

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION
WALTON COUNTY, GEORGIA

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

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION – WALTON COUNTY

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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
City of Social Circle 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 City of Social Circle 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 City of Social Circle Board of Education early adopted new accounting guidance, Governmental Accouting 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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 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

March 12, 2021

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CITY OF SOCIAL CIRCLE BOARD OF EDUCATION – WALTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTION

The intent of this discussion and analysis is to look at the City of Social Circle Board of Education's (School District) financial performance as a whole. The reader should review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. The School District's financial statements for the fiscal year ended June 30, 2020 includes a series of basic financial statements that report financial information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both a short-term and long-term view of the School District's finances. The fund financial statements provide information about all of the School District's funds.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

On the government-wide financial statements:

- The School District's net position at June 30, 2020 was approximately $10.4 million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities and deferred inflows of resources. The net position at June 30, 2020 of $10.4 million represented a decrease of $396,373 when compared to the prior year restated balance.

- The School District had approximately $22.9 million in expenses relating to governmental activities; only $15.0 million of these expenses were offset by program specific charges for services, operating and capital grants and contributions. However, the general revenues (primarily property and sales taxes) of approximately $7.5 million provided additional funding of these expenses.

- As stated above, general revenues accounted for $7.5 million or about 33% of all revenues totaling approximately $22.5 million. Program specific revenues in the form of charges for services, operating and capital grants, and contributions accounted for $15 million or about 67% of total revenues.

On the fund financial statements:

- Among major funds, the general fund had approximately $20.7 million in revenues and $22.8 million in expenditures. The general fund balance of approximately $3.4 million at June 30, 2020 decreased by approximately $2.1 million from the prior year. The decrease is primarily due to the final debt service payment made of $2.0 million for the Qualified Zone Academy bond (QZAB).

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three parts; management's discussion and analysis (this section), the basic financial statements, including notes to the 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 Statement of Activities. These statements provide information about the activities of the School District presenting both short-term and long-term information about the School District's overall financial status.

The fund financial statements focus on 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. In the case of the City of Social Circle School District, the general fund and capital projects fund are both considered to be major funds. The School District has no non-major funds as defined by GASB Statement No. 34 for purposes of this report.

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

Since the City of Social Circle School District has no operations that have been classified as "Business Activities", the government-wide financial statements are basically a consolidation of the entire School District's operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The Statement of Net Position and the Statement of Activities provides the basis for answering this question. These financial statements include all of the School District's assets and liabilities and uses the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and any changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, student-teacher ratios, and other factors.

When analyzing government-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position as follows:
    - *Net Investment in capital assets*
    - *Restricted net position* is that with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
    - *Unrestricted net position* is net position that does not meet any of the above restrictions.

Fund Financial Statements

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District's significant or major funds. As discussed previously, the School District has no non-major funds as defined by generally accepted accounting principles.

The School District has only one kind of fund as discussed below:

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 method of accounting which measures cash and all other financial assets that can be 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 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

Net position, which is the difference between total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources is one indicator of the financial condition of the School District. When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. The relationship between revenues and expenses can be thought of as the School District's operating results. The School District's net position, as measured in the Statement of Net Position, can be one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the School District's goal and mission is to provide success for each child's education, not to generate profits as private corporations do. For this reason, many other non-financial factors should be considered in assessing the overall health of the School District.

In the case of the City of Social Circle School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately $10.4 million at June 30, 2020. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the $10.4 million of net position, about $3.2 million was restricted for continuation of federal and local programs, debt service and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had over $30.8 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and ongoing use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is not available for future spending.

Because of the restrictions on net position as discussed above and because of the implementation of GASB Statement No. 68, GASB Statement No. 71 and GASB Statement No. 75, the School District had a deficit of unrestricted net position of $23.6 million at June 30, 2020. However, the School District's overall net position can also be viewed in the following manner:

Pension/OPEB related net position	$	(26,455,096)
Non Pension related net position		36,900,224
Net Position, June 30, 2020	$	10,445,128

The above reflects, despite Pension and OPEB obligations, the School District's net position is a positive $10.4 million and management believes the School District's financial position is sound.

Table 1 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year.

Table 1
Net Position

	Governmental Activities		
	Fiscal Year 2020	Fiscal Year 2019 (1)	Net Change (1)
Assets			
Current and Other Assets	$ 9,048,904	$ 9,825,736	$ (776,832)
Capital Assets, Net	30,817,157	31,011,612	(194,455)
Total Assets	39,866,061	40,837,348	(971,287)
Deferred Outflows of Resources			
Deferred Outflow for Pension Plans	5,705,389	3,620,844	2,084,545
Deferred Outflow for OPEB Plan	1,320,446	775,814	544,632
Total Deferred Outflows of Resources	7,025,835	4,396,658	2,629,177
Liabilities and Deferred Inflows			
Current and Other Liabilities	2,834,259	2,258,191	576,068
Long-Term Liabities	131,578	2,249,594	(2,118,016)
Net Pension Liability	18,218,163	15,113,667	3,104,496
Net OPEB Liability	11,561,711	11,629,751	(68,040)
Total Liabilities	32,745,711	31,251,203	1,494,508
Deferred Inflows of Resources			
Deferred Inflows for Pension Plans	578,338	712,021	(133,683)
Deferred Inflows for OPEB Plan	3,122,719	2,535,792	586,927
Total Deferred Intflows of Resources	3,701,057	3,247,813	453,244
Net Position			
Net Investment in Capital Assets	30,820,884	29,012,080	1,808,804
Restricted	3,175,610	4,177,017	(1,001,407)
Unrestricted (Deficit)	(23,551,366)	(22,454,107)	(1,097,259)
Total Net Position	$ 10,445,128	$ 10,734,990	$ (289,862)

(1) Fiscal year 2019 balances do not reflect the effects of the Restatement of Net Position. See Note 13 in the Notes to the Basic Financial Statements for additional information.

Total net position decreased by about $290,000, without the effect from the restatement, in fiscal year 2020 from the prior year.

Table 2 provides a summary of the School District's change in net position for this fiscal year as compared to the prior year.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019 (1)
Revenues		
Program Revenues:		
Charges for Services	$ 2,075,043	$ 2,117,650
Operating Grants and Contributions	12,887,204	11,770,892
Capital Grants and Contributions	77,220	77,220
Total Program Revenues	15,039,467	13,965,762
General Revenues:		
Taxes		
Property Taxes for Maintenance and Operations	3,648,798	3,422,613
Sales Taxes	1,711,361	1,469,249
Grants and Contributions Not Restricted to Specific Programs	961,533	999,846
Investment Earnings	41,279	108,495
Miscellaneous	1,094,073	423,555
Special Item		
Gain on Sale of Capital Asset	10,236	-
Total General Revenues and Special Item	7,467,280	6,423,758
Total Revenues	22,506,747	20,389,520
Program Expenses		
Instruction	14,387,824	12,457,632
Support Services		
Pupil Services	771,456	708,042
Improvement of Instructional Services	582,337	482,484
Educational Media Services	385,698	394,855
General Administration	852,290	837,163
School Administration	1,672,817	1,468,385
Business Administration	242,535	201,375
Maintenance and Operation of Plant	1,756,641	1,054,278
Student Transportation Services	940,316	975,917
Other Support Services	196,472	195,870
Operations of Non-Instructional Services		
Enterprise Operations	196,633	196,000
Food Services	903,118	839,866
Interest on Debt	14,983	22,951
Total Expenses	22,903,120	19,834,818
Net Increase (Decrease) in Net Position	$ (396,373)	$ 554,702

(1) Fiscal Year 2019 balances do not reflect the effects of the Restatement of Net Position. See Note 13 in the Notes to the Basic Financial Statements for additional information.

Cost of Providing Services

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these 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 as compared to the prior fiscal year.

Table 3
Net Costs of 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	$ 14,387,824	$ 12,457,632	$ 3,049,718	$ 1,961,566
Support Services				
Pupil Services	771,456	708,042	656,806	598,369
Improvement of Instructional Services	582,337	482,484	435,545	313,633
Educational Media Services	385,698	394,855	138,896	152,868
General Administration	852,290	837,163	209,087	298,443
School Administration	1,672,817	1,468,385	997,727	820,770
Business Administration	242,535	201,375	242,535	201,374
Maintenance and Operation of Plant	1,756,641	1,054,278	1,121,663	510,511
Student Transportation Services	940,316	975,917	639,620	688,314
Other Support Services	196,472	195,870	118,482	114,308
Operations of Non-Instructional Services				
Enterprise Operations	196,633	196,000	112,652	93,465
Food Services	903,118	839,866	125,939	92,484
Interest on Debt	14,983	22,951	14,983	22,951
Total Expenses	$ 22,903,120	$ 19,834,818	$ 7,863,653	$ 5,869,056

(1) Fiscal year 2019 balances do not reflect the effects of the Restatement of Net Position. See Note 13 in the Notes to the Basic Financial Statements for additional information.

Expenses increased by about $3.0 million from the prior year and net costs increased by almost $2.0 million. Although program revenues make up a majority of the funding, the School District may still be dependent upon tax revenues for governmental activities.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues over $22.3 million and total expenditures over $23.9 million in fiscal year 2020. Total governmental fund balances of approximately $6.0 million at June 30, 2020 decreased approximately $1.6 million from the prior year. The decrease is primarily due to the final debt service payment of $2.0 million for the Qualified Zone Academy Bond (QZAB).

General Fund Budget Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund. During the course of fiscal year 2020, the School District amended its general fund budget as needed.

The School District budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

For the general fund, the final actual revenues of about $20.7 million were more than the final budget amount of about $20.1 million by approximately $0.6 million. This can be attributed to the increase in miscellaneous revenue exceeding final budget by about $0.6 million.

The general fund's final actual expenditures of over $22.8 million were less than the final budget amount of over $23.5 by approximately $0.7 million. The School District believes it effectively managed its budget during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2020, the School District had approximately $30.8 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items, including buildings; land and land improvements; food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019
Land	$ 1,132,964	$ 1,132,964
Construction In Progress	304,300	304,300
Buildings and Improvements	27,598,114	27,949,836
Equipment	932,624	707,609
Land Improvements	849,155	916,903
Total Capital Assets	$ 30,817,157	$ 31,011,612

Additional information about the School District's capital assets can be found in the Notes to the Basic Financial Statements.

Long-Term Debt

At June 30, 2020, the School District had about $0.1 million in total debt outstanding which consisted of $0.1 million in capital leases and roughly $0.01 million in revenue bonds. Table 5 summarizes the School District's debt as compared to the prior year.

Table 5
Long Term Debt

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019
Bonds Payable	$ -	$ 2,000,000
Capital Leases	121,907	236,825
Revenue Bonds	9,671	12,769
Total Long-Term Debt	$ 131,578	$ 2,249,594

Additional information about the School District's debt can be found in the Notes to the Basic Financial Statements.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The School District is financially stable. The School District recently completed a five year Strategic Plan for 2020-2025. This will be utilized by management as a tool to manage resources effectively while continuing to provide a quality education for our students. The plan includes the following goals:

  - Student Achievement, Readiness and Engagement
  - Quality Staff and Professional Growth
  - Safety and Culture of Well-Being
  - Family and Community Engagement
  - Systems and Operational Effectiveness

  Initiatives under the systems and operational effectiveness goal include; to maintain a fund balance of 15% or more, to achieve a balanced budget, to refine funding plans to maximize revenue, and to increase participation rate in the school nutrition program.

- The School District's operating millage for the fiscal year 2021 was set at 19.278, which is projected to produce approximately $188,960 per mill with an increase in ad valorem revenue of approximately $304,417 for fiscal year 2021. The increase is due to an increase in the net digest of 9.43% from 2019 to 2020.

- The School District has seen an increase in enrollment. A five year analysis of enrollment is provided below:

Fiscal Year	Total	Increase (Decrease)
2017	1732	36
2018	1784	52
2019	1788	4
2020	1798	10
2021	1848	50

  The School District has future plans to construct additional facilities to accommodate the growth. The School District plans to fund additional capital outlays with the one percent local sales tax revenue and state capital outlay grants.

- State funding, known as Quality Basic Education (QBE), is critical to funding educational programs. For the 2020-2021 school year there was an 11% austerity reduction in the QBE formula remitted to School Districts. With the downturn in the economy from COVID-19 the state experienced a large loss of revenue. As K-12 education is the largest part of the state budget, reductions were inevitable. This resulted in a reduction of funding for the School District of $1.1 million. The receipt of CARES funds of $180,645 helped offset only a small portion of this decrease in funding. Furlough days were implemented in the 2020-2021 school year; five days for School District employees and seven days for administrative staff.

- Approximately 74.7% 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. With such personnel heavy expenses, it is difficult to offset mandated expense increases such as TRS and health insurance premium expenses. The School District consistently evaluates how funds can be spent smarter and more effectively to ensure that students receive a quality education from effective personnel.

- The School District has intergovernmental agreements with Walton County School District for the education of student residents in Zone 5. The current agreement is through June 30, 2021. The School District also has an intergovernmental agreement with Newton County School District for the education of student residents of Newton County. This agreement was initially made in May 2007, renewed in November 2012 and in February 2018, and is effective through November 2025. The tax dollars follow the child as outlined in each intergovernmental agreement. Each agreement is expected to be renegotiated prior to the effective date.

- In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which compromise the tax base of all levels of government. The School District anticipates significant financial challenges going forward due to anticipated reductions of state revenue appropriations to local School Districts as well as increased costs related to the COVID-19 pandemic. The costs relate to masks, thermometers, disinfectants, signage for social distancing, deep cleaning as well as an increased need for substitutes due to both quarantine requirements as well as illness.

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 Nicole Cross, Chief Financial Officer, City of Social Circle School District, 147 Alcova Drive, Social Circle, Georgia 30025. You may also email your questions to Nicole Cross at nicole.cross@socialcircleschools.org.

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CITY OF SOCIAL CIRCLE BOARD OF EDUCATION – WALTON COUNTY

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CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 7,066,613.03
Receivables, Net	
Taxes	372,016.63
State Government	1,407,131.70
Federal Government	159,551.11
Inventories	30,193.33
Restricted Assets	
Cash and Investments with Fiscal Agent or Trustee	13,397.87
Capital Assets, Non-Depreciable	1,437,264.67
Capital Assets, Depreciable (Net of Accumulated Depreciation)	29,379,892.19
Total Assets	39,866,060.53
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	5,705,388.51
Related to OPEB Plan	1,320,446.00
Total Deferred Outflows of Resources	7,025,834.51
LIABILITIES	
Accounts Payable and Accrued Liabilities	522,442.70
Salaries and Benefits Payable	2,170,958.74
Payroll Withholdings Payable	140,857.13
Net Pension Liability	18,218,163.00
Net OPEB Liability	11,561,711.00
Long-Term Liabilities	
Due Within One Year	131,577.62
Total Liabilities	32,745,710.19
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	578,338.00
Related to OPEB Plan	3,122,719.00
Total Deferred Inflows of Resources	3,701,057.00
NET POSITION	
Net Investment in Capital Assets	30,820,883.69
Restricted for	
Continuation of Federal Programs	30,193.33
Debt Service	13,397.87
Capital Projects	2,762,019.45
Local Projects	370,000.00
Unrestricted (Deficit)	(23,551,366.49)
Total Net Position	$ 10,445,127.85

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

CITY OF SCOIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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	$ 14,387,823.84	$ 1,800,889.54	$ 9,537,216.77	$ -	$ (3,049,717.53)
Support Services					
Pupil Services	771,455.65	-	114,649.57	-	(656,806.08)
Improvement of Instructional Services	582,336.62	-	146,791.96	-	(435,544.66)
Educational Media Services	385,698.46	-	246,802.00	-	(138,896.46)
General Administration	852,289.69	-	643,202.74	-	(209,086.95)
School Administration	1,672,817.50	-	675,090.07	-	(997,727.43)
Business Administration	242,534.57	-	-	-	(242,534.57)
Maintenance and Operation of Plant	1,756,641.34	1,350.00	633,628.49	-	(1,121,662.85)
Student Transportation Services	940,316.01	-	223,475.70	77,220.00	(639,620.31)
Other Support Services	196,472.11	-	77,989.70	-	(118,482.41)
Operations of Non-Instructional Services					
Enterprise Operations	196,632.79	83,981.15	-	-	(112,651.64)
Food Services	903,118.20	188,821.83	588,357.19	-	(125,939.18)
Interest on Long-Term Debt	14,982.51	-	-	-	(14,982.51)
Total Governmental Activities	$ 22,903,119.29	$ 2,075,042.52	$ 12,887,204.19	$ 77,220.00	(7,863,652.58)
General Revenues					
Taxes					
Property Taxes					
For Maintenance and Operations					3,648,798.16
Sales Taxes					
Special Purpose Local Option Sales Tax					
For Capital Projects					1,711,361.09
Grants and Contributions not Restricted to Specific Programs					961,533.00
Investment Earnings					41,278.60
Miscellaneous					1,094,072.74
Special Item					
Gain on the Sale of Equipment					10,236.00
Total General Revenues and Special Item					7,467,279.59
Change in Net Position					(396,372.99)
Net Position - Beginning of Year (Restated)					10,841,500.84
Net Position - End of Year					$ 10,445,127.85

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

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 4,567,107.99	$ 2,499,505.04	$ 7,066,613.03
Receivables, Net			
Taxes	90,017.01	281,999.62	372,016.63
State Government	1,407,131.70	-	1,407,131.70
Federal Government	159,551.11	-	159,551.11
Inventories	30,193.33	-	30,193.33
Restricted			
Investments with a Fiscal Agent or Trustee	13,397.87	-	13,397.87
Total Assets	$ 6,267,399.01	$ 2,781,504.66	$ 9,048,903.67
LIABILITIES			
Accounts Payable	$ 502,957.49	$ 19,485.21	$ 522,442.70
Salaries and Benefits Payable	2,170,958.74	-	2,170,958.74
Payroll Withholdings Payable	140,857.13	-	140,857.13
Total Liabilities	2,814,773.36	19,485.21	2,834,258.57
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	36,276.69	-	36,276.69
Unavailable Revenue - Sales Taxes	-	130,726.71	130,726.71
Total Deferred Inflows of Resources	36,276.69	130,726.71	167,003.40
FUND BALANCES			
Nonspendable	30,193.33	-	30,193.33
Restricted	383,397.87	2,631,292.74	3,014,690.61
Assigned	291,570.27	-	291,570.27
Unassigned	2,711,187.49	-	2,711,187.49
Total Fund Balances	3,416,348.96	2,631,292.74	6,047,641.70
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,267,399.01	$ 2,781,504.66	$ 9,048,903.67

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

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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")		$ 6,047,641.70
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	$ 1,132,964.29	
Construction in progress	304,300.38	
Buildings and improvements	38,317,906.97	
Equipment	2,854,821.32	
Land improvements	1,493,673.42	
Accumulated depreciation	(13,286,509.52)	30,817,156.86
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (18,218,163.00)	
Net OPEB liability	(11,561,711.00)	(29,779,874.00)
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	$ 5,127,050.51	
Related to OPEB	(1,802,273.00)	3,324,777.51
Taxes that are not available to pay for current period expenditures are deferred in the funds.		167,003.40
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases payable	$ (121,906.58)	
Rutland Center Revenue Bonds	(9,671.04)	(131,577.62)
Net position of governmental activities (Exhibit "A")		$ 10,445,127.85

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES			
Property Taxes	$ 3,618,050.63	$ -	$ 3,618,050.63
Sales Taxes	-	1,580,634.38	1,580,634.38
State Funds	12,714,803.65	-	12,714,803.65
Federal Funds	1,197,446.24	-	1,197,446.24
Charges for Services	2,075,042.52	-	2,075,042.52
Investment Earnings	24,723.81	16,554.79	41,278.60
Miscellaneous	1,094,072.74	-	1,094,072.74
Total Revenues	20,724,139.59	1,597,189.17	22,321,328.76
EXPENDITURES			
Current			
Instruction	12,771,239.07	434,144.89	13,205,383.96
Support Services			
Pupil Services	738,713.66	-	738,713.66
Improvement of Instructional Services	559,728.91	-	559,728.91
Educational Media Services	358,983.94	4,929.00	363,912.94
General Administration	791,781.52	9,643.15	801,424.67
School Administration	1,588,521.51	-	1,588,521.51
Business Administration	227,825.19	2,624.59	230,449.78
Maintenance and Operation of Plant	1,522,215.87	228,314.65	1,750,530.52
Student Transportation Services	865,704.77	-	865,704.77
Other Support Services	195,541.28	-	195,541.28
Enterprise Operations	196,632.79	-	196,632.79
Food Services Operation	884,923.20	3,445.67	888,368.87
Capital Outlay	107,050.89	327,486.24	434,537.13
Debt Service			
Principal	2,000,000.00	118,015.89	2,118,015.89
Interest	-	14,982.51	14,982.51
Total Expenditures	22,808,862.60	1,143,586.59	23,952,449.19
Revenues over (under) Expenditures	(2,084,723.01)	453,602.58	(1,631,120.43)
OTHER FINANCING SOURCE			
Sale of Capital Assets	-	10,236.00	10,236.00
Net Change in Fund Balances	(2,084,723.01)	463,838.58	(1,620,884.43)
Fund Balances - Beginning (Restated)	5,501,071.97	2,167,454.16	7,668,526.13
Fund Balances - Ending	$ 3,416,348.96	$ 2,631,292.74	$ 6,047,641.70

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2020

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")		$ (1,620,884.43)
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	$ 451,588.13	
Depreciation expense	(630,532.08)	(178,943.95)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(15,511.00)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		161,474.24
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Bond principal retirements	$ 2,000,000.00	
Capital lease payments	114,918.37	
Revenue bond payments	3,097.52	2,118,015.89
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	$ (886,268.74)	
OPEB expense	25,745.00	(860,523.74)
Change in net position of governmental activities (Exhibit "B")		$ (396,372.99)

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE STATEMENTS:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District. 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) that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 60 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

NEW ACCOUNTING PRONOUNCEMENTS

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

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

CASH AND CASH EQUIVALENTS

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

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. Rutland Center Revenue Bonds.

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	All	N/A
Land Improvements	$ 10,000.00	20 to 80 years
Buildings and Improvements	$ 10,000.00	50 to 80 years
Equipment	$ 10,000.00	5 to 50 years
Intangible Assets	$ 10,000.00	5 to 50 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

LONG-TERM LIABILITIES

In the School District's government-wide financial statements, outstanding debt is reported as liabilities.

In the governmental fund financial statements, the School District recognizes the proceeds of debt as other financing sources of the current period.

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 City of Social Circle Board of Commissioners adopted the property tax levy for the 2019 tax digest year (calendar year) on September 20, 2019 (levy date) based on property values as of January 1, 2019. Taxes were due on December 20, 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 City of Social Circle Tax Commissioner bills and collects the property taxes for the School District 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 $3,279,747.55.

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	19.278 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $338,303.08 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 $1,580,634.38 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 fund. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds 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 $7,027,220.82, and a bank balance of $7,046,505.22.The bank balances insured by Federal depository insurance were $500,000.00 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District’s name were $6,535,405.38.

At June 30, 2020, $11,099.84 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 warrants. 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	$ 7,066,613.03
Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	39,392.21
Total carrying value of deposits - June 30, 2020	$ 7,027,220.82

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of $39,392.21 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. This audit can be obtained from the Georgia Department of Audits and Accounts at www.audits.ga.gov/SGD/CAFR.html.

CATEGORIZATION OF INVESTMENTS

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

		Investment Maturity
Investment Type	Fair Value	Less Than 1 Year
Debt Securities		
Mutual Bond Fund	$ 13,397.87	$ 13,397.87

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:

Bond Mutual Funds of $13,397.87 are valued using quoted prices for identical investments in active markets (Level 1 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, $13,397.87 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:

		Quality Ratings
Rated Debt Investments	Fair Value	AAA
Debt Securities		
Mutual Bond Funds	$ 13,397.87	$ 13,397.87

NOTE 5: RESTRICTED ASSETS

The restricted assets represent the investment balance, totaling $13,397.87, for the Rutland Center Revenue Bonds.

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	$ 1,132,964.29	$ -	$ -	$ 1,132,964.29
Construction in Progress	304,300.38	-	-	304,300.38
Total Capital Assets Not Being Depreciated	1,437,264.67	-	-	1,437,264.67
Capital Assets Being Depreciated				
Buildings and Improvements	38,247,505.38	85,912.59	15,511.00	38,317,906.97
Equipment	2,642,575.78	364,175.54	151,930.00	2,854,821.32
Land Improvements	1,492,173.42	1,500.00	-	1,493,673.42
Less Accumulated Depreciation for:				
Buildings and Improvements	10,297,669.68	429,104.23	6,980.00	10,719,793.91
Equipment	1,934,967.20	132,180.48	144,950.00	1,922,197.68
Land Improvements	575,270.56	69,247.37	-	644,517.93
Total Capital Assets, Being Depreciated, Net	29,574,347.14	(178,943.95)	15,511.00	29,379,892.19
Governmental Activities Capital Assets - Net	$ 31,011,611.81	$ (178,943.95)	$ 15,511.00	$ 30,817,156.86

Current year depreciation expense by function is as follows:

Instruction		$ 526,612.24
Support Services		
General Administration	$ 15,188.15	
School Administration	1,066.00	
Maintenance and Operation of Plant	6,198.90	
Student Transportation Services	71,540.55	93,993.60
Food Services		9,926.24
		$ 630,532.08

NOTE 7: 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
Qualified Zone Academy Bonds	$ 2,000,000.00	$ -	$ 2,000,000.00	$ -	$ -
Capital Leases	236,824.95	-	114,918.37	121,906.58	121,906.58
Revenue Bonds	12,768.56	-	3,097.52	9,671.04	9,671.04
	$ 2,249,593.51	$ -	$ 2,118,015.89	$ 131,577.62	$ 131,577.62

REVENUE BONDS

The School District entered into a contract with the Northeast Georgia Regional Educational Service Agency (RESA), dated June 1, 2006, for the issuance of revenue bonds to provide funds for the construction and subsequent lease of the Rutland Center located in Athens, Georgia. Under the terms of the agreement, the School District will make annual payments through August 1, 2020. Under the terms of the contract, the Northeast Georgia Regional Educational Service Agency (RESA) issued $138,000.00 in revenue bonds on behalf of the School District. The obligation of the School District is absolute and unconditional so long as any of the bonds remain outstanding. Under the contract, the School District will exercise its power of taxation to the extent necessary to pay the amounts required to be paid by the contract.

Debt currently outstanding under Revenue Bonds is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Rutland Center Revenue Bonds	4.16%	6/1/2006	8/1/2020	$ 138,000.00	$ 9,671.04

The following is a schedule of total revenue bond payments:

Fiscal Year Ended June 30:	Principal	Interest
2021	$ 9,671.04	$ 393.12

CAPITAL LEASES

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

Capital leases currently outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
VAR Technology - HP Chromebooks	6.91%	9/24/2018	10/24/2020	$ 253,975.00	$ 84,998.50
Wells Fargo - Apple iPads	1.99%	8/14/2018	8/14/2020	111,120.80	36,908.08
				$ 365,095.80	$ 121,906.58

The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2021	$ 121,906.58	$ 7,806.94

NOTE 8: 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. The School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceed commercial insurance coverage in any of the past three fiscal years.

Georgia School Boards Association Risk Management Fund

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

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	$ -	$ 3,532.00	$ 3,532.00	$ -
2020	$ -	$ -	$ -	$ -

SURETY BOND

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

Position Covered	Amount
Superintendent	$ 25,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories		$ 30,193.33
Restricted		
Capital Projects	$ 2,631,292.74	
Continuation of Local Programs	370,000.00	
Rutland Center	13,397.87	3,014,690.61
Assigned		
After School Program	$ 29,360.91	
School Activity Accounts	262,209.36	291,570.27
Unassigned		2,711,187.49
Fund Balance, June 30, 2020		$ 6,047,641.70

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 10: SIGNIFICANT CONTINGENT LIABILITIES

FEDERAL GRANTS

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

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT HEALTH BENEFIT FUND

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

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $340,164.00 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 $11,561,711.00 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 0.094211%, which was an increase of 0.002708% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of $314,419.00. 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	$ -	$ 1,257,794.00
Changes of assumptions	401,516.00	1,629,836.00
Net difference between projected and actual earnings on OPEB plan investments	25,178.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	553,588.00	235,089.00
School District contributions subsequent to the measurement date	340,164.00	-
Total	$ 1,320,446.00	$ 3,122,719.00

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	$ (512,880.00)
2022	$ (512,880.00)
2023	$ (513,848.00)
2024	$ (408,353.00)
2025	$ (169,381.00)
2026	$ (25,095.00)

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	$ 13,438,524.00	$ 11,561,711.00	$ 10,035,008.00

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	$ 9,739,517.00	$ 11,561,711.00	$ 13,876,036.00

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

NOTE 12: RETIREMENT PLANS

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

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the School District as defined in O.C.G.A §47-3-60 and certain other support personnel as defined by O.C.G.A §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the *O.C.G.A.* assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers Retirement System of Georgia issues a publicly available separate financial report that can be obtained at 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 20.93% of payroll was required from the School District and 0.21% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $2,330,709.94 and $23,188.70 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 $13,682.57 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 $21,451.00.

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 $18,218,163.00 for its proportionate share of the net pension liability for TRS ($18,137,531.00) and ERS ($80,632.00).

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	$	18,137,531.00
State of Georgia's proportionate share of the net pension liability associated with the School District		186,858.00
Total	$	18,324,389.00

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 0.084350%, which was an increase of 0.002928% from its proportion measured as of June 30, 2018. At June 30, 2019, the School District's ERS proportion was 0.001954%, which was an increase of 0.001954% 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 $114,528.00.

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 $3,221,321.00 for TRS, $44,537.00 for ERS, and $35,319.00 for PSERS and revenue of $23,028.00 for TRS and $35,319.00 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	$ 1,022,324.00	$ 5,377.00	$ 2,685.00	$ -
Changes of assumptions	1,740,533.00	-	1,419.00	-
Net difference between projected and actual earnings on pension plan investments	-	431,910.00	-	2,510.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	547,329.00	138,541.00	46,706.00	-
School District contributions subsequent to the measurement date	2,330,709.94	-	13,682.57	-
Total	$ 5,640,895.94	$ 575,828.00	$ 64,492.57	$ 2,510.00

The School District contributions subsequent to the measurement date for TRS and 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	$ 1,035,621.00	$ 32,991.00
2022	$ 275,813.00	$ 15,471.00
2023	$ 719,232.00	$ (494.00)
2024	$ 703,692.00	$ 332.00

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	$ 29,442,521.00	$ 18,137,531.00	$ 8,840,812.00

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	$ 114,586.00	$ 80,632.00	$ 51,687.00

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.

NOTE 13: RESTATEMENT OF PRIOR YEAR NET POSITION

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

Net Position, July 1, 2019 as previously reported	$	10,734,990.02
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		106,510.82
Net Position, July 1, 2019, as restated	$	10,841,500.84
Fund Balance (General Fund), July 1, 2019, as previously reported	$	5,394,561.15
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		106,510.82
Fund Balance (General Fund), July 1, 2019, as restated	$	5,501,071.97
Net Position (Fiduciary Funds), July 1, 2019 as previously reported	$	106,510.82
Prior Period Adjustment - Implementation of GASB No. 84: Restatement for Custodial Funds Beginning Net Position		(106,510.82)
Net Position (Fiduciary Funds), July 1, 2019, as restated	$	-

NOTE 14: SPECIAL ITEM

During the fiscal year, the School District sold school buses at an excess of $10,236.00 over the book value. The gain is reported as a Special Item on the Statement of Activities.

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CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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	0.084350%	$ 18,137,531.00	$ 186,858.00	$ 18,324,389.00	$ 10,400,312.24	174.39%	78.56%
2019	0.081422%	$ 15,113,667.00	$ 229,614.00	$ 15,343,281.00	$ 9,845,631.54	153.51%	80.27%
2018	0.080165%	$ 14,898,912.00	$ 243,282.00	$ 15,142,194.00	$ 9,388,349.96	158.70%	79.33%
2017	0.080780%	$ 16,665,815.00	$ 291,518.00	$ 16,957,333.00	$ 9,015,743.12	184.85%	76.06%
2016	0.083065%	$ 12,645,821.00	$ 167,007.00	$ 12,812,828.00	$ 8,880,798.10	142.40%	81.44%
2015	0.084137%	$ 10,629,600.00	$ 139,223.00	$ 10,768,823.00	$ 8,696,145.91	122.23%	84.03%

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

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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	$ 2,330,709.94	$ 2,330,709.94	$ -	$ 11,135,737.89	20.93%
2019	$ 2,151,511.25	$ 2,151,511.25	$ -	$ 10,400,312.24	20.69%
2018	$ 1,630,291.18	$ 1,630,291.18	$ -	$ 9,845,631.54	16.56%
2017	$ 1,318,273.47	$ 1,318,273.47	$ -	$ 9,388,349.96	14.04%
2016	$ 1,264,433.46	$ 1,264,433.46	$ -	$ 9,015,743.12	14.02%
2015	$ 1,152,989.73	$ 1,152,989.73	$ -	$ 8,880,798.16	12.98%
2014	$ 1,054,077.25	$ 1,054,077.25	$ -	$ 8,696,145.91	12.12%
2013	$ 991,148.26	$ 991,148.26	$ -	$ 8,808,211.03	11.25%
2012	$ 879,725.51	$ 879,725.51	$ -	$ 8,640,766.40	10.18%
2011	$ 877,580.88	$ 877,580.88	$ -	$ 8,613,903.33	10.19%

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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2020	0.001954%	$ 80,632.00	$ 53,731.08	150.07%	76.74%

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

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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	$ 13,682.57	$ 13,682.57	$ -	$ 55,485.09	24.66%
2019	$ 13,309.22	$ 13,309.22	$ -	$ 53,731.08	24.77%

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

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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.00%	$ -	$ 114,528.00	$ 114,528.00	$ 241,325.70	N/A	85.02%
2019	0.00%	$ -	$ 94,944.00	$ 94,944.00	$ 241,699.18	N/A	85.26%
2018	0.00%	$ -	$ 106,192.00	$ 106,192.00	$ 283,351.44	N/A	85.69%
2017	0.00%	$ -	$ 140,579.00	$ 140,579.00	$ 292,101.93	N/A	81.00%
2016	0.00%	$ -	$ 97,095.00	$ 97,095.00	$ 303,368.13	N/A	87.00%
2015	0.00%	$ -	$ 86,865.00	$ 86,865.00	$ 301,354.62	N/A	88.29%

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

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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	0.094211%	$ 11,561,711.00	$ -	$ 11,561,711.00	$ 8,861,854.54	130.47%	4.63%
2019	0.091503%	$ 11,629,751.00	$ -	$ 11,629,751.00	$ 8,344,990.69	139.36%	2.93%
2018	0.089529%	$ 12,578,789.00	$ -	$ 12,578,789.00	$ 7,563,512.54	166.31%	1.61%

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

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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	$ 340,164.00	$ 340,164.00	$ -	$ 9,729,424.65	3.50%
2019	$ 507,391.00	$ 507,391.00	$ -	$ 8,861,854.54	5.73%
2018	$ 474,253.00	$ 474,253.00	$ -	$ 8,344,990.69	5.68%
2017	$ 466,815.00	$ 466,815.00	$ -	$ 7,563,512.54	6.17%

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.

CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 3,533,176.00	$ 3,533,176.00	$ 3,618,050.63	$ 84,874.63
State Funds	12,427,783.60	12,776,730.76	12,714,803.65	(61,927.11)
Federal Funds	1,142,404.00	1,257,091.09	1,197,446.24	(59,644.85)
Charges for Services	2,011,716.00	2,011,716.00	2,075,042.52	63,326.52
Investment Earnings	15,353.00	15,353.00	24,723.81	9,370.81
Miscellaneous	461,531.00	461,531.00	1,094,072.74	632,541.74
Total Revenues	19,591,963.60	20,055,597.85	20,724,139.59	668,541.74
EXPENDITURES				
Current				
Instruction	12,583,891.10	12,852,958.68	12,771,239.07	81,719.61
Support Services				
Pupil Services	842,274.00	858,978.00	738,713.66	120,264.34
Improvement of Instructional Services	537,469.00	651,210.00	559,728.91	91,481.09
Educational Media Services	463,636.00	465,636.00	358,983.94	106,652.06
General Administration	871,749.00	872,111.00	791,781.52	80,329.48
School Administration	1,645,896.10	1,677,860.25	1,588,521.51	89,338.74
Business Administration	226,426.00	226,426.00	227,825.19	(1,399.19)
Maintenance and Operation of Plant	1,728,497.00	1,750,968.00	1,522,215.87	228,752.13
Student Transportation Services	907,068.00	974,483.92	865,704.77	108,779.15
Central Support Services	400.00	-	-	-
Other Support Services	215,712.00	214,719.00	195,541.28	19,177.72
Enterprise Operations	21,567.30	170,136.00	196,632.79	(26,496.79)
Food Services Operation	799,305.00	799,305.00	884,923.20	(85,618.20)
Capital Outlay	-	-	107,050.89	(107,050.89)
Debt Service	-	2,000,000.00	2,000,000.00	-
Total Expenditures	20,843,890.50	23,514,791.85	22,808,862.60	705,929.25
Excess of Revenues over (under) Expenditures	(1,251,926.90)	(3,459,194.00)	(2,084,723.01)	1,374,470.99
OTHER FINANCING SOURCES (USES)				
Other Sources	-	35,514.83	-	(35,514.83)
Other Uses	-	(35,514.83)	-	35,514.83
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,251,926.90)	(3,459,194.00)	(2,084,723.01)	1,374,470.99
Fund Balances - Beginning (Restated)	5,501,071.97	5,501,071.97	5,501,071.97	-
Fund Balances - Ending	$ 4,249,145.07	$ 2,041,877.97	$ 3,416,348.96	$ 1,374,470.99

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

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
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	205GA324N1099	$ 143,253.58
National School Lunch Program	10.555	205GA324N1099	558,827.58
Total Child Nutrition Cluster			702,081.16
Education, U.S. Department of			
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	19FGA904N2533	1,717.82
Total U. S. Department of Agriculture			703,798.98
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A190073	243,696.78
Grants to States	84.027	H027A180073	16,817.00
Preschool Grants	84.173	H173A190081	4,223.96
Total Special Education Cluster			264,737.74
Other Programs			
Direct			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048	V048A190010	12,520.81
Student Support and Academic Enrichment Program	84.424A	S424A19001	14,717.82
Student Support and Academic Enrichment Program	84.424A	S424A18001	2,930.00
Supporting Effective Instruction State Grants	84.367	S367A190001	23,785.15
Supporting Effective Instruction State Grants	84.367	S367A180001	4,252.00
Title I Grants to Local Educational Agencies	84.010	S010A190010	252,724.48
Title I Grants to Local Educational Agencies	84.010	S010A180010	6,411.00
Total Other Programs			317,341.26
Total U. S. Department of Education			582,079.00
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12.UNKNOWN		68,814.09
Total Expenditures of Federal Awards			$ 1,354,692.07

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 City of Social Circle 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 to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 416,964.76
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	589,268.00
Kindergarten Program - Early Intervention Program	189,720.00
Primary Grades (1-3) Program	865,599.00
Primary Grades - Early Intervention (1-3) Program	588,190.00
Upper Elementary Grades (4-5) Program	408,057.00
Upper Elementary Grades - Early Intervention (4-5) Program	535,273.00
Middle School (6-8) Program	1,433,291.00
High School General Education (9-12) Program	1,264,449.00
Vocational Laboratory (9-12) Program	468,279.00
Students with Disabilities	1,675,454.00
Gifted Student - Category VI	694,364.00
Remedial Education Program	200,786.00
Alternative Education Program	106,957.00
English Speakers of Other Languages (ESOL)	33,596.00
Media Center Program	223,864.00
20 Days Additional Instruction	69,923.00
Staff and Professional Development	38,378.00
Principal Staff and Professional Development	1,194.00
Indirect Cost	
Central Administration	558,238.00
School Administration	610,680.00
Facility Maintenance and Operations	459,744.00
Amended Formula Adjustment	(172,965.00)
Categorical Grants	
Pupil Transportation	
Regular	138,682.00
Nursing Services	45,000.00
Education Equalization Funding Grant	961,533.00
Other State Programs	
Food Services	21,366.00
Hygiene Products in Georgia Schools	102.00
Math and Science Supplements	18,421.01
Pupil Transportation - State Bonds	77,220.00
School Safety Grant	18,471.00
School Security Grant	104,037.45
Teachers Retirement	23,188.70
Vocational Education	26,027.73
Office of the State Treasurer	
Public School Employees Retirement	21,451.00
	$ 12,714,803.65

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CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2020

SCHEDULE "12"

PROJECT	ORGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED	ESTIMATED COMPLETION DATE
Walton County 2008/2017 SPLOST Projects:							
Providing funds to pay the costs of :							
1 Acquiring, constructing and equipping a new elementary school;	$ 7,898,600.00	$ 10,100,000.00	$ -	$ 309,281.38	$ -	$ -	June 30, 2022
2 Acquiring land for future schools;	-	-	-	-	-	-	
3 Acquiring buses;	-	-	-	-	-	-	
4 Acquiring textbooks;	-	-	-	-	-	-	
5 Acquiring technology upgrades;	6,000.00	1,000,730.45	832.79	999,897.66	1,000,730.45	-	Complete
6 Financing a portion of the costs of a regional facility for special needs students;	-	-	-	-	-	-	
7 Adding to, renovating, repairing, improving, furnishing and equipping existing athletic facilities;	-	122,943.27	-	122,943.27	122,943.27	-	Complete
8 Adding to, renovating, repairing, improving, furnishing and equipping existing educational buildings, properties and facilities of the City of Social Circle School District;	-	1,600,466.23	-	1,600,466.23	1,600,466.23	-	Complete
TOTAL WALTON COUNTY 2008/2017	7,904,600.00	12,824,139.95	832.79	3,032,588.54	2,724,139.95	-	
Walton County 2018/2022 SPLOST Projects:							
Providing funds to pay the costs of :							
1 Remodeling, renovating, modifying, furnishing, and equipping classrooms, instructional and support space and other facilities (including physical education/athletic facilities) at existing School District facilities;	542,500.00	542,500.00	-	-	-	-	June 30, 2022
2 Acquiring furnishings, equipment and fixtures for new and existing; facilities including, but not limited to, technology equipment, safety and security equipment, signage, band instruments, desks and other furnishings,	500,000.00	759,176.29	298,413.02	759,176.29	-	-	June 30, 2022
3 Acquiring school buses and vehicles;	100,000.00	173,310.00	173,310.00	-	-	-	June 30, 2022
4 Acquiring educational and instructional material;	94,000.00	274,245.55	274,245.55	-	-	-	June 30, 2022
5 Acquiring, constructing, and equipping new school facilities and other buildings useful and desirable;	5,900,000.00	5,900,000.00	-	-	-	-	June 30, 2022
6 Acquiring a portion of a psychoeducational facility;	66,000.00	66,000.00	3,265.08	13,105.82	-	-	June 30, 2022
TOTAL WALTON COUNTY 2018/2022	7,202,500.00	7,715,231.84	749,233.65	772,282.11	-	-	
GRAND TOTAL WALTON COUNTY SPLOST 2008/2022	15,107,100.00	20,539,371.79	750,066.44	3,804,870.65	2,724,139.95	-	
Newton County 2005/2019 SPLOST Projects:							
Providing funds to pay the costs of:							
1 Adding to, renovating, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith;	1,200,000.00	1,345,423.75	313,277.24	1,032,146.51	1,345,423.75	-	Complete
2 Acquiring school buses;	600,000.00	653,420.50	30,000.00	623,420.50	653,420.50	-	Complete
3 Acquiring system-wide technology improvements;	-	-	-	-	-	-	
4 Acquiring any necessary property, both real and personal;	450,000.00	218,605.71	50,242.91	168,362.80	218,605.71	-	Complete
TOTAL - NEWTON COUNTY SPLOST 2005/2019	2,250,000.00	2,217,449.96	393,520.15	1,823,929.81	2,217,449.96	-	
Newton County 2020/2024 SPLOST Projects:							
Providing funds to pay the costs of:							
1 Adding to, renovating, repairing, improving and equipping existing school buildings and other buildings and facilities useful or desirable in connection therewith;	-	-	-	-	-	-	
2 Acquiring school buses;	300,000.00	300,000.00	-	-	-	-	June 30, 2025
3 Acquiring system-wide technology improvements;	-	-	-	-	-	-	
4 Acquiring any necessary property, both real and personal;	-	-	-	-	-	-	
TOTAL - NEWTON COUNTY SPLOST 2020/2024	300,000.00	300,000.00	-	-	-	-	
GRAND TOTAL NEWTON COUNTY SPLOST 2005/2024	2,550,000.00	2,517,449.96	393,520.15	1,823,929.81	2,217,449.96	-	
TOTAL - WALTON AND NEWTON COUNTY SPLOST	$ 17,657,100.00	$ 23,056,821.75	$ 1,143,586.59	$ 5,628,800.46	$ 4,941,589.91	$ -	

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

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

(3) The voters of Walton County and of Newton County approved the imposition of a 1% sales tax to fund the above projects. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

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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
City of Social Circle 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 City of Social Circle 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 March 12, 2021.

Internal Control Over Financial Reporting

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

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

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

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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.*

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

March 12, 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
City of Social Circle Board of Education

Report on Compliance for Each Major Federal Program

We have audited the City of Social Circle Board of Education (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 12, 2021

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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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CITY OF SOCIAL CIRCLE BOARD OF EDUCATION - WALTON COUNTY
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 weaknesses identified? — No
- Significant deficiencies identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weaknesses identified? — No
- Significant deficiencies 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 program:

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? Yes

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.