Withholdings Payable Contracts Payable Retainages Payable	\$	599,033 17,415,858 6,287,215 - -	\$	953,139 352,248	\$	- - - -	\$	599,033 17,415,858 6,287,215 953,139 352,248
Total Liabilities		24,302,106	-	1,305,387	. <u>-</u>		-	25,607,493
FUND BALANCES								
Nonspendable Restricted Assigned Unassigned		433,394 950,505 20,659,056 38,228,011	-	77,373,382		28,962	_	433,394 78,352,849 20,659,056 38,228,011
Total Fund Balances	_(	60,270,966	-	77,373,382		28,962	-	137,673,310
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	84,573,072	\$_	78,678,769	\$	28,962	\$_	163,280,803

#### COLUMBIA COUNTY BOARD OF EDUCATION RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Total Fund Balances - Governmental Funds (Exhibit "C")		\$	137,673,310
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 as assets in the governmental funds. These assets consist of:			
Land Construction in progress Buildings and improvements Equipment Land improvements Accumulated depreciation	\$ 11,510,054 9,064,401 420,821,082 68,708,781 15,650,327 (171,307,780)		354,446,865
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB liability Net Pension Liability	\$ (163,594,817) (251,436,709)	-	(415,031,526)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.			
Related to OPEB Related to Defined Pensions	\$ (23,959,658) 69,305,383		45,345,725
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
Bonds and notes payable Accrued interest payable Compensated absences payable Unamortized bond premiums	\$ (88,185,000) (993,611) (740,182) (10,590,929)		(100,509,722)
Internal service funds are used by management to account for the workers' compensation risk financing related activities. activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Position			1,487,014

Net Position of Governmental Activities (Exhibit "A")

\$ 23,411,666

#### COLUMBIA COUNTY BOARD OF EDUCATION STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS JUNE 30, 2020

		GENERAL FUND		CAPITAL PROJECTS FUND		DEBT SERVICE FUND	TOTAL
REVENUES							
Property Taxes	\$	100,436,882	\$	-	\$	- \$	100,436,882
Local Taxes		3,937,528		-		-	3,937,52
Sales Taxes		-		9,595,568		15,261,438	24,857,00
State Funds		159,601,565 16,059,307		741,508		-	160,343,07
Federal Funds Charges for Services		12,208,498		-		-	16,059,30' 12,208,499
Charges for Services Investment Earnings		725,456		356,830		431	1,082,71
Miscellaneous	_	531,175		-		-	531,17
Total Revenues	_	293,500,411		10,693,906		15,261,869	319,456,18
EXPENDITURES							
Current							
Instruction		188,719,371		717,334		-	189,436,70
Support Services							
Pupil Services		6,867,443		6,601		-	6,874,04
Improvement of Instructional Services		10,496,776		-		-	10,496,77
Educational Media Services		4,768,576		90,011		-	4,858,58
General Administration		692,022		5,600		-	697,622
School Administration Business Administration		18,209,059 2,066,382		58,409		-	18,267,468 2,067,188
		, ,		106,388		806	
Maintenance and Operation of Plant Student Transportation Services		22,272,952 12,235,875		1,639,302		-	22,379,340 13,875,17
Central Support Services		1,430,884		1,039,302		-	1,430,884
Enterprise Operations		4,458,171					4,458,17
Food Services Operation		11,092,418		56,695			11,149,11
Capital Outlay				16,255,275		-	16,255,27
Debt Service				,,-,-,-			
Principal		-		-		13,150,000	13,150,00
Interest	_	-		-		2,111,438	2,111,43
Total Expenditures	_	283,309,929		18,935,615		15,262,244	317,507,78
Revenues over (under) Expenditures	_	10,190,482		(8,241,709)		(375)	1,948,39
OTHER FINANCING SOURCES (USES)							
Proceeds of Bonds		-		52,670,000		-	52,670,00
Premiums on Bonds Sold		-		9,421,846		-	9,421,84
Payment for Closing Costs	_	-		(683,022)			(683,022
Total Other Financing Sources (Uses)	_			61,408,824		<u> </u>	61,408,824
Net Change in Fund Balances		10,190,482		53,167,115		(375)	63,357,222
Fund Balances - Beginning	_	50,080,484		24,206,267		29,337	74,316,08
Fund Balances - Ending	\$_	60,270,966	= \$ _	77,373,382	* <u></u>	28,962 \$	137,673,31

#### EXHIBIT "F"

#### COLUMBIA COUNTY BOARD OF EDUCATION RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2020

Net change in fund balances total governmental funds (Exhibit "E")			\$	63,357,222
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.				
Capital outlay Depreciation expense Excess of Capital Outlay over Depreciation Expense	\$ _	22,249,004 (17,150,954)		5,098,050
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.				(456,158)
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. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.				
General obligation bonds issued, including a premium of \$9,241,846 Bond principal retirements Amortization of Bond Premium	\$ _	(62,091,846) 13,150,000 1,794,962		(17 146 994)
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.				(47,146,884)
OPEB expense Pension expense	-	(557,023) (12,990,573)		(13,547,596)
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 governmental funds. These activities consist of:				
Accrued interest on issuance of bonds Compensated absences	\$ _	(428,895) (112,145)		(541,040)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds is reported with governmental activities.			_	(15,176)
Change in net position of governmental activities (Exhibit "B")			\$	6,748,418

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

INTERNAL

#### COLUMBIA COUNTY BOARD OF EDUCATION STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

	SERVICE FUND
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 570,716
Investments	1,561,701
Total Assets	\$2,132,417
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	\$ 37,785
Claims Payable	607,618
Total Liabilities	645,403
<u>NET POSITION</u>	
Unrestricted	1,487,014
Total Net Position	\$1,487,014_

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

#### COLUMBIA COUNTY BOARD OF EDUCATION STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

	INTERNAL SERVICE FUND
OPERATING REVENUES	
Charges for Services	\$916,926_
OPERATING EXPENSES	
Contractual Services	179,028
Insurance Claims and Expenses	777,573
Total Operating Expenses	956,601
Operating Loss	(39,675)
NONOPERATING REVENUES	
Interest and Investment Revenue	24,499
Changes in Net Position	(15,176)
Net Position - Beginning	1,502,190
Net Position - Ending	\$1,487,014

#### COLUMBIA COUNTY BOARD OF EDUCATION STATEMENT OF CASH FLOWS PROPRIETARY FUNDS JUNE 30, 2020

	NTERNAL VICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges for Services	\$ 916,926
Cash Paid for Excess Workers' Compensation Insurance	(104,942)
Cash Paid for Other Purchased Services	(74,086)
Payments to Employees	 (537,532)
Net Cash Provided by Operating Activities	 200,366
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	 24,499
Net Increase in Cash and Cash Equivalents	224,865
Balances - Beginning of Year	 1,907,552
Balances - End of Year	\$ 2,132,417
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (39,675)
Changes in Assets and Liabilities	
Accounts and Other Payables	 240,041
Net Cash Provided By Operating Activities	\$ 200,366

	_	AGENCY FUNDS
ASSETS		
Cash	\$	1,986,972
<u>LIABILITIES</u>		
Funds Held For Others	\$	1,986,972

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

#### COLUMBIA COUNTY BOARD OF EDUCATION NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2020

#### Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

#### **REPORTING ENTITY**

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

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

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

#### **BASIS OF PRESENTATION**

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

#### Government-Wide Statements:

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

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

- 1. **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.
- 2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

#### Fund Financial Statements:

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), bond proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or from ancillary activities. Enterprise fund operating revenues are related to charges for worker's compensation risk financing related activities. The primary non-operating revenues are interest and investment revenues.

#### COLUMBIA COUNTY BOARD OF EDUCATION EXHIBIT "K" NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2020

Principal operating expenses are the costs of providing goods or services and include contractual services and insurance claims and expenses.

The School District reports the following major proprietary fund:

Internal Service Fund - the fund used to account for the School District's workers' compensation risk financing related activities.

The School District reports the following fiduciary fund type:

• Agency funds account for assets held by the School District as an agent for various funds, governments or individuals.

#### **BASIS OF ACCOUNTING**

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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.

# EDUCATION EXHIBIT "K"

#### COLUMBIA COUNTY BOARD OF EDUCATION NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). The School District's teachers are contracted for the school year (July 1 - June 30) and paid over a twelve-month contract period, August 1 through July 31. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the School System over the same twelve-month period in which teachers are paid. At June 30, the amount of teachers' salaries incurred but not paid until July of the subsequent year are accrued. Since the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, the School System recognizes the same QBE as a receivable and revenue consistent with symmetrical recognition.

#### NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2020, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018, and later. The School District delayed the adoption of GASB Statement No. 84 and/or No. 90 statement.

#### CASH AND CASH EQUIVALENTS

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

#### INVESTMENTS

The School District can invest its funds as permitted by O.C.G.A. 36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

The School District can invest in the following:

- Obligations issued by the State of Georgia or by other states
- Obligations issued by the United States government
- Obligations fully insured or guaranteed by the United States government or a United States government agency
- Obligations of any corporation of the United States government,
- Prime banker's acceptances
- Repurchase agreements
- Obligations of other political subdivisions of the State of Georgia

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value. For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

#### RECEIVABLES

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

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

#### **PROPERTY TAXES**

The Columbia County Board of Commissioners adopted the property tax levy for the 2019 tax digest year (calendar year) on July 23, 2019 (levy date) based on property values as of January 1, 2019. Taxes were due on November 15, 2019 (lien date). Taxes collected within the current fiscal year or within 30 days after year-end on the 2019 tax digest are reported as revenue in the governmental funds for fiscal year 2020. The Columbia County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.25% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2020, for maintenance and operations amounted to \$91,149,499.

Tax millage rates levied for the 2019 tax year (calendar year) for the Columbia County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

**School Operations** 

18.30 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$9,287,383 during fiscal year ended June 30, 2020.

# SALES TAXES

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$24,857,006 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

# **INVENTORIES**

# FOOD INVENTORIES

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

# **PREPAID ITEMS**

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

# CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the government fund financial statements at the time of purchase (including ancillary charges). On the government-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated 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 District does not capitalize book collections or works of art. 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 District.

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

	 oitalization Policy	Estimated Useful Life		
Land	\$ 1,000	N/A		
Buildings and Land Improvements	\$ 1,000	10-20 years		
Intangible Assets	\$ 750,000	5-50 years		
Buildings	\$ 1,000	50 years		
Computers, Televisions, Laser Disk Players				
Digital Cameras and Video Cameras	All	5-8 years		
Monitors, Printers, Scanners and Bank Equipment	\$ 100	5-15 years		
All Other Equipment	\$ 1,000	5-15 years		

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives, with the exception of intangible assets which are amortized.

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 50 years.

### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

#### **COMPENSATED ABSENCES**

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual school districts. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School District's financial statements.

Vacation leave of 9-18 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 25 days. Upon terminating employment, the School District pays for all unused vacation benefits not to exceed the 25 days. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements.

#### LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School District recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded 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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

#### FUND BALANCES

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

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

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

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

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

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

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

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 15% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

# **USE OF ESTIMATES**

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

#### Note 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, capital projects, and worker's compensation 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 accounts, is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate fund and function level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revision 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 on the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of Official Code of Georgia Annotated section 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.

The Superintendent is authorized by the Board to approve adjustments of no more than 5 percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 5 percent of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any funds within the school budget that are unencumbered (anticipated balance) may be expended by the Superintendent in an emergency situation.

See Schedule 1 - General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

#### Note 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

# **COLLATERALIZATION OF DEPOSITS**

O.C.G.A. § 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. § 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

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

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

### **CATEGORIZATION OF DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2020, the School District had deposits with a carrying amount of \$25,628,582, and a bank balance of \$25,812,719. The bank balances insured by Federal depository insurance were \$1,138,529. The amounts exposed to custodial credit risk are classified into three categories as follows:

Category 1 - Uncollateralized

Category 2 - Cash collateralized with securities held by the pledging financial institution, or

Category 3 - Cash collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

The School District's deposits by custodial credit risk category at June 30, 2020, are as follows:

Custodial Credit	
Risk Category	Bank Balance
1	\$ -
2	-
3	24,674,190
Total	\$ 24,674,190

# CATEGORIZATION OF CASH EQUIVALENTS

The School District reported investments of \$114,570,371 in Georgia Fund 1, a local government investment pool. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAA rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 may as 38 days.

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at <u>www.audits.ga.gov/SGD/CAFR.html</u>.

# Note 5: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. These commodities are recorded at their federally-assigned value. See Note 2 - Inventories

#### Note 6: CAPITAL ASSETS

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

	_	Balances July 1, 2019	 Increases	· <u>-</u>	Decreases	_	Balances June 30, 2020
Governmental Activities							
Capital Assets, Not Being Depreciated:							
Land	\$	11,510,054	\$ -	\$	-	\$	11,510,054
Construction in Progress	_	22,511,987	 15,502,195	. <u>-</u>	28,949,781	_	9,064,401
Total Capital Assets Not Being Depreciated	_	34,022,041	 15,502,195		28,949,781	_	20,574,455
Capital Assets Being Depreciated							
Buildings and Improvements		395,134,362	27,024,853		1,338,133		420,821,082
Equipment		66,786,476	5,986,632		4,064,327		68,708,781
Land Improvements		13,074,138	2,685,105		108,916		15,650,327
Less Accumulated Depreciation for:							
Buildings and Improvements		114,968,116	9,864,314		1,111,555		123,720,875
Equipment		42,221,636	6,267,512		3,870,227		44,618,921
Land Improvements		2,022,292	 1,019,128	· _	73,436	_	2,967,984
Total Capital Assets, Being Depreciated, Net	_	315,782,932	 18,545,636	· -	456,158	_	333,872,410
Governmental Activities Capital Assets - Net	\$	349,804,973	\$ 34,047,831	\$	29,405,939	\$_	354,446,865

Current year depreciation expense by function is as follows:

Instruction			\$ 14,248,683
Support Services			
Pupil Services	\$	11,173	
Improvements of Instructional Services		49,644	
Educational Media Services		61,357	
General Administration		38,973	
School Administration		193,139	
Business Administration		38,178	
Maintenance and Operation of Plant		504,684	
Student Transportation Services		1,599,550	
Central Support Services		8,338	
Other Support Services		1,901	
Community Services	_	71,335	2,578,272
Food Services			323,999
			\$ 17,150,954

#### Note 7: RISK MANAGEMENT

#### **INSURANCE**

#### Georgia School Boards Association Risk and Insurance Management System

The School District participates in the Georgia School Boards Association Risk and Insurance Management System (the System), a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the System for its general insurance coverage. Additional coverage is provided through agreements by the System with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the System varies by line of coverage.

#### Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the Internal Service Fund to the General Fund to cover actual claims and to build a level of retained earnings. A premium is charged by the Internal Service Fund to the Food and Nutrition Program to cover actual claims. The School District accounts for claims with expense and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$500,000 loss per occurrence, up to the statutory limit.

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

	Beginning	Claims and				
	of Year	Changes in	Claims	]	End of Year	
	Liability	Estimates	Paid	Liability		
				_		
2019	\$ 469,267	\$ 505,445	\$ 607,135	\$	367,577	
2020	\$ 367,577	\$ 1,017,614	\$ 777,573	\$	607,618	

#### **Unemployment Compensation**

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the General Fund with expenses/expenditures as claims are paid. The claims are immaterial to the financial statements.

#### **Surety Bond**

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

Position Covered	Amount
Superintendent	\$ 50,000
All employees	\$ 100,000

#### Note 8: LONG-TERM LIABILITIES

#### **COMPENSATED ABSENCES**

Compensated absences represent obligations of the School District relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Typically, the General Fund is the fund used to liquidate this long-term debt. The School District uses the vesting method to compute compensated absences.

#### **GENERAL OBLIGATION DEBT OUTSTANDING**

The School District's bonded debt consists of various issues of general obligation bonds that are noncallable with interest and principal payments due semiannually on October 1 and April 1. Bond proceeds are used to construct and equip new school facilities, technology improvements, school buses, and renovating and repairing current facilities. The School District repays general obligation bonds with the Education Special Purpose Local Option Sales Tax (ESPLOST).

The District passed the fifth ESPLOST on March 17, 2015, which gave the board authorization to issue \$55,000,000 in general obligation bonds on November 17, 2015. The District passed the sixth ESPLOST on March 22, 2019, which gave the board authorization to issue up to \$160,000,000 in general obligation bonds. The board issued \$52,670,000 in general obligation bonds on March 18, 2020.

General Obligation Bonds currently outstanding are as follows:

			Maturity	Amount	Amount
Description	Interest Rates	Issue Date	Date	Issued	Outstanding
Series 2015	2.25% - 5.00%	November 2015	October 2022 \$	55,000,000	\$ 35,515,000
Series 2020	3.00% - 5.00%	March 2020	October 2027	52,670,000	52,670,000
			\$	107,670,000	\$ 88,185,000

The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable:

		General O	blig	Unamortized	
Fiscal Year Ended June 30:	_	Principal		Interest	Bond Premium
2021	\$	13,715,000	\$	3,743,678	\$ 2,640,154
2022		14,375,000		3,010,163	2,219,121
2023		11,885,000		2,337,631	1,721,477
2024		9,345,000		1,960,950	1,452,523
2025		10,090,000		1,628,100	1,151,396
2026		10,895,000		1,190,175	826,163
2027		11,740,000		691,025	475,085
2028	_	6,140,000		153,500	105,010
Total Principal and Interest	\$	88,185,000	\$	14,715,222	\$ 10,590,929

The changes in long-term liabilities during the fiscal year for governmental activities were as follows:

		Balance			Balance	Due Within
	_	July 1, 2019	 Additions	Deductions	June 30, 2020	One Year
General Obligation (G.O.) Bonds	\$	48,665,000	\$ 52,670,000	\$ 13,150,000	\$ 88,185,000	\$ 13,715,000
Compensated Absences (1)		628,037	662,015	549,870	740,182	-
Unamortized Bond Premiums	_	2,964,044	 9,421,846	1,794,962	10,590,928	2,640,154
	\$_	52,257,081	\$ 62,753,861	\$ 15,494,832	\$ 99,516,110	\$ 16,355,154

(1) The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.

#### Note 9: SIGNIFICANT COMMITMENTS

# COMMITMENTS UNDER CONSTRUCTION CONTRACTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2020, together with funding available:

	Unearned			Payments		Funding
		Executed		through		Available
Project	(	Contracts (1)	_	June 30, 2020 (2)	_	From State (1)
New High School Campus	\$	180,273	\$	68,003	\$	-
Riverside Middle HVAC		1,065,590		3,473,847		-
New Alternative School		560,440		353,555		-
Support Department Complex		173,724	_	229,901	_	
	\$	1,980,027	\$	4,125,306	\$	

(1) The amounts described are not reflected in the basic financial statements.

(2) Payments include Contracts and Retainages Payable at year-end.

#### Note 10: SIGNIFICANT CONTINGENT LIABILITIES

#### FEDERAL GRANTS

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

## LITIGATION

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

#### Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

*Contributions:* As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$4,570,536 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2020, the School District reported a liability of \$163,594,817 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the School District's proportion was 1.333058%, which was an increase of 0.036161% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of \$557,023. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	0	PE	В
	Deferred		Deferred
	Outflows of		Inflows of
	Resources		Resources
Differences between expected and actual experience	\$ -	\$	17,797,413
Changes of assumptions	5,681,328		23,061,703
Net difference between projected and actual earnings on OPEB plan investments	356,260		-
Changes in proportion and differences between School District contributions and proportionate share of contributions	6,291,334		-
School District contributions subsequent to the measurement date	4,570,536	. <u>-</u>	
Total	\$ 16,899,458	\$	40,859,116

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB					
2021	\$ (6,601,593)					
2022	(6,601,593)					
2023	(6,615,288)					
2024	(5,638,380)					
2025	(2,693,972)					
Thereafter	(379,368)					

*Actuarial assumptions:* The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

OPEB:	
Inflation	2.75%
Salary increases	3.25% - 8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.25%
Medicare Eligible	5.38%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014, and adopted by the pension Board on December 17, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

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JUNE 30, 2020

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

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

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

		Long-Term Expected
Asset class	<b>Target allocation</b>	<b>Real Rate of Return*</b>
Fixed Income	30.00%	(0.50)%
Domestic Stocks - Large Cap	46.20%	8.90%
Domestic Stocks - Small Cap	1.30%	13.20%
Int'l Stocks - Developed Mkt	12.40%	8.90%
Int'l Stocks - Emerging Mkt	5.10%	10.90%
Alternatives	5.00%	12.00%
Total	100.00%	
*N-4 - 6 I 6'		

\*Net of Inflation

**Discount rate:** The discount rate has changed since the prior measurement date from 3.87% to 3.58%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.58% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.50% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2119. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1 percentage-point higher (4.58%) than the current discount rate:

		Current				
			1% Increase (4.58%)			
Net OPEB Liability	\$	190,151,174	\$	163,594,817	\$	141,992,413

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

	Current Healthcare			
	1% Decrease	1% DecreaseCost Trend Rate1% Increa		
Net OPEB Liability	\$ 137,811,301 \$	163,594,817 \$	196,341,839	

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

#### Note 12: RETIREMENT PLANS

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

### TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

**Contributions:** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public-school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2020. The School District's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual School District payroll, of which 99.89% of payroll was required from the School District and 0.11% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$32,441,451 and \$34,620 from the School District and the State, respectively.

#### PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of \$15.25, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$924,181.

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

At June 30, 2020, the School District reported a liability of \$251,436,709 for its proportionate share of the net pension liability for TRS. The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public-school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	\$ 251,436,709
State of Georgia's proportionate share of the net pension	
liability associated with the School District	 308,779
Total	\$ 251,745,488

The net pension liability for TRS and ERS was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2019.

At June 30, 2019, the School District's TRS proportion was 1.169326%, which was an increase of 0.011542% from its proportion measured as of June 30, 2018.

At June 30, 2020, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$2,996,814.

The PSERS net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$45,423,248 and revenue of \$31,521 for TRS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		
	Deferred		Deferred
	Outflows of		Inflows of
	Resources		Resources
Differences between expected and actual experience	\$ 14,172,255	\$	74,545
Changes of assumptions	24,128,633		-
Net difference between projected and actual earnings on pension plan investments	-		5,987,475
Changes in proportion and differences between School District contributions and proportionate share of contributions	4,659,684		-
School District contributions subsequent to the measurement date	32,406,831	· -	
Total	\$ 75,367,403	\$	6,062,020

The School District contributions subsequent to the measurement date for TRS and for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	 TRS
2021	\$ 15,899,487
2022	3,551,727
2023	8,741,274
2024	8,706,064
2025	-
Thereafter	-

Actuarial assumptions: The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

#### **Teachers Retirement System:**

2.50%
3.00 - 8.75%, average, including inflation
7.25%, net of pension plan investment expense,
including inflation
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 requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014, with the exception of the long-term assumed rate of return.

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014, with the exception of the assumed investment of return.

Public School Employees Retirement System:	
Inflation	2.75%
Salary increases	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment rate of return.

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

Asset class	TRS Target allocation	ERS/PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.10)%
Domestic large stocks	51.00%	46.20%	8.90%
Domestic small stocks	1.50%	1.30%	13.20%
International developed market stocks	12.40%	12.40%	8.90%
International emerging market stocks	5.10%	5.10%	10.90%
Alternative		5.00%	12.00%
Total	100.00%	100.00%	

\* Rates shown are net of assumed rate of inflation.

**Discount rate:** The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total ERS and PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25% and 7.30%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% and 6.30%) or 1-percentage-point higher (8.25% and 8.30%) than the current rate:

Teachers Retirement System:	 1% Decrease (6.25%)	 Current Discount Rate	 1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 408,155,368	\$ 251,436,709	\$ 122,558,286

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

### **DEFINED CONTRIBUTION PLAN**

In September 1, 2000, Columbia County Board of Education began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School District selected VALIC as the provider of this plan. The School District contributes a matching contribution for each PSERS employee who participates in the plan. The matching contribution is a dollar for dollar match up to 3% of the employees pay.

The employee becomes vested in the plan with 5 years of experience. Employees who had already achieved 5 years of experience at the time the plan was implemented were vested upon enrollment. Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 5 years of service to Columbia County Board of Education. If an employee terminates employment prior to achieving 5 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

		Required
Fiscal Year	C	ontribution
2020	\$	219,262
2019	\$	201,317
2018	\$	156,452

#### COLUMBIA COUNTY BOARD OF EDUCATION GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL JUNE 30, 2020

SCHEDULE "1"

	NONAPPROPRIA ORIGINAL (1)	TED BUDGETS FINAL (1)	ACTUAL AMOUNTS	VARIANCE OVER/UNDER
REVENUES				
Property Taxes	\$ 96,469,144 \$	98,616,276 \$	100,436,882	\$ 1,820,606
Local Taxes	2,800,000	2,800,000	3,937,528	1,137,528
State Funds	157,313,002	159,827,719	159,601,565	(226,154)
Federal Funds	14,984,918	15,780,305	16,059,307	279,002
Charges for Services	5,691,000	5,691,000	12,208,498	6,517,498
Investment Earnings	807,000	807,000	725,456	(81,544)
Miscellaneous	290,000	290,000	531,175	241,175
Total Revenues	278,355,064	283,812,300	293,500,411	9,688,111
<b>EXPENDITURES</b>				
Current				
Instruction	190,880,313	190,367,261	188,719,371	(1,647,890)
Support Services				
Pupil Services	6,713,242	6,878,384	6,867,443	(10,941)
Improvement of Instructional Services	11,150,014	11,553,557	10,496,776	(1,056,781)
Educational Media Services	4,552,919	4,552,919	4,768,576	215,657
General Administration	883,354	815,329	692,022	(123,307)
School Administration	17,006,009	17,006,009	18,209,059	1,203,050
Business Administration	2,079,295	2,179,295	2,066,382	(112,913)
Maintenance and Operation of Plant	22,410,365	22,473,542	22,272,952	(200,590)
Student Transportation Services	13,365,776	13,642,185	12,235,875	(1,406,310)
Central Support Services	1,702,049	1,702,049	1,430,884	(271,165)
Other Support Services	24,650	20,000	4,458,171	4,438,171
Enterprise Operations	-	-	4,458,171	4,458,171
Food Services Operation	12,170,588	12,170,588	11,092,418	(1,078,170)
Total Expenditures	282,938,574	283,361,118	287,768,100	4,406,982
Excess of Revenues over (under) Expenditures	(4,583,510)	451,182	5,732,311	5,281,129
Fund Balances - Beginning	50,080,484	50,080,484	50,080,484	
Fund Balances - Ending	\$ 45,496,974 \$	50,531,666 \$	55,812,795	\$5,281,129

#### Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$5,299,548 and \$4,920,961, respectively.

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

#### COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY JUNE 30, 2020

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	 Total	 School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	1.17% \$	251,436,709	\$ 308,779	\$ 251,745,488	\$ 142,912,498	175.94%	78.56%
2019	1.16%	214,909,510	466,838	215,376,348	138,023,235	155.71%	80.27%
2018	1.15%	213,367,885	429,135	213,797,020	132,274,114	161.31%	79.33%
2017	1.13%	234,981,385	421,494	235,402,879	125,291,451	187.55%	76.06%
2016	1.10%	168,215,230	297,477	168,512,707	116,831,384	143.98%	81.44%
2015	1.09%	138,918,946	255,453	139,174,399	112,501,771	123.48%	84.03%

#### TEACHERS RETIREMENT SYSTEM OF GEORGIA

#### PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	s P 2	tate of Georgia's proportionate share of the net bension liability associated with the School District		Total	School District's covered-employee payroll (1)	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Tear Elided	naointy	pension naonity		District	· —	Total	 payion (1)	рауюн	naomty
2020	0.00% \$	-	\$	2,996,814	\$	2,996,814	\$ 13,790,485	0.00%	85.02%
2019	0.00%	-		2,803,100		2,803,100	13,379,944	0.00%	85.26%
2018	0.00%	-		2,544,512		2,544,512	12,867,775	0.00%	85.69%
2017	0.00%	-		3,281,989		3,281,989	12,376,598	0.00%	81.00%
2016	0.00%	-		2,025,115		2,025,115	11,732,049	0.00%	87.00%
2015	0.00%	-		1,707,337		1,707,337	11,300,930	0.00%	88.29%

(1) The retirement benefit is calculated at a rate of \$14.75 per month multiplied by the number of years of creditable service.

# COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF CONTRIBUTIONS (PENSIONS) JUNE 30, 2020

# TEACHERS RETIREMENT SYSTEM OF GEORGIA

		Contributions			
		in relation to			
		the			Contribution as a
	Contractuall	contractually	Contributio	School District's	percentage of
	y required	required	n deficiency	covered-employee	covered-
Year Ended	contribution	contribution	(excess)	payroll	employee payroll
2020 \$	29,825,056 \$	29,825,518	\$ (462) \$	5 142,912,498	20.87%
2019	23,150,710	23,180,940	(30,230)	138,023,235	16.77%
2018	18,875,516	18,811,042	64,474	132,274,114	14.27%
2017	17,879,090	17,827,961	51,129	125,291,451	14.27%
2016	15,363,327	15,331,084	32,243	116,831,384	13.15%
2015	13,815,217	13,918,478	(103,261)	112,501,771	12.28%

# PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

Year Ended	Contractuall y required contribution	Contributions in relation to the contractually required contribution	Contributio n deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2020 \$	-	\$ -	\$ -	\$ 13,790,485	0.00%
2019	-	-	-	13,379,944	0.00%
2018	-	-	-	12,867,775	0.00%
2017	-	-	-	12,376,598	0.00%
2016	-	-	-	11,732,049	0.00%
2015	-	-	-	11,300,930	0.00%

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

#### COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY JUNE 30, 2020

	School District's proportion of the net OBEP	School District's proportionate share of the net	State of Georgia's proportionate share of the net OBEP liability associated with		School District's covered-employee	School District's proportionate share of the net OBEP liability as a percentage of its covered employee	Plan fiduciary net position as a percentage of the total OPEB
Year Ended	liability	OPEB liability	the School District	 Total	 payroll	payroll	liability
2020	1.33% \$	163,594,817 \$	- S	\$ 163,594,817	\$ 156,826,948	N/A	4.63%
2019	1.30%	164,831,629	-	164,831,629	151,393,796	N/A	2.93%
2018	1.29%	181,120,280	-	181,120,280	143,615,483	N/A	1.61%

# COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF CONTRIBUTIONS (OPEB) JUNE 30, 2020

# TEACHERS RETIREMENT SYSTEM OF GEORGIA

		Contributions				<b>O (1)</b>
		in relation to				Contribution as
	Contractually required	the contractually required	Contribution deficiency	L	School District's covered-employee	a percentage of covered- employee
Year Ended	contribution	contribution	 (excess)	_	payroll	payroll
2020 \$	4,570,536 \$	4,570,536	\$ -	\$	156,826,948	2.91%
2019	7,179,442	6,721,692	457,750		151,393,796	4.44%
2018	6,744,814	6,721,551	23,263		143,615,483	4.68%

# COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE "6" NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

# **Teachers Retirement System**

*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).

# Public School Employees Retirement System

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

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

# School OPEB Fund

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

*Changes in assumptions:* In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees wee previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location. Additionally, there was changes to the discount rate and an increase in the investment rate of return due to a longer term investment strategy.

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

#### COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

FUNDING AGENCY <u>PROGRAM/GRANT</u>	CFDA NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services	10 552	2055 422421000	(1)
School Breakfast Program National School Lunch Program	10.553 10.555	205GA324N1099 205GA324N1099	(1) \$ 9,573,593 (1), (3)
Commercial Warehouse Storage and Delivery Grant	10.555	205GA904N2533	27,536
Non-Cash Assistance (Commodities)	10.555	205GA324N1099	722,749
	100000	20001021110000	
Total Child Nutrition Cluster			10,323,878
Total U.S. Department of Agriculture			10,323,878
Education, U. S. Department of			
Direct			
Impact Aid	84.041	N/A	(2)
Special Education Cluster Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A190073	4,456,370
Preschool Grants	84.173	H173A190081	107,878
	011175	111/5/11/0001	107,070
Total Special Education Cluster			4,564,248
Other Programs			
Pass-Through From Georgia Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A190010	2,289,748
Title IV-Part A Student Support and Academic Enrichment	84.424A	S424A180011	215,119
Title IV-Part A Student Support and Academic Enrichment	84.424A	S424A190011	18,851
Improving Teacher Quality State Grants	84.367	S367A180001	357,214
Improving Teacher Quality State Grants	84.367	S367A190001	100,289
Career and Technical Education - Basic Grants to States	84.048	V048A190010	170,491
CARES Act Relief	84.425D	S425D200012	1,823,514
English Language Acquisition Grants Education for Homeless Children and Youth	84.365	S365A190010	60,201 27,678
Education for Homeless Children and Youth	84.196	S196A190011	37,678
Total Other Programs			5,073,105
Total U. S. Department of Education			9,637,353
Defense, U. S. Department of			
Direct			
Department of the Army	10 1001		202 526
R.O.T.C. Program	12.U01	N/A	302,526
Department of the Navy	12.U02	N/A	67.022
R.O.T.C. Program	12.002	IN/A	67,023
Total U.S. Department of Defense			369,549
Total Expenditures of Federal Awards			\$ 20,330,780

N/A = Not Available

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

#### COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

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

#### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Columbia County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### Note 3. Sub Recipients

During the year ended June 30, 2020 the board did not provide federal assistance to any sub recipient.

(1) Expenditures for the funds earned on the School Breakfast Program (\$847,549) were not maintained separately and are included in the 2020 National School Lunch Program.

(2) Funds earned on the Impact Aid program, in the amount of \$751,808, do not require reporting of expenditures.

(3) During the year ended June 30, 2020, program income and federal funds related to the Child Nutrition Cluster were comingled and are included in the accompanying schedule of federal awards.

#### COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF STATE REVENUE JUNE 30, 2020

		GOVERNMENTAL	FUND TYPES	
.GENCY/FUNDING	_	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
<u>GENC1/FUNDING</u>	-	FUND	FUND	IUIAL
GRANTS				
Bright From the Start:				
Georgia Department of Early Care and Learning				
Pre-Kindergarten Program	\$	1,522,414 \$	- \$	1,522,414
Education, Georgia Department of				
Quality Basic Education				
Direct Instructional Cost				
Kindergarten Program		6,110,539	-	6,110,53
Kindergarten Program - Early Intervention Program		4,551,692	-	4,551,69
Primary Grades (1-3) Program		14,459,841	-	14,459,84
Primary Grades - Early Intervention (1-3) Program		12,234,147	-	12,234,14
Upper Elementary Grades (4-5) Program		8,400,442	-	8,400,44
Upper Elementary Grades - Early Intervention (4-5) Program		5,934,167	-	5,934,16
Middle School (6-8) Program		19,652,792	-	19,652,79
High School General Education (9-12) Program		17,217,165	-	17,217,16
Vocational Laboratory (9-12) Program		3,915,503	-	3,915,50
Students with Disabilities		18,127,136	-	18,127,13
Gifted Student - Category VI		12,115,463	-	12,115,46
Remedial Education Program		2,146,298	-	2,146,29
Alternative Education Program		1,374,591	-	1,374,59
English Speakers of Other Languages (ESOL)		780,061	-	780,06
Media Center Program		3,298,042	-	3,298,04
20 Days Additional Instruction		998,007	-	998,00
Staff and Professional Development		588,730	-	588,73
Principal Staff and Professional Development		8,687	-	8,68
Indirect Cost				
Central Administration		4,230,023	-	4,230,02
School Administration		6,059,405	-	6,059,40
Facility Maintenance and Operations		7,077,506	-	7,077,50
Austerity Reduction		(2,329,668)	-	(2,329,66
Categorical Grants		(_,=_,,==,,===)		(_,=_,,=
Pupil Transportation				
Regular		1,721,166	-	1,721,16
Military Counselors		90,942	_	90,94
Nursing Services		584,006	_	584,00
Vocational Supervisors		28,280	_	28,28
Education Equalization Funding Grant		5,445,430	_	5,445,43
Other State Programs		5,115,150		5,115,15
CTAE Connect Grant Bond Funds		90,860	_	90,86
CTAE Opportunities Equipment Grant		29,991		29,99
Food Services		297,298	-	29,99
Hygiene Products in Georgia Schools		969	-	297,29
Math and Science Supplements			-	
		252,114 798,862	-	252,11
Preschool Disability Services		,	-	798,86
Pupil Transportation - State Bonds		308,880	-	308,88
School Security Grant		744,960	-	744,96
Teachers Retirement		36,560	-	36,56
Vocational Education		160,698	-	160,69
Georgia State Financing and Investment				
Commission Reimburgement on Construction Projects			741 500	741 50
Reimbursement on Construction Projects		-	741,508	741,50
Office of the State Treasurer		512.004		512.00
Public School Employees Retirement		513,994	-	513,99
OTHER	_	23,572		23,572
	\$	159,601,565 \$	741,508 \$	160,343,07

	ORIGINAL	CURRENT	_	SPLOST 2017-2022						STATE AND LOCAL				PERCENTAGE	ESTIMATED COMPLETION
	BUDGET	BUDGET		BONDS			SALES TAX PROCEEDS			FUNDI	NG		TOTAL	COMPLETION	DATE
	(as of 06-30-2015)	(as of 06-30-2020)	-	Current Year	Prior Years		Current Year	Prior Years		Current Year	Prior Years	-			
Revenues															
Sales Tax 2017-2022 Proceeds \$	5 108,000,000 \$	116,250,000	\$	- \$	-	\$	24,857,006 \$	43,683,171	\$	- \$	-	\$	68,540,177	59%	
2015 Bond Proceeds	63,026,800	63,256,853		-	63,256,853		-	-		-	-		63,256,853	100%	
Federal Proceeds/Erate	-	2,865,675		-	-		-	-		-	2,865,675		2,865,675	100%	
State Proceeds	18,000,000	22,664,331		-	-		-	-		741,508	21,922,823		22,664,331	100%	
Local Proceeds	-	6,111,316		-	1,853		-	-		-	6,111,316		6,113,169	100%	
Interest	200,000	1,381,455	_	-	381,455	_	270,882	709,115		-	-	_	1,361,452	99%	
Total Revenue	189,226,800	212,529,630	_	-	63,640,161		25,127,888	44,392,286		741,508	30,899,814	_	164,801,657		
Expenditures															
Debt Payments	68,530,400	68,253,482		-	4,822,118		15,261,437	10,198,419		-	-		30,281,974	44%	10/1/2022
Audit and Election Fees	70,000	70,000		-	38,037		5,600	5,600		-	-		49,237	70%	10/1/2022
Capital Projects	80,000,000	95,299,037		-	45,841,171		3,614,026	6,783,859		-	21,922,823		78,161,879	82%	Various
Other Capital Outlays															Various
(equipment, buses, computers, etc.)	40,500,000	48,887,353	_	-	12,938,835		6,313,164	9,271,957		-	2,903,218		31,427,174	64%	Various
Total Expenditures	189,100,400	212,509,872	_	-	63,640,161	-	25,194,227	26,259,835		-	24,826,041	-	139,920,264		
Proceeds for Current and															
Future Projects	5 126,400 \$	19,758	s	- \$	_	s	(66 339) \$	18,132,451	\$	741,508 \$	6,073,773	s	24,881,393		
1 uture 1 10jeets \$	, <u> </u>	17,750	ф =	- ,,		÷ =	(00,337) \$	10,152,751	φ	/=1,500 \$	0,010,110	÷ =	21,001,373		

The voters of Columbia County approved the imposition of a 1% sales tax (ESPLOST) for 2017-2022 to fund the above projects and retire debt. The amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

The School District's original cost estimate as specified in the resolution for the 2017-2022 ESPLOST was (1) to acquire, construct, and equip five new elementary schools, two new middle schools, and one new athletic complex at an existing high school, and certain new athletic facilities at other existing high schools; acquire land for future schools, instructional and administrative technology improvements for existing schools, and school buses; adding to, renovating, repairing, improving, and equipping existing school buildings, existing athletic facilities, and other buildings and facilities useful or desirable in connection therewith, and acquiring any necessary property therefore, both real and personal, (2) to the extent funds are available, the cost of acquiring, constructing, and equipping one new high school and acquiring any necessary property therefor, both real and personal; to pay capitalized interest thereto; and to pay expenses incident to accomplishing the foregoing; the maximum cost of the projects described in clauses (1) and (2) above to be \$140,000,000. The taxpayers also approved the sale of \$55,000,000 in bonds in order to advance fund the projects. The School District sold the bonds for \$55 million on November 17, 2015. The principal and interest on the \$55 million will be paid with

#### COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS JUNE 30, 2020

	ORIGINAL	CURRENT			2017-2022		STATE AND LOCAL			PERCENTAGE	
	BUDGET	BUDGET	BON		SALES TAX		FUNDING		TOTAL	COMPLETION	DATE
	(as of 06-30-2020)	(as of 06-30-2020)	Current Year	Prior Year	Current Year	Prior Year	Current Year I	Prior Year			
Revenues											
	\$ 138,800,000	\$ 138,800,000	\$ - 5	s -	\$ -	s -	- \$	- \$	-	0%	
2020 Bond Proceeds	61,408,824	61,408,824	61,408,824	-	-	-	-	-	61,408,824	100%	
State Proceeds	6,600,000	6,600,000		-	-	-	-	-	-	0%	
Interest	1,250,000	1,250,000	100,281	-	-	-	-	-	100,281	8%	
Total Revenue	208,058,824	208,058,824	61,509,105		-			-	61,509,105		
<u>Expenditures</u>											
Debt Payments	64,928,715	64,928,715		-	-	-	-	-	-	0%	10/1/2027
Audit and Election Fees	70,000	70,000		-	-	-	-	-	-	0%	10/1/2027
Capital Projects	64,405,000	64,405,000	491,963	-	-	-	-	-	491,963	1%	Various
Other Capital Outlays											Various
(equipment, buses, computers, etc.)	51,000,000	51,000,000	8,510,866	-	-	-	-	-	8,510,866	17%	Various
Total Expenditures	180,403,715	180,403,715	9,002,829	-	-	-		-	9,002,829		
Proceeds for Current and Future Projects	\$ 27,655,109	\$ 27,655,109	\$ 52,506,276	\$ -	\$ -	\$ -	- \$	- \$	52,506,276		

The voters of Columbia County approved the imposition of a 1% sales tax (ESPLOST) for 2022-2027 to fund the above projects and retire debt. The amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

The School District's original cost estimates as specified in the resolution for the 2022-2027 ESPLOST were approved for (1) debt service in the maximum amount of \$94,000,000 on such bonds; and (2) the cost of the following capital outlay projects of the School District: (a) acquiring, constructing, and equipping three new elementary schools, two new middle schools, and one new high school, (b) acquiring land for future schools and other facilities, instructional and administrative technology improvements, school buses and other vehicles, and safety, security, and maintenance equipment, (c) adding to, renovating, repairing, improving, and equipping existing school buildings, administration buildings, athletic facilities, and other buildings and facilities useful or desirable in connection therewith, and (d) acquiring any necessary property therefore, both real and personal, and providing funds to pay a portion of the cost of the capital outlay projects described in clauses (1) and (2) above, to pay capitalized interest incident thereto, and to pay expenses incident to accomplishing the foregoing. The School District sold bonds for \$52,670,000 on March 18, 2020. The principal and interest on the \$52,670,000 will be paid with SPLOST proceeds.

**SECTION II** 

COMPLIANCE AND INTERNAL CONTROL REPORTS

Michelle Bennett, CPA Rick L. Evans, CPA E.J. Maddocks, CPA Jay Sanders, CPA Wanda F. Scott, CPA Abram J. Serotta, CPA Joel R. Stewart, CPA Andrea Usry, CPA David Ussery, CPA Paul Wade, CPA



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

To the Superintendent and Members of the Columbia County Board of Education Evans, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia County Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Columbia County Board of Education's basic financial statements, and have issued our report thereon dated January 21, 2021.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control 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 Columbia County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

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

Serata Maddocks Erans + Co. SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia January 21, 2021 Michelle Bennett, CPA Rick L. Evans, CPA E.J. Maddocks, CPA Jay Sanders, CPA Wanda F. Scott, CPA Abram J. Serotta, CPA Joel R. Stewart, CPA Andrea Usry, CPA David Ussery, CPA Paul Wade, CPA



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

To the Superintendent and Members of the Columbia County Board of Education Evans, Georgia

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

We have audited Columbia County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Columbia County Board of Education's major federal programs for the year ended June 30, 2020. Columbia County Board of Education'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.

### Auditors' Responsibility

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

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



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

In our opinion, the Columbia County Board of Education, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 of deficiencies, in internal control over compliance that a type of compliance with a type of compliance that a type of compliance with a type of deficiencies, in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that a type of 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.

Serata Maddocks Erans + Co. SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia January 21, 2021 **SECTION III** 

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

# COLUMBIA COUNTY BOARD OF EDUCATION SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

# Prior Year Findings and Questioned Costs - Financial Statement Audit

No matters were reported.

# Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit

No matters were reported.

**SECTION IV** 

FINDINGS AND QUESTIONED COSTS

## COLUMBIA COUNTY BOARD OF EDUCATION SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

### A. Summary of Auditors' Results

- 1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Columbia County Board of Education were prepared in accordance with GAAP.
- 2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- 3. No instances of noncompliance material to the financial statements of the Columbia County Board of Education, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 4. No significant deficiencies relating to the audit of the major federal award programs are reported in the independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
- 5. The auditors' report on compliance for the major federal award programs for Columbia County Board of Education expresses an unmodified opinion on all major federal programs.
- 6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) reported in this Schedule.
- 7. The programs tested as major programs included:

Title I Grants to Local Educational Agencies (CFDA No. 84.010)

CARES Act Relief (CFDA 84.425D)

- 8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
- 9. The Columbia County Board of Education qualified as a low-risk auditee.

# B. Findings - Financial Statement Audit

NONE

# C. Findings and Questioned Costs - Major Federal Award Programs Audit

NONE