

EFFINGHAM COUNTY BOARD OF EDUCATION
SPRINGFIELD, GEORGIA

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

EFFINGHAM COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

		Page
	SECTION I	
	FINANCIAL	
	INDEPENDENT AUDITOR'S REPORT	
	REQUIRED SUPPLEMENTARY INFORMATION	
	MANAGEMENT'S DISCUSSION AND ANALYSIS	i
	EXHIBITS	
	BASIC FINANCIAL STATEMENTS	
	GOVERNMENT-WIDE FINANCIAL STATEMENTS	
A	STATEMENT OF NET POSITION	1
B	STATEMENT OF ACTIVITIES	2
	FUND FINANCIAL STATEMENTS	
C	BALANCE SHEET GOVERNMENTAL FUNDS	3
D	RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	4
E	STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	5
F	RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	6
G	NOTES TO THE BASIC FINANCIAL STATEMENTS	7
	SCHEDULES	
	REQUIRED SUPPLEMENTARY INFORMATION	
1	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA	33
2	SCHEDULE OF CONTRIBUTIONS – TEACHERS RETIREMENT SYSTEM OF GEORGIA	34
3	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	35
4	SCHEDULE OF CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA	36
5	SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA	37
6	SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY SCHOOL OPEB FUND	38
7	SCHEDULE OF CONTRIBUTIONS – SCHOOL OPEB FUND	39
8	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	40
9	SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND	41

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EFFINGHAM COUNTY BOARD OF EDUCATION

- TABLE OF CONTENTS -

Page

SECTION I

FINANCIAL

SCHEDULES

SUPPLEMENTARY INFORMATION

10 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 42
11 SCHEDULE OF STATE REVENUE 43
12 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS 45

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORTS

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

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

SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SECTION IV

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION V

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR FINDINGS

SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Effingham County Board of Education (School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund 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 Effingham County Board of Education 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 to the Basic Financial Statements. Our opinions are not modified with respect to this matter.

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.

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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 May 18, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

May 18, 2021

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

INTRODUCTION

The discussion and analysis of the Effingham County Board of Education's (School District) financial performance provides an overview of the School District's financial activities for the fiscal years ended June 30, 2020 and June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal years 2020 and 2019 are as follows:

- On the government-wide financial statements, the fiscal year 2020 liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources by $39.4 million. The fiscal year 2019 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $43.0 million.

- The School District had $149.1 million and $133.2 million in expenses relating to governmental activities for the fiscal years ended June 30, 2020 and June 30, 2019, respectively. Only $88.9 million and $80.5 million of the above mentioned expenses for 2020 and 2019 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $63.2 million and $56.3 million, respectively, for 2020 and 2019, were adequate to provide for these programs.

- In fiscal year 2020, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This implementation caused a restatement of beginning net position for governmental activities and beginning fund balance for the general fund and fiduciary funds in the amount of $624 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the School District presenting both short-term and long-term information about the overall financial status.

The fund financial statements focus on the individual parts, reporting the School District's operation in more detail. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending.

The fund financial statements reflect the School District's most significant funds. For the years ending June 30, 2020 and 2019, the general fund, the capital projects fund, and the debt service fund represent the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows, liabilities and deferred inflows. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, are one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

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

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, the capital projects fund, and the debt service fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into, and out of those funds, and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis 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 in the financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2020 and 2019.

Table 1
Net Position

	Governmental Activities		
	Fiscal Year 2020	Fiscal Year 2019 (1)	Net Change
Assets			
Current and Other Assets	$ 41,824,791	$ 37,018,353	$ 4,806,438
Capital Assets, Net	130,730,716	129,067,247	1,663,469
Total Assets	172,555,507	166,085,600	6,469,907
Deferred Outflows of Resources			
Related to Defined Benefit Pension Plans	37,859,833	27,120,922	10,738,911
Related to OPEB Plan	6,633,848	3,729,046	2,904,802
Total Deferred Outflows of Resources	44,493,681	30,849,968	13,643,713
Liabilities			
Current and Other Liabilities	21,203,067	21,992,663	(789,596)
Long-Term Liabilities	11,713,936	14,964,893	(3,250,957)
Net Pension Liability	124,012,720	106,174,822	17,837,898
Net OPEB Liability	77,041,461	78,379,406	(1,337,945)
Total Liabilities	233,971,184	221,511,784	12,459,400
Deferred Inflows of Resources			
Related to Defined Benefit Pension Plans	2,991,499	3,120,435	(128,936)
Related to OPEB Plan	19,465,910	15,334,354	4,131,556
Total Deferred Inflows of Resources	22,457,409	18,454,789	4,002,620
Net Position			
Net Investment in Capital Assets	117,880,902	110,810,076	7,070,826
Restricted	8,005,903	10,054,178	(2,048,275)
Unrestricted (Deficit)	(165,266,210)	(163,895,259)	(1,370,951)
Total Net Position	$ (39,379,405)	$ (43,031,005)	$ 3,651,600

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

Total assets and deferred outflows of resources increased by $20.1 million. Total liabilities and deferred inflows of resources increased by $16.4 million. The combination of the increase in total assets and deferred outflows of resources and the increase in total liabilities and deferred inflows of resources yielded an increase in net position of $3.7 million.

Table 2 shows the changes in net position for fiscal years ending June 30, 2020 and June 30, 2019.

Table 2
Change in Net Position

	Governmental Activities		
	Fiscal Year 2020	Fiscal Year 2019 (1)	Net Change
Revenues			
Program Revenues:			
Charges for Services	$ 1,626,371	$ 2,404,307	$ (777,936)
Operating Grants and Contributions	84,357,352	77,808,395	6,548,957
Capital Grants and Contributions	2,882,110	308,880	2,573,230
Total Program Revenues	88,865,833	80,521,582	8,344,251
General Revenues:			
Taxes			
Property Taxes			
For Maintenance and Operations	36,727,927	33,534,942	3,192,985
For Debt Services	-	810	(810)
Railroad Cars	66,275	66,066	209
Sales Taxes			
Special Purpose Local Option Sales Tax			
For Capital Projects	10,109,465	9,100,813	1,008,652
Other Sales Tax	1,008,726	797,649	211,077
Grants and Contributions not			
Restricted to Specific Programs	13,464,486	10,316,366	3,148,120
Investment Earnings	312,411	353,165	(40,754)
Miscellaneous	1,524,118	2,162,213	(638,095)
Total General Revenues	63,213,408	56,332,024	6,881,384
Total Revenues	152,079,241	136,853,606	15,225,635
Program Expenses:			
Instruction	96,790,941	87,674,389	9,116,552
Support Services			
Pupil Services	8,438,960	5,102,212	3,336,748
Improvement of Instructional Services	6,674,309	5,473,192	1,201,117
Educational Media Services	2,456,425	2,200,923	255,502
General Administration	2,424,543	2,061,347	363,196
School Administration	8,930,844	7,853,669	1,077,175
Business Administration	1,917,123	1,631,908	285,215
Maintenance and Operation of Plant	8,407,399	7,870,108	537,291
Student Transportation Services	6,477,358	6,448,858	28,500
Operations of Non-Instructional Services			
Community Services	97,358	112,757	(15,399)
Food Services	6,251,555	6,448,716	(197,161)
Interest on Long-Term Debt	184,723	277,910	(93,187)
Total Expenses	149,051,538	133,155,989	15,895,549
Increase in Net Position	$ 3,027,703	$ 3,697,617	$ (669,914)

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

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased $8.3 million for governmental activities. This increase is largely due to QBE funding and capital grant increases.

General revenues increased by $6.9 million during fiscal year 2020. The increase is mostly due to an increase in equalization funding of $3.1 million and property tax increase of $3.2 million.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2020	Fiscal Year 2019 (1)	Fiscal Year 2020	Fiscal Year 2019 (1)
Instruction	$ 96,790,941	$ 87,674,389	$ 28,777,821	$ 26,648,674
Support Services:				
Pupil Services	8,438,960	5,102,212	7,913,051	4,495,241
Improvement of Instructional Services	6,674,309	5,473,192	5,789,071	4,279,310
Educational Media Services	2,456,425	2,200,923	604,716	547,960
General Administration	2,424,543	2,061,347	(298,626)	100,748
School Administration	8,930,844	7,853,669	5,689,629	4,869,375
Business Administration	1,917,123	1,631,908	1,825,950	1,615,210
Maintenance and Operation of Plant	8,407,399	7,870,108	4,068,493	4,156,393
Student Transportation Services	6,477,358	6,448,858	4,711,990	4,812,459
Operations of Non-Instructional Services:				
Community Services	97,358	112,757	97,358	112,757
Food Services	6,251,555	6,448,716	821,529	718,370
Interest on Long-Term Debt	184,723	277,910	184,723	277,910
Total Expenses	$ 149,051,538	$ 133,155,989	$ 60,185,705	$ 52,634,407

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

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2020, 41.5% of instruction and support activities were supplemented by taxes and other general revenues compared to 40.8% in 2019.

Expenses increased $15.9 million from the prior year, the net costs of providing services increased $7.6 million. This situation occurred largely because of increases in payroll costs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $154.7 million and total expenses and other financing uses of $150.5 million. There was an increase in the fund balance totaling $4.2 million for the governmental funds as a whole. This increase is primarily due to an increase in state funding and property tax revenues.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2020 and 2019, the School District amended its general fund budget as needed.

During fiscal year 2020 the general fund had final actual revenues totaling $139.1 million, which represented an increase from the final budgeted amount of $134.4 million by $4.7 million. This difference was primarily due to increased QBE funding and local tax collections.

Final actual expenditures during fiscal year 2020 totaling $134.6 million represented an increase from the final budgeted amount of $134.1 million by $420 thousand. The increase in actual expenditures versus final budget expenditures was primarily a result of unbudgeted school activity account expenditures.

CAPITAL ASSETS

At the fiscal years ended June 30, 2020 and June 30, 2019, the School District had $130.7 million and $129.1 million, respectively, invested in capital assets, net of accumulated depreciation. These assets are made up of a broad range of capital assets, including land; buildings; transportation, food service and maintenance equipment. Table 4 reflects a summary of these balances, by class, net of accumulated depreciation.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		
	Fiscal Year 2020	Fiscal Year 2019	Net Change
Land	$ 5,561,408	$ 5,561,408	$ -
Construction in Progress	7,600,540	28,312,109	(20,711,569)
Buildings and Improvements	110,453,336	89,965,437	20,487,899
Equipment	4,677,679	3,995,341	682,338
Land Improvements	2,437,753	1,232,952	1,204,801
Total	$ 130,730,716	$ 129,067,247	$ 1,663,469

The overall capital assets increased in fiscal year 2020 by $1.7 million due to an increase in buildings and improvements, equipment and land improvements.

Construction in progress decreased due to completion of projects and moving the cost into the buildings and improvements, equipment, and land improvements.

LONG-TERM LIABILITIES

At June 30, 2020, the School District had $11.7 million in total long-term liabilities with $3.3 million due within one year. Table 5 summarizes long-term liabilities at June 30, 2020 and 2019.

Table 5
Long-Term Liabilties

	Governmental Activities		
	Fiscal Year 2020	Fiscal Year 2019	Net Change
General Obligation Bonds	$ 9,315,000	$ 12,300,000	$ (2,985,000)
Unamortized Bond Premiums	398,936	664,893	(265,957)
Qualified Zone Academy Bonds	2,000,000	2,000,000	-
Total	$ 11,713,936	$ 14,964,893	$ (3,250,957)

CURRENT ISSUES

In fiscal year 2020, the cost of the employer portion of employee benefits increased by $1.7 million or 5.3%. This increase is primarily due to an increase in total salary cost in 2020 over 2019. The salary cost increased $5.8 million or 7.5% which is due to continued additions of numerous teaching positions to help combat increasing class sizes.

Approximately 87.7% of general fund expenses, the main operating fund for the School District, were related to salaries and employee benefits for the year ended June 30, 2020. This percentage has increased over 2019 primarily caused by the reductions in other operating expenses ratio to total expenses brought on by the COVID pandemic. The State of Georgia restricted in-person contact which included all travel and in-person classroom meetings. These changes resulted in continued contract salaries but reduced most other types of operating expenses. More than 27% of certified personnel in the School District have 21 years or more of experience resulting in salaries at the highest possible state pay level. With such personnel heavy expenses, it is difficult to offset mandated benefit expenses such as TRS and health insurance. The School District consistently evaluates how funds can be spent efficiently and more effectively to ensure that our students receive a quality education from effective personnel.

The School District's millage rate for fiscal year 2020 was 16.468. The net digest has continued to increase during fiscal years 2020 and 2019. The net digest for fiscal year 2020 was $2.1 billion, which produced approximately $2.1 million of property tax per mill. Property tax and sales tax are responsible for covering 32.1% of the School District's costs. It is anticipated that this pressure to provide local monies to meet mandated educational requirements and operational costs will continue.

General fund revenues were positively impacted in fiscal year 2020 by positive growth in QBE funding and in local tax collections. The School District remains vigilant at controlling costs; however, year over year spending increases were attributable to state mandated increases for teacher salaries, increased special education costs, and increases in employee benefit costs. Through continued rigorous expenditure management, the general fund revenues exceed expenditures in 2020 thereby adding to the financial strength of the School District.

Fiscal year 2020 saw the completion of the new Rincon Elementary School. Other projects completed during fiscal year 2020 include security vestibule and track resurfacing projects at South Effingham High School, HVAC and track resurfacing projects at Effingham County High School as well as numerous district-wide maintenance projects. All of these projects are being funded with a combination of state facilities grants, ESPLOST and local revenues.

The continued spread of coronavirus (COVID-19) has resulted in a severe impact to the United States economy. 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. The School District's Administration continues to monitor the financial impact of the COVID pandemic on operations but future estimates cannot be reasonably determined at this time.

The Effingham County Board of Education has opened the 2020-2021 school year with a blend of in-person classrooms and virtual classrooms. This model is expected to continue throughout the remainder of the 2020-2021 academic year.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ronald Wilson at the Effingham County Board of Education, 405 North Ash Street, Springfield, GA. 31329. You may also email your questions to rlwilson@effingham.k12.ga.us.

EFFINGHAM COUNTY BOARD OF EDUCATION

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 26,219,333.14
Receivables, Net	
Taxes	3,525,648.40
State Government	9,439,359.12
Federal Government	397,673.51
Other	188,554.37
Inventories	132,588.40
Restricted Investments held by Trustee	1,921,633.44
Capital Assets, Non-Depreciable	13,161,948.43
Capital Assets, Depreciable (Net of Accumulated Depreciation)	117,568,768.00
Total Assets	172,555,506.81
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	37,859,832.88
Related to OPEB Plan	6,633,848.00
Total Deferred Outflows of Resources	44,493,680.88
LIABILITIES	
Accounts Payable	3,958,755.51
Salaries and Benefits Payable	15,477,516.32
Interest Payable	143,144.97
Contracts Payable	1,448,628.23
Retainages Payable	175,022.50
Net Pension Liability	124,012,720.00
Net OPEB Liability	77,041,461.00
Long-Term Liabilities	
Due Within One Year	3,305,957.18
Due in More Than One Year	8,407,978.60
Total Liabilities	233,971,184.31
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	2,991,499.00
Related to OPEB Plan	19,465,910.00
Total Deferred Inflows of Resources	22,457,409.00
NET POSITION	
Net Investment in Capital Assets	117,880,902.30
Restricted for	
Continuation of Federal Programs	136,702.73
Debt Service	5,047,165.52
Capital Projects	2,822,034.27
Unrestricted (Deficit)	(165,266,210.44)
Total Net Position	$ (39,379,405.62)

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

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

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 96,790,940.90	$ -	$ 66,062,083.02	$ 1,951,036.88	$ (28,777,821.00)
Support Services					
Pupil Services	8,438,959.66	-	525,908.79	-	(7,913,050.87)
Improvement of Instructional Services	6,674,308.84	-	885,238.10	-	(5,789,070.74)
Educational Media Services	2,456,424.94	-	1,773,615.00	78,093.26	(604,716.68)
General Administration	2,424,543.52	-	2,723,169.83	-	298,626.31
School Administration	8,930,844.27	-	3,168,413.53	72,801.28	(5,689,629.46)
Business Administration	1,917,122.84	-	26,422.08	64,751.09	(1,825,949.67)
Maintenance and Operation of Plant	8,407,399.55	-	4,203,716.52	135,190.52	(4,068,492.51)
Student Transportation Services	6,477,357.55	-	1,379,266.97	386,100.00	(4,711,990.58)
Operations of Non-Instructional Services					
Community Services	97,357.54	-	-	-	(97,357.54)
Food Services	6,251,555.33	1,626,371.40	3,609,517.99	194,137.17	(821,528.77)
Interest on Long-Term Debt	184,723.38	-	-	-	(184,723.38)
Total Governmental Activities	$ 149,051,538.32	$ 1,626,371.40	$ 84,357,351.83	$ 2,882,110.20	(60,185,704.89)
General Revenues					
Taxes					
Property Taxes					
For Maintenance and Operations					36,727,927.19
Railroad Cars					66,274.81
Sales Taxes					
Special Purpose Local Option Sales Tax					
For Capital Projects					10,109,464.42
Other Sales Tax					1,008,726.14
Grants and Contributions not Restricted to Specific Programs					13,464,486.00
Investment Earnings					312,410.77
Miscellaneous					1,524,118.21
Total General Revenues					63,213,407.54
Change in Net Position					3,027,702.65
Net Position - Beginning of Year, Restated					(42,407,108.27)
Net Position - End of Year					$ (39,379,405.62)

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

EFFINGHAM 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	$ 21,415,970.56	$ 1,534,685.53	$ 3,268,677.05	$ 26,219,333.14
Receivables, Net				
Taxes	2,226,145.97	1,299,502.43	-	3,525,648.40
State Government	9,439,359.12	-	-	9,439,359.12
Federal Government	397,673.51	-	-	397,673.51
Other	159,229.02	29,325.35	-	188,554.37
Inventories	132,588.40	-	-	132,588.40
Restricted Investments held by Trustee	-	-	1,921,633.44	1,921,633.44
Total Assets	$ 33,770,966.58	$ 2,863,513.31	$ 5,190,310.49	$ 41,824,790.38
LIABILITIES				
Accounts Payable	$ 3,917,276.47	$ 41,479.04	$ -	$ 3,958,755.51
Salaries and Benefits Payable	15,477,516.32	-	-	15,477,516.32
Contracts Payable	-	1,448,628.23	-	1,448,628.23
Retainages Payable	-	175,022.50	-	175,022.50
Total Liabilities	19,394,792.79	1,665,129.77	-	21,059,922.56
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	933,445.73	-	-	933,445.73
Unavailable Revenue - Special Purpose Local Option Sales Tax	-	471,267.45	-	471,267.45
Total Deferred Inflows of Resources	933,445.73	471,267.45	-	1,404,713.18
FUND BALANCES				
Nonspendable	132,588.40	-	-	132,588.40
Restricted	4,114.33	727,116.09	5,190,310.49	5,921,540.91
Assigned	1,371,045.83	-	-	1,371,045.83
Unassigned	11,934,979.50	-	-	11,934,979.50
Total Fund Balances	13,442,728.06	727,116.09	5,190,310.49	19,360,154.64
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 33,770,966.58	$ 2,863,513.31	$ 5,190,310.49	$ 41,824,790.38

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

EFFINGHAM 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")		$ 19,360,154.64
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	$ 5,561,408.00	
Construction in progress	7,600,540.43	
Buildings and improvements	176,004,522.00	
Equipment	19,205,581.00	
Land improvements	14,054,048.00	
Accumulated depreciation	(91,695,383.00)	130,730,716.43
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (124,012,720.00)	
Net OPEB liability	(77,041,461.00)	(201,054,181.00)
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	$ 34,868,333.88	
Related to OPEB	(12,832,062.00)	22,036,271.88
Taxes that are not available to pay for current period expenditures are deferred in the funds.		1,404,713.18
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	$ (9,315,000.00)	
Qualified zone academy bonds payable	(2,000,000.00)	
Accrued interest payable	(143,144.97)	
Unamortized bond premiums	(398,935.78)	(11,857,080.75)
Net position of governmental activities (Exhibit "A")		$ (39,379,405.62)

EFFINGHAM 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	$ 36,543,015.95	$ -	$ -	$ 36,543,015.95
Sales Taxes	1,008,726.14	9,638,196.97	-	10,646,923.11
State Funds	90,387,399.18	2,391,487.20	-	92,778,886.38
Federal Funds	7,884,793.49	-	-	7,884,793.49
Charges for Services	1,626,371.40	-	-	1,626,371.40
Investment Earnings	153,906.65	34,045.11	124,459.01	312,410.77
Miscellaneous	1,524,118.21	-	-	1,524,118.21
Total Revenues	139,128,331.02	12,063,729.28	124,459.01	151,316,519.31
EXPENDITURES				
Current				
Instruction	85,065,626.66	916,600.04	-	85,982,226.70
Support Services				
Pupil Services	8,145,861.75	-	-	8,145,861.75
Improvement of Instructional Services	6,389,196.68	-	-	6,389,196.68
Educational Media Services	2,098,187.54	-	-	2,098,187.54
General Administration	2,652,350.96	-	-	2,652,350.96
School Administration	8,181,353.89	-	-	8,181,353.89
Business Administration	1,658,493.25	-	-	1,658,493.25
Maintenance and Operation of Plant	8,737,917.77	-	-	8,737,917.77
Student Transportation Services	5,966,191.60	554,080.00	-	6,520,271.60
Community Services	97,357.54	-	-	97,357.54
Food Services Operation	5,564,888.91	-	-	5,564,888.91
Capital Outlay	-	7,603,049.35	-	7,603,049.35
Debt Service				
Principal	-	-	2,985,000.00	2,985,000.00
Interest	-	-	480,125.00	480,125.00
Total Expenditures	134,557,426.55	9,073,729.39	3,465,125.00	147,096,280.94
Revenues over (under) Expenditures	4,570,904.47	2,989,999.89	(3,340,665.99)	4,220,238.37
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	3,380,706.77	3,380,706.77
Transfers Out	-	(3,380,706.77)	-	(3,380,706.77)
Total Other Financing Sources (Uses)	-	(3,380,706.77)	3,380,706.77	-
Net Change in Fund Balances	4,570,904.47	(390,706.88)	40,040.78	4,220,238.37
Fund Balances - Beginning, Restated	8,871,823.59	1,117,822.97	5,150,269.71	15,139,916.27
Fund Balances - Ending	$ 13,442,728.06	$ 727,116.09	$ 5,190,310.49	$ 19,360,154.64

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

EFFINGHAM 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")		$ 4,220,238.37
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	$ 7,225,550.43	
Depreciation expense	(5,562,081.00)	1,663,469.43
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		722,453.50
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.		
Amortization of bond premium	$ 265,957.19	
Bond principal retirements	2,985,000.00	3,250,957.19
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	$ (6,970,051.27)	
OPEB expense	111,191.00	(6,858,860.27)
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		29,444.43
Change in net position of governmental activities (Exhibit "B")		$ 3,027,702.65

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

The Effingham 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.

BLENDED COMPONENT UNIT

The Effingham College and Career Academy (Charter School) is responsible for the public education of all students attending its schools and is an authorized start-up charter school pursuant to the Official Code of Georgia (O.C.G.A) §20-2-2060 et seq., the Charter School Act of 1998. The Charter School was created through an agreement between School District, the Charter School and the State Board of Education whereby certain State funding associated with the students attending the Charter School and certain specified local funds are turned over to the Charter School to cover the cost of its operations. The Charter School's mission is to create high-tech career focus to better serve students' needs for those entering directly into the workforce from high school and those planning further postsecondary options. The Charter School's policy-making governing board is subject to the control and management of the Effingham County Board of Education. The financial statements of the Charter School have been reported within the School District's general fund.

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. 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 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. Eliminations have been made to minimize the double counting of internal activities. 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.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported on the financial statements. The government-wide 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, 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 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 resources 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 the 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.

In fiscal year 2020, the School District early adopted Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests*. It defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The adoption of this statement did not have an impact on the School District’s financial statements.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

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

RECEIVABLES

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

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.

RESTRICTED ASSETS

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds.

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
Land Improvements	$ 100,000.00	15 years
Buildings and Improvements	$ 100,000.00	20 to 40 years
Equipment	$ 10,000.00	5 to 10 years
Intangible Assets	$ 500,000.00	10 to 20 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.

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 Effingham County Board of Commissioners adopted the property tax levy for the 2019 tax digest year (calendar year) on August 20, 2019 (levy date) based on property values as of January 1, 2019. Taxes were due on November 30, 2019 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2019 tax digest are reported as revenue in the governmental funds for fiscal year 2020. The Effingham County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2020, for maintenance and operations amounted to $32,396,740.98.

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	16.468 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $4,080,000.16 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 $9,638,196.97 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, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

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

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

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

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

(1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

(2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,

(3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

(4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

(5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

(6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2020, the School District had deposits with a carrying amount of $24,684,617.61, and a bank balance of $24,797,217.70. The bank balances insured by Federal depository insurance were $250,000.00.

At June 30, 2020, $24,547,217.70 of the School District’s bank balances 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 warrant. The program lists the types of eligible criteria. 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	$ 26,219,333.14
Less:	
Cash on Hand	30.00
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	1,534,685.53
Total carrying value of deposits - June 30, 2020	$ 24,684,617.61

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $1,534,685.53 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 publicly available at http://sao.georgia.gov/comprehensive-annual-financial-reports.

CATEGORIZATION OF INVESTMENTS

At June 30, 2020, the School District had the following investments:

Investment Type	Fair Value	Investment Maturity Less Than 1 Year
Debt Securities		
U. S. Agencies		
Implicitly Guaranteed	$ 1,921,633.44	$ 1,921,633.44

Fair Value of Investments

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

At June 30, the School District had the following investments by fair value level:

U.S. Agencies of $1,921,633.44 are valued using a matrix pricing model. (Level 2 inputs)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk.

At June 30, 2020, $1,921,633.44 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A. §36-83-4. The School District does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

The investments subject to credit quality risk are reflected below:

Rated Debt Investments	Fair Value	Quality Ratings AA+
Debt Securities		
U. S. Agencies		
Implicitly Guaranteed	$ 1,921,633.44	$ 1,921,633.44

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in U.S. Agencies. This investment is 100% of the School District's total investments.

NOTE 5: RESTRICTED ASSETS

The restricted assets represent the investment balance, totaling $1,921,633.44 for the QZAB Bond Sinking Fund.

NOTE 6: CAPITAL ASSETS

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

	Balances July 1, 2019	Increases	Decreases	Balances June 30, 2020
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 5,561,408.00	$ -	$ -	$ 5,561,408.00
Construction in Progress	28,312,109.00	6,152,285.43	26,863,854.00	7,600,540.43
Total Capital Assets Not Being Depreciated	33,873,517.00	6,152,285.43	26,863,854.00	13,161,948.43
Capital Assets Being Depreciated				
Buildings and Improvements	151,085,378.00	24,919,144.00	-	176,004,522.00
Equipment	18,363,284.00	1,581,713.00	739,416.00	19,205,581.00
Land Improvements	12,617,786.00	1,436,262.00	-	14,054,048.00
Less Accumulated Depreciation for:				
Buildings and Improvements	61,119,941.00	4,431,245.00	-	65,551,186.00
Equipment	14,367,943.00	899,375.00	739,416.00	14,527,902.00
Land Improvements	11,384,834.00	231,461.00	-	11,616,295.00
Total Capital Assets, Being Depreciated, Net	95,193,730.00	22,375,038.00	-	117,568,768.00
Governmental Activities Capital Assets - Net	$ 129,067,247.00	$ 28,527,323.43	$ 26,863,854.00	$ 130,730,716.43

Current year depreciation expense by function is as follows:

Instruction		$ 3,899,344.00
Support Services		
Educational Media Services	$ 181,628.00	
School Administration	169,320.00	
Business Administration	150,597.00	
Maintenance and Operation of Plant	71,326.00	
Student Transportation Services	638,345.00	1,211,216.00
Food Services		451,521.00
		$ 5,562,081.00

NOTE 7: INTERFUND TRANSFERS

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

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	$ 3,380,706.77

The capital projects fund transferred Education Special Purpose Local Option Sales Tax (ESPLOST) proceeds to the debt service fund for the payment of bond indebtedness.

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	$ 12,300,000.00	$ -	$ 2,985,000.00	$ 9,315,000.00	$ 3,040,000.00
Unamortized Bond Premiums	664,892.97	-	265,957.19	398,935.78	265,957.18
Qualified Zone Academy Bonds	2,000,000.00	-	-	2,000,000.00	-
	$ 14,964,892.97	$ -	$ 3,250,957.19	$ 11,713,935.78	$ 3,305,957.18

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2020. In the event the entity is unable to make the principal and interest payments, for the general obligation bonds and QZAB bonds, using proceeds from 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 the payment of debt.

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 property taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

Voters have authorized $100,000,000.00 in general obligation debt, which was not issued as of June 30, 2020.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	3.00% - 5.00%	1/12/2017	9/1/2022	$ 15,000,000.00	$ 9,315,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2021	$ 3,040,000.00	$ 374,550.00	$ 265,957.18
2022	3,100,000.00	236,250.00	132,978.60
2023	3,175,000.00	79,375.00	-
Total Principal and Interest	$ 9,315,000.00	$ 690,175.00	$ 398,935.78

QUALIFIED ZONE ACADEMY BONDS (QZAB)

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the establishment of special academic programs, in partnership with the business community. The School District, in agreement with Georgia School Board Association, has entered into such an arrangement.

This agreement establishes a method of repayment for qualified interest-free debt instrument. The agreement requires the School District to deposit funds annually into a sinking fund account on or before December 31. The amount on deposit at June 30, 2020 was $1,921,633.44.

Debt currently outstanding under Qualified Zone Academy Bonds is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - QZAB Series 2006B	0.00%	11/28/2006	12/1/2021	$ 2,000,000.00	$ 2,000,000.00

The following schedule reports the annual Qualified Zone Academy Bond payments:

Fiscal Year Ended June 30:	Principal
2022	$ 2,000,000.00

NOTE 9: RISK MANAGEMENT

INSURANCE

Commercial Insurance

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

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	$ -	$ 8,386.00	$ 8,386.00	$ -
2020	$ -	$ 5,110.00	$ 5,110.00	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 100,000.00

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		$ 132,588.40
Restricted		
Continuation of Federal Programs	$ 4,114.33	
Capital Projects	727,116.09	
Debt Service	5,190,310.49	5,921,540.91
Assigned		
School Activity Accounts		1,371,045.83
Unassigned		11,934,979.50
Fund Balance, June 30, 2020		$ 19,360,154.64

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.

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)
South Effingham Elementary Classroom Additions	$ 1,982,924.67	$ 1,926,653.92

(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 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 $207,819.84 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	$ 207,819.84
2022	155,864.88
Total	$ 363,684.72

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 $2,182,876.00 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 $77,041,461.00 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 0.627775%, which was an increase of 0.011085% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of $2,071,685.00. 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	$ -	$ 8,381,309.00
Changes of assumptions	2,675,499.00	10,860,413.00
Net difference between projected and actual earnings on OPEB plan investments	167,772.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,607,701.00	224,188.00
School District contributions subsequent to the measurement date	2,182,876.00	-
Total	$ 6,633,848.00	$ 19,465,910.00

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	$ (3,441,018.00)
2022	$ (3,441,018.00)
2023	$ (3,447,467.00)
2024	$ (2,961,456.00)
2025	$ (1,478,658.00)
2026	$ (245,321.00)

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 the Net OPEB Liability	$ 89,547,606.00	$ 77,041,461.00	$ 66,868,274.00

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 the Net OPEB Liability	$ 64,899,268.00	$ 77,041,461.00	$ 92,462,967.00

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §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 $16,007,330.00 and $49,444.84 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 $36,884.88 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 $208,733.00.

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 $124,012,720.00 for its proportionate share of the net pension liability for TRS ($123,783,326.00) and ERS ($229,394.00).

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	$ 123,783,326.00
State of Georgia's proportionate share of the net pension liability associated with the School District	393,930.00
Total	$ 124,177,256.00

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 0.575664%, which was an increase of 0.004870% from its proportion measured as of June 30, 2018. At June 30, 2019, the School District's ERS proportion was 0.005559%, which was an increase of 0.000129% 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 $1,102,331.00.

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 $22,924,352.00 for TRS, $47,140.00 for ERS and $339,945.00 for PSERS and revenue of $41,499.00 for TRS and $339,945.00 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	$ 6,977,059.00	$ 36,699.00	$ 7,640.00	$ -
Changes of assumptions	11,878,625.00	-	4,038.00	-
Net difference between projected and actual earnings on pension plan investments	-	2,947,659.00	-	7,141.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,944,607.00	-	3,649.00	-
School District contributions subsequent to the measurement date	16,007,330.00	-	36,884.88	-
Total	$ 37,807,621.00	$ 2,984,358.00	$ 52,211.88	$ 7,141.00

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

Year Ended June 30:	TRS	ERS
2021	$ 7,831,549.00	$ 13,302.00
2022	$ 2,079,783.00	$ (4,656.00)
2023	$ 4,614,361.00	$ (1,407.00)
2024	$ 4,290,240.00	$ 947.00

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 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	$ 200,936,567.00	$ 123,783,326.00	$ 60,335,948.00

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	$ 325,990.00	$ 229,394.00	$ 147,047.00

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

In March of 1999, 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, employer matching contributions shall be made by the Board at a rate equal to 50% of the elective deferrals of each eligible employee. An employee's elective deferrals in excess of 6% of compensation shall not be considered for purposes of the employer matching contribution. The employer has the discretion to vary the rate of employer matching contributions from plan year to plan year.

The employee becomes vested in the plan with 5 years of experience. Employees who had already achieved 5 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 5 years of service to Effingham 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	100%	$ 44,335.27
2019	100%	$ 45,586.92
2018	100%	$ 48,311.51

NOTE 15: RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

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	$	(43,031,004.67)
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		623,896.40
Net Position, July 1, 2019, as restated	$	(42,407,108.27)
Fund Balance (General Fund), July 1, 2019, as previously reported	$	8,247,927.19
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		623,896.40
Fund Balance (General Fund), July 1, 2019, as restated	$	8,871,823.59
Net Position (Fiduciary Funds), July 1, 2019 as previously reported	$	623,896.40
Prior Period Adjustment - Implementation of GASB No. 84: Restatement for Custodial Funds Beginning Net Position		(623,896.40)
Net Position (Fiduciary Funds), July 1, 2019, as restated	$	-

NOTE 16: TAX ABATEMENTS

The Industrial Development Authority of Effingham 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 Effingham County.

For the fiscal year ended June 30, 2020, Effingham County abated property taxes due to the School District that were levied on August 20, 2019, and due on November 30, 2019, totaling $2,978,085.46.

Included in the $2,978,085.46 abated, the following are tax abatement agreement amounts with individual companies that each exceeded 10.00 percent of the total amount abated:

- Property tax abatements were granted to Georgia Pacific totaling $1,029,934.57.
- Property tax abatements were granted to Georgia Power totaling $1,349,503.69.

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EFFINGHAM 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	0.575664%	$ 123,783,326.00	$ 393,930.00	$ 124,177,256.00	$ 70,484,348.73	175.62%	78.56%
2019	0.570794%	$ 105,951,593.00	$ 347,298.00	$ 106,298,891.00	$ 68,250,711.27	155.24%	80.27%
2018	0.556539%	$ 103,434,487.00	$ 641,751.00	$ 104,076,238.00	$ 64,326,077.02	160.80%	79.33%
2017	0.548649%	$ 113,192,406.00	$ 1,153,692.00	$ 114,346,098.00	$ 60,821,410.91	186.11%	76.06%
2016	0.545024%	$ 82,974,492.00	$ 833,514.00	$ 83,808,006.00	$ 57,548,651.25	144.18%	81.44%
2015	0.541011%	$ 68,349,604.00	$ 659,099.00	$ 69,008,703.00	$ 55,726,278.59	122.65%	84.03%

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

EFFINGHAM 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	$ 16,007,330.00	$ 16,007,330.00	$ -	$ 75,955,636.16	21.07%
2019	$ 14,684,490.39	$ 14,684,490.39	$ -	$ 70,484,348.73	20.83%
2018	$ 11,435,483.22	$ 11,435,483.22	$ -	$ 68,250,711.27	16.76%
2017	$ 9,116,248.20	$ 9,116,248.20	$ -	$ 64,326,077.02	14.17%
2016	$ 8,591,692.20	$ 8,591,692.20	$ -	$ 60,821,410.91	14.13%
2015 (1)	$ 7,567,647.64	$ 7,567,647.64	$ -	$ 57,548,651.25	13.15%
2014 (1)	$ 6,843,187.00	$ 6,843,187.00	$ -	$ 55,726,278.59	12.28%
2013 (1)	$ 6,389,794.64	$ 6,389,794.64	$ -	$ 56,001,705.87	11.41%
2012 (1)	$ 5,789,709.87	$ 5,789,709.87	$ -	$ 56,320,134.92	10.28%
2011 (1)	$ 5,764,322.33	$ 5,764,322.33	$ -	$ 56,073,174.42	10.28%

(1) The School District has included on behalf payments within the contributions for years 2015 and prior.

EFFINGHAM 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 its covered payroll	Plan fiduciary net position as a percentage of total pension liability
2020	0.005559%	$ 229,394.00	$ 140,124.11	163.71%	76.74%
2019	0.005430%	$ 223,229.00	$ 138,488.84	161.19%	76.68%
2018	0.005369%	$ 218,053.00	$ 131,703.18	165.56%	76.33%
2017	0.005306%	$ 250,996.00	$ 126,910.08	197.77%	72.34%
2016	0.005178%	$ 209,781.00	$ 118,381.28	177.21%	76.20%
2015	0.004945%	$ 185,468.00	$ 111,346.64	166.57%	77.99%

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

EFFINGHAM 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	$ 36,884.88	$ 36,884.88	$ -	$ 149,573.84	24.66%
2019	$ 34,722.76	$ 34,722.76	$ -	$ 140,124.11	24.78%
2018	$ 34,359.06	$ 34,359.06	$ -	$ 138,488.84	24.81%
2017	$ 32,675.53	$ 32,675.53	$ -	$ 131,703.18	24.81%
2016	$ 31,372.15	$ 31,372.15	$ -	$ 126,910.08	24.72%
2015	$ 25,996.53	$ 25,996.53	$ -	$ 118,381.28	21.96%
2014	$ 20,554.56	$ 20,554.56	$ -	$ 111,346.64	18.46%
2013	$ 14,729.60	$ 14,729.60	$ -	$ 98,856.38	14.90%
2012	$ 9,779.97	$ 9,779.97	$ -	$ 84,092.61	11.63%
2011	$ 12,752.66	$ 12,752.66	$ -	$ 122,503.94	10.41%

EFFINGHAM 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 it's covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.00%	$ -	$ 1,102,331.00	$ 1,102,331.00	$ 3,423,667.58	N/A	85.02%
2019	0.00%	$ -	$ 1,085,070.00	$ 1,085,070.00	$ 3,509,609.92	N/A	85.26%
2018	0.00%	$ -	$ 1,033,324.00	$ 1,033,324.00	$ 3,433,985.06	N/A	85.69%
2017	0.00%	$ -	$ 1,394,981.00	$ 1,394,981.00	$ 3,273,873.06	N/A	81.00%
2016	0.00%	$ -	$ 866,916.00	$ 866,916.00	$ 3,095,062.67	N/A	87.00%
2015	0.00%	$ -	$ 802,748.00	$ 802,748.00	$ 3,174,796.17	N/A	88.29%

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

EFFINGHAM 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	0.627775%	$ 77,041,461.00	$ -	$ 77,041,461.00	$ 51,846,114.91	148.60%	4.63%
2019	0.616690%	$ 78,379,406.00	$ -	$ 78,379,406.00	$ 47,871,572.12	163.73%	2.93%
2018	0.618828%	$ 86,945,085.00	$ -	$ 86,945,085.00	$ 45,203,503.67	192.34%	1.61%

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

EFFINGHAM 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	$ 2,182,876.00	$ 2,182,876.00	$ -	$ 53,029,924.49	4.12%
2019	$ 3,381,007.00	$ 3,381,007.00	$ -	$ 51,846,114.91	6.52%
2018	$ 3,196,242.00	$ 3,196,242.00	$ -	$ 47,871,572.12	6.68%
2017	$ 3,226,616.00	$ 3,226,616.00	$ -	$ 45,203,503.67	7.14%

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.

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

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 35,088,244.00	$ 35,088,244.00	$ 36,543,015.95	$ 1,454,771.95
Sales Taxes	-	-	1,008,726.14	1,008,726.14
State Funds	88,913,201.00	88,913,201.00	90,387,399.18	1,474,198.18
Federal Funds	7,130,830.00	7,788,640.00	7,884,793.49	96,153.49
Charges for Services	1,999,700.00	1,999,700.00	1,626,371.40	(373,328.60)
Investment Earnings	-	-	153,906.65	153,906.65
Miscellaneous	652,900.00	652,900.00	1,524,118.21	871,218.21
Total Revenues	133,784,875.00	134,442,685.00	139,128,331.02	4,685,646.02
EXPENDITURES				
Current				
Instruction	87,490,528.67	87,402,849.27	85,065,626.66	2,337,222.61
Support Services				
Pupil Services	5,674,640.00	5,512,723.75	8,145,861.75	(2,633,138.00)
Improvement of Instructional Services	5,591,076.91	5,542,943.13	6,389,196.68	(846,253.55)
Educational Media Services	2,121,076.50	2,121,086.50	2,098,187.54	22,898.96
General Administration	1,973,007.00	1,985,949.43	2,652,350.96	(666,401.53)
School Administration	8,209,144.00	8,209,558.97	8,181,353.89	28,205.08
Business Administration	1,565,239.00	1,565,239.00	1,658,493.25	(93,254.25)
Maintenance and Operation of Plant	8,704,290.59	8,705,188.05	8,737,917.77	(32,729.72)
Student Transportation Services	5,784,799.00	5,787,799.00	5,966,191.60	(178,392.60)
Community Services	-	-	97,357.54	(97,357.54)
Food Services Operation	6,040,008.00	6,040,008.00	5,564,888.91	475,119.09
Capital Outlay	1,255,600.00	1,255,600.00	-	1,255,600.00
Debt Service				
Principal	7,596.57	7,596.57	-	7,596.57
Interest	683.79	683.79	-	683.79
Total Expenditures	134,417,690.03	134,137,225.46	134,557,426.55	(420,201.09)
Excess of Revenues over (under) Expenditures	(632,815.03)	305,459.54	4,570,904.47	4,265,444.93
OTHER FINANCING SOURCES (USES)				
Operating Transfers from Other Funds	1,100,000.00	1,100,000.00	-	(1,100,000.00)
Operating Transfers to Other Funds	(1,100,000.00)	(1,100,000.00)	-	1,100,000.00
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(632,815.03)	305,459.54	4,570,904.47	4,265,444.93
Fund Balances - Beginning (Restated)	8,220,087.43	8,056,363.87	8,871,823.59	815,459.72
Fund Balances - Ending	$ 7,587,272.40	$ 8,361,823.41	$ 13,442,728.06	$ 5,080,904.65

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 $457,246.80 and $366,138.27, 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 PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD	PASSED-THROUGH TO SUBRECIPIENTS
Agriculture, U. S. Department of				
Child Nutrition Cluster				
Pass-Through From Georgia Department of Education				
Food Services				
School Breakfast Program	10.553	205GA324N1099	$ 770,107.38	$ -
National School Lunch Program	10.555	205GA324N1099	4,599,831.73	-
Total U. S. Department of Agriculture			5,369,939.11	-
Education, U. S. Department of				
Special Education Cluster				
Pass-Through From Georgia Department of Education				
Special Education				
Grants to States	84.027	H027A190073	2,187,096.00	-
Preschool Grants	84.173	H173A190081	70,510.00	-
Total Special Education Cluster			2,257,606.00	-
Other Programs				
Pass-Through From Georgia Department of Education				
Career and Technical Education - Basic Grants to States	84.048	V048A190010	92,212.78	-
Education for Homeless Children and Youth	84.196	S196A180011	4,436.00	-
Education for Homeless Children and Youth	84.196	S196A190011	10,344.10	16,409.19
English Language Acquisition State Grants	84.365	S365A180010	4,763.00	-
English Language Acquisition State Grants	84.365	S365A190010	13,593.86	-
Supporting Effective Instruction State Grants	84.367	S367A180001	32,681.00	-
Supporting Effective Instruction State Grants	84.367	S367A190001	231,416.43	-
Title I Grants to Local Educational Agencies	84.010	S010A180010	98,793.00	-
Title I Grants to Local Educational Agencies	84.010	S010A190010	1,566,275.00	-
Total Other Programs			2,054,515.17	16,409.19
Total U. S. Department of Education			4,312,121.17	16,409.19
Defense, U. S. Department of				
Direct				
Department of the Air Force				
R.O.T.C. Program			70,942.27	-
Department of the Navy				
R.O.T.C. Program			78,893.04	-
Total U. S. Department of Defense			149,835.31	-
Total Expenditures of Federal Awards			$ 9,831,895.59	$ 16,409.19

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 Effingham 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.

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	$ 2,642,330.71	$ -	$ 2,642,330.71
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	4,958,102.00	-	4,958,102.00
Kindergarten Program - Early Intervention Program	362,157.00	-	362,157.00
Primary Grades (1-3) Program	10,425,859.00	-	10,425,859.00
Primary Grades - Early Intervention (1-3) Program	906,503.00	-	906,503.00
Upper Elementary Grades (4-5) Program	4,849,603.00	-	4,849,603.00
Upper Elementary Grades - Early Intervention (4-5) Program	545,146.00	-	545,146.00
Middle School (6-8) Program	9,326,062.00	-	9,326,062.00
High School General Education (9-12) Program	6,872,927.00	-	6,872,927.00
Vocational Laboratory (9-12) Program	2,406,003.00	-	2,406,003.00
Students with Disabilities	14,013,587.00	-	14,013,587.00
Gifted Student - Category VI	4,504,655.00	-	4,504,655.00
Remedial Education Program	966,360.00	-	966,360.00
Alternative Education Program	604,588.00	-	604,588.00
English Speakers of Other Languages (ESOL)	267,941.00	-	267,941.00
Media Center Program	1,580,721.00	-	1,580,721.00
20 Days Additional Instruction	465,844.00	-	465,844.00
Staff and Professional Development	280,847.00	-	280,847.00
Indirect Cost			
Central Administration	2,421,586.00	-	2,421,586.00
School Administration	2,798,081.00	-	2,798,081.00
Facility Maintenance and Operations	3,301,759.00	-	3,301,759.00
Amended Formula Adjustment	(1,124,799.00)	-	(1,124,799.00)
Categorical Grants			
Pupil Transportation			
Regular	1,234,617.00	-	1,234,617.00
Nursing Services	259,580.00	-	259,580.00
Education Equalization Funding Grant	13,464,486.00	-	13,464,486.00
Other State Programs			
Facility Safety Bond Grant	104,523.00	-	104,523.00
Food Services	133,218.00	-	133,218.00
Hygiene Products	3,060.00	-	3,060.00
Math and Science Supplements	107,349.14	-	107,349.14
Preschool Disability Services	426,588.00	-	426,588.00
Pupil Transportation - State Bonds	386,100.00	-	386,100.00
School Security Grant	388,323.00	-	388,323.00
Teachers Retirement	49,444.84	-	49,444.84
Vocational Education	245,514.49	-	245,514.49
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	2,391,487.20	2,391,487.20
Office of the State Treasurer			
Public School Employees Retirement	208,733.00	-	208,733.00
	$ 90,387,399.18	$ 2,391,487.20	$ 92,778,886.38

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

SCHEDULE "12"

PROJECT	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							
1. The construction and equipping a new Rincon Elementary School, a new Agricultural Center and additions to Effingham College and Career Academy to create a STEM Academy, acquiring land for School District operations including future school sites and adding on to existing facilities.	$ 31,500,000.00	$ 31,500,000.00	$ 1,899,842.93	$ 24,083,225.97	$ -	$ -	June 30, 2022
2. Remodeling, renovating, improving, and equipping existing, educational buildings, properties, and facilities of the School District and acquiring any necessary real or personal property therefore, including equipment and athletic and physical education equipment, athletic tracks and fields including field houses, bleachers, restrooms and concessions, fine arts equipment, media equipment, food service equipment, security and safety equipment including safety vestibules, and HVAC improvements and replacement in school buildings, facilities.	15,000,000.00	15,000,000.00	4,836,218.34	3,430,333.92	-	-	June 30, 2022
3. Bus, Maintenance vehicles, grounds care/ landscaping equipment for the School District.	4,500,000.00	4,500,000.00	554,080.00	780,918.66	-	-	June 30, 2022
4. Computers and related technology purchases and acquiring textbooks (including e-books), band, vocational, instructional equipment.	9,000,000.00	9,000,000.00	1,783,588.12	4,040,584.66	-	-	June 30, 2022
	$ 60,000,000.00	$ 60,000,000.00	$ 9,073,729.39	$ 32,335,063.21	$ -	$ -	

(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 costs from project inception to completion.

(3) The voters of Effingham 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, the School District has incurred interest to provide advance funding for SPLOST V projects as follows:

Prior Years	$ 1,253,769.72
Current Year	480,125.00
Total	$ 1,733,894.72

See notes to the basic financial statements.

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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
Effingham 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 and each major fund of the Effingham 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 May 18, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as item FS 2020-001, that we consider to be a significant deficiency.

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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*.

School District Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

May 18, 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 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
Effingham County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Effingham 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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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

March 18, 2021

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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EFFINGHAM 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 FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

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SECTION IV

FINDINGS AND QUESTIONED COSTS

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EFFINGHAM 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 — Unmodified

Internal control over financial reporting:
- Material weakness identified? — No
- Significant deficiency identified? — Yes

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness identified? — No
- Significant deficiency identified? — None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? — No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000.00

Auditee qualified as low-risk auditee? — No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2020-001	Internal Controls over Financial Reporting
Control Category:	Financial Reporting
Internal Control Impact:	Significant Deficiency
Compliance Impact:	None

Description:
The School District did not have adequate internal controls in place over the financial statement reporting process. The original financial statements as presented for audit, contained significant errors.

Criteria:
Management is responsible for having adequate controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The School District's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements – And Management's Discussion and Analysis* – for State and Local Governments (Statement), requires governments to present government-wide and fund financial statements. As well as, a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the statement requires information about the government's major and nonmajor funds in the aggregate to be provided in the fund financial statements.

Chapter II – 2, Annual Financial Reporting of the Financial Management for Georgia Local Units of Administration provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:
The following errors and omissions were noted in the School District's financial statements, note disclosures and required supplementary information presented for audit:

- The School District recorded accounts, contracts and retainages payables in the incorrect period, causing an overstatement of liabilities and the related capital assets by $2,077,391.57 on the government-wide financial statements. Liabilities and expenditures were overstated by $2,077,391.57 in the capital projects fund. These misstatements were due to the South Effingham Middle School, High School HVAC and South Effingham Elementary Addition projects construction in progress being overstated in the current period. Adjustments were proposed by the auditor and accepted by the School District to correct these errors.
- The capital assets note disclosure was incorrect. Increases to construction in progress were overstated by $5,829,257.57, decreases to construction in progress were overstated by $3,751,866.00 and balances at June 30, 2020 for construction in progress were overstated by $2,077,391.57. These misstatements were due to various projects being incorrectly tracked on the construction in progress summary analysis. Adjustments to correct the capital assets note were proposed by the auditor and accepted by the School District.

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

- The significant commitments note disclosure was incorrect. Unearned executed contracts were understated by $1,714,813.67, payments through June 30, 2020 were overstated by $32,550,656.63 and funding available from State was overstated by $409,452.00. These misstatements were due to various projects being incorrectly reported on the construction analysis worksheet. Adjustments to correct the significant commitment note were proposed by the auditor and accepted by the School District.
- Due to calculation errors, net position on the government-wide statements was misclassified. Net investment in capital assets was overstated by $3,213,269.92, net position restricted for debt service was overstated by $107,270.31, unrestricted net position was understated by $1,019,497.93 and net position restricted for capital projects was understated by $2,301,042.30. Adjustments were proposed by the auditor and accepted by the School District to properly classify net position.
- The property tax note disclosure was incorrect. The amount reported as property tax revenue for maintenance and operation was understated by $2,168,882.48. An adjustment to correct the property tax note was proposed by the auditor and accepted by the School District.
- Other audit adjustments and reclassifications were proposed by the auditors and accepted by the School District to properly present the Schools District's note disclosures and required supplementary information.

Cause:
The issues were a result of the School District's inadequate controls and review procedures over the financial statements.

Effect or Potential Effect:
Significant misstatements were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operations.

Recommendation:
The School District should strengthen internal controls and review procedures over the financial process to ensure that the financial statements presented for audit are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP statements, the applicable GASB pronouncements, and the School District's operations. The School District should also consider implementing the use of a review checklist to assist in the review process over the financial statements.

Views of Responsible Officials:
We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SECTION V

MANAGEMENT'S CORRECTIVE ACTION

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Effingham County Board of Education

405 North Ash Street • Springfield, Georgia 31329 • 912-754-6491 • FAX 912-330-1590

Superintendent
Yancy J. Ford

Assistant Superintendents
Travis Nesmith
Timothy Hood

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2020-001	Internal Controls over Financial Reporting
Control Category:	**Financial Reporting**
Internal Control Impact:	**Significant Deficiency**
Compliance Impact:	**None**

Description:
The School District did not have adequate internal controls in place over the financial statement reporting process. The original financial statements as presented for audit, contained significant errors.

Corrective Action Plans:

Finance personnel will attend training for Financial Statement Preparation provided by the Georgia Department of Education. The Financial Statement checklist will be utilized to ensure all required tasks have been performed.

Estimated Completion Date: June 30, 2021

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School Board Members

F. Lamar Allen, *Chair*, Troy K. Alford, *Vice Chair*, Ben Johnson, Lynn Anderson, Vickie Decker

AdvancED ACCREDITED

Equal Opportunity Employer