

# DOUGHERTY COUNTY BOARD OF EDUCATION
## ALBANY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020
(Including Independent Auditor's Reports)

DOUGHERTY COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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# 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

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
Dougherty 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 Dougherty County Board of Education (School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements. We were not engaged to audit the financial statements of the Dougherty County Stadium Authority, (Authority). These financial statements 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. Because of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the discretely presented component unit.

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

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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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Summary of Opinions*

| Opinion Unit | Type of Opinion |
|---|---|
| Governmental Activities | Unmodified |
| Discretely Presented Component Unit | Disclaimer |
| General Fund | Unmodified |
| Capital Projects Fund | Unmodified |
| Debt Service Fund | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

*Basis for Disclaimer of Opinion on the Discretely Presented Component Unit*

The financial statements of the Dougherty County Stadium Authority (Authority) have not been audited, and we were not engaged to audit the Authority's financial statements as part of our audit of the School District's basic financial statements. The Authority's financial activities are included in the School District's basic financial statements as a discretely presented component unit.

*Disclaimer of Opinion*

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit of the School District. Accordingly, we do not express an opinion on these financial statements.

*Unmodified 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.

*Emphasis of Matter*

As described in Note 2 to the financial statements, in 2020, the School DIstrict early adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities.* The cumulative effect of GASB Statement No. 84 is described in the restatement note in the Notes of the Basic Financial Statements. Our opinions are not modified with respect to this matter.

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## *Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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 July 16, 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.

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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,



Greg S. Griffin
State Auditor

July 16, 2021

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DOUGHERTY COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

## INTRODUCTION

Management's discussion and analysis of the Dougherty County Board of Education's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to present the School District's overall financial performance. Readers should also review the financial statements and notes to the financial statements to further enhance their understanding of the School District's financial performance.

In fiscal year 2020, the School District adopted the following Governmental Accounting Standards Board (GASB) Statements:

- *No. 84, Fiduciary Activities.* This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The cumulative effect of GASB Statement No. 84 is described in the restatement note in the Notes to the Basic Financial Statements.

- *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.

## FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- The World Health Organization declared the novel coronavirus, known as COVID-19, a pandemic in the last quarter of fiscal year 2020. The economic disruption caused by the pandemic significantly reduced available resources at the state level.

- The federal government signed into law the Coronavirus Aid Relief and Economic Security Act (CARES ACT) in March 2020. This was a $2.2 trillion economic stimulus bill in response to the economic fallout of the COVID-19 pandemic in the United States. In May 2020, the Governor directed the transfer of $457.2 million to the Georgia Department of Education. The Dougherty County Board of Education was awarded $7.9 million based on student enrollment.

- The School District's net position at June 30, 2020 was $80.6 million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities, both short-term and long-term, and deferred inflows of resources. The net position at June 30, 2020 of $80.6 million represented an increase of $10.3 million, without consideration of the restatement, when compared to the prior year primarily due to a significant decrease in bond debt and OPEB liabilities.
- General revenues increased by $2.8 million. Total program expenses increased by $15.4 million, while program revenues increased by $13.6 million. There was a total increase to change in net position of $1.0 million, without consideration of the restatement, due to increased general fund revenues used to support our program expenditures.
- The School District continues to maintain a sound fiscal position in fiscal year 2020.

## Overview of the Financial Statements

The annual report consists primarily of a series of financial statements and notes to those statements. These statements are organized and presented in a manner intended to assist the reader in understanding the Dougherty County School District as a complete operating entity.

## Government-Wide Statements

The *Statement of Net Position* and *Statement of Activities* provide information about the School District as a whole using accounting methods similar to those used by industry. The increases and decreases in the School District's net position are an indicator of whether the financial position of the School District has improved or diminished. There are many factors that can affect the overall financial condition of the School District such as the School District's property tax base, State and Federal funding, and the condition of buildings and equipment.

All of the School District's programs and activities included in the government-wide statements are reported as governmental activities. These include instruction, support services, staff development, operation and maintenance of facilities, pupil transportation, food service, after school programs, school administration, and various other functions.

These statements report all assets and liabilities using the *accrual* basis of accounting. The basis of accounting determines when transactions are reported on the financial statements. The *accrual* basis of accounting records revenues when they are earned regardless of when payment (cash) is received. Expenditures are recorded at the time the liability is incurred regardless of when the actual payment is made.

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

## Fund Financial Statements

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

The Dougherty County School District has two major funds – governmental funds and fiduciary funds.

### Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled to the financial statements.

The School District's governmental funds are the general fund, capital projects fund and debt service fund. General operations, school food services, other Federal and State grant programs, the general operating portion of principal accounts, and workers compensation claims are consolidated in the general fund.

Fiduciary Funds

The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

## Presentation of Financial Data

The next section of this discussion will provide more specific information as reported on the financial statements discussed above. For comparison purposes, this information will be presented for both fiscal year 2019 and fiscal year 2020.

## Statement of Net Position (Analysis of the School District As A Whole)

As previously stated above, the *Statement of Net Position* presents consolidated financial data for the School District as a whole. *Table 1* provides a summary of the School District's net position for this fiscal year 2020 and the comparative amounts for fiscal year 2019 as compared to the prior fiscal year.

**Table 1**
**Net Position**
**(In Thousands)**

| | Governmental Activities | | |
|---|---|---|---|
| | Fiscal Year 2020 | Fiscal Year 2019 (1) | Increase (Decrease) |
| **Assets** | | | |
| Current and Other Assets | $ 70,218 | $ 68,392 | $ 1,826 |
| Capital Assets, Net | 315,158 | 315,132 | 26 |
| **Total Assets** | 385,376 | 383,524 | 1,852 |
| **Deferred Outflows of Resources** | | | |
| Related to Defined Benefit Pension Plans and OPEB | 47,159 | 32,477 | 14,682 |
| **Liabilities** | | | |
| Current and Other Liabilities | 23,059 | 24,931 | (1,872) |
| Long-Term Liabilities | 288,335 | 282,681 | 5,654 |
| **Total Liabilities** | 311,394 | 307,612 | 3,782 |
| **Deferred Inflows of Resources** | | | |
| Related to Defined Benefit Pension Plans and OPEB | 40,519 | 38,065 | 2,454 |
| **Net Position** | | | |
| Net Investment in Capital Assets | 286,486 | 275,054 | 11,432 |
| Restricted | 18,700 | 20,147 | (1,447) |
| Unrestricted (Deficit) | (224,564) | (224,877) | 313 |
| **Total Net Position** | $ 80,622 | $ 70,324 | $ 10,298 |

(1) Fiscal year 2019 balances do not reflect the effects on the Restatement of Net Position. See Note 15 in the Basic Financial Statements for additional information.

Restricted or designated assets are assets that must be used for a specific purpose. Restricted net position decreased $1.4 million and is restricted for the continuation of federal programs, capital projects and debt servicing.

Total net position increased by $10.3 million, without consideration of the restatement, in fiscal year 2020 from the prior year due to the reduction in bond debt and net OPEB liabilities.

## Statement of Activities

*Table 2* shows the changes in net position for fiscal year 2019 and fiscal year 2020 as reported on the *Statement of Activities*.

**Table 2**
**Change in Net Position**
**(In Thousands)**

| | Governmental Activities | | |
|---|---|---|---|
| | Fiscal Year 2020 | Fiscal Year 2019 (1) | Increase (Decrease) |
| **Revenues** | | | |
| Program Revenues: | | | |
| Charges for Services | $ 1,891 | $ 1,546 | $ 345 |
| Operating Grants and Contributions | 117,399 | 109,587 | 7,812 |
| Capital Grants and Contributions | 5,770 | 374 | 5,396 |
| **Total Program Revenues** | 125,060 | 111,507 | 13,553 |
| General Revenues: | | | |
| Taxes | | | |
| Property Taxes | | | |
| For Maintenance and Operations | 41,938 | 40,710 | 1,228 |
| Other Taxes | 73 | 71 | 2 |
| Sales Taxes | | | |
| Special Purpose Local Option Sales Tax | | | |
| For Debt Service | 17,516 | 17,055 | 461 |
| Other Sales Tax | 319 | 245 | 74 |
| Grants and Contributions not Restricted to | | | |
| Specific Programs | 13,825 | 12,834 | 991 |
| Investment Earnings | 479 | 893 | (414) |
| Miscellaneous | 2,628 | 2,122 | 506 |
| **Total General Revenues** | 76,778 | 73,930 | 2,848 |
| **Total Revenues** | 201,838 | 185,437 | 16,401 |
| **Program Expenses** | | | |
| Instruction | 107,922 | 93,685 | 14,237 |
| Support Services | | | |
| Pupil Services | 5,978 | 5,830 | 148 |
| Improvement of Instructional Services | 13,174 | 11,922 | 1,252 |
| Educational Media Services | 3,060 | 2,826 | 234 |
| General Administration | 2,580 | 2,270 | 310 |
| School Administration | 12,320 | 11,008 | 1,312 |
| Business Administration | 2,740 | 2,540 | 200 |
| Maintenance and Operation of Plant | 18,917 | 20,800 | (1,883) |
| Student Transportation Services | 6,583 | 6,700 | (117) |
| Central and Other Support Services | 5,551 | 6,123 | (572) |
| Other Support Services | 9 | - | 9 |
| Operations of Non-Instructional Services | | | |
| Enterprise Operations | 262 | 410 | (148) |
| Community Services | 332 | 488 | (156) |
| Food Services | 11,569 | 10,835 | 734 |
| Interest on Long-Term Debt | 747 | 920 | (173) |
| **Total Program Expenses** | 191,744 | 176,357 | 15,387 |
| **Increase in Net Position** | $ 10,094 | $ 9,080 | $ 1,014 |

(1) Fiscal year 2019 balances do not reflect the effects on the Restatement of Net Position. See Note 15 in the Basic Financial Statements for additional information.

The $13.6 million increase in programs revenues was related to the receipt of the Georgia State Financing and Investment Commission for capital expenditures and operating grants. Property tax revenues increased by $1.2 million indicating an increase in collections for delinquent taxes, public utilities ad valorem, TAVT and the forest land protection act. Sales tax revenues increased by $0.54 million. Although program revenues make up a majority of the total revenue, the School District is still dependent upon tax revenues for the funding of governmental activities.

Total Program Expenses increased $15.4 million for fiscal year 2020 compared to the previous fiscal year. This increase is mainly attributed to increase in instructional services.

## Descriptions of Expense Categories

*Instruction* includes activities relating to the teaching of pupils and the interaction between teacher and pupil.

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

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

*Educational Media Services* are activities that direct, manage and operate educational media centers.

*General Administration* establishes and administers policy for operating the local School District.

*School Administration* includes the activities of principals, assistant principals, and clerical staff in administering school operations.

*Business Administration* includes the financial and warehouse operations of the School District.

*Maintenance and Operation of Plant Activities* involve keeping the schools grounds, buildings, and equipment in an effective working condition.

*Student Transportation* includes activities associated with the transporting of students to and from school, as well as to and from school activities, as provided by state law.

*Central and Other Support Services* include all other support services including personnel services, management information services, and public relations services.

*Enterprise Operations* are activities that are operated in a manner similar to business enterprises where the intent is to recover costs through user charges. This would include athletic events and child nutrition catering activities.

*Community Services* are activities concerned with providing community services to staff or students such as after school programs and student activity accounts.

*Food Services* are activities associated with the preparation and serving of meals for students. The school food service program is funded by Federal and State grants and revenues from the sale of meals to students and teachers. The cost of meals for students and teachers is determined by the School District.

## Governmental Activities

*Table 3* shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2019 and fiscal year 2020. This information is presented on the *Statement of Activities*.

**Table 3**
**Governmental Activities**
**(In Thousands)**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | Fiscal Year 2020 | Fiscal Year 2019 (1) | Fiscal Year 2020 | Fiscal Year 2019 (1) |
| Instruction | $ 107,922 | $ 93,685 | $ 21,239 | $ 16,806 |
| Support Services | | | | |
| Pupil Services | 5,978 | 5,830 | 4,238 | 4,064 |
| Improvement of Instructional Services | 13,174 | 11,922 | 7,957 | 6,674 |
| Educational Media Services | 3,060 | 2,826 | 700 | 632 |
| General Administration | 2,580 | 2,270 | (944) | (599) |
| School Administration | 12,320 | 11,008 | 7,844 | 6,834 |
| Business Administration | 2,740 | 2,540 | 2,675 | 2,525 |
| Maintenance and Operation of Plant | 18,917 | 20,800 | 12,674 | 15,669 |
| Student Transportation Services | 6,583 | 6,700 | 3,800 | 4,761 |
| Central and Other Support Services | 5,551 | 6,123 | 5,428 | 6,090 |
| Other Support Services | 9 | - | 9 | - |
| Operations of Non-Instructional Services | | | | |
| Enterprise Operations | 262 | 410 | 262 | 410 |
| Community Services | 332 | 488 | 331 | 488 |
| Food Services | 11,569 | 10,835 | (276) | (424) |
| Interest on Short-Term and Long-Term Debt | 747 | 920 | 747 | 920 |
| **Total Expenses** | $ 191,744 | $ 176,357 | $ 66,684 | $ 64,850 |

(1) Fiscal year 2019 balances do not reflect the effects on the Restatement of Net Position.
See Note 15 in the Basic Financial Statements for additional information.

The Net Cost of Services reflects the balance of costs that were funded by taxes and other general revenues.

## The School District's Funds

Table 4 shows the change in fund balance for Governmental Funds as reported on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*.

**Table 4**
**Governmental Funds**
**Net Change in Fund Balance**
**(In Thousands)**

| | General Fund | Capital Projects Fund | Debt Service Fund | Total |
|---|---|---|---|---|
| REVENUES | | | | |
| Property Taxes | $ 41,552 | $ - | $ - | $ 41,552 |
| Sales Taxes | 319 | - | 16,325 | 16,644 |
| State Funds | 98,420 | 5,616 | - | 104,036 |
| Federal Funds | 32,707 | - | - | 32,707 |
| Charges for Services | 1,891 | - | - | 1,891 |
| Investment Earnings | 237 | 166 | 76 | 479 |
| Miscellaneous | 2,558 | 70 | - | 2,628 |
| Total Revenues | 177,684 | 5,852 | 16,401 | 199,937 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 96,087 | 35 | - | 96,122 |
| Support Services | 65,947 | 1,791 | - | 67,738 |
| Enterprise Operations | 262 | - | - | 262 |
| Community Services | 526 | - | - | 526 |
| Food Service Operations | 11,399 | - | - | 11,399 |
| Capital Outlay | - | 12,774 | - | 12,774 |
| Debt Services (Interest) | - | 313 | 9,496 | 9,809 |
| Total Expenditures | 174,221 | 14,913 | 9,496 | 198,630 |
| Excess of Revenues over (under) Expenditures | 3,463 | (9,061) | 6,905 | 1,307 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | 7,377 | - | 7,377 |
| Transfers Out | (136) | - | (7,241) | (7,377) |
| Total Other Financing Sources(Uses) | (136) | 7,377 | (7,241) | - |
| Net Change in Fund Balances | 3,327 | (1,684) | (336) | 1,307 |
| Fund Balances – Beginning (Restated) | 27,334 | 3,981 | 11,778 | 43,093 |
| Fund Balances - Ending | $ 30,661 | $ 2,297 | $ 11,442 | $ 44,400 |

Total revenues for all governmental funds were $200.0 million and total expenditures were $198.7 million. Total revenue exceeded total expenditures by $1.3 million for governmental activities. The fund balance for governmental funds increased from $43.1 million at the beginning of the fiscal year to $44.4 million at June 30, 2020.

The fund balance reported for the general fund increased by $3.4 million. The restated beginning fund balance was $27.3 million and increased to $30.7 million.

The fund balance reported for the capital projects fund decreased from $4.0 million at the beginning of the fiscal year to $2.3 million at June 30, 2020. This was mainly due to previous year bond proceeds spent on current year capital outlay expenditures. Previous year bond proceeds were used to finance most of the capital outlay expenditures for various projects.

The fund balance reported for the debt service fund decreased from $11.8 million at the beginning of the fiscal year to $11.4 million at June 30, 2020. Sales tax revenue of $16.3 million and investment earnings were used to pay current year bond expenditures. The remaining revenue was transferred to capital projects fund to service capital outlay expenditures.

## General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law and in compliance with Georgia Department of Education requirements. The School District uses site-based budgeting. The budgeting process is designed to control site budgeted expenditures while providing spending flexibility to site administration. General fund budget compared to actual is presented in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Schedule "9".

During fiscal year 2020, the School District amended its general fund budget as needed. The original budget approved by the School District's Board in June 2019, included revenues and expenditures for State and Federal Grants that were known at the time. Amendments are made to the budget to include grants awarded to the School District later in the fiscal year. The receipt of these additional grants requires an increase in revenues and expenditures. Also, federal grants cannot be used to fund State mandated programs or replace local funds that previously funded the same activities.

## Capital Assets

Since fiscal year 2002, the School District has developed ongoing capital projects programs that have aggressively sought to upgrade its aging school facilities, many of which are 50 to 60 years old.

The School District has invested over $315.1 million in capital assets net of depreciation. *Table 5* compares fiscal year 2020 capital asset balances to fiscal year 2019 balances.

**Table 5**
**Capital Assets at June 30**
**(Net of depreciation, in Thousands)**

| | Governmental Activities | | |
|---|---|---|---|
| | Fiscal Year 2020 | Fiscal Year 2019 | Increase (Decrease) |
| Land | $ 9,051 | $ 9,051 | $ - |
| Construction in Progress | 7,060 | 9,781 | (2,721) |
| Buildings and Building Improvements | 293,818 | 290,929 | 2,889 |
| Equipment | 5,229 | 5,370 | (141) |
| **Total** | $ 315,158 | $ 315,131 | $ 27 |

*Table 5* shows that total capital assets remained relatively the same with a slight increase of $27.0 thousand in fiscal year 2020. The increase is due to completion of construction in progress to the School District's infrastructure, renovations and improvements to schools, and acquisition and construction of new athletic facilities. All construction projects were funded by a one percent Special Purpose Local Option Sales Tax approved by the voters of Dougherty County.

## Debt

*Table 6* summarizes the long-term debt outstanding at June 30 for fiscal year 2019 and fiscal year 2020.

**Table 6**
**Debt at June 30**
**(In Thousands)**

| | Governmental Activities | | |
|---|---|---|---|
| | Fiscal Year 2020 | Fiscal Year 2019 | Increase (Decrease) |
| G.O Bonds | $ 26,760 | $ 35,000 | $ (8,240) |
| Capital Leases | 592 | 905 | (313) |
| Compensated Absences | 1,288 | 1,141 | 147 |
| Bond Premiums Amortized | 1,250 | 1,767 | (517) |
| | $ 29,890 | $ 38,813 | $ (8,923) |

As shown in *Table 6*, the $8.9 million decrease in long-term debt is primarily attributed to the annual principal payment of the Series 2020 Bond which was issued in fiscal year 2018 with the first principal payment being due in fiscal year 2020. Compensated Absences of $1.3 million represent the School District's estimated financial obligation for future payments to employees for accumulated unused vacation leave.

## Current Financial Issues

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The School District transitioned to virtual learning for all students for the remainder of the school year and the first three months of fiscal year 2021. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. As a result, the State of Georgia reduced funding by $7.9 million for fiscal year 2021, which was offset by the $7.9 million dollars awarded from CARES ACT funding.

Like most School Districts in Georgia, the Dougherty County School District has faced several financial challenges in the recent years. In addition to the economic downturn due to the COVID-19 pandemic, increased employer cost for employee health benefits and teachers retirement, a decline in student enrollment (FTE) over the years and a decrease in the local tax digest.

Despite these challenges, the School District is financially stable. The School District's operating millage decreased to 18.323 for fiscal year 2020.

Student enrollment is a factor in the State's education funding formula. According to the State's funding formula, student enrollment is converted to a "Full Time Equivalent (FTE)" count. As student enrollment, or FTE, decreases, so does State funding. The School District has experienced decreases in student enrollment since fiscal year 2016.

| | |
|---|---|
| FY 2016 | 15,014 |
| FY 2017 | 14,686 |
| FY 2018 | 14,309 |
| FY 2019 | 14,078 |
| FY 2020 | 13,776 |

The Dougherty County School District recognizes its responsibility as a steward of taxpayer dollars. In order to meet the challenges of mandated increases, fully funding teacher salaries, provide a step increase for all employees, the School District implemented cost-saving measures, while maintaining essential levels of service to support teaching and learning. The School District strives to emphasize student achievement while maintaining sound fiscal management.

## Contacting the School District's Financial Management

This management's discussion and analysis report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances, and to document the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Susan Hatcher, Chief Financial Officer, Dougherty County School System, P.O. Box 3170, 200 Pine Avenue, Albany, Georgia 31701. You may also email your questions to shatcher@docoschools.org.

DOUGHERTY COUNTY BOARD OF EDUCATION

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DOUGHERTY COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT "A"

| | GOVERNMENTAL ACTIVITIES | COMPONENT UNIT DOUGHERTY COUNTY STADIUM AUTHORITY |
|---|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | $ 43,071,859.11 | $ 178,273.00 |
| Receivables, Net | | |
| Taxes | 6,149,558.71 | - |
| State Government | 11,971,769.60 | - |
| Federal Government | 7,789,880.84 | - |
| Local | 23,782.81 | - |
| Other | 243,834.66 | 27,500.00 |
| Inventories | 967,284.79 | - |
| Prepaid Items | 229.95 | - |
| Capital Assets, Non-Depreciable | 16,111,250.23 | 410,000.00 |
| Capital Assets, Depreciable (Net of Accumulated Depreciation) | 299,046,516.22 | 2,197,647.00 |
| Total Assets | 385,375,966.92 | 2,813,420.00 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Related to Defined Benefit Pension Plans | 39,857,574.58 | - |
| Related to OPEB Plan | 7,301,110.00 | - |
| Total Deferred Outflows of Resources | 47,158,684.58 | - |
| LIABILITIES | | |
| Accounts Payable | 3,617,271.45 | 23,959.00 |
| Salaries and Benefits Payable | 17,293,428.89 | - |
| Interest Payable | 112,879.50 | - |
| Claims Incurred but not Reported (IBNR) | 1,046,842.32 | - |
| Contracts Payable | 557,850.78 | - |
| Retainages Payable | 103,479.63 | - |
| Deposits and Unearned Revenues | 327,404.27 | - |
| Net Pension Liability | 144,017,238.00 | - |
| Net OPEB Liability | 114,426,957.00 | - |
| Long-Term Liabilities | | |
| Due Within One Year | 9,468,073.96 | - |
| Due in More Than One Year | 20,422,403.66 | - |
| Total Liabilities | 311,393,829.46 | 23,959.00 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Related to Defined Benefit Pension Plans | 8,888,827.00 | - |
| Related to OPEB Plan | 31,629,688.00 | - |
| Total Deferred Inflows of Resources | 40,518,515.00 | - |
| NET POSITION | | |
| Net Investment in Capital Assets | 286,486,406.73 | 2,607,647.00 |
| Restricted for | | |
| Continuation of Federal Programs | 3,769,783.06 | - |
| Debt Service | 12,633,105.92 | - |
| Capital Projects | 2,297,496.89 | - |
| Unrestricted (Deficit) | (224,564,485.56) | 181,814.00 |
| Total Net Position | $ 80,622,307.04 | $ 2,789,461.00 |

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

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

EXHIBIT "B"

| | | PROGRAM REVENUES | | | NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION | |
|---|---|---|---|---|---|---|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES | COMPONENT UNIT DOUGHERTY COUNTY STADIUM AUTHORITY |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Instruction | $ 107,922,159.64 | $ 1,513,612.26 | $ 80,877,550.81 | $ 4,291,861.90 | $ (21,239,134.67) | $ - |
| Support Services | | | | | | |
| Pupil Services | 5,978,076.16 | - | 1,736,071.36 | 4,137.39 | (4,237,867.41) | - |
| Improvement of Instructional Services | 13,173,598.35 | - | 5,215,124.93 | 1,446.94 | (7,957,026.48) | - |
| Educational Media Services | 3,059,629.18 | - | 2,276,847.75 | 83,096.25 | (699,685.18) | - |
| General Administration | 2,580,052.55 | - | 3,523,993.49 | - | 943,940.94 | - |
| School Administration | 12,320,142.42 | - | 4,325,313.43 | 151,259.37 | (7,843,569.62) | - |
| Business Administration | 2,739,647.09 | - | 20,888.26 | 43,764.06 | (2,674,994.77) | - |
| Maintenance and Operation of Plant | 18,916,794.24 | 19,667.92 | 5,660,827.83 | 562,343.23 | (12,673,955.26) | - |
| Student Transportation Services | 6,583,106.79 | 83,732.23 | 2,254,987.27 | 444,105.34 | (3,800,281.95) | - |
| Central Support Services | 5,551,256.09 | - | 102,696.16 | 20,458.95 | (5,428,100.98) | - |
| Other Support Services | 9,015.65 | - | 112.97 | - | (8,902.68) | - |
| Operations of Non-Instructional Services | | | | | | |
| Enterprise Operations | 262,214.67 | - | - | - | (262,214.67) | - |
| Community Services | 331,426.16 | - | - | - | (331,426.16) | - |
| Food Services | 11,569,314.89 | 273,966.99 | 11,404,054.82 | 167,870.34 | 276,577.26 | - |
| Interest on Long-Term Debt | 747,417.65 | - | - | - | (747,417.65) | - |
| Total Governmental Activities | $ 191,743,851.53 | $ 1,890,979.40 | $ 117,398,469.08 | $ 5,770,343.77 | (66,684,059.28) | - |
| COMPONENT UNIT | | | | | | |
| Dougherty County Stadium Authority | $ 276,543.00 | $ 118,187.00 | $ - | $ - | | $ (158,356.00) |
| General Revenues | | | | | | |
| Taxes | | | | | | |
| Property Taxes | | | | | | |
| For Maintenance and Operations | | | | | 41,938,030.67 | - |
| Railroad Cars | | | | | 72,957.94 | - |
| Sales Taxes | | | | | | |
| Special Purpose Local Option Sales Tax | | | | | | |
| For Debt Services | | | | | 17,515,707.77 | - |
| Other Sales Tax | | | | | 319,146.96 | - |
| Grants and Contributions not Restricted to Specific Programs | | | | | 13,825,140.00 | - |
| Investment Earnings | | | | | 478,875.24 | 2,707.00 |
| Miscellaneous | | | | | 2,628,158.05 | 10,515.00 |
| Total General Revenues | | | | | 76,778,016.63 | 13,222.00 |
| Change in Net Position | | | | | 10,093,957.35 | (145,134.00) |
| Net Position - Beginning of Year (Restated) | | | | | 70,528,349.69 | 2,934,595.00 |
| Net Position - End of Year | | | | | $ 80,622,307.04 | $ 2,789,461.00 |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

EXHIBIT "C"

| | GENERAL FUND | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 30,225,236.39 | $ 2,776,187.30 | $ 10,070,435.42 | $ 43,071,859.11 |
| Receivables, Net | | | | |
| Taxes | 3,586,888.21 | - | 2,562,670.50 | 6,149,558.71 |
| State Government | 11,788,919.60 | 182,850.00 | - | 11,971,769.60 |
| Federal Government | 7,789,880.84 | - | - | 7,789,880.84 |
| Local | 23,782.81 | - | - | 23,782.81 |
| Other | 243,834.66 | - | - | 243,834.66 |
| Inventories | 967,284.79 | - | - | 967,284.79 |
| Prepaid Items | 229.95 | - | - | 229.95 |
| Total Assets | $ 54,626,057.25 | $ 2,959,037.30 | $ 12,633,105.92 | $ 70,218,200.47 |
| LIABILITIES | | | | |
| Accounts Payable | $ 3,617,061.45 | $ 210.00 | $ - | $ 3,617,271.45 |
| Salaries and Benefits Payable | 17,293,428.89 | - | - | 17,293,428.89 |
| Contracts Payable | - | 557,850.78 | - | 557,850.78 |
| Retainages Payable | - | 103,479.63 | - | 103,479.63 |
| Unearned Revenue | 327,404.27 | - | - | 327,404.27 |
| Total Liabilities | 21,237,894.61 | 661,540.41 | - | 21,899,435.02 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Property Taxes | 2,726,745.03 | - | - | 2,726,745.03 |
| Unavailable Revenue - Sales Taxes | - | - | 1,191,215.09 | 1,191,215.09 |
| Total Deferred Inflows of Resources | 2,726,745.03 | - | 1,191,215.09 | 3,917,960.12 |
| FUND BALANCES | | | | |
| Nonspendable | 967,514.74 | - | - | 967,514.74 |
| Restricted | 3,769,783.06 | 2,297,496.89 | 11,441,890.83 | 17,509,170.78 |
| Committed | 10,629,404.59 | - | - | 10,629,404.59 |
| Assigned | 552,828.68 | - | - | 552,828.68 |
| Unassigned | 14,741,886.54 | - | - | 14,741,886.54 |
| Total Fund Balances | 30,661,417.61 | 2,297,496.89 | 11,441,890.83 | 44,400,805.33 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 54,626,057.25 | $ 2,959,037.30 | $ 12,633,105.92 | $ 70,218,200.47 |

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

EXHIBIT "D"

| | | |
|---|---|---|
| Total fund balances - governmental funds (Exhibit "C") | | $ 44,400,805.33 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Land | $ 9,051,054.08 | |
| Construction in progress | 7,060,196.15 | |
| Buildings and improvements | 450,293,529.21 | |
| Equipment | 14,235,316.27 | |
| Accumulated depreciation | (165,482,329.26) | 315,157,766.45 |
| Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Net pension liability | $ (144,017,238.00) | |
| Net OPEB liability | (114,426,957.00) | (258,444,195.00) |
| Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds. | | |
| Related to pensions | $ 30,968,747.58 | |
| Related to OPEB | (24,328,578.00) | 6,640,169.58 |
| Taxes that are not available to pay for current period expenditures are deferred in the funds. | | 3,917,960.12 |
| Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds. | | |
| Bonds payable | $ (26,760,000.00) | |
| Accrued interest payable | (112,879.50) | |
| Capital leases payable | (592,013.30) | |
| Compensated absences payable | (1,288,435.02) | |
| Unamortized bond premiums | (1,250,029.30) | |
| Claims incurred but not reported | (1,046,842.32) | (31,050,199.44) |
| Net position of governmental activities (Exhibit "A") | | $ 80,622,307.04 |

DOUGHERTY COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

EXHIBIT "E"

| | GENERAL FUND | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL |
|---|---|---|---|---|
| REVENUES | | | | |
| Property Taxes | $ 41,552,171.30 | $ - | $ - | $ 41,552,171.30 |
| Sales Taxes | 319,146.96 | - | 16,324,492.68 | 16,643,639.64 |
| State Funds | 98,419,731.60 | 5,615,903.78 | - | 104,035,635.38 |
| Federal Funds | 32,707,426.75 | - | - | 32,707,426.75 |
| Charges for Services | 1,890,979.40 | - | - | 1,890,979.40 |
| Investment Earnings | 236,805.41 | 165,591.42 | 76,478.41 | 478,875.24 |
| Miscellaneous | 2,557,579.41 | 70,578.64 | - | 2,628,158.05 |
| Total Revenues | 177,683,840.83 | 5,852,073.84 | 16,400,971.09 | 199,936,885.76 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 96,087,149.92 | 34,417.09 | - | 96,121,567.01 |
| Support Services | | | | |
| Pupil Services | 5,870,233.92 | - | - | 5,870,233.92 |
| Improvement of Instructional Services | 12,977,058.48 | - | - | 12,977,058.48 |
| Educational Media Services | 2,846,714.08 | - | - | 2,846,714.08 |
| General Administration | 2,519,867.44 | 6,050.00 | - | 2,525,917.44 |
| School Administration | 11,775,073.72 | - | - | 11,775,073.72 |
| Business Administration | 2,610,035.67 | 45,411.00 | - | 2,655,446.67 |
| Maintenance and Operation of Plant | 15,318,574.48 | 1,739,913.99 | - | 17,058,488.47 |
| Student Transportation Services | 6,052,340.86 | - | - | 6,052,340.86 |
| Central Support Services | 5,976,422.17 | - | - | 5,976,422.17 |
| Other Support Services | 609.57 | - | - | 609.57 |
| Enterprise Operations | 261,910.86 | - | - | 261,910.86 |
| Community Services | 526,248.81 | - | - | 526,248.81 |
| Food Services Operation | 11,398,410.88 | - | - | 11,398,410.88 |
| Capital Outlay | - | 12,774,343.74 | - | 12,774,343.74 |
| Debt Service | | | | |
| Principal | - | 312,534.49 | 8,240,000.00 | 8,552,534.49 |
| Interest | - | - | 1,256,500.00 | 1,256,500.00 |
| Total Expenditures | 174,220,650.86 | 14,912,670.31 | 9,496,500.00 | 198,629,821.17 |
| Revenues over (under) Expenditures | 3,463,189.97 | (9,060,596.47) | 6,904,471.09 | 1,307,064.59 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | 7,377,380.22 | - | 7,377,380.22 |
| Transfers Out | (136,472.70) | - | (7,240,907.52) | (7,377,380.22) |
| Total Other Financing Sources (Uses) | (136,472.70) | 7,377,380.22 | (7,240,907.52) | - |
| Net Change in Fund Balances | 3,326,717.27 | (1,683,216.25) | (336,436.43) | 1,307,064.59 |
| Fund Balances - Beginning (Restated) | 27,334,700.34 | 3,980,713.14 | 11,778,327.26 | 43,093,740.74 |
| Fund Balances - Ending | $ 30,661,417.61 | $ 2,297,496.89 | $ 11,441,890.83 | $ 44,400,805.33 |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2020

EXHIBIT "F"

| | | |
|---|---|---|
| Net change in fund balances total governmental funds (Exhibit "E") | | $ 1,307,064.59 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. | | |
| Capital outlay | $ 12,906,415.44 | |
| Depreciation expense | (12,880,200.64) | 26,214.80 |
| Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | 1,650,032.40 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. | | |
| Bond principal retirements | $ 8,240,000.00 | |
| Capital lease payments | 312,534.49 | |
| Amortization of bond premium | 517,253.52 | 9,069,788.01 |
| District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities. | | |
| Pension expense | $ (3,410,802.07) | |
| OPEB expense | 1,062,980.00 | (2,347,822.07) |
| Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Accrued interest on issuance of bonds | $ (8,171.17) | |
| Compensated absences | (147,884.11) | |
| Claims incurred but not reported | 544,734.90 | 388,679.62 |
| . | | |
| Change in net position of governmental activities (Exhibit "B") | | $ 10,093,957.35 |

DOUGHERTY COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

EXHIBIT "G"

| | CUSTODIAL FUNDS |
|---|---|
| ASSETS | |
| Cash and Cash Equivalents | $ 93,480.22 |
| Receivables, Net | |
| Local | 23,958.80 |
| Total Assets | $ 117,439.02 |
| LIABILITIES | |
| Accounts Payable | $ 4,083.92 |
| NET POSITION | |
| Restricted | |
| Individuals, Organizations, and Other Governments | $ 113,355.10 |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020

EXHIBIT "H"

| | CUSTODIAL FUNDS |
|---|---|
| ADDITIONS | |
| Miscellaneous | $ 90,687.37 |
| DEDUCTIONS | |
| Other Deductions | 98,497.38 |
| Change in Net Position | (7,810.01) |
| Net Position - Beginning (Restated) | 121,165.11 |
| Net Position - Ending | $ 113,355.10 |

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

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

### REPORTING ENTITY

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

### DISCRETELY PRESENTED COMPONENT UNIT

The non-profit organization, Dougherty County Stadium Authority, operates the Hugh Mills Memorial Stadium. The School District has a contract with Dougherty County Stadium Authority relative to the use, maintenance, and control of the Stadium.

The Stadium Authority's financial data (Statement of Net Assets and Statement of Activities) is included within the School District's basic financial statements as a discretely presented component unit. See Notes 4, 5 and 17 for additional component unit disclosures

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### BASIS OF PRESENTATION

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

**GOVERNMENT-WIDE STATEMENTS:**

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

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

1. Net investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate financial statements are presented for governmental 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 grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- Custodial funds are used to report resources held by the School District in a purely custodial capacity.

## BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims incurred but not reported, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

## NEW ACCOUNTING PRONOUNCEMENTS

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

In fiscal year 2020, the School District early adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The cumulative effect of GASB Statement No. 84 is described in the restatement note.

## CASH AND CASH EQUIVALENTS

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

## RECEIVABLES

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

## 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 (calculated on the 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.

### Consumable Supplies

On the basic financial statements, consumable supplies are reported at cost (first-in, first-out basis). The School District uses the consumption method to account for consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses are recorded at the time the supplies are consumed.

## PREPAID ITEMS

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

## CAPITAL ASSETS

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 the 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. The School District does not capitalize book collections or works of art.

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

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

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

| | Capitalization Policy | Estimated Useful Life |
|---|---|---|
| Land | Any Amount | N/A |
| Buildings and Improvements | $ 100,000.00 | 20 to 80 years |
| Equipment | $ 50,000.00 | 4 to 10 years |
| Intangible Assets | $ 1,000,000.00 | 4 to 8 years |

## DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

## COMPENSATED ABSENCES

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Vacation leave of 18 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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

## LONG-TERM LIABILITIES AND BOND DISCOUNTS/PREMIUMS

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School District recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

## PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees Postemployment Benefit Fund (School OPEB Fund) and additions

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

## FUND BALANCES

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

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

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

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

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

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

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

## USE OF ESTIMATES

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

## PROPERTY TAXES

The Dougherty County Board of Commissioners adopted the property tax levy for the 2019 tax digest year (calendar year) on September 23, 2019 (levy date) based on property values as of January 1, 2019. Taxes were due on December 23, 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 Dougherty County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.1% 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 $37,899,650.52.

The tax millage rate levied for the 2019 tax year (calendar year) for the School District was as follows (a mill equals $1 per thousand dollars of assessed value):

| | |
|---|---|
| School Operations | 18.323 mills |

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $3,579,562.84 during fiscal year ended June 30, 2020.

### SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $16,324,492.68 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: BUDGETARY DATA

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

The budgetary process begins with the School 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 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

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

## CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2020, the School District had deposits with a carrying amount of $42,707,963.03, and a bank balance of $50,517,556.58. The bank balances insured by Federal depository insurance were $1,263,168.17.

At June 30, 2020, $49,254,388.41 of the School District's bank balance was exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

The School District participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in the amount of up to 125% if economic or financial conditions warrants. The program lists the types of eligible collateral. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

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

| | | |
|---|---|---|
| Cash and cash equivalents | | |
| Statement of Net Position | $ | 43,071,859.11 |
| Statement of Fiduciary Net Position | | 93,480.22 |
| Total cash and cash equivalents | | 43,165,339.33 |
| Less: | | |
| Investment pools reported as cash and cash equivalents | | |
| Georgia Fund 1 | | 457,376.30 |
| Total carrying value of depsits - June 30, 2020 | $ | 42,707,963.03 |

## CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $457,376.30 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, $1.00 per share, which approximates fair value. The pool is an AAAf 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.

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 publically available at https://sao.georgia.gov/comprehensive-annual-financial-report.

### COMPONENT UNIT

At June 30, 2020, Dougherty County Stadium Authority's bank balance of $178,273.00 was insured through Federal Depository Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA).

## NOTE 5: CAPITAL ASSETS

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

| | Balances July 1, 2019 | Increases | Decreases | Transfers | Balances June 30, 2020 |
|---|---|---|---|---|---|
| Governmental Activities | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | $ 9,051,054.08 | $ - | $ - | $ - | $ 9,051,054.08 |
| Construction in Progress | 9,780,920.69 | 3,809,587.03 | - | (6,530,311.57) | 7,060,196.15 |
| Total Capital Assets Not Being Depreciated | 18,831,974.77 | 3,809,587.03 | - | (6,530,311.57) | 16,111,250.23 |
| Capital Assets Being Depreciated | | | | | |
| Buildings and Improvements | 435,295,774.26 | 8,467,443.38 | - | 6,530,311.57 | 450,293,529.21 |
| Equipment | 13,961,110.24 | 629,385.03 | 355,179.00 | - | 14,235,316.27 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | 144,366,533.09 | 12,109,761.76 | - | - | 156,476,294.85 |
| Equipment | 8,590,774.53 | 770,438.88 | 355,179.00 | - | 9,006,034.41 |
| Total Capital Assets, Being Depreciated, Net | 296,299,576.88 | (3,783,372.23) | - | 6,530,311.57 | 299,046,516.22 |
| Governmental Activities Capital Assets - Net | $ 315,131,551.65 | $ 26,214.80 | $ - | $ - | $ 315,157,766.45 |

Current year depreciation expense by function is as follows:

| | | |
|---|---|---|
| Instruction | | $ 9,822,939.46 |
| Support Services | | |
| Pupil Services | $ 9,495.91 | |
| Improvements of Instructional Services | 3,320.93 | |
| Educational Media Services | 190,717.89 | |
| School Administration | 347,162.07 | |
| Business Administration | 100,444.84 | |
| Maintenance and Operation of Plant | 1,290,658.80 | |
| Student Transportation Services | 683,217.85 | |
| Central Support Services | 46,956.24 | 2,671,974.53 |
| Food Services | | 385,286.65 |
| | | $ 12,880,200.64 |

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

| | Balances July 1, 2019 | Increases | Decreases | Balances June 30, 2020 |
|---|---|---|---|---|
| Component Unit | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 410,000.00 | $ - | $ - | $ 410,000.00 |
| Capital Assets Being Depreciated | | | | |
| Stadium Improvements | 3,525,022.00 | - | - | 3,525,022.00 |
| Equipment | 239,886.00 | - | - | 239,886.00 |
| Buildings and Improvements | 308,976.00 | - | - | 308,976.00 |
| Less Accumulated Depreciation for: | | | | |
| Stadium Improvements | 1,353,345.00 | 155,555.00 | - | 1,508,900.00 |
| Equipment | 239,885.00 | - | - | 239,885.00 |
| Buildings and Improvements | 119,727.00 | 7,725.00 | - | 127,452.00 |
| Total Capital Assets, Being Depreciated, Net | 2,360,927.00 | (163,280.00) | - | 2,197,647.00 |
| Component Unit Capital Assets - Net | $ 2,770,927.00 | $ (163,280.00) | $ - | $ 2,607,647.00 |

## NOTE 6: INTERFUND TRANSFERS

### INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020, consisted of the following:

| | Transfers From | |
|---|---|---|
| Transfers to | General Fund | Debt Service Fund |
| Capital Projects Fund | $ 136,472.70 | $ 7,240,907.52 |

Transfers are used to move property tax revenues collected by the general fund to the capital projects fund as required match or supplemental funding source for capital construction projects and SPLOST collected by the debt service fund to the capital projects fund to fund SPLOST projects as allowed in the referendum.

## NOTE 7: SHORT-TERM DEBT

The School District issues tax anticipation notes 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 are 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.

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

| | Beginning Balance | Issued | Redeemed | Ending Balance |
|---|---|---|---|---|
| Tax Anticipation Notes | $ - | $ 6,000,000.00 | $ 6,000,000.00 | $ - |

## NOTE 8: LONG-TERM LIABILITIES

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

| | Governmental Activities | | | | |
|---|---|---|---|---|---|
| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 | Due Within One Year |
| General Obligation (G.O.) Bonds | $ 35,000,000.00 | $ - | $ 8,240,000.00 | $ 26,760,000.00 | $ 8,570,000.00 |
| Unamortized Bond Premiums | 1,767,282.82 | - | 517,253.52 | 1,250,029.30 | 517,253.52 |
| Capital Leases | 904,547.79 | - | 312,534.49 | 592,013.30 | 290,629.99 |
| Compensated Absences | 1,140,550.91 | 903,392.01 | 755,507.90 | 1,288,435.02 | 90,190.45 |
| | $ 38,812,381.52 | $ 903,392.01 | $ 9,825,295.91 | $ 29,890,477.62 | $ 9,468,073.96 |

### GENERAL OBLIGATION DEBT OUTSTANDING

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

The School District had no unused line of credit or outstanding notes form direct borrowing and direct placements related to governmental activities as of June 30, 2020. In the event, the entity is unable to make principal and interest payments on general obligation bonds using proceeds of the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from the general fund or from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for payment of debt.

Of the total amount originally authorized, $15,000,000.00 remains unissued. General obligation bonds currently outstanding are as follows:

| Description | Interest Rates | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| General Government - Series 2018 | 2.00 - 5.00% | 2/8/2018 | 12/1/2022 | $ 35,000,000.00 | $ 26,760,000.00 |

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

| | General Obligation Debt | | Unamortized Bond |
|---|---|---|---|
| Fiscal Year Ended June 30: | Principal | Interest | Premium |
| 2021 | $ 8,570,000.00 | $ 920,300.00 | $ 517,253.52 |
| 2022 | 8,910,000.00 | 563,650.00 | 517,253.52 |
| 2023 | 9,280,000.00 | 189,200.00 | 215,522.26 |
| Total Principal and Interest | $ 26,760,000.00 | $ 1,673,150.00 | $ 1,250,029.30 |

### CAPITAL LEASES

The School District has acquired information technology equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

Capital leases currently outstanding are as follows:

| Purpose | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---|---|---|---|---|---|
| Apple Technology Lease | 3.70% | 6/21/2019 | 7/19/2021 | $ 904,547.79 | $ 592,013.30 |

The following is a schedule of total capital lease payments:

| Fiscal Year Ended June 30: | Principal | Interest |
|---|---|---|
| 2021 | $ 290,629.99 | $ 21,904.50 |
| 2022 | 301,383.31 | 11,151.18 |
| Total Principal and Interest | $ 592,013.30 | $ 33,055.68 |

## COMPENSATED ABSENCES

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

## NOTE 9: 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; acts of God and unemployment compensation.

### Georgia School Boards Association Risk Management Fund

The School District participates in the Georgia School Boards Association Risk Management Fund (the Fund), a public entity risk pool organized on August 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, errors and omissions liability, cyber risk, and property damage, including safety engineering and other loss prevention and control techniques, and to administer the Fund including the processing and defense of claims brought against members of the Fund. The School District pays an annual premium to the Fund for coverage. Reinsurance is provided to the Fund through agreements by the Fund with insurance companies according to their specialty for property (including coverage for flood and earthquake), machinery breakdown, general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime, cyber risk and automobile risks. Reinsurance limits and retentions vary by line of coverage.

## WORKERS' COMPENSATION

The School District has established a limited risk management program for workers' compensation claims. A premium is charged when needed by the workers' compensation fund to each user program on the basis of the percentage of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expense and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $350,000.00 loss per occurrence, up to the statutory limit.

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

| | Beginning of Year Liability | Claims and Changes in Estimates | Claims Paid | End of Year Liability |
|---|---|---|---|---|
| 2019 | $ 1,098,748.32 | $ 1,289,448.59 | $ 796,619.69 | $ 1,591,577.22 |
| 2020 | $ 1,591,577.22 | $ 257,910.89 | $ 802,645.79 | $ 1,046,842.32 |

## UNEMPLOYMENT COMPENSATION

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

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

| | Beginning of Year Liability | Claims and Changes in Estimates | Claims Paid | End of Year Liability |
|---|---|---|---|---|
| 2019 | $ - | $ 8,484.47 | $ 8,484.47 | $ - |
| 2020 | $ - | $ 2,983.97 | $ 2,983.97 | $ - |

## SURETY BOND

The School District has purchased a surety bond to provide additional insurance coverage as follows:

| Position Covered | Amount |
|---|---|
| Superintendent | $ 50,000.00 |

## NOTE 10: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2020:

| | | |
|---|---|---|
| Nonspendable | | |
| Inventories | $ 967,284.79 | |
| Prepaid Assets | 229.95 | $ 967,514.74 |
| Restricted | | |
| Continuation of Federal Programs | $ 3,769,783.06 | |
| Capital Projects | 2,297,496.89 | |
| Debt Service | 11,441,890.83 | 17,509,170.78 |
| Committed | | |
| Self-Insurance | $ 3,638,479.59 | |
| Subsequent Period Expenditures | 6,990,925.00 | 10,629,404.59 |
| Assigned | | |
| School Activity Accounts | | 552,828.68 |
| Unassigned | | 14,741,886.54 |
| Fund Balance June 30, 2020 | | $ 44,400,805.33 |

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.

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 8% to 12% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

## NOTE 11: SIGNIFICANT COMMITMENTS

### COMMITMENTS UNDER CONSTRUCTION CONTRACTS

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

| Project | Unearned Executed Contracts (1) | Payments through June 30, 2020 (2) |
|---|---|---|
| LED Lights | $ 2,154,149.11 | $ 1,165,086.07 |
| 4C Academy Lab | 9,247.50 | 33,206.78 |
| Sylvester Road Renovation | 87,435.00 | 220,165.00 |
| Dougherty Middle School Modifications | 3,693,890.00 | 10,347,963.28 |
| Turner Elementary Modifications | 188,580.00 | 5,670.00 |
| | $ 6,133,301.61 | $ 11,772,091.13 |

(1) The amounts described are not reflected in the basic financial statements.
(2) Payments include contracts and retainages payable at year end.

### OPERATING LEASES

The School District leases copiers, postage meters and equipment under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled $298,108.92 for governmental activities for the year ended June 30, 2020. The following future minimum lease payments were required under operating leases at June 30, 2020:

| Year Ending | Governmental Funds |
|---|---|
| 2021 | $ 297,531.69 |
| 2022 | 172,550.00 |
| Total | $ 470,081.69 |

## NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

### FEDERAL GRANTS

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

## LITIGATION

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

## NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

***Contributions:*** As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $3,078,098.00 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 $114,426,957.00 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 0.932412%, which was a decrease of 0.004385% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of $2,015,118.00. 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 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ - | $ 12,448,462.00 |
| Change of assumptions | 3,973,825.00 | 16,130,588.00 |
| Net differnece between projected and actual earnings on OPEB plan investments | 249,187.00 | - |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | - | 3,050,638.00 |
| School District contributions subsequent to the measurement date | 3,078,098.00 | - |
| Total | $ 7,301,110.00 | $ 31,629,688.00 |

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

| Year Ended June 30: | OPEB |
|---|---|
| 2021 | $ (6,172,706.00) |
| 2022 | $ (6,172,706.00) |
| 2023 | $ (6,182,284.00) |
| 2024 | $ (5,384,499.00) |
| 2025 | $ (2,896,441.00) |
| Thereafter | $ (598,040.00) |

*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 | 7.250% |
| 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 |

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

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

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

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.

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:

| Asset class | Target allocation | Long-Term Expected Real Rate of Return* |
|---|---|---|
| Fixed income | 30.00% | (0.10)% |
| Domestic Stocks -- Large Cap | 46.20% | 8.90% |
| Domestic Stocks -- Small Cap | 1.30% | 13.20% |
| Int'l Stocks - Developed Mkt | 12.40% | 8.90% |
| Int'l Stocks - Emerging Mkt | 5.10% | 10.90% |
| Alternatives | 5.00% | 12.00% |
| Total | 100.00% | |

*Net of Inflation

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

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

| | 1% Decrease (2.58%) | Current Discount Rate (3.58%) | 1% Increase (4.58%) |
|---|---|---|---|
| School District's proportionate share of Net OPEB Liability | $ 133,001,892.00 | $ 114,426,957.00 | $ 99,317,081.00 |

***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:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| School District's proportionate share of Net OPEB Liability | $ 96,392,588.00 | $ 114,426,957.00 | $ 137,331,975.00 |

***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.

## NOTE 14: RETIREMENT PLANS

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

### TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

***Contributions:*** Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2020. The School District's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual School District payroll, of which 21.07% of payroll was required from the School District and 0.07% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $17,874,113.96 and $60,554.24 from the School District and the State, respectively.

### EMPLOYEES' RETIREMENT SYSTEM

***Plan Description:*** The Employees' Retirement System of Georgia (ERS) is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials.

***Benefits Provided:*** The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

***Contributions:*** Member contributions under the old plan are 4% of annual compensation, up to $4,200.00, plus 6% of annual compensation in excess of $4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's required contribution rate for the year ended June 30, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% for GSEPS members. 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. Employer contributions to the pension plan were $29,568.62 for the current fiscal year.

## PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS)

***Plan Description:*** PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/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 $340,738.00.

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

At June 30, 2020, the School District reported a liability of $144,017,238.00 for its proportionate share of the net pension liability for TRS ($143,838,683.00) and ERS ($178,555.00).

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

| | |
|---|---|
| School District's proportionate share of the net pension liability | $ 143,838,683.00 |
| State of Georgia's proportionate share of the net pension liability associated with the School District | 499,723.00 |
| Total | $ 144,338,406.00 |

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

At June 30, 2019, the School District's TRS proportion was 0.668933%, which was a decrease of 0.002579% from its proportion measured as of June 30, 2018. At June 30, 2019, the School District's ERS proportion was 0.004327%, which was an increase of 0.000504% 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 $1,932,659.00.

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 $21,293,850.00 for TRS, $75,807.00 for ERS and $596,008.00 for PSERS and revenue of $56,175.00 for TRS and $596,008.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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

| | TRS | | ERS | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 8,107,481.00 | $ 42,644.00 | $ 5,946.00 | $ - |
| Changes of assumptions | 13,803,198.00 | - | 3,143.00 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 3,425,238.00 | - | 5,558.00 |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | - | 5,415,387.00 | 34,124.00 | - |
| School District contributions subsequent to the measurement date | 17,874,113.96 | - | 29,568.62 | - |
| Total | $ 39,784,792.96 | $ 8,883,269.00 | $ 72,781.62 | $ 5,558.00 |

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

| Year Ended June 30: | TRS | ERS |
|---|---|---|
| 2021 | $ 5,099,157.00 | $ 38,020.00 |
| 2022 | $ (506,549.00) | $ (6.00) |
| 2023 | $ 3,848,502.00 | $ (1,095.00) |
| 2024 | $ 4,586,300.00 | $ 736.00 |

***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 the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

*Employees' Retirement System:*

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment 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 projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

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

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

* Rates shown are net of assumed rate of inflation.

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

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

| Teachers Retirement System: | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| School District's proportionate share of the net pension liability | $ 233,492,281.00 | $ 143,838,683.00 | $ 70,111,570.00 |

| Employees' Retirement System: | 1% Decrease (6.30%) | Current Discount Rate (7.30%) | 1% Increase (8.30%) |
|---|---|---|---|
| School District's proportionate share of the net pension liability | $ 253,743.00 | $ 178,555.00 | $ 114,458.00 |

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

## DEFINED CONTRIBUTION PLAN

On August 1, 1996, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School District selected Valic as the provider of this plan. For each employee covered under PSERS, employees contribute 1% of their base pay and the School District matches 3% of the employee's contribution.

The employee becomes vested in the plan with 5 years of experience. Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 5 years of service to Dougherty County Board of Education. If an employee terminates employment prior to achieving 5 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

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

| Fiscal Year | Percentage Contributed | Required Contribution |
|---|---|---|
| 2020 | 3% | $ 186,249.11 |
| 2019 | 3% | $ 169,374.47 |
| 2018 | 3% | $ 161,683.39 |

## NOTE 15: RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2020, the School District made prior period adjustments due to the adoption of GASB Statement No, 84, as described in "New Accounting Pronouncements," which requires the restatement of the June 30, 2019 net position in governmental activities and fund balance in the general fund and fiduciary funds. These changes are in accordance with generally accepted accounting principles.

| | | |
|---|---|---|
| Net Position, July 1, 2019 as previously reported | $ | 70,323,915.83 |
| Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification | | 204,433.86 |
| Net Position, July 1, 2019, as restated | $ | 70,528,349.69 |
| Fund Balance (General Fund), July 1, 2019, as previously reported | $ | 27,130,266.48 |
| Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification | | 204,433.86 |
| Fund Balance (General Fund), July 1, 2019, as restated | $ | 27,334,700.34 |
| Net Position (Fiduciary Funds), July 1, 2019 as previously reported | $ | 325,598.97 |
| Prior Period Adjustment - Implementation of GASB No. 84: Restatement for Custodial Funds Beginning Net Position | | (204,433.86) |
| Net Position (Fiduciary Funds), July 1, 2019, as restated | $ | 121,165.11 |

## NOTE 16: TAX ABATEMENTS

Dougherty 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 Dougherty County.

For the fiscal year ended June 30, 2020, Dougherty County abated property taxes due to the School District that were levied on September 23, 2019 and due on December 23, 2019 totaling $1,628,800.06. Included in that amount abated, the following is an individual tax abatement agreement that exceeded 10.00% percent of the total amount abated:

- A property tax abatement to a local manufacturer of consumer goods for continued investment in operations and local employment. The abatement amounted to $1,596,337.14.

## NOTE 17: COMPONENT UNIT

The Dougherty County Stadium Authority (Authority) is a legally separate tax-exempt component unit of the Dougherty County Board of Education (School District). Because the Authority has a fiscal dependency on the School District, it is considered a component unit of the School District and is discretely presented in the School District's financial statements.

The Authority utilizes the modified accrual method of accounting. The Authority has implemented the financial reporting requirements of GASB Statement No. 33 and No. 34. The Authority's fiscal year is July 1 through June 30.

## NOTE 18: SUBSEQUENT EVENT

On November 18, 2020, the voters of Dougherty authorized the continuation of the Education Special Purpose Local Option Sales Tax of one percent to be imposed on all sales and uses in Dougherty County for a period of time not to exceed 20 consecutive calendar quarters to raise not more than $90,000,000.00. The proceeds are to be used as stated on the Official Ballot of Dougherty County as follows:

> "1) Shall a special one percent sales and use tax for educational purposes be continued in Dougherty County for a period of time not to exceed 20 calendar quarters and the raising of not more than $90,000,000 for the purpose of funding the (a) renovation, improvement and equipping of existing schools, administration, athletic and related facilities, (b) acquisition, construction and equipping of new schools, administration, athletic, transportation and related facilities, (c) the acquisition of school buses and vehicles for maintenance and transportation use and other maintenance and transportation equipment, (d) acquisition of software, hardware, computers equipment and safety and security equipment for the use of both staff and students, (e) acquisition of energy savings equipment and (f) acquisition of real and personal property necessary for the foregoing? If the continuation of the tax is approved by the voters, such vote shall also constitute approval of the issuance of general obligation debt of the Dougherty County School District in the maximum principal amount of $50,000,000 for the above purpose."

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



| Year Ended | School District's proportion of the net pension liability | School District's proportionate share of the net pension liability | State of Georgia's proportionate share of the net pension liability associated with the School District | Total | School District's covered payroll | School District's proportionate share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|---|---|
| 2020 | 0.668933% | $ 143,838,683.00 | $ 499,723.00 | $ 144,338,406.00 | $ 81,934,345.91 | 175.55% | 78.56% |
| 2019 | 0.671512% | $ 124,647,011.00 | $ 415,978.00 | $ 125,062,989.00 | $ 80,404,397.90 | 155.03% | 80.27% |
| 2018 | 0.686413% | $ 127,571,970.00 | $ 479,873.00 | $ 128,051,843.00 | $ 79,036,484.54 | 161.41% | 79.33% |
| 2017 | 0.716396% | $ 147,800,483.00 | $ 588,606.00 | $ 148,389,089.00 | $ 78,919,817.39 | 187.28% | 76.06% |
| 2016 | 0.745907% | $ 113,556,934.00 | $ 446,368.00 | $ 114,003,302.00 | $ 79,042,137.85 | 143.67% | 81.44% |
| 2015 | 0.773982% | $ 97,782,417.00 | $ 381,664.00 | $ 98,164,081.00 | $ 79,341,795.52 | 123.24% | 84.03% |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

| Year Ended | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | School District's covered payroll | Contribution as a percentage of covered payroll |
|---|---|---|---|---|---|
| 2020 | $ 17,874,113.96 | $ 17,874,113.96 | $ - | $ 84,826,714.69 | 21.07% |
| 2019 | $ 17,063,212.65 | $ 17,063,212.65 | $ - | $ 81,934,345.91 | 20.83% |
| 2018 | $ 13,485,091.83 | $ 13,485,091.83 | $ - | $ 80,404,397.90 | 16.77% |
| 2017 | $ 11,252,081.76 | $ 11,252,081.76 | $ - | $ 79,036,484.54 | 14.24% |
| 2016 | $ 11,216,453.07 | $ 11,216,453.07 | $ - | $ 78,919,817.39 | 14.21% |
| 2015 | $ 10,355,842.01 | $ 10,355,842.01 | $ - | $ 79,042,137.85 | 13.10% |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

| Year Ended | School District's proportion of the net pension liability | School District's proportionate share of the net pension liability | School District's covered payroll | School District's proportionate share of the net pension liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of total pension liability |
|---|---|---|---|---|---|
| 2020 | 0.004327% | $ 178,555.00 | $ 109,063.62 | 163.72% | 76.74% |
| 2019 | 0.003823% | $ 157,165.00 | $ 97,520.57 | 161.16% | 76.68% |
| 2018 | 0.001442% | $ 58,564.00 | $ 35,361.18 | 165.62% | 76.33% |
| 2017 | 0.001698% | $ 80,323.00 | $ 36,794.90 | 218.30% | 72.34% |
| 2016 | 0.002596% | $ 105,174.00 | $ 64,229.58 | 163.75% | 76.20% |
| 2015 | 0.004753% | $ 178,267.00 | $ 97,265.38 | 183.28% | 77.99% |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30

| Year Ended | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | School District's covered payroll | Contribution as a percentage of covered payroll |
|---|---|---|---|---|---|
| 2020 | $ 29,568.62 | $ 29,568.62 | $ - | $ 119,905.30 | 24.66% |
| 2019 | $ 27,026.00 | $ 27,026.00 | $ - | $ 109,063.62 | 24.78% |
| 2018 | $ 24,192.12 | $ 24,192.12 | $ - | $ 97,520.57 | 24.81% |
| 2017 | $ 8,773.13 | $ 8,773.13 | $ - | $ 35,361.18 | 24.81% |
| 2016 | $ 9,095.72 | $ 9,095.72 | $ - | $ 36,794.90 | 24.72% |
| 2015 | $ 14,104.86 | $ 14,104.86 | $ - | $ 64,229.58 | 21.96% |

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

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

| Year Ended | School District's proportion of the net pension liability | School District's proportionate share of the net pension liability | State of Georgia's proportionate share of the net pension liability associated with the School District | Total | School District's covered payroll | School District's proportionate share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|---|---|
| 2020 | 0.00% | $ - | $ 1,932,659.00 | $ 1,932,659.00 | $ 7,703,525.97 | N/A | 85.02% |
| 2019 | 0.00% | $ - | $ 1,731,592.00 | $ 1,731,592.00 | $ 7,637,830.93 | N/A | 85.26% |
| 2018 | 0.00% | $ - | $ 1,686,811.00 | $ 1,686,811.00 | $ 7,724,873.84 | N/A | 85.69% |
| 2017 | 0.00% | $ - | $ 2,216,830.00 | $ 2,216,830.00 | $ 7,670,767.69 | N/A | 81.00% |
| 2016 | 0.00% | $ - | $ 1,556,980.00 | $ 1,556,980.00 | $ 7,101,357.18 | N/A | 87.00% |
| 2015 | 0.00% | $ - | $ 1,422,781.00 | $ 1,422,781.00 | $ 6,545,452.68 | N/A | 88.29% |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30

| Year Ended | School District's proportion of the net OPEB liability | School District's proportionate share of the net OPEB liability | State of Georgia's proportionate share of the net OPEB liability associated with the School District | Total | School District's covered-employee payroll | School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|---|---|---|---|---|---|---|---|
| 2020 | 0.932412% | $ 114,426,957.00 | $ - | $ 114,426,957.00 | $ 73,463,453.95 | 155.76% | 4.63% |
| 2019 | 0.936797% | $ 119,064,024.00 | $ - | $ 119,064,024.00 | $ 73,759,412.54 | 161.42% | 2.93% |
| 2018 | 0.957354% | $ 134,507,852.00 | $ - | $ 134,507,852.00 | $ 72,403,688.80 | 185.77% | 1.61% |

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

DOUGHERTY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE YEAR ENDED JUNE 30

| Year Ended | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | School District's covered-employee payroll | Contribution as a percentage of covered-employee payroll |
|---|---|---|---|---|---|
| 2020 | $ 3,078,098.00 | $ 3,078,098.00 | $ - | $ 72,692,360.75 | 4.23% |
| 2019 | $ 5,021,684.00 | $ 5,021,684.00 | $ - | $ 73,463,453.95 | 6.84% |
| 2018 | $ 4,855,329.00 | $ 4,855,329.00 | $ - | $ 73,759,412.54 | 6.58% |

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

*Teachers Retirement System*

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

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

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%.

*Employees' Retirement System*

***Changes of benefit terms:***
- A new benefit tier was added for members joining the System on and after July 1, 2009.
- A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016.
- A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.

***Changes of assumptions:*** 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, withdrawal and salary increases.

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.

*Public School Employees Retirement System*

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

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

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

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 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.

DOUGHERTY COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

SCHEDULE "9"

| | NONAPPROPRIATED BUDGETS | | ACTUAL | VARIANCE |
|---|---|---|---|---|
| | ORIGINAL (1) | FINAL (1) | AMOUNTS | OVER/UNDER |
| REVENUES | | | | |
| Property Taxes | $ 39,084,234.00 | $ 39,084,234.00 | $ 41,552,171.30 | $ 2,467,937.30 |
| Sales Taxes | 220,782.00 | 220,782.00 | 319,146.96 | 98,364.96 |
| State Funds | 98,189,994.00 | 98,250,074.00 | 98,419,731.60 | 169,657.60 |
| Federal Funds | 26,174,760.00 | 36,080,030.37 | 32,707,426.75 | (3,372,603.62) |
| Charges for Services | 1,079,396.00 | 1,154,326.00 | 1,890,979.40 | 736,653.40 |
| Investment Earnings | 8,000.00 | 8,000.00 | 236,805.41 | 228,805.41 |
| Miscellaneous | 2,038,798.00 | 2,612,505.00 | 2,557,579.41 | (54,925.59) |
| Total Revenues | 166,795,964.00 | 177,409,951.37 | 177,683,840.83 | 273,889.46 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 97,526,366.02 | 96,753,941.94 | 96,087,149.92 | 666,792.02 |
| Support Services | | | | |
| Pupil Services | 4,936,352.01 | 6,263,237.30 | 5,870,233.92 | 393,003.38 |
| Improvement of Instructional Services | 7,759,048.00 | 15,925,622.16 | 12,977,058.48 | 2,948,563.68 |
| Educational Media Services | 2,899,474.00 | 2,976,366.18 | 2,846,714.08 | 129,652.10 |
| General Administration | 3,412,765.00 | 4,678,681.00 | 2,519,867.44 | 2,158,813.56 |
| School Administration | 10,943,877.00 | 10,952,504.00 | 11,775,073.72 | (822,569.72) |
| Business Administration | 2,455,599.00 | 3,066,043.00 | 2,610,035.67 | 456,007.33 |
| Maintenance and Operation of Plant | 15,385,478.00 | 15,849,836.00 | 15,318,574.48 | 531,261.52 |
| Student Transportation Services | 5,925,049.00 | 5,915,243.50 | 6,052,340.86 | (137,097.36) |
| Central Support Services | 4,417,862.00 | 6,563,535.00 | 5,976,422.17 | 587,112.83 |
| Other Support Services | 11,000.00 | 540.00 | 609.57 | (69.57) |
| Enterprise Operations | 306,000.00 | 306,000.00 | 261,910.86 | 44,089.14 |
| Community Services | 485,000.00 | 485,000.00 | 526,248.81 | (41,248.81) |
| Food Services Operation | 13,674,603.00 | 14,725,283.00 | 11,398,410.88 | 3,326,872.12 |
| Total Expenditures | 170,138,473.03 | 184,461,833.08 | 174,220,650.86 | 10,241,182.22 |
| Excess of Revenues over (under) Expenditures | (3,342,509.03) | (7,051,881.71) | 3,463,189.97 | 10,515,071.68 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other Sources | - | 1,546,200.00 | - | (1,546,200.00) |
| Operating Transfers from Other Funds | 67,884,368.71 | 67,533,451.48 | - | (67,533,451.48) |
| Sale or Compensation for Loss of Assets | 15,000.00 | 15,000.00 | - | (15,000.00) |
| Operating Transfers to Other Funds | (68,044,368.71) | (67,693,451.48) | (136,472.70) | 67,556,978.78 |
| Total Other Financing Sources (Uses) | (145,000.00) | 1,401,200.00 | (136,472.70) | (1,537,672.70) |
| Net Change in Fund Balances | (3,487,509.03) | (5,650,681.71) | 3,326,717.27 | 8,977,398.98 |
| Fund Balances - Beginning (Restated) | 22,127,180.00 | 27,489,684.58 | 27,334,700.34 | (154,984.24) |
| Adjustments | - | (18,790.12) | - | 18,790.12 |
| Fund Balances - Ending | $ 18,639,670.97 | $ 21,820,212.75 | $ 30,661,417.61 | $ 8,841,204.86 |

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are $1,649,214.75 and $1,588,870.10, respectively.

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

| FUNDING AGENCY<br>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 | $ 3,050,016.20 |
| National School Lunch Program | 10.555 | 205GA324N1099 | 8,370,984.87 |
| Total Child Nutrition Cluster | | | 11,421,001.07 |
| Other Programs | | | |
| Pass-Through From Bright From the Start: | | | |
| Georgia Department of Early Care and Learning | | | |
| Child and Adult Care Food Program | 10.558 | 205GA368N2020 | 57,280.36 |
| Total U. S. Department of Agriculture | | | 11,478,281.43 |
| Education, U.S. Department of | | | |
| Special Education Cluster | | | |
| Pass-Through From Georgia Department of Education | | | |
| Special Education | | | |
| Grants to States | 84.027 | H027A180073 | 2,093.93 |
| Grants to States | 84.027 | H027A190073 | 3,879,004.67 |
| Preschool Grants | 84.173 | H173A180081 | 1,313.00 |
| Preschool Grants | 84.173 | H173A190081 | 134,863.00 |
| Total Special Education Cluster | | | 4,017,274.60 |
| Other Programs | | | |
| Direct | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334A | | 1,736,243.25 |
| School Safety National Activities | 84.184G | | 222,297.67 |
| Pass-Through From Georgia Department of Education | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | V048A190010 | 250,306.85 |
| Education for Homeless Children and Youth | 84.196 | S196A180011 | 1,835.00 |
| Education for Homeless Children and Youth | 84.196 | S196A190011 | 53,588.90 |
| Education Stabliziation Funds | 84.425D | S425D200012 | 1,991,328.95 |
| English Language Acquisition State Grants | 84.365 | S365A180010 | 5,136.37 |
| English Language Acquisition State Grants | 84.365 | S365A190010 | 24,333.88 |
| Migrant Education - State Grant Program | 84.011 | S011A180011 | 7,723.17 |
| Migrant Education - State Grant Program | 84.011 | S011A190011 | 11,460.61 |
| School Improvement Grants | 84.377A | S377A180011 | 95,568.26 |
| School Improvement Grants | 84.377A | S377A190011 | 676,256.14 |
| Striving Readers | 84.371 | S371C110049 | 761,850.73 |
| Supporting Effective Instruction State Grants | 84.367 | S367A180001 | 60,714.64 |
| Supporting Effective Instruction State Grants | 84.367 | S367A190001 | 83,257.35 |
| Title I Grants to Local Educational Agencies | 84.010 | S010A180010 | 1,657,388.39 |
| Title I Grants to Local Educational Agencies | 84.010 | S010A190010 | 10,056,869.99 |
| Total Other Programs | | | 17,696,160.15 |
| Total U. S. Department of Education | | | 21,713,434.75 |
| Health and Human Services, U.S. Department of | | | |
| Pass-Through From Georgia Department of Behavorial Health | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | TP1AH000117 | 61,342.26 |
| Labor, U. S. Department of | | | |
| Workforce Investment Act/Workforce Innovation and Opportunity Act Cluster | | | |
| Pass-Through From Georgia Department of Labor | | | |
| Workforce Innovation and Opportunity Act Youth Activities | 17.259 | AA-33224-19-55-A-13 | 64,765.38 |
| Defense, U. S. Department of | | | |
| Direct | | | |
| Department of the Air Force | | | |
| R.O.T.C. Program | 12.UNKNOWN | | 36,776.47 |
| Department of the Marines | | | |
| R.O.T.C. Program | 12.UNKNOWN | | 119,616.72 |
| Total U. S. Department of Defense | | | 156,393.19 |
| Total Expenditures of Federal Awards | | | $ 33,474,217.01 |

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

DOUGHERTY COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2020

| AGENCY/FUNDING | GOVERNMENTAL FUND TYPES GENERAL FUND | CAPITAL PROJECTS FUND | TOTAL |
|---|---|---|---|
| GRANTS | | | |
| Bright From the Start: | | | |
| Georgia Department of Early Care and Learning | | | |
| Pre-Kindergarten Program | $ 1,622,443.72 | $ - | $ 1,622,443.72 |
| Education, Georgia Department of | | | |
| Quality Basic Education | | | |
| Direct Instructional Cost | | | |
| Kindergarten Program | 4,653,315.00 | - | 4,653,315.00 |
| Kindergarten Program - Early Intervention Program | 1,419,188.00 | - | 1,419,188.00 |
| Primary Grades (1-3) Program | 11,261,082.00 | - | 11,261,082.00 |
| Primary Grades - Early Intervention (1-3) Program | 3,602,600.00 | - | 3,602,600.00 |
| Upper Elementary Grades (4-5) Program | 5,969,418.00 | - | 5,969,418.00 |
| Upper Elementary Grades - Early Intervention (4-5) Program | 2,414,106.00 | - | 2,414,106.00 |
| Middle Grades (6-8) Program | 10,324,216.00 | - | 10,324,216.00 |
| High School General Education (9-12) Program | 7,199,195.00 | - | 7,199,195.00 |
| Vocational Laboratory (9-12) Program | 2,865,612.00 | - | 2,865,612.00 |
| Students with Disabilities | 10,139,335.00 | - | 10,139,335.00 |
| Gifted Student - Category VI | 2,300,036.00 | - | 2,300,036.00 |
| Remedial Education Program | 2,029,327.00 | - | 2,029,327.00 |
| Alternative Education Program | 671,106.00 | - | 671,106.00 |
| English Speakers of Other Languages (ESOL) | 472,104.00 | - | 472,104.00 |
| Media Center Program | 1,788,828.00 | - | 1,788,828.00 |
| 20 Days Additional Instruction | 556,765.00 | - | 556,765.00 |
| Staff and Professional Development | 289,964.00 | - | 289,964.00 |
| Principal Staff and Professional Development | 6,127.00 | - | 6,127.00 |
| Indirect Cost | | | |
| Central Administration | 2,318,495.00 | - | 2,318,495.00 |
| School Administration | 3,626,406.00 | - | 3,626,406.00 |
| Facility Maintenance and Operations | 3,597,279.00 | - | 3,597,279.00 |
| Mid-term Adjustment Hold-Harmless | 271,393.00 | - | 271,393.00 |
| Amended Formula Adjustment | (1,188,712.00) | - | (1,188,712.00) |
| Charter System Grant | 1,463,799.00 | - | 1,463,799.00 |
| Categorical Grants | | | |
| Pupil Transportation | | | |
| Regular | 1,482,937.00 | - | 1,482,937.00 |
| State Bonds | 154,440.00 | - | 154,440.00 |
| Nursing Services | 309,872.00 | - | 309,872.00 |
| Education Equalization Funding Grant | 13,825,140.00 | - | 13,825,140.00 |
| Other State Programs | | | |
| Food Services | 272,736.00 | - | 272,736.00 |
| GNETS State Grant | 1,733,931.00 | - | 1,733,931.00 |
| Hygiene Products in Georgia | 18,030.00 | - | 18,030.00 |
| Math and Science Supplements | 63,873.05 | - | 63,873.05 |
| Preschool Disability Services | 260,363.00 | - | 260,363.00 |
| Teacher of the Year | 400.00 | - | 400.00 |
| Teachers Retirement | 60,554.24 | - | 60,554.24 |
| Vocational Education | 223,289.59 | - | 223,289.59 |
| Georgia State Financing and Investment Commission | | | |
| Reimbursement on Construction Projects | - | 5,615,903.78 | 5,615,903.78 |
| Office of the State Treasurer | | | |
| Public School Employees Retirement | 340,738.00 | - | 340,738.00 |
| | $ 98,419,731.60 | $ 5,615,903.78 | $ 104,035,635.38 |

See notes to the basic financial statements.

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DOUGHERTY COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2020

| | ORIGINAL ESTIMATED COST (1) | CURRENT ESTIMATED COSTS (2) | AMOUNT EXPENDED IN CURRENT YEAR (3) (4) | AMOUNT EXPENDED IN PRIOR YEARS (3) (4) | TOTAL COMPLETION COST | EXCESS PROCEEDS NOT EXPENDED | ESTIMATED COMPLETION DATE |
|---|---|---|---|---|---|---|---|
| **SPLOST V** | | | | | | | |
| (a) The renovation, improvement and equipping of existing schools, administration, athletic and related facilities, including the provision of safety and security equipment for these facilities | $ 80,100,000.00 | $ 80,100,000.00 | $ 12,023,237.07 | $ 35,402,878.35 | $ - | $ - | June 2023 |
| (b) acquisition, construction and equipping of new schools, administration, athletic and related facilities | - | - | - | - | - | - | June 2023 |
| (c) the acquisition of school buses and vehicles for maintenance and transportation use | 3,000,000.00 | 3,000,000.00 | 525,006.50 | 1,138,890.75 | - | - | June 2023 |
| (d) acquisition of software, hardware and computer equipment for the use of both staff and students | 6,500,000.00 | 6,500,000.00 | 1,819,039.82 | 3,408,619.37 | - | - | June 2023 |
| (e) acquisition of energy savings equipment | - | - | - | - | - | - | June 2023 |
| (f) acquisition of real and personal property necessary for the foregoing | 400,000.00 | 400,000.00 | - | - | - | - | June 2023 |
| Total - SPLOST V | $ 90,000,000.00 | $ 90,000,000.00 | $ 14,367,283.39 | $ 39,950,388.47 | $ - | $ - | |

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Dougherty 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 projects.

(4) In addition to the expenditures shown above, the School District has incurred interest and other fees to provide advance funding for the above projects as follows:

| | |
|---|---|
| Prior Years | $ 2,215,583.56 |
| Current Year | 1,266,985.00 |
| Total | $ 3,482,568.56 |

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SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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# 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
Dougherty 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 Dougherty 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 July 16, 2021.

The financial statements of the Dougherty County Stadium Authority (Authority) have not been audited, and we were not engaged to audit the Authority's financial statements as part of our audit of the School District's basic financial statements. The Authority's financial activities are included in the School District's basic financial statements as a discretely presented component unit.

### 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.

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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 Standard*s in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

July 16, 2021

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# 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 REPORT 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
Dougherty County Board of Education

### Report on Compliance for Each Major Federal Program

We have audited the Dougherty 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.

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*Basis for Qualified Opinion on Gaining Early Awareness and Readiness for Undergraduate Programs*

As described in the accompanying *Schedule of Findings and Questioned Costs*, the School District did not comply with requirements regarding Gaining Early Awareness and Readiness for Undergraduate Programs as described in items FA 2020-001 and FA 2020-002 for Matching Level of Effort and Reporting. Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

*Qualified Opinion on Gaining Early Awareness and Readiness for Undergraduate Programs*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Gaining Early Awareness and Readiness for Undergraduate Programs for the year ended June 30, 2020.

*Unmodified Opinion on Each of the Other Major Federal Programs*

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 other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2020.

*Other Matters*

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

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. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items FA 2020-001 and FA 2020-002, to be material weaknesses.

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

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,



Greg S. Griffin
State Auditor

July 16, 2021

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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DOUGHERTY 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

No matters were reported.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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DOUGHERTY 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 |
| Discretely Presented Component Unit | Disclaimer |

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 weaknesses identified? — Yes
- Significant deficiency identified? — None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified for all major programs except for Gaining Early Awareness and Readiness for Undergraduate Programs, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.027, 84.173 | Special Education Cluster |
| 84.334A | Gaining Early Awareness and Readiness for Undergraduate Programs |
| 84.425D | Education Stabilization Fund |

Dollar threshold used to distinguish between Type A and Type B programs: $1,004,226.51

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

| | |
|---|---|
| FA 2020-001 | Improve Controls over Matching Requirement |
| Compliance Requirement: | Matching, Level of Effort, Earmarking |
| Internal Control Impact: | Material Weakness |
| Compliance Impact: | Material Noncompliance |
| Federal Awarding Agency: | U.S. Department of Education |
| Pass-Through Entity: | Direct |
| CFDA Number and Title: | 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs |
| Federal Award Number: | P334A180146 |
| Questioned Costs: | $295,525.39 |

Description:
The policies and procedures of the School District did not provide adequate internal controls over the matching requirement associated with the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant.

Criteria:
34 CFR 694.7 details the matching requirement for the GEAR UP grant and states in part, that "(a) In order to be eligible for GEAR UP funding – (1) An applicant must state in its application the percentage of the cost of the GEAR UP project the applicant will provide each year from non-Federal funds… and (2) A grantee must make substantial progress towards meeting the matching percentage stated in its approved application for each year of the project period. (b)… The non-Federal share of the cost of the GEAR UP project must be not less than 50 percent of the total cost of the project (i.e., one dollar of non-Federal contributions for every one dollar of Federal funds obligated for the project) over the project period. (c) The non-Federal share of the cost of a GEAR UP project may be provided in cash or in-kind."

Condition:
Our review of the matching requirement related to the GEAR UP grant revealed that the School District chose to satisfy this requirement by obtaining in-kind contributions from various vendors; however, the proper amount of in-kind contributions was not obtained and no additional cash was allocated from local funds to fulfill the appropriate matching requirement. The total Federal funds expended for the GEAR UP grant during year 1 of the grant was $505,992.66. The School District should have obtained in-kind contributions and/or allocated local funds in the amount of $505,992.66 to be in compliance with Federal regulations. The School District obtained in-kind contributions totaling $210,467.27 from various vendors. Therefore, the School District should have obtained additional in-kind contributions and/or allocated additional local funds totaling $295,525.39 to comply with the GEAR UP grant matching requirement.

Questioned Costs:
Questioned costs of $295,525.39 were identified for additional cash and/or in-kind contributions that should have been allocated and/or obtained to satisfy the GEAR UP grant matching requirement.

Cause:
In discussing this deficiency with management, they stated the deficiencies occurred because management was not familiar with the matching requirements for this program and failed to effectively implement Federal guidelines.

## III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Effect or Potential Effect:
The School District is not in compliance with Federal regulations specific to the GEAR UP grant. Failure to meet the GEAR UP matching requirement may result in the reduction of the Federal award amount, a refund of Federal funds to the Department of Education, or possible termination of the award; therefore, this deficiency may expose the School District to unnecessary financial strains and shortages within the GEAR UP grant fund.

Recommendation:
The School District should review current internal control procedures related to GEAR UP grant matching requirements and ensure that the appropriate matching amounts are allocated from local funds and/or obtained through in-kind contributions or a waiver is obtained in the future. Furthermore, management should develop and implement a monitoring process to ensure that controls are operating appropriately.

Views of Responsible Officials:
We concur with this finding.

| | |
|---|---|
| FA 2020-002 | Strengthen Controls over Annual Performance Reporting |
| Compliance Requirement: | Reporting |
| Internal Control Impact: | Material Weakness |
| Compliance Impact: | Material Noncompliance |
| Federal Awarding Agency: | U.S. Department of Education |
| Pass-Through Entity: | Georgia Department of Education |
| CFDA Number and Title: | 84.334 Gaining Early Awareness and Readiness for Undergraduates Programs |
| Federal Award Number: | P334A180146 |
| Questioned Costs: | None Identified |

Description:
The School District did not file an accurate Annual Performance Report for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant.

Criteria:
2 CFR 200.302(a) states in part that "the non-Federal entity's financial management systems must… be sufficient to permit the preparation of reports required by general and program-specific terms and conditions." In addition, 2 CFR 200.302(b)(2) states in part that the non-Federal entity's financial management systems must provide for "accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements."

Furthermore, 2 CFR 200.303(a) states in part that the "non-Federal must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award… (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards."

## III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Condition:

All amounts reflected on the 2020 GEAR UP Annual Performance Report (APR) were not accurately completed and supported by the accounting records and other appropriate documentation. Amounts reported by the School District within the following portions of Section 3: Fiscal Management did not agree or could not be supported by proper records and reports:

- The actual Federal expenditures for current budget period from the grant award notification (GAN) start date through March of APR submission year were overstated by a total of $340,659.35 based upon a review of the School District's general ledger.
- Actual matching contributions for the current budget period from the GAN start date through March of the APR submission year were understated by a total of $303,148.34 based upon a review of the School District's general ledger and in-kind contributions documentation.

### Cause:

In discussing this deficiency with management, they stated the deficiencies occurred because management was not familiar with the matching requirements for this program and failed to effectively implement Federal guidelines.

### Effect or Potential Effect:

The School District is not in compliance with the Uniform Guidance and Federal regulations specific to the GEAR UP grant. Failure to accurately report Federal award expenditures and activity through the APR process may result in the reduction of the Federal award amount, a refund of Federal funds to the Department of Education, or possible termination of the award; therefore, this deficiency may expose the School District to unnecessary financial strains and shortages within the GEAR UP grant fund.

### Recommendation:

The School District should revise and implement internal control procedures to ensure that amounts reported on the GEAR UP APR submitted to the U.S. Department of Education are supported by the accounting records or other comparable documentation. In addition, management should develop and implement a monitoring process to ensure that control procedures are being followed. Furthermore, the School District should contact the U.S. Department of Education to determine if an amended GEAR UP APR for year 2 of the grant should be completed and submitted.

### Views of Responsible Officials:

We concur with this finding.

# SECTION V

# MANAGEMENT'S CORRECTIVE ACTION

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**DOUGHERTY COUNTY SCHOOL SYSTEM**
P.O. BOX 3170 / 200 PINE AVENUE
ALBANY, GEORGIA 31706-3170
TELEPHONE (229) 431-1285 FAX (229) 431-1276
kenneth.dyer@docoschools.org

**KENNETH DYER**
SUPERINTENDENT

DOUGHERTY COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2020

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

No matters were reported.

CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

| | |
|---|---|
| **FA 2020-001** | **Improve Controls over Matching Requirement** |
| **Compliance Requirement:** | **Matching Level of Effort** |
| **Internal Control Impact:** | **Material Weakness** |
| **Compliance Impact:** | **Material Noncompliance** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Pass-Through Entity:** | **Direct** |
| **CFDA Number and Title:** | **84.334 Gaining Early Awareness and Readiness for Undergraduate Programs** |
| **Federal Award Number:** | **P334A180146** |
| **Questioned Costs:** | **$295,525.39** |

The policies and procedures of the School District did not provide adequate internal controls over the matching requirement associated with the Gaining Early Awareness and Readiness for Undergraduates Programs (GEAR UP) grant.

**Corrective Action Plans:**
The School District will schedule training on the matching requirements for the Gaining Early Awareness and Readiness for Undergraduates Programs (GEAR UP) grant to ensure compliance with the terms outlined in the award.

Estimated Completion Date: June 30, 2021

Contact Person: Susan Hatcher
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E-mail: shatcher@docoschools.org

Kenneth Dyer
**Superintendent**

**DOUGHERTY COUNTY SCHOOL SYSTEM**
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AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION
YEAR ENDED JUNE 30, 2020

CORRECTIVE ACTION PLANS – FEDERAL AWARD FINDINGS

| | |
|---|---|
| **FA 2020-002** | **Strengthen Controls over Annual Performance Reporting** |
| **Compliance Requirement:** | **Reporting** |
| **Internal Control Impact:** | **Material Weakness** |
| **Compliance Impact:** | **Material Noncompliance** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Pass-Through Entity:** | **Direct** |
| **CFDA Number and Title:** | **84.334 Gaining Early Awareness and Readiness for Undergraduate Programs** |
| **Federal Award Number:** | **P334A180146** |
| **Questioned Costs:** | **None Identified** |

The School District did not file an accurate Annual Performance Report for the Gaining Early Awareness and Readiness for Undergraduates Programs (GEAR UP) grant.

**Corrective Action Plans:**
The School District will review and schedule training on the reporting guidelines for the Annual Performance Report for the Gaining Early Awareness and Readiness for Undergraduates Program grant to ensure expenditures and matching requirements are aligned with the reporting period.

Estimated Completion Date: June 30, 2021

Contact Person: Susan Hatcher
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E-mail: shatcher@docoschools.org

Superintendent