

**TWIGGS COUNTY
BOARD OF EDUCATION**

JEFFERSONVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

(Including Independent Auditor's Reports)

TWIGGS COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

INDEPENDENT AUDITOR'S REPORT

EXHIBITS

BASIC FINANCIAL STATEMENTS

	GOVERNMENT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET	
	GOVERNMENTAL FUNDS	3
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	4
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	
	GOVERNMENTAL FUNDS	5
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	6
G	STATEMENT OF FIDUCIARY NET POSITION	
	FIDUCIARY FUNDS	7
H	NOTES TO THE BASIC FINANCIAL STATEMENTS	8

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA	41
2	SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF GEORGIA	42
3	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA	43
4	SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL OPEB FUND	44
5	SCHEDULE OF CONTRIBUTIONS – SCHOOL OPEB FUND	45
6	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	46
7	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	47

TWIGGS COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

8	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	48
9	SCHEDULE OF STATE REVENUE	49
10	SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS	50

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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*

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I

FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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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, 2020, 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, 2020, 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 October 2, 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 the first and last names being more prominent.

Greg S. Griffin
State Auditor

October 2, 2021

TWIGGS COUNTY BOARD OF EDUCATION

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "A"

**STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 1,863,305
Receivables:	
Taxes	621,770
Intergovernmental:	
State	626,304
Federal	268,482
Other	6,425
Inventory	23,374
Capital assets (nondepreciable)	340,078
Capital assets (depreciable, net of accumulated depreciation)	10,723,630
Total assets	<u>14,473,368</u>
DEFERRED OUTFLOWS	
Pensions	2,604,656
OPEB	567,751
Total deferred outflows	<u>3,172,407</u>
LIABILITIES	
Accounts payable	528,242
Salaries and benefits payable	797,622
Accrued interest payable	3,162
Unearned revenue	49,216
Bonds payable, due within one year	260,000
Bonds payable, due in more than one year	1,105,000
Net pension liability	8,570,333
Net OPEB liability	6,417,350
Total liabilities	<u>17,730,925</u>
DEFERRED INFLOWS	
Pensions	1,600,680
OPEB	2,785,752
Total deferred inflows	<u>4,386,432</u>
NET POSITION	
Net investment in capital assets	10,601,802
Restricted for:	
Bus replacement	62,443
Continuation of federal programs	336,622
Debt service	388,868
Unrestricted (deficit)	(15,861,317)
Total net position (deficit)	<u>\$ (4,471,582)</u>

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "B"

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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	\$ 5,898,327	\$ -	\$ 3,261,810	\$ -	\$ (2,636,517)
Support services:					
Pupil services	574,054	-	125,752	-	(448,302)
Improvement of instructional services	543,977	-	434,602	-	(109,375)
Educational media services	142,453	-	103,530	-	(38,923)
General administration	489,171	-	438,972	-	(50,199)
School administration	780,415	-	382,294	-	(398,121)
Business administration	420,417	-	10,876	-	(409,541)
Maintenance and operation of plant	1,256,470	-	363,279	-	(893,191)
Student transportation services	833,723	-	256,798	77,220	(499,705)
Central support services	285	-	285	-	-
Other support services	43,763	-	102	-	(43,661)
Food service operations	722,650	12,158	675,009	-	(35,483)
Community service operation	49,299	-	49,996	-	697
Interest on long-term debt	45,977	-	-	-	(45,977)
Total governmental activities	<u>\$ 11,800,981</u>	<u>\$ 12,158</u>	<u>\$ 6,103,305</u>	<u>\$ 77,220</u>	<u>(5,608,298)</u>
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					4,518,425
Sales taxes, for capital projects					686,548
Intangible taxes					21,635
Transfer taxes					5,316
Railroad equipment tax					46,616
Unrestricted investment earnings					3,159
Miscellaneous					214,532
Total general revenues					<u>5,496,231</u>
Change in net position					(112,067)
Net position (deficit), beginning of year					(4,359,515)
Net position (deficit), end of year					<u>\$ (4,471,582)</u>

TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	General	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 1,030,402	\$ 762,875	\$ 70,028	\$ 1,863,305
Receivables:				
Taxes	568,590	53,180	-	621,770
Intergovernmental:				
State	626,304	-	-	626,304
Federal	268,482	-	-	268,482
Other	6,425	-	-	6,425
Due from other funds	10,273	-	-	10,273
Inventory	23,374	-	-	23,374
Total assets	<u>\$ 2,533,850</u>	<u>\$ 816,055</u>	<u>\$ 70,028</u>	<u>\$ 3,419,933</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 323,394	\$ 204,848	\$ -	\$ 528,242
Salaries and benefits payable	797,622	-	-	797,622
Due to other funds	-	10,273	-	10,273
Unearned revenue	49,216	-	-	49,216
Total liabilities	<u>1,170,232</u>	<u>215,121</u>	<u>-</u>	<u>1,385,353</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	267,998	-	-	267,998
Total deferred inflows	<u>267,998</u>	<u>-</u>	<u>-</u>	<u>267,998</u>
FUND BALANCES				
Nonspendable: inventory	23,374	-	-	23,374
Restricted for:				
Continuation of federal programs	313,248	-	-	313,248
Bus replacement	62,443	-	-	62,443
Debt service	-	322,002	70,028	392,030
Capital projects	-	278,932	-	278,932
Assigned for student activities	50,606	-	-	50,606
Unassigned	645,949	-	-	645,949
Total fund balances	<u>1,095,620</u>	<u>600,934</u>	<u>70,028</u>	<u>1,766,582</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,533,850</u>	<u>\$ 816,055</u>	<u>\$ 70,028</u>	<u>\$ 3,419,933</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total fund balances - governmental funds (Exhibit "C")	\$	1,766,582
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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	\$ 26,716,296	
	Less accumulated depreciation	<u>(15,652,588)</u>	11,063,708

Other long-term assets are not available to pay for current period expenditures and are reported as unavailable revenue in the funds.

	Property taxes	267,998
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

	Bonds	\$ (1,365,000)	
	Net OPEB liability	(6,417,350)	
	Net pension liability	(8,570,333)	
	Deferred outflows - pensions	2,604,656	
	Deferred outflows - OPEB	567,751	
	Deferred inflows - pensions	(1,600,680)	
	Deferred inflows - OPEB	(2,785,752)	
	Accrued interest	<u>(3,162)</u>	<u>(17,569,870)</u>

Net position of governmental activities (Exhibit "A")	\$	<u><u>(4,471,582)</u></u>
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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, 2020**

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,562,784	\$ -	\$ -	\$ 4,562,784
Sales taxes	26,951	686,548	-	713,499
Railroad taxes	46,616	-	-	46,616
State funds	4,667,651	-	-	4,667,651
Federal funds	1,464,898	-	-	1,464,898
Charges for services	12,158	-	-	12,158
Investment earnings	1,067	1,073	1,019	3,159
Miscellaneous	214,532	-	-	214,532
Total revenues	<u>10,996,657</u>	<u>687,621</u>	<u>1,019</u>	<u>11,685,297</u>
EXPENDITURES				
Current:				
Instruction	5,365,315	4,518	-	5,369,833
Support services:				
Pupil services	567,309	5,815	-	573,124
Improvement of instructional services	534,190	-	-	534,190
Educational media services	142,601	-	-	142,601
General administration	486,662	-	-	486,662
School administration	782,624	-	-	782,624
Business administration	394,527	-	-	394,527
Maintenance and operation of plant	1,356,277	224,038	-	1,580,315
Student transportation services	821,486	4,419	-	825,905
Central support services	285	-	-	285
Other support services	44,306	-	-	44,306
Food service operation	698,303	-	-	698,303
Community service operation	49,299	-	-	49,299
Debt service:				
Principal retirement	-	706,293	-	706,293
Interest and fees	-	47,207	-	47,207
Total expenditures	<u>11,243,184</u>	<u>992,290</u>	<u>-</u>	<u>12,235,474</u>
Net change in fund balances	(246,527)	(304,669)	1,019	(550,177)
FUND BALANCE, beginning of year	<u>1,342,147</u>	<u>905,603</u>	<u>69,009</u>	<u>2,316,759</u>
FUND BALANCE, end of year	<u>\$ 1,095,620</u>	<u>\$ 600,934</u>	<u>\$ 70,028</u>	<u>\$ 1,766,582</u>

**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, 2020**

Net change in fund balances - total governmental funds (Exhibit "E")	\$	(550,177)
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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	\$	484,284	
Depreciation expense		<u>(770,880)</u>	(286,596)

Net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations, etc.) is to decrease net position.		(10,897)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(44,359)
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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	\$	640,000	
Payments on financed purchases		<u>66,293</u>	706,293

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	\$	(126,569)	
Adjustments related to OPEB		199,008	
Change in accrued interest		<u>1,230</u>	<u>73,669</u>

Change in net position of governmental activities (Exhibit "B")	\$	<u>(112,067)</u>
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TWIGGS COUNTY BOARD OF EDUCATION

EXHIBIT "G"

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	ASSETS	Agency Funds
Cash		<u>\$ 22,648</u>
	LIABILITIES	
Funds held for others		<u>\$ 22,648</u>

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

Exhibit “H”

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 “Authority”) was created by House Bill 1897 during the 1996 session of the Georgia General Assembly. The purpose of the 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 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 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 Authority and no financial activity. As of the year ended June 30, 2020, the Authority has no assets or liabilities. As such, the basic financial statements of the School District do not include the financial activity of the 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
JUNE 30, 2020

Exhibit “H”

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 non-exchange 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
JUNE 30, 2020

Exhibit “H”

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”) and bond proceeds 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. Non-exchange 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
JUNE 30, 2020

Exhibit “H”

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
JUNE 30, 2020

Exhibit “H”

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

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

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.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

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

Exhibit “H”

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 basis). 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 method 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
JUNE 30, 2020

Exhibit “H”

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:

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Construction in progress	\$ 50,000	N/A
Land Improvements	25,000	20 Years
Buildings and improvements	50,000	20 - 50 Years
Equipment	10,000	8 - 20 Years
		Individually determined
Intangible assets	250,000	based on policy

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 business administration expenditures.

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

Exhibit “H”

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 the School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by the School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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

Exhibit “H”

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

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.

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.

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

Exhibit “H”

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

The Twiggs County Board of Commissioners adopted the property tax levy for the 2019 tax digest year (calendar year) on August 29, 2019 (levy date) based on property values as of January 1, 2019. Taxes were due on November 30, 2019 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2019 tax digest are reported as revenue in the governmental funds for fiscal year 2020. 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, 2020, for maintenance and operations amounted to \$4,168,138. The tax millage rate levied for the 2019 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 \$394,646 during fiscal year ended June 30, 2020.

Sales Taxes

ESPLOST, at the fund reporting level, during the year amounted to \$686,548 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.

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

Exhibit “H”

Note 3: BUDGETS (CONTINUED)

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.

Note 4: DEPOSITS AND CASH EQUIVALENTS

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

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

Exhibit “H”

Note 4: DEPOSITS AND CASH EQUIVALENTS (CONTINUED)

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

Categorization of Deposits – Custodial credit risk is the risk that, in the event of bank failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2020, the School District had deposits with a carrying amount of \$1,816,924 (excluding cash equivalents) and a bank balance of \$1,851,891. 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 \$1,351,891.

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

Statement of Net Position

Cash and cash equivalents	\$ 1,863,305
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Statement of Fiduciary Net Position

Cash and cash equivalents	22,648
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Total cash and cash equivalents	<u>1,885,953</u>
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Less: Investment pool reported as cash and cash equivalents:

Georgia Fund 1	<u>(69,029)</u>
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Total carrying value of deposits - June 30, 2020	<u><u>\$ 1,816,924</u></u>
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Categorization of Cash Equivalents – The School District reported cash equivalents of \$69,029 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 AAf 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, 2020 was 38 days.

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

Exhibit “H”

Note 4: DEPOSITS AND CASH EQUIVALENTS (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 <https://www.sao.georgia.gov/comprehensive-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
JUNE 30, 2020

Exhibit “H”

Note 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 140,642	\$ -	\$ -	\$ 140,642
Construction in progress	-	199,436	-	199,436
Total	<u>140,642</u>	<u>199,436</u>	<u>-</u>	<u>340,078</u>
Capital assets, being depreciated:				
Buildings and improvements	17,875,532	145,637	-	18,021,169
Equipment	3,233,617	118,297	(12,108)	3,339,806
Intangible assets	23,750	-	-	23,750
Land improvements	4,970,579	20,914	-	4,991,493
Total	<u>26,103,478</u>	<u>284,848</u>	<u>(12,108)</u>	<u>26,376,218</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,583,871)	(318,942)	-	(8,902,813)
Equipment	(2,066,628)	(242,511)	1,211	(2,307,928)
Intangible assets	(23,750)	-	-	(23,750)
Land improvements	(4,208,670)	(209,427)	-	(4,418,097)
Total	<u>(14,882,919)</u>	<u>(770,880)</u>	<u>1,211</u>	<u>(15,652,588)</u>
Total capital assets, being depreciated, net	<u>11,220,559</u>	<u>(486,032)</u>	<u>(10,897)</u>	<u>10,723,630</u>
Governmental activities capital assets, net	<u>\$ 11,361,201</u>	<u>\$ (286,596)</u>	<u>\$ (10,897)</u>	<u>\$ 11,063,708</u>

Current year depreciation expense by function is as follows:

Instruction	\$ 563,012
Support services	
Improvement of instructional services	\$ 1,503
Business administration	19,975
Maintenance and operations	34,755
Student transportation	<u>126,170</u>
Food services	<u>182,403</u>
	<u>25,465</u>
Total depreciation expense	<u>\$ 770,880</u>

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

Exhibit “H”

Note 7: INTERFUND PAYABLES AND RECEIVABLES

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, 2020, consisted of the following:

<u>Due To</u>	<u>Due From Capital Projects Fund</u>
General Fund	\$ 10,273

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.

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>
2019	\$ -	\$ 6,251	\$ 6,251	\$ -
2020	\$ -	\$ 462	\$ 462	\$ -

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

Exhibit “H”

Note 8: RISK MANAGEMENT (CONTINUED)

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, 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.

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Tax Anticipation Note	\$ -	\$ 650,000	\$ (650,000)	\$ -

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

Exhibit “H”

Note 10: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The changes in long-term debt during the fiscal year ended June 30, 2020, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Series 2014	\$ 640,000	\$ -	\$ (640,000)	\$ -	\$ -
General Obligation Series 2018	1,365,000	-	-	1,365,000	260,000
Financed purchases	66,293	-	(66,293)	-	-
Net OPEB liability	7,489,314	590,786	(1,662,750)	6,417,350	-
Net pension liability	8,429,254	1,884,104	(1,743,025)	8,570,333	-
Total	<u>\$ 17,989,861</u>	<u>\$ 2,474,890</u>	<u>\$ (4,112,068)</u>	<u>\$ 16,352,683</u>	<u>\$ 260,000</u>

General Obligation Debt Outstanding

The School District’s bonded debt consists 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 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, 2020.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2018	2.78%	4/26/2018	12/1/2024	\$ 1,365,000	\$ 1,365,000

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

Exhibit “H”

Note 10: LONG-TERM LIABILITIES

General Obligation Debt Outstanding (Continued)

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

Fiscal Year <u>Ending June 30,</u>	Bonds	
	<u>Principal</u>	<u>Interest</u>
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>\$ 1,365,000</u>	<u>\$ 96,676</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.

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

Exhibit “H”

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 O.C.G.A. §20-2-875 are provided OPEB through the School OPEB Fund – a cost-sharing multiple-employer defined benefit post-employment 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 the Employees’ Retirement System (“ERS”), Georgia Judicial Retirement System (“JRS”), Legislative Retirement System (“LRS”), Teachers Retirement System (“TRS”) or Public School Employees Retirement System (“PSERS”).

If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (“HRA”), Health Maintenance Organization (“HMO”) and a High Deductible Health Plan (“HDHP”). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$167,083 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2020, the School District reported a liability of \$6,417,350 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019, was determined using standard roll-forward techniques. The School District’s proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the School District’s proportion was 0.052292%, which was a decrease of 0.006634% from its proportion measured as of June 30, 2018.

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

Exhibit “H”

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)

For the year ended June 30, 2020, the School District recognized OPEB expense of (\$31,925). At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 698,141
Changes in assumptions	222,862	904,644
Net difference between projected and actual earnings on pension plan investments	13,975	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	163,831	1,182,967
School District contributions subsequent to the measurement date	<u>167,083</u>	<u>-</u>
Total	<u>\$ 567,751</u>	<u>\$ 2,785,752</u>

School District contributions subsequent to the measurement date of \$167,083 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, 2021.

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

Exhibit “H”

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)

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>
2021	\$ (491,118)
2022	(491,118)
2023	(491,656)
2024	(469,473)
2025	(336,559)
2025	(105,160)

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

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, 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	7.25%
Medicare Eligible	5.375%
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
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Exhibit “H”

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 one 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 three years for males and two 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 five years for both males and females) is used for the period after disability retirement.

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

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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

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

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

Exhibit “H”

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%	(0.10)%
Domestic Stocks - Large Cap	46.20%	8.90%
Domestic Stocks - Small Cap	1.30%	13.20%
International Stocks - Developed Market	12.40%	8.90%
International Stocks - Emerging Market	5.10%	10.90%
Alternatives	5.00%	12.00%
Total	<u>100.00%</u>	

*net of inflation

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

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

Exhibit “H”

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

<i>School OPEB Fund - Discount Rate</i>	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
School District's proportionate share of the OPEB liability	\$ 7,459,079	\$ 6,417,350	\$ 5,569,951

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	\$ 5,405,938	\$ 6,417,350	\$ 7,701,921

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Exhibit “H”

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 TRS 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. §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 2020. The School District’s contractually required contribution rate for the year ended June 30, 2020, was 21.14% of annual School District payroll of which 20.47% of payroll was required from the School District and 0.67% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$1,035,908 and \$28,570 from the School District and the State, respectively.

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

Exhibit “H”

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 TRS. 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/financials.

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

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

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

Individuals who became members prior to July 1, 2012, contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012, contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$20,626.

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

At June 30, 2020, the School District reported a liability of \$8,570,333 for its proportionate share of the net pension liability for TRS.

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

Exhibit “H”

Note 13: RETIREMENT PLANS (CONTINUED)

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

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	\$ 8,570,333
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	<u>223,413</u>
	<u><u>\$ 8,793,746</u></u>

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

At June 30, 2019, the School District's TRS proportion was 0.039857%, which was a decrease of 0.005554% from its proportion measured as of June 30, 2018.

At June 30, 2020, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a Special Funding Situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is \$109,756.

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

For the year ended June 30, 2020, the School District recognized pension expense of \$1,225,801 for TRS and \$33,848 for PSERS and revenue of \$63,324 for TRS and \$33,848 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.

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

Exhibit “H”

Note 13: RETIREMENT PLANS (CONTINUED)

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

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

	TRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 483,068	\$ 2,541
Changes of assumptions	822,435	-
Net difference between projected and actual earnings on pension plan investments	-	204,086
Changes in proportion and differences between School District contributions and proportionate share of contributions	263,245	1,394,053
School District contributions subsequent to the measurement date	<u>1,035,908</u>	<u>-</u>
Total	<u><u>\$ 2,604,656</u></u>	<u><u>\$ 1,600,680</u></u>

School District contributions subsequent to the measurement date of \$1,035,908 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>TRS</u>
<u>Ending June 30,</u>	
2021	\$ 109,638
2022	(162,267)
2023	(51,552)
2024	72,249

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

Exhibit “H”

Note 13: RETIREMENT PLANS (CONTINUED)

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

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

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries’ projection scale BB (set forward one year for males) for service 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.

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

Public School Employees’ Retirement System

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

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries’ projection scale BB and set forward three years for males and two years for females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries’ projection scale BB and set forward five 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.

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

Exhibit “H”

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

The long-term expected rate of return on TRS 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:

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

* Rates shown are net of assumed rate of inflation

Discount rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS 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.

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

Exhibit “H”

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 7.25%, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 13,912,158	\$ 8,570,333	\$ 4,177,454

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/financials>.

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 2020 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, 2020, Twiggs County abated property taxes due to the School District that were levied on August 29, 2019, and due on November 30, 2019, 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
JUNE 30, 2020

Exhibit “H”

Note 16: RELATED PARTY TRANSACTIONS

The School District entered into a contract for speech therapy services for fiscal year 2020 with expenditures totaling \$51,840. The contract was entered into with a relative of an employee of the School District.

Note 17: SUBSEQUENT EVENT

Tax Anticipation Note

On August 27, 2020, the School District issued a temporary loan in advance of property tax collections with a financial institution in the amount of \$850,000. 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, 2020. Two draws totaling \$850,000 were required to meet the cash flow needs of the School District. The note was repaid on December 4, 2020.

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

	2015	2016	2017	2018	2019	2020
School District's proportion of the net pension liability	0.050327%	0.050386%	0.045759%	0.049453%	0.045411%	0.039857%
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	\$ 8,570,333
State of Georgia's proportionate share of the net pension liability associated with the School District	27,541	29,687	269,442	241,609	198,244	223,413
	<u>\$ 6,385,694</u>	<u>\$ 7,700,455</u>	<u>\$ 9,710,034</u>	<u>\$ 9,432,601</u>	<u>\$ 8,627,498</u>	<u>\$ 8,793,746</u>
School District's covered payroll	\$ 5,134,308	\$ 5,363,490	\$ 5,196,288	\$ 5,843,874	\$ 5,552,251	\$ 4,988,203
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%	171.81%
Plan fiduciary net position as a percentage of the total pension liability	84.03%	81.44%	76.06%	79.33%	80.27%	78.56%

Note: The measurement date for the year ended June 30, 2020 is June 30, 2019. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "2"

**REQUIRED SUPPLEMENTARY INFORMATION
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>	<u>2020</u>
Contractually required contributions	\$ 705,299	\$ 721,066	\$ 812,578	\$ 911,378	\$ 1,016,612	\$ 1,035,908
Contributions in relation to the contractually required contributions	<u>705,299</u>	<u>721,066</u>	<u>812,578</u>	<u>911,378</u>	<u>1,016,612</u>	<u>1,035,908</u>
Contribution deficiency (excess)	<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	\$ 5,059,905
Contributions as a percentage of covered payroll	13.15%	13.88%	13.90%	16.41%	20.38%	20.47%

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

- 42 -

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "3"

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

	2015	2016	2017	2018	2019	2020
School District's proportion of the net pension liability	0.000000%	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	86,865	79,756	129,766	102,108	108,508	109,756
	<u>\$ 86,865</u>	<u>\$ 79,756</u>	<u>\$ 129,766</u>	<u>\$ 102,108</u>	<u>\$ 108,508</u>	<u>\$ 109,756</u>
School District's covered payroll	\$ 285,608	\$ 278,098	\$ 268,145	\$ 310,421	\$ 289,226	\$ 306,706
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	N/A
Plan fiduciary net position as a percentage of the total pension liability	88.29%	87.00%	81.00%	85.69%	85.26%	85.02%

Note: The measurement date for the year ended June 30, 2020, is June 30, 2019. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "4"

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

	2018	2019	2020
School District's proportion of the net OPEB liability	0.062110%	0.058926%	0.052292%
School District's proportionate share of the net OPEB liability	\$ 8,726,430	\$ 7,489,314	\$ 6,417,350
School District's covered employee payroll	\$ 4,666,675	\$ 4,496,940	\$ 3,902,207
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	186.99%	166.54%	164.45%
Plan fiduciary net position as a percentage of the total OPEB liability	1.61%	2.93%	4.63%

Note: The measurement date for the year ended June 30, 2020, is June 30, 2019. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

TWIGGS COUNTY BOARD OF EDUCATION

SCHEDULE "5"

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions	\$ 323,845	\$ 305,410	\$ 281,630	\$ 167,083
Contributions in relation to the contractually required contributions	<u>323,845</u>	<u>305,410</u>	<u>281,630</u>	<u>167,083</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered employee payroll	\$ 4,666,675	\$ 4,496,940	\$ 3,902,207	\$ 4,071,335
Contributions as a percentage of covered employee payroll	6.94%	6.79%	7.22%	4.10%

Note: The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

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 the 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 three years for males and two 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 in assumptions: 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 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018, and back to 3.58% as of June 30, 2019.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Nonappropriated Budget		Actual	Variance With Final Budget
	Original ⁽¹⁾	Final ⁽¹⁾		
REVENUES				
Property taxes	\$ 4,108,818	\$ 4,108,818	\$ 4,562,784	\$ 453,966
Sales taxes	-	-	26,951	26,951
Other taxes	-	-	46,616	46,616
State funds	4,066,276	4,066,276	4,667,651	601,375
Federal funds	-	-	1,464,898	1,464,898
Charges for services	-	-	12,158	12,158
Investment earnings	-	-	1,067	1,067
Miscellaneous	65,000	65,000	214,532	149,532
Total revenues	8,240,094	8,240,094	10,996,657	2,756,563
EXPENDITURES				
Current:				
Instruction	4,146,414	4,666,496	5,365,315	(698,819)
Support services:				
Pupil services	520,273	609,261	567,309	41,952
Improvement of instructional services	23,320	385,765	534,190	(148,425)
Educational media services	166,975	166,975	142,601	24,374
General administration	689,886	714,429	486,662	227,767
School administration	690,780	690,780	782,624	(91,844)
Business administration	346,368	346,368	394,527	(48,159)
Maintenance and operation of plant	1,016,221	1,106,221	1,356,277	(250,056)
Student transportation services	607,897	607,897	821,486	(213,589)
Central support services	-	2,000	285	1,715
Other support services	13,000	13,102	44,306	(31,204)
Food service operations	-	-	698,303	(698,303)
Community service operation	-	-	49,299	(49,299)
Total expenditures	8,221,134	9,309,294	11,243,184	(1,933,890)
Net change in fund balances	18,960	(1,069,200)	(246,527)	822,673
FUND BALANCE, beginning of year	1,342,147	1,342,147	1,342,147	-
FUND BALANCE, end of year	\$ 1,361,107	\$ 272,947	\$ 1,095,620	\$ 822,673

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 (\$147,293) or expenditures (\$130,418) 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, 2020**

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	205GA324N1099	\$ 205,854
National School Lunch Program	10.555	205GA324N1099	453,542
Total Child Nutrition Cluster			659,396
Other Programs			
State Administrative Expenses for Child Nutrition	10.560	195GA904N2533	788
Total U.S. Department of Agriculture			660,184
Education, U.S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A180073	13,188
Grants to States	84.027	H027A190073	194,211
Preschool Grants	84.173	H173A180081	6,433
Preschool Grants	84.173	H173A190081	6,778
Total Special Education Cluster			220,610
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A190010	13,477
Student Support and Academic Enrichment Program	84.424A	S424A180011	14,722
Student Support and Academic Enrichment Program	84.424A	S424A190011	24,957
Supporting Effective Instruction State Grants	84.367	S367A180001	13,104
Supporting Effective Instruction State Grants	84.367	S367A190001	46,386
Title I Grants to Local Educational Agencies	84.010	S010A180010	56,774
Title I Grants to Local Educational Agencies	84.010	S010A190010	380,018
Total other programs			549,438
Total U.S. Department of Education			770,048
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	\$ 58,544
Total Expenditures of Federal Awards			\$ 1,488,776

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 School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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 School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Agency/Funding</u>	Governmental Fund Type	
	General Fund	
Grants		
Bright from the Start		
Georgia Department of Early Care and Learning		
Pre-Kindergarten Program	\$	193,030
Education, Georgia Department of		
Quality Basic Education		
Direct Instructional Cost		
Kindergarten Program		134,525
Kindergarten Program - Early Intervention Program		150,292
Primary Grades (1-3) Program		449,862
Primary Grades - Early Intervention (1-3) Program		79,723
Upper Elementary Grades (4-5) Program		261,948
Upper Elementary Grades - Early Intervention (4-5) Program		35,863
Middle School (6-8) Program		492,217
High School General Education (9-12) Program		442,910
Career Technical and Agricultural Education Program 9-12		138,551
Students with Disabilities		510,238
Remedial Education Program		14,847
Alternative Education Program		33,610
English Speakers of Other Languages ("ESOL")		8,924
Media Center Program		74,578
20 Days Additional Instruction		24,589
Staff and Professional Development		12,766
Principal Staff and Professional Development		713
Indirect Cost		
Central Administration		301,093
School Administration		275,874
Facility Maintenance and Operations		162,035
Categorical Grants		
Pupil Transportation		229,663
Pupil Transportation - State Bonds		77,220
Sparsity		207,441
Nursing Services		45,000
Vocational Supervisors		7,054
Food Services		16,164
Career, Technical and Agricultural Education		19,173
Amended Formula Adjustment		(51,510)
Other State Programs		
Family Connection		49,996
Hygiene Products in Georgia Schools		102
Math and Science Supplement		16,706
School Safety Grant		89,168
Governor's Office of Student Achievement		
Early Language and Literacy Mini-grant		114,090
On-Behalf Payments		
Georgia Department of Education		
Paid to the Teachers Retirement System		28,570
Office of State Treasurer		
Paid to the Public School Employees		
Retirement System		20,626
Grand Total	\$	4,667,651

**SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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 (5)</u>	<u>Estimated Completion Date</u>
Improving and renovating the existing high school gym.	\$ 200,000	\$ -	\$ -	\$ -	\$ -	Complete
Acquiring safety and security equipment and vocational, musical, athletic, and physical education equipment.	50,000	27,127	-	27,127	27,127	Complete
Acquiring, repairing, and updating system-wide technology, including computer hardware.	100,000	11,955	-	11,955	11,955	Complete
Adding to, renovating, repairing, improving, and equipping existing school buildings, other buildings, and facilities including athletic facilities and roof and HVAC repairs.	500,000	-	-	-	-	Complete
Acquiring textbooks, e-books, and classroom furniture.	20,000	7,564	-	7,564	7,564	Complete
	<u>\$ 870,000</u>	<u>\$ 46,646</u>	<u>\$ -</u>	<u>\$ 46,646</u>	<u>\$ 46,646</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 costs for the projects. Includes all costs 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 projects as follows:

Prior Years	\$ 145,773
Current Year	<u>5,606</u>
Total	<u>\$ 151,379</u>

- (5) As of June 30, 2020, there were no excess proceeds which were not yet expended.

**SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST V
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Project</u>	<u>Original Estimated Cost (1)</u>	<u>Current Estimated Costs (2)</u>	<u>Expended In Current Year (3)</u>	<u>Expended In Prior Years (3)</u>	<u>Total Completion Cost (4)</u>	<u>Estimated Completion Date</u>
Acquiring, renovating, repairing, replacing and improving the existing elementary school roof and HVAC system.	\$ 350,000	\$ 350,000	\$ 197,360	\$ 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	10,333	53,273	-	12/31/2024
Acquiring and/or repairing school buses, system vehicles, and transportation and maintenance equipment.	400,000	417,330	4,418	412,911	-	12/31/2024
Improving, renovating and refinishing the high school gym.	350,000	350,000	-	90,801	-	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	26,680	166,302	-	12/31/2024
Paying expenses incidental to accomplishing the foregoing.	100,000	142,025	41,600	100,424	-	12/31/2024
	<u>\$ 4,000,000</u>	<u>\$ 4,059,355</u>	<u>\$ 280,391</u>	<u>\$ 925,204</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 costs for the projects. Includes all costs 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, 2020, there were no excess proceeds which were not yet expended.

Reconciliation of expenditures reported to basic financial statements:

\$ 280,391	Total Expenditures - SPLOST V
5,606	Interest and Fees - SPLOST IV
640,000	Principal payment, Series 2014 Bonds
66,293	Principal payments, finance purchase
<u>\$ 992,290</u>	<u>Total expenditures, Capital Projects Fund</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, 2020, 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 October 2, 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

October 2, 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, 2020. 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, 2020.

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

October 2, 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, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2014-005	<u>Inadequate Internal Control Procedures</u>
Control Category:	Employee Compensation
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented
FS 2015-003	<u>Inadequate Internal Control Procedures</u>
Control Category:	Employee Compensation
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented
FS 2016-001	<u>Internal Controls at the Central Office</u>
Control Category:	Accounting Controls (Overall) Cash and Cash Equivalents Expenditures/Liabilities/Disbursement Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented
FS 2017-001	<u>Internal Controls Procedures</u>
Control Category:	Accounting Controls (Overall) Cash and Cash Equivalents Capital Assets Expenditures/Liabilities/Disbursement Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
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, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2018-001	<u>Internal Controls Procedures</u>
Control Category:	Accounting Controls (Overall) Cash and Cash Equivalents Capital Assets Expenditures/Liabilities/Disbursement Insurance Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

FS 2019-001	<u>Internal Controls Procedures</u>
Control Category:	Capital Assets Expenditures/Liabilities/Disbursement Employee Compensation General Ledger
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Finding Status:	Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV

FINDINGS AND QUESTIONED COSTS

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

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? No
▪ 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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.