



TWIGGS COUNTY BOARD OF EDUCATION JEFFERSONVILLE, GEORGIA

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019
(Including Independent Auditor's Reports)**



TWIGGS COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin
State Auditor

June 9, 2021

TWIGGS COUNTY BOARD OF EDUCATION

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "A"

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,042,509
Receivables:	
Taxes	595,315
Intergovernmental:	
State	580,826
Federal	343,913
Other	8,297
Inventory	15,819
Capital assets (nondepreciable)	140,642
Capital assets (depreciable, net of accumulated depreciation)	11,220,559
Total assets	<u>14,947,880</u>
DEFERRED OUTFLOWS	
Pensions	2,137,617
OPEB	893,246
Total deferred outflows	<u>3,030,863</u>
LIABILITIES	
Accounts payable	190,282
Salaries and benefits payable	720,749
Accrued interest payable	4,392
Unearned revenue	46,532
Bonds payable, due within one year	640,000
Bonds payable, due in more than one year	1,365,000
Financed purchases due within one year	66,293
Net pension liability	8,429,254
Net OPEB liability	7,489,314
Total liabilities	<u>18,951,816</u>
DEFERRED INFLOWS	
Pensions	1,148,151
OPEB	2,238,291
Total deferred inflows	<u>3,386,442</u>
NET POSITION	
Net investment in capital assets	10,283,764
Restricted for:	
Bus replacement	62,443
Continuation of federal programs	348,342
Debt service	435,442
Unrestricted (deficit)	(15,489,506)
Total net position (deficit)	<u>\$ (4,359,515)</u>

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "B"

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 5,496,040	\$ -	\$ 3,176,628	\$ 107,308	\$ (2,212,104)
Support services:					
Pupil services	639,545	-	147,019	-	(492,526)
Improvement of instructional services	637,873	-	673,477	-	35,604
Educational media services	121,080	-	96,958	-	(24,122)
General administration	484,019	-	418,847	-	(65,172)
School administration	712,121	-	364,062	-	(348,059)
Business administration	430,328	-	8,056	-	(422,272)
Maintenance and operation of plant	1,492,400	-	273,217	-	(1,219,183)
Student transportation services	575,941	-	275,195	77,220	(223,526)
Central support services	77	-	77	-	-
Other support services	63,686	-	39,042	-	(24,644)
Food service operations	686,512	14,591	695,406	-	23,485
Community service operation	48,667	-	49,994	-	1,327
Interest on long-term debt	57,267	-	-	-	(57,267)
Total governmental activities	<u>\$ 11,445,556</u>	<u>\$ 14,591</u>	<u>\$ 6,217,978</u>	<u>\$ 184,528</u>	<u>\$ (5,028,459)</u>
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations				\$ 4,442,258	
Sales taxes, for capital projects				614,836	
Intangible taxes				14,634	
Transfer taxes				18,441	
Railroad equipment tax				45,306	
Unrestricted investment earnings				6,360	
Miscellaneous				224,635	
Total general revenues				<u>\$ 5,366,470</u>	
Change in net position				338,011	
Net position (deficit), beginning of year				(4,697,526)	
Net position (deficit), end of year				<u>\$ (4,359,515)</u>	

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "C"

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

ASSETS	General	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 1,068,503	\$ 904,997	\$ 69,009	\$ 2,042,509
Receivables:				
Taxes	533,489	61,826	-	595,315
Intergovernmental:				
State	580,826	-	-	580,826
Federal	343,913	-	-	343,913
Other	8,297	-	-	8,297
Due from other funds	61,220	-	-	61,220
Inventory	15,819	-	-	15,819
Total assets	<u>\$ 2,612,067</u>	<u>\$ 966,823</u>	<u>\$ 69,009</u>	<u>\$ 3,647,899</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 190,282	\$ -	\$ -	\$ 190,282
Salaries and benefits payable	720,749	-	-	720,749
Due to other funds	-	61,220	-	61,220
Unearned revenue	46,532	-	-	46,532
Total liabilities	<u>957,563</u>	<u>61,220</u>	<u>-</u>	<u>1,018,783</u>
DEFERRED INFLOWS				
Unavailable revenue - property taxes	312,357	-	-	312,357
Total deferred inflows	<u>312,357</u>	<u>-</u>	<u>-</u>	<u>312,357</u>
FUND BALANCES				
Nonspendable: inventory	15,819	-	-	15,819
Restricted for:				
Continuation of federal programs	332,523	-	-	332,523
Bus replacement	62,443	-	-	62,443
Debt service	-	370,395	69,009	439,404
Capital projects	-	535,208	-	535,208
Assigned for:				
Assigned for student activities	33,733	-	-	33,733
Unassigned	897,629	-	-	897,629
Total fund balances	<u>1,342,147</u>	<u>905,603</u>	<u>69,009</u>	<u>2,316,759</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,612,067</u>	<u>\$ 966,823</u>	<u>\$ 69,009</u>	<u>\$ 3,647,899</u>

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "D"

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

Total fund balances - governmental funds (Exhibit "C")		\$	2,316,759
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 are not reported in the funds.			
	Cost	\$	26,244,120
	Less accumulated depreciation		<u>(14,882,919)</u>
			11,361,201
Other long-term assets are not available to pay for current-period expenditures and are reported as unavailable revenue in the funds.			
	Property taxes		312,357
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Bonds	\$	(2,005,000)
	Financed purchases		(66,293)
	Net OPEB liability		(7,489,314)
	Net pension liability		(8,429,254)
	Deferred outflows - pensions		2,137,617
	Deferred outflows - OPEB		893,246
	Deferred inflows - pensions		(1,148,151)
	Deferred inflows - OPEB		(2,238,291)
	Accrued interest		<u>(4,392)</u>
			<u>(18,349,832)</u>
Net position of governmental activities (Exhibit "A")		\$	<u><u>(4,359,515)</u></u>

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "E"

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

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,401,375	\$ -	\$ -	\$ 4,401,375
Sales taxes	33,075	614,836	-	647,911
Railroad taxes	45,306	-	-	45,306
State funds	4,380,124	-	-	4,380,124
Federal funds	1,970,388	-	-	1,970,388
Charges for services	14,591	-	-	14,591
Investment earnings	3,923	860	1,577	6,360
Miscellaneous	224,635	-	-	224,635
Total revenues	\$ 11,073,417	\$ 615,696	\$ 1,577	\$ 11,690,690
EXPENDITURES				
Current:				
Instruction	\$ 5,115,989	\$ 3,763	\$ -	\$ 5,119,752
Support Services:				
Pupil services	650,321	1,523	-	651,844
Improvement of instructional services	674,695	-	-	674,695
Educational media services	123,358	-	-	123,358
General administration	490,531	-	-	490,531
School administration	728,737	-	-	728,737
Business administration	393,813	35,520	-	429,333
Maintenance and operation of plant	1,248,002	302,659	-	1,550,661
Student transportation services	655,216	90,178	-	745,394
Central support services	77	-	-	77
Other support services	67,580	-	-	67,580
Food service operation	671,503	-	-	671,503
Community service operation	48,667	-	-	48,667
Debt service:				
Principal retirement	-	734,377	85,000	819,377
Interest and fees	-	59,370	2,103	61,473
Total expenditures	\$ 10,868,489	\$ 1,227,390	\$ 87,103	\$ 12,182,982
Excess (deficiency) of revenues over (under) expenditures	\$ 204,928	\$ (611,694)	\$ (85,526)	\$ (492,292)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	\$ 55,066	-	55,066
Transfers out	(55,066)	-	-	(55,066)
Total other financing sources (uses)	\$ (55,066)	\$ 55,066	\$ -	\$ -
Net change in fund balances	\$ 149,862	\$ (556,628)	\$ (85,526)	\$ (492,292)
FUND BALANCE, beginning of year	1,192,285	1,462,231	154,535	2,809,051
FUND BALANCE, end of year	\$ 1,342,147	\$ 905,603	\$ 69,009	\$ 2,316,759

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "F"

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

Net change in fund balances - total governmental funds (Exhibit "E")	\$	(492,292)
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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 those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which depreciation expense exceeded capital outlay is to decrease net position.

Capital outlay	\$	542,955	
Depreciation expense		<u>(759,732)</u>	(216,777)

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

Property taxes	40,883
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Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	\$	710,000	
Payments on financed purchases		<u>109,377</u>	819,377

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

Adjustments related to pension	\$	189,878	
Adjustments related to OPEB		(7,264)	
Change in accrued interest		<u>4,206</u>	<u>186,820</u>

Change in net position of governmental activities (Exhibit "B")	\$	<u><u>338,011</u></u>
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TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "G"

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

		Agency Funds
ASSETS		
Cash	\$	<u>18,345</u>
LIABILITIES		
Funds held for others	\$	<u>18,345</u>

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TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Twiggs County Board of Education (“School District”) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board 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.

The Twiggs County Recreation Authority (the “Recreation Authority”) was created by House Bill 1897 during the 1996 session of the Georgia General Assembly. The purpose of the Recreation Authority is to acquire, construct, own and convey real and personal property for the benefit of the citizens of Twiggs County. The members of the Recreation Authority consist of the Chairperson of the Twiggs County Board of Education, the Superintendent of the Twiggs County Board of Education, the Chairperson of the Board of Commissioners of Twiggs County, one non-governmental citizen member appointed by the Twiggs County Board of Education and one non-governmental citizen member appointed by the Board of Commissioners of Twiggs County.

The Recreation Authority qualifies as a component unit of the School District under Government Accounting Standards Board Statement (“GASBS”) No. 14, *the Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB 61, *the Financial Reporting Entity: Omnibus*. However, currently there are no standing members of the Recreation Authority and no financial activity. As of the year ended June 30, 2019, the Recreation Authority has no assets or liabilities. The Recreation Authority Bonds, Series 2001, as described in Note 10, are paid by the School District. As such, the basic financial statements of the School District do not include the financial activity of the Recreation Authority.

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 of the Twiggs County Board of Education. 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.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-wide Statements

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

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

1. **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.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The *Capital Projects Fund* accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), 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 (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- The *Agency Funds* are used to report resources held by the School District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

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

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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 tax revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. All other revenues are considered to be available if 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, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School 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 position 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 ("QBE") Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in *Government Accounting Standards Board ("GASB") Statement No. 33, paragraph 74*, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Account Pronouncements

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

In fiscal year 2019, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The School District included additional information in the Long-Term Liabilities note disclosure.

Cash and Cash Equivalents

Composition of Deposits – 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

Composition of 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 does not have a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

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.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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 from 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.

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 an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Capital Assets

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

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

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

TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 10,000	15 - 20 Years
Buildings and Improvements	10,000	5 - 50 Years
Equipment	10,000	3 - 20 Years

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities and Bond Discounts/Premiums

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. 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 the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, 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.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-employment 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 Post-employment Benefit Fund (“School OPEB Fund”) and additions to/deductions from School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

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

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

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

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

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

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

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

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

The fund balance of the School District’s General Fund has been accumulated to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The School District’s basic goal is to maintain annual expenditure increases necessary to provide a consistent educational environment satisfactory to its citizens and to limit expenditures to anticipate revenue in order to maintain a balanced budget.

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.

Property Taxes

The Twiggs County Board of Commissioners adopted the property tax levy for the 2018 tax digest year (calendar year) on August 28, 2018 (levy date) based on property values as of January 1, 2018. Taxes were due on November 20, 2018 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. The Twiggs County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2019, for maintenance and operations amounted to \$4,122,668. The tax millage rate levied for the 2018 tax year (calendar year) for the Twiggs County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>16.600</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$278,707 during fiscal year ended June 30, 2019.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$614,836 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Note 3: BUDGETS

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, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate 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 revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019

Note 4: DEPOSITS

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

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.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 4: DEPOSITS (CONTINUED)

Categorization of Deposits – Custodial credit risk is the risk that, in the event of bank failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2019, the School District had deposits with a carrying amount of 1,992,843 (excluding cash equivalents) and a bank balance of \$2,133,511. The bank balances insured by Federal depository insurance were \$500,000 and the bank balances collateralized with securities held by the pledging institution’s trust department or agent in the School District’s name were \$1,633,509.

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

Statement of Net Position	
Cash and cash equivalents	\$ 2,042,509
Statement of Fiduciary Net Position	
Cash and cash equivalents	<u>18,345</u>
Total cash and cash equivalents	2,060,854
Less: Investment pool reported as cash and cash equivalents:	
Georgia Fund 1	<u>(68,011)</u>
Total carrying value of deposits - June 30, 2019	<u><u>\$ 1,992,843</u></u>

Categorization of Cash Equivalents – The School District reported cash equivalents of \$68,011 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. 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 per share, which approximates fair value. The pool is an AA+ 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 on June 30, 2019, was 39 days.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 4: DEPOSITS (CONTINUED)

Categorization of Cash Equivalents (Continued)

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, which is publicly available at <http://sao.georgia.gov/comprehension-annual-financial-reports>.

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**

TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS **EXHIBIT “H”**
JUNE 30, 2019

Note 6: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 140,642	\$ -	\$ -	\$ -	\$ 140,642
Construction in progress	50,425	48,868	-	(99,293)	-
Total	<u>191,067</u>	<u>48,868</u>	<u>-</u>	<u>(99,293)</u>	<u>140,642</u>
Capital assets, being depreciated:					
Buildings and improvements	17,875,532	-	-	-	17,875,532
Equipment	2,640,237	494,087	-	99,293	3,233,617
Intangible assets	23,750	-	-	-	23,750
Land improvements	4,970,579	-	-	-	4,970,579
Total	<u>25,510,098</u>	<u>494,087</u>	<u>-</u>	<u>99,293</u>	<u>26,103,478</u>
Less accumulated depreciation for:					
Buildings and improvements	(8,280,809)	(303,062)	-	-	(8,583,871)
Equipment	(1,822,362)	(244,266)	-	-	(2,066,628)
Intangible assets	(23,750)	-	-	-	(23,750)
Land improvements	(3,996,266)	(212,404)	-	-	(4,208,670)
Total	<u>(14,123,187)</u>	<u>(759,732)</u>	<u>-</u>	<u>-</u>	<u>(14,882,919)</u>
Total capital assets, being depreciated, net	<u>11,386,911</u>	<u>(265,645)</u>	<u>-</u>	<u>99,293</u>	<u>11,220,559</u>
Governmental activities capital assets, net	<u>\$ 11,577,978</u>	<u>\$ (216,777)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,361,201</u>

Current year depreciation expense by function is as follows:

Instruction		\$ 557,324
Support Service		912
Improvement of instructional services		
Business administration	\$ 38,099	
Maintenance and operations	22,170	
Student transportation	<u>114,340</u>	174,609
Food services		<u>26,887</u>
Total depreciation expense		<u>\$ 759,732</u>

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 7: INTERFUND PAYABLES AND RECEIVABLES AND TRANSFERS

Due to and due from other funds are recorded for interfund receivables and payables which arise from interfund transactions. These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances at June 30, 2019, consisted of the following:

<u>Due To</u>	<u>Due From Capital Projects Fund</u>
General Fund	\$ 61,220

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<u>Transfers To</u>	<u>Transfers From General Fund</u>
Capital Projects Fund	\$ 55,066

Transfers are used to move property tax revenues collected by the General Fund to the Capital Projects Fund as required match or supplemental funding source for capital construction projects.

Note 8: RISK MANAGEMENT

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

The School District has elected to self-insure for all potential losses of property due to natural disasters. The School District has not experienced any losses related to this risk in the past three years.

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019

Note 8: RISK MANAGEMENT (CONTINUED)

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2018	<u>\$ -</u>	<u>\$ 378</u>	<u>\$ 378</u>	<u>\$ -</u>
2019	<u>\$ -</u>	<u>\$ 6,251</u>	<u>\$ 6,251</u>	<u>\$ -</u>

Georgia Education Workers' Compensation Trust

The School District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers Liability claim with Safety National providing additional Employers Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 107% of the loss fund and based on the Fund's annual normal premium.

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000
Drivers' Education	10,000

Note 9: SHORT-TERM DEBT

Tax Anticipation Note

The School District issued a tax anticipation note in advance of property tax collections, depositing the proceeds in its General Fund. This short-term debt is to provide cash for operations until property tax collections were received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75% of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred. The maturity date of the loan was December 31, 2018. Two draws totaling \$800,000 was required to meet the cash flow needs of the School District. The note was repaid on December 7, 2018.

TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS **EXHIBIT “H”**
JUNE 30, 2019

Note 9: SHORT-TERM DEBT (CONTINUED)

Tax Anticipation Note (Continued)

Short-term debt activity for the fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Tax Anticipation Note	\$ -	\$ 800,000	\$ (800,000)	\$ -

Note 10: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Twiggs County Recreation					
Authority Bonds, Series 2001	\$ 85,000	\$ -	\$ (85,000)	\$ -	\$ -
General Obligation Series 2014	1,265,000	-	(625,000)	640,000	640,000
General Obligation Series 2018	1,365,000	-	-	1,365,000	-
Financed purchases	175,670	-	(109,377)	66,293	66,293
Net OPEB liability	8,726,430	296,475	(1,533,591)	7,489,314	-
Net pension liability	9,190,992	1,058,276	(1,820,014)	8,429,254	-
Total	<u>\$ 20,808,092</u>	<u>\$ 1,354,751</u>	<u>\$ (4,172,982)</u>	<u>\$ 17,989,861</u>	<u>\$ 706,293</u>

General Obligation Debt Outstanding

The School District’s bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semi-annually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved property and sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

In the event the entity is unable to make the principal and interest payments using proceeds of the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from the general fund or from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for the state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

Voters have authorized \$635,000 in general obligation debt for capital projects which was not issued as of June 30, 2019.

TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS **EXHIBIT “H”**
JUNE 30, 2019

Note 10: LONG-TERM LIABILITIES

General Obligation Debt Outstanding (Continued)

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Government - Twiggs County Recreation Authority Bonds, Series 2001	4.95%	4/25/2001	7/1/2018	\$ 1,030,000	\$ -
General Government - Series 2014	1.50%	10/16/2014	12/1/2019	3,000,000	640,000
General Government - Series 2018	2.78%	4/26/2018	12/1/2024	1,365,000	1,365,000
				<u>\$ 5,395,000</u>	<u>\$ 2,005,000</u>

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 640,000	\$ 42,747
2021	260,000	34,333
2022	265,000	27,036
2023	275,000	19,530
2024	280,000	11,815
2025	285,000	3,962
Total Principal and Interest	<u>\$ 2,005,000</u>	<u>\$ 139,423</u>

Obligations Under Financed Purchases

The School District has acquired buses under the provisions of various long-term financed purchase agreements which provide for a bargain purchase option or a transfer of ownership by the end of the term.

The following assets were acquired through financed purchases and are reflected in the capital asset note at fiscal year-end:

	<u>Governmental Activities</u>
Equipment	\$ 198,974
Less: Accumulated depreciation	(9,949)
	<u>\$ 189,025</u>

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Note 10: LONG-TERM LIABILITIES

Obligations Under Financed Purchases (Continued)

Obligations under financed purchases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Purchase of buses	3.89%	5/1/2018	5/1/2020	198,974	66,293
				<u>\$ 198,974</u>	<u>\$ 66,293</u>

The following is a schedule of total future payments:

<u>Fiscal Year</u>	<u>Financed Purchases</u>	
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 66,293	\$ 2,579
Total Principal and Interest	<u>\$ 66,293</u>	<u>\$ 2,579</u>

Note 11: SIGNIFICANT CONTINGENT LIABILITIES

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. The School District believes that such disallowances, if any, will be immaterial to its overall financial position.

Note 12: OTHER POST-EMPLOYMENT BENEFITS

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).

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 12: OTHER POST-EMPLOYMENT BENEFITS

Georgia School Personnel Post-employment Health Benefit Fund (continued)

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 \$281,630 for the year ended June 30, 2019. 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, 2019, the School District reported a liability of \$7,489,314 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018, was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the School District's proportion was 0.058926%, which was a decrease of 0.003184% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$288,894. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 170,352
Changes in assumptions	-	1,268,726
Net difference between projected and actual earnings on pension plan investments	10,133	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	601,483	799,213
School District contributions subsequent to the measurement date	281,630	-
Total	<u>\$ 893,246</u>	<u>\$ 2,238,291</u>

TWIGGS COUNTY BOARD OF EDUCATION
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Note 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Post-Employment Health Benefit Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

School District contributions subsequent to the measurement date of \$281,630 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	
<u>Ending June 30</u>	<u>OPEB</u>
2020	\$ (305,120)
2021	(305,120)
2022	(305,120)
2023	(305,725)
2024	(278,159)
2025	(127,431)

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

OPEB:

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

**TWIGGS COUNTY BOARD OF EDUCATION
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Note 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Post-Employment Health Benefit Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

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

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

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

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

**TWIGGS COUNTY BOARD OF EDUCATION
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Note 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed income	30.00%	(0.50)%
Domestic Stocks - Large Cap	37.20%	9.00%
Domestic Stocks - Mid Cap	3.40%	12.00%
Domestic Stocks - Small Cap	1.40%	13.50%
International Stocks - Developed Market	17.80%	8.00%
International Stocks - Emerging Market	5.20%	12.00%
Alternatives	5.00%	10.50%
Total	<u>100.00%</u>	

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
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Note 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<i>School OPEB Fund-Discount Rate</i>	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
School District's proportionate share of the OPEB liability	\$ 8,745,170	\$ 7,489,314	\$ 6,476,597

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:

<i>School OPEB Fund-Healthcare Cost Trend Rate</i>	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the OPEB liability	\$ 6,296,326	\$ 7,489,314	\$ 9,013,908

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

**TWIGGS COUNTY BOARD OF EDUCATION
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Note 13: RETIREMENT PLANS

The School District participates in various retirement plans administered by the State of Georgia. There are two major retirement systems in which the School District participates. These systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

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 www.trsga.com/publications.

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

Contributions. Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. Section §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2019. The School District’s contractually required contribution rate for the year ended June 30, 2019, was 20.90% of annual School District payroll of which 20.38% of payroll was required from the School District and 0.52% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$1,016,612 and \$25,117 from School District and the State, respectively.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
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Note 13: RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012, contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012, contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$18,649.

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Note 13: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2019, the School District reported a liability of \$8,429,254 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 amounts 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	\$ 8,429,254
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	<u>198,244</u>
	<u>\$ 8,627,498</u>

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

At June 30, 2018, the School District's TRS proportion was 0.045411%, which was a decrease of 0.004042% from its proportion measured as of June 30, 2017.

At June 30, 2019, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is \$108,508.

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

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Note 13: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

For the year ended June 30, 2019, the School District recognized pension expense of \$872,254 for TRS and \$25,123 for PSERS and revenue of \$45,520 for TRS and \$25,123 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 558,029	\$ 17,373
Changes of assumptions	127,194	-
Net difference between projected and actual earnings on pension plan investments	-	230,472
Changes in proportion and differences between School District contributions and proportionate share of contributions	435,782	900,306
School District contributions subsequent to the measurement date	1,016,612	-
Total	<u>\$ 2,137,617</u>	<u>\$ 1,148,151</u>

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Note 13: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

School District contributions subsequent to the measurement date of \$1,016,612 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year <u>Ending June 30</u>	<u>TRS</u>
2020	\$ 321,888
2021	57,266
2022	(268,983)
2023	(131,269)
2024	(6,048)

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

Teachers Retirement System:

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

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

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Note 13: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

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

Public School Employees Retirement System

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

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

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

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Note 13: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

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

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

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

Discount rate: The discount rate used to measure the total TRS pension liability was 7.50%. The discount rate used to measure the total PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS 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.

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Note 13: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 14,070,839	\$ 8,429,254	\$ 3,780,301

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

Note 14: BROADBAND SPECTRUM LEASE

Effective June 10, 2005, The School District entered into a 19-year lease agreement with Fixed Wireless Holdings, LLC for the lease of excess spectrum capacity on Education Broadband Service licenses currently held by the School District. These licenses were granted to the School District by the Federal Communications Commission. The lease agreement requires monthly lease payments over the term of the lease, of which \$12,000 was recognized during fiscal year 2019 as a general revenue on the Statement of Activities.

Note 15: TAX ABATEMENTS

Twiggs County enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Twiggs County.

For the fiscal year ended June 30, 2019, Twiggs County abated property taxes due to the School District that were levied on August 28, 2018, and due on November 20, 2018, totaling \$84,694. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10% of the total amount abated:

- A 70% property tax abatement to a company that harnesses an alternative form of energy. The abatement amounted to \$65,792.
- A 70% property tax abatement to a retail distribution center. The abatement amounted to \$18,902.

**TWIGGS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS EXHIBIT “H”
JUNE 30, 2019**

Note 16: RELATED PARTY TRANSACTIONS

The Twiggs County Board of Education entered into a contract for speech therapy services for fiscal year 2019 with expenditures totaling \$30,698. The contract was entered into with a relative of an employee of the Twiggs County Board of Education.

Note 17: SUBSEQUENT EVENTS

Tax Anticipation Note

On September 27, 2019, the Twiggs County Board of Education issued a temporary loan in advance of property tax collections with a financial institution in the amount of \$650,000. Proceeds from this short-term loan were issued to provide cash for operations until property tax collections were received by the School District. The maturity date of the loan was December 31, 2019. Two draws totaling \$650,000 were required to meet the cash flow needs of the School District. The note was repaid on December 16, 2019.

COVID-19

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has held a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government.

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TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "1"

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
School District's proportion of the net pension liability	0.050327%	0.050386%	0.045759%	0.049453%	0.045411%
School District's proportionate share of the net pension liability	\$ 6,358,153	\$ 7,670,768	\$ 9,440,592	\$ 9,190,992	\$ 8,429,254
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>27,541</u>	<u>29,687</u>	<u>269,442</u>	<u>241,609</u>	<u>198,244</u>
	6,385,694	7,700,455	9,710,034	9,432,601	8,627,498
School District's covered payroll	\$ 5,134,308	\$ 5,363,490	\$ 5,196,288	\$ 5,843,874	\$ 5,552,251
School District's proportionate share of the net pension liability as a percentage of its covered payroll	123.84%	143.02%	181.68%	157.28%	151.82%
Plan fiduciary net position as a percentage of the total pension liability	84.03%	81.44%	76.06%	79.33%	80.27%

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "2"

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
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	\$ <u>86,865</u>	\$ <u>79,756</u>	\$ <u>129,766</u>	\$ <u>102,108</u>	\$ <u>108,508</u>
	86,865	79,756	129,766	102,108	108,508
School District's covered payroll	\$ 285,608	\$ 278,098	\$ 268,145	\$ 310,421	\$ 289,226
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	88.29%	87.00%	81.00%	85.69%	85.26%

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "3"

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30**

	2018	2019
School District's proportion of the net OPEB liability	0.062110%	0.058926%
School District's proportionate share of the net OPEB liability	\$ 8,726,430	\$ 7,489,314
School District's covered-employee payroll	4,666,675	4,496,940
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	186.99%	166.54%
Plan fiduciary net position as a percentage of the total OPEB liability	1.61%	2.93%

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "4"

**SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 705,299	\$ 721,066	\$ 812,578	\$ 911,378	\$ 1,016,612
Contributions in relation to the contractually required contribution	<u>705,299</u>	<u>721,066</u>	<u>812,578</u>	<u>911,378</u>	<u>1,016,612</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
School District's covered payroll	\$ 5,363,490	\$ 5,196,288	\$ 5,843,874	\$ 5,552,251	\$ 4,988,203
Contributions as a percentage of covered payroll	13.15%	13.88%	13.90%	16.41%	20.38%

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "5"

**SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 323,845	\$ 305,410	\$ 281,630
Contributions in relation to the contractually required contribution	<u>323,845</u>	<u>305,410</u>	<u>281,630</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered-employee payroll	\$ 4,666,675	\$ 4,496,940	\$ 3,902,207
Contributions as a percentage of covered-employee payroll	6.94%	6.79%	7.22%

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "6"

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Teachers Retirement System

Changes of assumptions:

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

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

Public School Employees Retirement System

Changes of assumptions:

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

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

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

School OPEB Fund

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

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

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

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "7"

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Nonappropriated Budget		Actual	Variance With Final Budget
	Original ⁽¹⁾	Final ⁽¹⁾		
REVENUES				
Property taxes	\$ 4,020,000	\$ 4,020,000	\$ 4,401,375	\$ 381,375
Sales taxes	-	-	33,075	33,075
Other taxes	-	-	45,306	45,306
State funds	4,104,217	4,104,217	4,380,124	275,907
Federal funds	1,331,883	1,331,883	1,970,388	638,505
Charges for services	14,000	14,000	14,591	591
Investment earnings	-	-	3,923	3,923
Miscellaneous	65,000	65,000	224,635	159,635
Total revenues	<u>\$ 9,535,100</u>	<u>\$ 9,535,100</u>	<u>\$ 11,073,417</u>	<u>\$ 1,538,317</u>
EXPENDITURES				
Current:				
Instruction	\$ 4,329,450	\$ 4,691,114	\$ 5,115,989	\$ (424,875)
Support services:				
Pupil services	324,337	408,900	650,321	(241,421)
Improvement of instructional services	26,989	530,455	674,695	(144,240)
Educational media services	150,300	150,300	123,358	26,942
General administration	415,186	446,998	490,531	(43,533)
School administration	735,801	735,801	728,737	7,064
Business administration	335,266	335,266	393,813	(58,547)
Maintenance and operation of plant	1,065,978	1,065,978	1,248,002	(182,024)
Student transportation services	663,330	668,708	655,216	13,492
Central support services	-	1,000	77	923
Other support services	13,000	13,000	67,580	(54,580)
Food service operations	623,883	623,883	671,503	(47,620)
Community service operation	-	-	48,667	(48,667)
Total expenditures	<u>\$ 8,683,520</u>	<u>\$ 9,671,403</u>	<u>\$ 10,868,489</u>	<u>\$ (1,197,086)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 851,580</u>	<u>\$ (136,303)</u>	<u>\$ 204,928</u>	<u>\$ 341,231</u>
OTHER FINANCING USES				
Transfers out	-	-	(55,066)	(55,066)
Total other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,066)</u>	<u>\$ (55,066)</u>
Net change in fund balances	<u>\$ 851,580</u>	<u>\$ (136,303)</u>	<u>\$ 149,862</u>	<u>\$ 286,165</u>
FUND BALANCE, beginning of year	<u>1,192,285</u>	<u>1,192,285</u>	<u>1,192,285</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 2,043,865</u>	<u>\$ 1,055,982</u>	<u>\$ 1,342,147</u>	<u>\$ 286,165</u>

Note to the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

(1) Original and Final Budget amounts do not include budgeted revenues (\$163,870) or expenditures (\$165,649) of the various school activity accounts.

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.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "8"

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

Funding Agency Program/Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	195GA324N1099	\$ 210,669
National School Lunch Program	10.555	195GA324N1099	383,021
Total Child Nutrition Cluster			<u>593,690</u>
Other Programs			
Pass-Through From Georgia Department of Education			
State Administrative Expenses for Child Nutrition	10.560	16165GA904N2533	469
Total U.S. Department of Agriculture			<u>594,159</u>
Education, U.S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A170073	30,950
Grants to States	84.027	H027A180073	199,657
Preschool Grants	84.173	H173A180081	2,346
Total Special Education Cluster			<u>232,953</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Supporting Effective Instruction State Grants	84.367	S367A170001	33,989
Supporting Effective Instruction State Grants	84.367	S367A180001	36,754
School Improvement Grants	84.377A	S377A170011	374,936
Rural Education	84.358	S358B170010	7,663
Rural Education	84.358	S358B180010	14,389
Title I Grants to Local Educational Agencies	84.010	S010A170010	72,602
Title I Grants to Local Educational Agencies	84.010	S010A180010	418,258
Student Support and Academic Enrichment Program	84.424A	S424A170011	12,624
Student Support and Academic Enrichment Program	84.424A	S424A180011	44,578
Career and Technical Education - Basic Grants to States	84.048	V048A170010	775
Career and Technical Education - Basic Grants to States	84.048	V048A180010	17,221
Total U.S. Department of Education			<u>1,266,742</u>

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "8"

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

Funding Agency Program/Grant	CFDA Number	Pass-Through Entity ID Number	Expenditures In Period
Defense, U.S. Department of Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	\$ 52,614
Total Expenditures of Federal Awards			\$ 1,913,515

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

The School District did not provide Federal Assistance to any Subrecipient.

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Twiggs County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "9"

**SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Governmental Fund Types
<u>Agency/Funding</u>	<u>General Fund</u>
Grants	
Bright from the Start	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	\$ 139,450
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	162,270
Kindergarten Program - Early Intervention Program	26,877
Primary Grades (1-3) Program	453,102
Primary Grades - Early Intervention (1-3) Program	94,184
Upper Elementary Grades (4-5) Program	226,061
Upper Elementary Grades - Early Intervention (4-5) Program	65,138
Middle School (6-8) Program	435,677
High School General Education (9-12) Program	435,939
Carrer Technical and Agricultural Education Program 9-12	114,362
Students with Disabilities	537,922
Gifted Students - Category VI	4,359
Remedial Education Program	17,961
Alternative Education Program	31,575
Media Center Program	70,526
20 Days Additional Instruction	22,879
Staff and Professional Development	11,967
Principal Staff and Professional Development	672
Indirect Cost	
Central Administration	266,507
School Administration	265,497
Facility Maintenance and Operations	162,275
State Health Benefit Plan Employer Holiday	(54,810)
Categorical Grants	
Pupil Transportation	241,044
Bus Allocation	77,220
Sparsity	164,047
Nursing Services	45,000
Mid-Term Hold Harmless	48,446
Vocational Supervisors	7,150
Food Services	17,226
Career, Technical and Agricultural Education	9,120
Other State Programs	
Family Connection	49,994
Lottery Programs	
Exceptional Growth-Capital Outlay	107,308
Math and Science Supplement	3,871
School Safety Grant	17,694
Governor's Office of Student Achivement	
Early Language and Literacy Mini-grant	57,848
On-Behalf Payments	
Georgia Department of Education	
Paid to the Teachers Retirement System	25,117
Office of State Treasurer	
Paid to the Public School Employees	
Retirement System	18,649
Grand Total	\$ <u>4,380,124</u>

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "10"

**SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Project</u>	<u>Original Estimated Cost (1)</u>	<u>Current Estimated Costs (2)</u>	<u>Expended In Current Year (3)(4)</u>	<u>Expended In Prior Years (3)(4)</u>	<u>Total Completion Cost</u>	<u>Estimated Completion Date</u>
Improving and renovating the existing high school gym.	\$ 200,000	\$ -	\$ -	\$ -	\$ -	12/31/2019
Acquiring safety and security equipment and vocational, musical, athletic, and physical education equipment.	50,000	27,128	-	27,127	-	12/31/2019
Acquiring, repairing, and updating system-wide technology, including computer hardware.	100,000	11,955	-	11,955	-	12/31/2019
Adding to, renovating, repairing, improving, and equipping existing school buildings, other buildings, and facilities including athletic facilities and roof and HVAC repairs.	500,000	-	-	-	-	12/31/2019
Acquiring, textbooks, e-books, and classroom furniture.	20,000	7,564	-	7,564	-	12/31/2019
Acquiring school buses and other system-wide vehicles.	90,000	179,432	-	179,432	179,432	Complete
	<u>\$ 960,000</u>	<u>\$ 226,079</u>	<u>\$ -</u>	<u>\$ 226,078</u>	<u>\$ 179,432</u>	

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

Prior Years	\$ 130,667
Current Year	<u>15,106</u>
Total	<u>\$ 145,773</u>

- (5) As of June 30, 2019, there were no excess proceeds which were not yet expended.

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TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "10"

**SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST V
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3)(4)	Expended In Prior Years (3)(4)	Total Completion Cost	Estimated Completion Date
Acquiring, renovating, repairing, replacing and improving the existing elementary school roof and HVAC system.	\$ 350,000	\$ 350,000	\$ -	\$ 10,278	\$ -	12/31/2024
Renovating, repairing, replacing and improving the roof at the existing high school and administrative offices.	125,000	125,000	57,230	-	-	12/31/2024
Acquiring safety and security equipment and vocational, musical, band, athletic, and physical education uniforms or equipment.	100,000	100,000	32,545	20,728	-	12/31/2024
Acquiring and/or repairing school buses, system vehicles, and transportation and maintenance equipment.	400,000	412,911	122,520	290,391	-	12/31/2024
Improving, renovating and refinishing the high school gym.	350,000	350,000	21,061	69,740	-	12/31/2024
Acquiring, repairing, replacing and improving athletic facility bleachers.	400,000	400,000	5,700	-	-	12/31/2024
Acquiring and updating textbooks, e-books, classroom furniture and system wide technology, including computer hardware.	50,000	50,000	28,285	-	-	12/31/2024
Adding to, renovating, repairing, improving, and equipping existing school buildings, other buildings, and facilities, including athletic facilities and roof and HVAC repairs.	2,125,000	2,125,000	166,302	-	-	12/31/2024
Paying expenses incidental to accomplishing the foregoing	<u>100,000</u>	<u>100,424</u>	<u>44,264</u>	<u>56,160</u>	<u>-</u>	
	<u>\$ 4,000,000</u>	<u>\$ 4,013,335</u>	<u>\$ 477,907</u>	<u>\$ 447,297</u>	<u>\$ -</u>	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Twiggs County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project.
- (4) As of June 30, 2019, there were no excess proceeds which were not yet expended.

Reconciliation of expenditures reported to basic financial statements:

\$ 477,907	Total Expenditures - SPLOST V
15,106	Interest and Fees - SPLOST IV
2,103	Interest - Debt service Fund
85,000	Principal payment, Series 2001 Bonds
625,000	Principal payment, Series 2014 Bonds
109,377	Principal payments, bus leases
<u>\$ 1,314,493</u>	
\$ 1,227,390	Total expenditures, Capital Projects Fund
87,103	Total expenditures, Debt Service Fund
<u>\$ 1,314,493</u>	

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Twiggs County Board of Education (School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated June 9, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with the first and last names being more prominent.

Greg S. Griffin
State Auditor

June 9, 2021



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

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

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

June 9, 2021

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2014-003

Inadequate Internal Control Procedures

Control Category: Cash and Cash Equivalents
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Finding Status: Previously Reported Corrective Action Implemented

FS 2014-005

Inadequate Internal Control Procedures

Control Category: Employee Compensation
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Finding Status: Unresolved

Entity's Response There were errors in the way the calculation was done.

FS 2015-001

Inadequate Internal Control Procedures

Control Category: Cash and Cash Equivalents
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Finding Status: Previously Reported Corrective Action Implemented

FS 2015-003

Inadequate Internal Control Procedures

Control Category: Employee Compensation
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Finding Status: Unresolved

Entity's Response There were not enough review in the way calculations were done.

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2016-001	<u>Internal Controls at the Central Office</u>
Control Category:	Accounting Controls (Overall) Cash and Cash Equivalents Expenditures/Liabilities/Disbursements Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Partially Resolved
Entity's Response	Internal controls were not properly in place.
FS 2017-001	<u>Internal Control Procedures</u>
Control Category:	Accounting Controls (Overall) Cash and Cash Equivalents Capital Assets Expenditures/Liabilities/Disbursements Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Partially Resolved
Entity's Response	Internal controls were not properly in place.
FS 2018-001	<u>Internal Control Procedures</u>
Control Category:	Accounting Controls (Overall) Cash and Cash Equivalents Capital Assets Expenditures/Liabilities/Disbursements Insurance Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Partially Resolved
Entity's Response	Internal controls were not properly in place.

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

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2016-001

Internal Control Procedures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Equipment and Real Property Management Period of Performance Special Tests and Provisions
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	CFDA 10.553 and 10.555 Child Nutrition Cluster
Federal Award Number:	161656A324N1099
 Finding Status:	 Previously Reported Corrective Action Implemented

FA 2017-001

Internal Control Procedures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Equipment and Real Property Management Period of Performance Procurement, Suspension and Debarment Special Tests and Provisions
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Child Nutrition Cluster (CFDA 10.553 and 10.555)
Federal Award Number:	17175GA324N1099, 17175GA324N1100
 Finding Status:	 Previously Reported Corrective Action Implemented

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

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2018-001	<u>Improve Controls over Expenditures and Journal Entries</u>
Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Period of Performance
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	Child Nutrition Cluster (CFDA 10.553 and 10.555)
Federal Award Numbers:	18185GA324N1099, 18185GA324N1100
Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
CFDA Number and Title:	School Improvement Grants (CFDA 84.377)
Federal Award Numbers:	S377A170010
Finding Status:	Previously Reported Corrective Action Implemented

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	
Governmental Activities; All Major Funds; Aggregate Remaining Fund Information	Unmodified
Internal control over financial reporting:	
▪ Material weakness identified?	Yes
▪ Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.377	School Improvement Grants
Dollar threshold used to distinguish between Type A and Type B programs:	\$750.000
Auditee qualified as low-risk auditee?	No

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

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2019-001	<u>Internal Control Procedures</u>
Control Category:	Capital Assets Expenditures/Liabilities/Disbursements Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2018-001, FS 2017-001, FS 2016-001, FS 2015-003, FS 2014-005

Description:

The accounting procedures of the School District did not provide for adequate internal controls over numerous control categories.

Criteria:

The School District's management is responsible for designing and maintaining an adequate system of internal controls that provides reasonable assurance that transactions are processed according to established procedures.

Condition:

Capital Assets

- The School District capitalized two pieces of equipment totaling \$12,108.00, that did not meet the capitalization threshold requirements in the School District's policy.
- The School District did not capitalize a gym renovation project totaling \$54,875.00, that met the capitalization threshold requirements for building improvements in the School District's policy.
- The School District did not capitalize an LED sign in the amount of \$20,914.00, that met the capitalization threshold requirements for land improvements in the School District's policy.
- One equipment addition did not include ancillary cost in the amount of \$696.94 as required by the School District's capital asset policy.
- The School District disclosed Intangible assets in the capital asset note, although the School District's policy does not include intangible assets.
- The School District utilized half year convention when adding current year additions to the capital asset listing. This method is not consistent with prior year's method and does not follow the School District's policy. Current year depreciation expense was understated by an immaterial amount of \$24,846.48.
- Three capital assets purchased in prior year were not added to the capital asset listing.
- One building improvement added improperly in the prior year was not removed in the current year from the capital asset listing.
- One prior year addition improperly added to buildings was not reclassified to equipment in the current year on the capital asset listing.
- The capital assets recorded in the general ledger and on the capital asset listing do not agree to the capital assets note disclosure in the notes to the basic financial statements.
- Two fully depreciated buses disposed of in prior years were not removed from the note disclosure, capital asset listing or general ledger.

Expenditures/Liabilities/Disbursements

- Two out of five expenditures tested did not have evidence of proper approval.

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

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Employee Compensation

- During the review of twelve employees' salaries, the following issues were noted:
 - One employee was incorrectly paid an extended day supplement for two months.
 - Supplements paid to nine employees were not Board approved.
 - An employee's required annual adjustment was improperly calculated, resulting in an overpayment.
 - Board approval could not be provided to support the pay of four employees.
 - One employee was paid using the wrong years of experience resulting in an immaterial underpayment.

General Ledger

- The School District did not record numerous financial statement journal entries in the general ledger from previous fiscal years. These journal entries continue to be repeated during the financial statement preparation process year after year because the general ledger has not been corrected.
- Cash is incorrectly recorded between fund on the general ledger.
- During a review of forty-five journal entries recorded in the general ledger, two lacked evidence of preparer and reviewer.

Cause:

The School District's controls as designed did not prevent the findings noted above. In addition, there was no proactive review process, the School District reacts as errors are identified.

Effect or Potential Effect:

Without satisfactory accounting controls and procedures in place, the School District could place itself in a position where potential misappropriation of assets could occur. In addition, the lack of controls impacted its reporting of financial position and results of operations. The resulting misinformation can impact the decisions made by the financial statement users.

Recommendation:

The School District should review accounting procedures in place and design and implement procedures relative to the above controls categories to strengthen the internal controls over the accounting function. Additionally, Management should establish monitoring process to provide reasonable assurance that the controls are functioning, and financial transactions are properly processed and recorded. Lastly, Management should ensure that proper separation of duties exists. In the case when management determines that separation of duties is not cost beneficial, management should implement compensating controls that assist in assuring that transactions are properly processed and reported.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION V

MANAGEMENT'S CORRECTIVE ACTION

SUPERINTENDENT

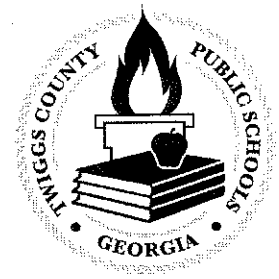
Dr. Mack H. Bullard

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CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2019-001

Control Category:

Internal Control Procedures

Capital Assets

Expenditures/Liabilities/Disbursements

Employee Compensation

General Ledger

Internal Control Impact:

Material Weakness

Compliance Impact:

None

Repeat of Prior Year Finding:

FS 2018-001, FS 2017-001, FS 2016-001, FS 2015-003,
FS 2014-005

The accounting procedures of the School District were insufficient to provide for adequate internal controls over numerous control categories.

Corrective Action Plans:

The District will review their internal controls and ensure that they are promoting the best internal control procedures.

Estimated Completion Date: June 30, 2021

Contact Person: James F. Austin III

Telephone: 478-945-3127 E-mail: jaustin@twiggs.k12.ga.us

A handwritten signature in cursive script, reading "James F. Austin III".