

**PUTNAM COUNTY
BOARD OF EDUCATION**

**ANNUAL FINANCIAL REPORT
(Including Independent Auditor's Report)**

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

PUTNAM COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
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Greg S. Griffin
STATE AUDITOR
(404) 656-2174

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2020, the Putnam County Board of Education early adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The cumulative effect of GASB Statement No. 84 is described in the restatement note in the Notes of 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 30, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin
State Auditor

March 30, 2021

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**PUTNAM COUNTY BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The management’s discussion and analysis (MD&A) of the Putnam County Board of Education’s (School District) financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2020. The intent of this MD&A is to look at the School District’s financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District’s financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020, are as follows:

- The School District’s financial status remained stable during fiscal year 2020. In total, net position increased \$6.1 million, from fiscal year 2019. This total increase was due to governmental activities since the School District has no business-type activities.
- General revenues accounted for \$27.4 million or 55.5% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$22.0 million or 44.5% of total revenues. Total revenues were \$49.4 million.
- The School District has \$43.3 million in expenses related to governmental activities; these expenses were offset by \$22.0 million in program specific charges for services, grants or contributions. General revenues and taxes of \$27.4 million were also provided for these programs.
- Among major funds, the General Fund had \$44.9 million in revenues and other financing sources, and \$40.3 million in expenditures and other financing uses. The General Fund’s fund balance increased from \$14.3 million to \$19.0 million.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, or as an entire operating entity.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District’s most significant funds with all other non-major funds, if any, presented in total in one column. In the case of the School District, the general fund, capital projects fund and debt service fund are the significant funds.

**PUTNAM COUNTY BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2020?” The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets and all liabilities* using 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 changes in net position. This change in net position is important because it tells the reader whether, 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 result of many factors, some financial, some not. Non-financial factors include the School District’s property tax base, facility conditions, required educational programs and other factors.

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the general fund, the capital projects fund and the debt service funds.

Governmental Funds: All 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

The School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's Net Position for fiscal year 2020, compared to fiscal year 2019.

**Table 1
Net Position**

	Governmental Activities	
	2020	2019
Current and other assets	\$ 36,511,228	\$ 29,579,351
Capital assets	68,357,434	69,258,165
Total assets	104,868,662	98,837,516
Deferred outflows of resources	11,757,427	8,429,002
Long-term liabilities outstanding	69,070,781	67,527,762
Other liabilities	5,282,920	4,662,419
Total liabilities	74,353,701	72,190,181
Deferred inflows of resources	8,366,164	7,295,955
Net position:		
Net investment in capital assets	61,816,383	60,732,730
Restricted	10,015,371	8,159,571
Unrestricted	(37,925,530)	(41,111,919)
Total net position	\$ 33,906,224	\$ 27,780,382

Note: The amounts in Table 1 for fiscal year 2019 have not been adjusted for the impact of the restatement related to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See also Note 16 in the Notes to the Basic Financial Statements for additional information.

Table 2 shows the changes in the net position for fiscal year 2020, compared to fiscal year 2019. Total net position increased \$6.1 million, for fiscal year 2020, compared to a \$7.5 million increase for fiscal year 2019. In fiscal year 2020, the School District experienced revenue growth due to the economic growth in Putnam County. The School District also received capital outlay funds for an approved renovation project. In addition, COVID-19 emergency school closures delayed some scheduled capital project expenditures.

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

**Table 2
Change in Net Position**

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 705,118	\$ 769,435
Operating grants and contributions	20,564,637	19,241,657
Capital grants and contributions	685,656	1,277,198
Total program revenues	<u>21,955,411</u>	<u>21,288,290</u>
General revenues:		
Property taxes		
For maintenance and operations	22,308,611	21,294,893
Sales taxes	3,633,680	3,088,869
Other taxes	591,771	394,559
Investment income	391,960	506,751
Miscellaneous	511,353	447,484
Gain on sale of capital assets	-	18,339
Total general revenues	<u>27,437,375</u>	<u>25,750,895</u>
Total revenues	<u>49,392,786</u>	<u>47,039,185</u>
Expenses		
Instruction	26,555,990	23,526,688
Support services		
Pupil services	1,568,822	1,400,520
Improvement of instructional services	1,154,309	1,198,172
Educational media services	532,975	470,523
General administration	515,907	498,080
School administration	2,296,933	1,957,594
Business administration	878,502	868,739
Maintenance and operations	3,130,299	3,195,103
Student transportation	3,162,053	3,217,959
Central support services	908,227	839,220
Other support services	28,467	34,257
Operations of noninstructional services		
School nutrition	2,382,224	2,068,995
Enterprise operations	1,257	2,500
Interest on long-term debt	187,045	248,645
Total expenses	<u>43,303,010</u>	<u>39,526,995</u>
Increase in net position	6,089,776	7,512,190
Net position, beginning of year, as restated	<u>27,816,448</u>	<u>20,268,192</u>
Net position, end of year	<u>\$ 33,906,224</u>	<u>\$ 27,780,382</u>

Note: The amounts in Table 2 for fiscal year 2019 have not been adjusted for the impact of the restatement related to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See also Note 16 in the Notes to the Basic Financial Statements for additional information.

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

Governmental Activities

Instruction comprises 61.3% of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Comparative data from fiscal year 2019 is also presented.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>Fiscal Year</u>	Fiscal Year	<u>Fiscal Year</u>	Fiscal Year
	<u>2020</u>	2019	<u>2020</u>	2019
Instruction	\$ 26,555,990	\$ 23,526,688	\$ 12,939,549	\$ 10,062,855
Support services				
Pupil services	1,568,822	1,400,520	818,503	748,946
Improvement of instructional services	1,154,309	1,198,172	335,936	324,362
Educational media services	532,975	470,523	103,203	64,043
General administration	515,907	498,080	(290,996)	(120,409)
School administration	2,296,933	1,957,594	1,325,820	1,046,460
Business administration	878,502	868,739	798,422	798,414
Maintenance and operations	3,130,299	3,195,103	2,117,446	2,097,504
Student transportation	3,162,053	3,217,959	2,416,496	2,360,396
Central support services	908,227	839,220	886,963	823,715
Other support services	28,467	34,257	28,355	33,060
Operations of noninstructional services				
School nutrition	2,382,224	2,068,995	(320,400)	(251,786)
Enterprise operations	1,257	2,500	1,257	2,500
Interest on long-term debt	187,045	248,645	187,045	248,645
Total expenses	<u>\$ 43,303,010</u>	<u>\$ 39,526,995</u>	<u>\$ 21,347,599</u>	<u>\$ 18,238,705</u>

Note: The amounts in Table 3 for fiscal year 2019 have not been adjusted for the impact of the restatement related to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See also Note 16 in the Notes to the Basic Financial Statements for additional information.

Although tax revenues make up a majority of the revenues, the School District is still dependent upon program revenues for governmental activities.

**PUTNAM COUNTY BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The School District’s Funds

The School District’s governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$51.3 million and expenditures and other financing uses of \$45.1 million. There was an increase in fund balance of approximately \$1.5 million in the capital projects fund due to the receipt of state capital outlay funds and SPLOST proceeds. The fund balance of the general fund had an increase of approximately \$4.6 million due to economic growth in Putnam County. There was an increase in fund balance of approximately \$77.2 thousand in the debt service fund. This was because of the interest earned on the QZAB-Series 2007 Bond.

General Fund Budgeting 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 used function-based budgeting. The budgeting systems are designed to tightly control total function budgets but provide flexibility for site management.

For the general fund, budgeted revenue increased from \$41.7 million to \$42.9 million while budgeted expenditures increased from \$42.8 million to \$44.5 million. Budgeted revenues increased due to the receipt of additional state and federal grant funds and the increase in current year property tax receipts. The budgeted expenditures increased due to planned capital lease projects and due to salary step increases for both certified and classified staff along with the associated benefit costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the School District had \$68.4 million invested in capital assets, (net of depreciation), all in governmental activities. Table 4 indicates balances at June 30, 2020. Capital asset comparisons to fiscal year 2019 are also included.

**Table 4
Capital Assets (Net of Depreciation)**

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019
Land	\$ 2,622,237	\$ 2,481,910
Construction in progress	-	13,750
Land improvements	1,278,553	1,127,117
Buildings and improvements	61,211,901	62,621,573
Equipment	3,244,743	3,013,815
Total	\$ 68,357,434	\$ 69,258,165

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

Long-Term Liabilities

Debt

At fiscal year ended June 30, 2020, the School District had \$69.1 million in long-term liabilities outstanding. Table 5 summarizes the School District's liabilities as compared to the prior fiscal year.

**Table 5
Long-Term Liabilities**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 8,500,000	\$ -	\$ (1,580,000)	\$ 6,920,000	\$ 1,610,000
Premium	294,663	-	(90,665)	203,998	90,665
Installment agreement	2,848,340	-	(257,513)	2,590,827	274,406
Net Pension Liability	27,210,801	8,380,088	(3,785,164)	31,805,725	-
Net OPEB Liability	28,673,958	2,822,497	(3,946,224)	27,550,231	-
Governmental activities					
Long-term liabilities	<u>\$ 67,527,762</u>	<u>\$ 11,202,585</u>	<u>\$ (9,659,566)</u>	<u>\$ 69,070,781</u>	<u>\$ 1,975,071</u>

Current Issues

The School District's system goals are:

- To ensure high levels of performance for all students in Putnam County
- To ensure fiscal responsibility and effective resource stewardship
- To develop leadership and staff capacity throughout the School District
- To actively engage students, parents and community stakeholders

The Board continues to monitor all sources of revenues and continually assesses its ability to fund standard operations and capital expansion. In fiscal year 2020, the School District faced the challenges of the COVID-19 emergency school closures that began in March 2020 and which impacted the operations of the School District both financially and physically. In fiscal year 2021, voters approved the new SPLOST VI /Bond referendum for \$21.0 million and \$20.0 million respectively.

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 information, contact Coretta Harris, Finance/Business Services Director, 158 Old Glenwood Springs Road, Eatonton, Georgia 31024. You may also email your questions to coretta_harris@putnam.k12.ga.us.

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PUTNAM COUNTY BOARD OF EDUCATION

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PUTNAM COUNTY BOARD OF EDUCATION

EXHIBIT "A"

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 29,837,939
Restricted - Cash with fiscal agent	12
Restricted - Investments with fiscal agent	1,841,299
Receivables:	
Taxes	1,179,878
Intergovernmental:	
State	2,340,979
Federal	961,375
Other	216,515
Inventory	99,474
Prepaid items	33,757
Capital assets (nondepreciable)	2,622,237
Capital assets (net of accumulated depreciation)	<u>65,735,197</u>
 Total assets	 <u>104,868,662</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension plans	9,067,134
Related to OPEB plan	<u>2,690,293</u>
 Total deferred outflows of resources	 <u>11,757,427</u>
LIABILITIES	
Accounts payable	236,325
Intergovernmental accounts payable	1,252
Salaries and benefits payable	4,955,594
Accrued interest payable	89,749
Bonds payable due within one year	1,700,665
Bonds payable due in more than one year	5,423,333
Installment agreements due within one year	274,406
Installment agreement due in more than one year	2,316,421
Net pension liability, due in more than one year	31,805,725
Net OPEB liability, due in more than one year	<u>27,550,231</u>
 Total liabilities	 <u>74,353,701</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pension plans	1,342,819
Related to OPEB plan	<u>7,023,345</u>
 Total deferred inflows of resources	 <u>8,366,164</u>
NET POSITION	
Net investment in capital assets	61,816,383
Restricted for:	
Continuation of federal programs	1,270,239
Capital projects	5,301,570
Debt service	3,443,562
Unrestricted	<u>(37,925,530)</u>
 Total net position	 <u>\$ 33,906,224</u>

PUTNAM COUNTY BOARD OF EDUCATION

EXHIBIT "B"

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental activities:					
Instruction	\$ 26,555,990	\$ 299,977	\$ 12,783,028	\$ 533,436	\$ (12,939,549)
Support services:					
Pupil services	1,568,822	303,019	447,300	-	(818,503)
Improvement of instructional services	1,154,309	-	818,373	-	(335,936)
Educational media services	532,975	-	429,772	-	(103,203)
General administration	515,907	-	806,903	-	290,996
School administration	2,296,933	-	971,113	-	(1,325,820)
Business administration	878,502	-	80,080	-	(798,422)
Maintenance and operation of plant	3,130,299	4,225	933,628	75,000	(2,117,446)
Student transportation services	3,162,053	-	668,337	77,220	(2,416,496)
Central support services	908,227	-	21,264	-	(886,963)
Other support services	28,467	-	112	-	(28,355)
Enterprise operations	1,257	-	-	-	(1,257)
Food service operations	2,382,224	97,897	2,604,727	-	320,400
Interest on long-term debt	187,045	-	-	-	(187,045)
	<u>\$ 43,303,010</u>	<u>\$ 705,118</u>	<u>\$ 20,564,637</u>	<u>\$ 685,656</u>	<u>(21,347,599)</u>
General revenues:					
Taxes:					
					22,308,611
					3,633,680
					431,839
					146,415
					13,517
					391,960
					511,353
					<u>27,437,375</u>
					6,089,776
					<u>27,816,448</u>
					<u>\$ 33,906,224</u>

PUTNAM COUNTY BOARD OF EDUCATION

EXHIBIT "C"

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

ASSETS	General	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 20,815,814	\$ 9,022,125	\$ -	\$ 29,837,939
Restricted - Cash with fiscal agent	-	-	12	12
Restricted - Investments	-	-	1,841,299	1,841,299
Receivables:				
Taxes	670,588	509,290	-	1,179,878
Intergovernmental:				
State	1,699,353	641,626	-	2,340,979
Federal	961,375	-	-	961,375
Other	216,515	-	-	216,515
Prepaid items	33,757	-	-	33,757
Inventory	99,474	-	-	99,474
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>24,496,876</u>	\$ <u>10,173,041</u>	\$ <u>1,841,311</u>	\$ <u>36,511,228</u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 230,628	\$ 5,697	\$ -	\$ 236,325
Intergovernmental accounts payable	1,252	-	-	1,252
Salaries and benefits payable	4,955,594	-	-	4,955,594
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	5,187,474	5,697	-	5,193,171
 DEFERRED INFLOWS				
Unavailable revenue - property taxes	356,282	-	-	356,282
Unavailable revenue - sales taxes	-	151,717	-	151,717
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	356,282	151,717	-	507,999
 FUND BALANCES				
Nonspendable:				
Inventory	99,474	-	-	99,474
Prepaid items	33,757	-	-	33,757
Restricted:				
Continuation of federal programs	1,170,765	-	-	1,170,765
Debt service	-	1,692,000	1,841,311	3,533,311
Capital projects	-	8,323,627	-	8,323,627
Assigned:				
Student activities	263,708	-	-	263,708
Subsequent year's budget	3,545,314	-	-	3,545,314
Unassigned	13,840,102	-	-	13,840,102
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	18,953,120	10,015,627	1,841,311	30,810,058
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows, and fund balances	\$ <u>24,496,876</u>	\$ <u>10,173,041</u>	\$ <u>1,841,311</u>	\$ <u>36,511,228</u>

PUTNAM COUNTY BOARD OF EDUCATION

EXHIBIT "D"

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

Total fund balances - governmental funds (Exhibit "C")		\$ 30,810,058
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.		
Cost	\$ 95,078,038	
Less accumulated depreciation	<u>(26,720,604)</u>	68,357,434
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	\$ 356,282	
Sales taxes	<u>151,717</u>	507,999
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This includes deferred outflows and inflows of resources related to pensions.		
Bonds	\$ (6,920,000)	
Bond premium, net of amortization	(203,998)	
Net pension liability	(31,805,725)	
Net OPEB liability	(27,550,231)	
Deferred outflows of resources	11,757,427	
Deferred inflows of resources	(8,366,164)	
Accrued interest	(89,749)	
Installment agreements	<u>(2,590,827)</u>	<u>(65,769,267)</u>
Net position of governmental activities (Exhibit "A")		\$ <u>33,906,224</u>

PUTNAM COUNTY BOARD OF EDUCATION

EXHIBIT "E"

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 22,257,987	\$ -	\$ -	\$ 22,257,987
Sales taxes	578,254	3,481,963	-	4,060,217
Other taxes	13,517	-	-	13,517
State funds	14,646,458	641,626	-	15,288,084
Federal funds	5,943,219	75,000	-	6,018,219
Charges for services	705,118	-	-	705,118
Investment earnings	213,868	100,933	77,159	391,960
Miscellaneous	511,353	-	-	511,353
Total revenues	44,869,774	4,299,522	77,159	49,246,455
EXPENDITURES				
Current:				
Instruction	23,846,898	142,556	-	23,989,454
Support services:				
Pupil services	1,491,760	-	-	1,491,760
Improvement of instructional services	1,113,159	-	-	1,113,159
Educational media services	511,160	-	-	511,160
General administration	488,599	-	-	488,599
School administration	2,185,106	-	-	2,185,106
Business administration	856,390	-	1,075	857,465
Maintenance and operation of plant	2,931,020	84,874	-	3,015,894
Student transportation services	2,994,067	437,356	-	3,431,423
Central support services	819,585	94,157	-	913,742
Other support services	28,467	-	-	28,467
Enterprise operations	1,257	-	-	1,257
Food services operations	2,391,385	-	-	2,391,385
Capital outlay	-	534,516	-	534,516
Debt service:				
Principal retirement	257,513	-	1,580,000	1,837,513
Interest and fees	105,707	-	187,700	293,407
Total expenditures	40,022,073	1,293,459	1,768,775	43,084,307
Excess (deficiency) of revenues over (under) expenditures	4,847,701	3,006,063	(1,691,616)	6,162,148
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	3,314	-	-	3,314
Transfers in	-	234,287	1,768,775	2,003,062
Transfers out	(234,287)	(1,768,775)	-	(2,003,062)
Total other financing sources (uses)	(230,973)	(1,534,488)	1,768,775	3,314
Net change in fund balances	4,616,728	1,471,575	77,159	6,165,462
FUND BALANCE, beginning of year, as restated	14,336,392	8,544,052	1,764,152	24,644,596
FUND BALANCE, end of year	\$ 18,953,120	\$ 10,015,627	\$ 1,841,311	\$ 30,810,058

PUTNAM COUNTY BOARD OF EDUCATION

EXHIBIT "F"

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds (Exhibit "E")	\$	6,165,462
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which capital outlay exceeds depreciation is to increase net position.</p>		
Capital outlay	\$ 1,311,137	
Depreciation expense	<u>(2,199,244)</u>	(888,107)
<p>Net effect of various miscellaneous transactions involving fixed assets (sales, trade-ins, donations, etc.) is to decrease net position.</p>		
		(12,624)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	\$ 50,624	
Sales taxes	151,717	
Grants	<u>(108,190)</u>	94,151
<p>Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments - bonds	\$ 1,580,000	
Principal payments - installment agreements	257,513	
Bond premium amortization expense	<u>90,665</u>	1,928,178
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Adjustments related to pensions	\$ (1,079,980)	
Adjustments related to OPEB	(133,001)	
Change in accrued interest	<u>15,697</u>	<u>(1,197,284)</u>
Changes in net position of governmental activities (Exhibit "B")	\$	<u><u>6,089,776</u></u>

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

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 non-exchange transactions.

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

1. **Net investment in capital assets** consists of the School District’s total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Government-wide Statements (Continued)

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. Separate statements are presented for governmental. 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

- The *Capital Projects Fund* accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax ("ESPLOST"), bond proceeds, and grants from the Georgia State Financing and Investment Commission that are restricted, committed, or assigned to expenditure for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

Basis of Accounting

The basis of accounting determines when transactions are reported in 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. Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The School District considers all tax revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. All other revenues are considered to be available if they are collected within 120 days after year-end. Property taxes, sales taxes, grants, 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Basis of Accounting (Continued)

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

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

New Accounting Pronouncements

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

New Accounting Pronouncements (Continued)

In fiscal year 2020, the School District early adopted 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 post-employment 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 Note 16.

In fiscal year 2020, the School District early adopted GASB Statement No. 90, *Majority Equity Interests*. It defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Cash and Cash Equivalents

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

Investments

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Investments (Continued)

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 in 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 (first-in/first-out). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Prepaid Items

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Restricted Assets

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

Capital Assets

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at 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:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	N/A
Land Improvements	\$ 5,000	10 to 60 Years
Buildings and Improvements	\$ 5,000	60 Years
Equipment	\$ 5,000	5 to 25 Years
Intangible Assets	\$ 100,000	10 to 15 Years
Construction in Progress	\$ 5,000	N/A

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

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 future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Post-employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees Post-employment Benefit Fund ("School OPEB Fund") and additions to/deductions from School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Fund Balance (Continued)

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

The responsibility for designating funds to specific classification is as follows:

Committed Fund Balance – The Board of Education is the School District’s highest level of decision-making authority; the formal action required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Funds should be committed prior to the end of the fiscal year, although the exact amount may be determined in the subsequent fiscal year.

Assigned Fund Balance – The Board of Education has authorized the Superintendent and the Director of Finance as officials authorized to assign fund balance to a specific purpose in accordance with the School District’s policy. The accounting records should reflect sufficient documentation to support an assignment of funds by the administration.

The fund balance of the School District’s general fund has been accumulated to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The School District’s basic goal is to maintain annual expenditure increases necessary to provide a consistent educational environment satisfactory to its citizens and to limit expenditure increases to anticipated revenue in order to maintain a balanced budget. When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Use of Estimates

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Property Taxes

The Putnam County Board of Commissioners adopted the property tax levy for the 2019 tax digest year (calendar year) on September 6, 2019, (levy date) based on property values as of January 1, 2019. Taxes were due on December 1, 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 Putnam County Tax Commissioner bills and collects the property taxes for the School District, and withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2020, for maintenance and operations amounted to \$21,011,859.

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	<u>16.016</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounts to \$1,246,128 during the 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 \$3,481,963 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 reauthorized at least every five years.

NOTE 3: BUDGETARY DATA

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

NOTE 3: BUDGETARY DATA (CONTINUED)

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised. At 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 and Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS 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 10 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

PUTNAM COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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EXHIBIT "G"

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Collateralization of Deposits (Continued)

- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by 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.

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 \$4,276,822 (excluding cash equivalents) and a bank balance of \$4,469,092. The bank balances insured by the Federal depository insurance were \$250,012, and the bank balances collateralized with securities by the pledging financial institution's agent in the School District's name were \$4,219,080.

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

Statement of Net Position:	
Cash and cash equivalents	\$ 29,837,939
Restricted - cash with fiscal agent	<u>12</u>
Total cash and cash equivalents	\$ <u>29,837,951</u>
Less: Investment pool reported as cash and cash equivalents:	
Georgia Fund 1	<u>(25,561,129)</u>
Total carrying value of deposits - June 30, 2020	\$ <u>4,276,822</u>

Categorization of Cash Equivalents

The School District reported cash equivalents of \$25,561,129 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 AAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2020 was 38 days.

The Georgia Fund 1, (local government investment pool), is administered by the State of Georgia, Office of the State Treasurer and 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.

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Categorization of Cash Equivalents (Continued)

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 <https://www.audits.ga.gov/SGD/CAFR.html>.

Categorization of Investments

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

<u>Investment</u>	<u>Maturities</u>	<u>Rating*</u>	<u>Fair Value</u>
Taxable Domestic Fixed Income			
Fannie Mae	October 1, 2020	A-1+	\$ 1,841,299
			<u>\$ 1,841,299</u>

**Rating as per Standard & Poor's*

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.

The Fannie Mae investments are valued using a matrix pricing model. (Level 2 inputs.)

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

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk. At June 30, 2020, \$1,841,299 of the School District’s applicable investments were held by the investment’s counter party, not in the School District’s name.

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

EXHIBIT “G”

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Categorization of Investments (Continued)

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 by 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.

NOTE 5: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (“USDA”) for school breakfast and lunch programs. These commodities are recorded at their federally assigned value. See **Note 2 – Inventories**.

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 2,481,910	\$ 140,327	\$ -	\$ -	\$ 2,622,237
Construction in progress	13,750	11,725	-	(25,475)	-
Total	<u>2,495,660</u>	<u>152,052</u>	<u>-</u>	<u>(25,475)</u>	<u>2,622,237</u>
Capital assets, being depreciated:					
Buildings and improvements	80,759,216	30,725	-	25,475	80,815,416
Equipment	8,579,111	863,228	(263,783)	-	9,178,556
Land improvements	2,196,697	265,132	-	-	2,461,829
Total	<u>91,535,024</u>	<u>1,159,085</u>	<u>(263,783)</u>	<u>25,475</u>	<u>92,455,801</u>
Less accumulated depreciation for:					
Buildings and improvements	(18,137,643)	(1,465,872)	-	-	(19,603,515)
Equipment	(5,565,296)	(619,676)	251,159	-	(5,933,813)
Land improvements	(1,069,580)	(113,696)	-	-	(1,183,276)
Total	<u>(24,772,519)</u>	<u>(2,199,244)</u>	<u>251,159</u>	<u>-</u>	<u>(26,720,604)</u>
Total capital assets, being depreciated, net	<u>66,762,505</u>	<u>(1,040,159)</u>	<u>(12,624)</u>	<u>25,475</u>	<u>65,735,197</u>
Governmental activities capital assets, net	<u>\$ 69,258,165</u>	<u>\$ (888,107)</u>	<u>\$ (12,624)</u>	<u>\$ -</u>	<u>\$ 68,357,434</u>

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

EXHIBIT "G"

NOTE 6: CAPITAL ASSETS (CONTINUED)

Current year depreciation expense by function for capital assets is as follows:

Instruction					\$ 1,513,937
Support Services					
Pupil Services	\$	47,604			
General Administration		12,585			
School Administration		34,016			
Maintenance and Operations		137,390			
Student Transportation		358,749			
Central Support Services		<u>24,570</u>		614,914	
Food Services				<u>70,393</u>	
 Total Depreciation Expense					 \$ <u>2,199,244</u>

NOTE 7: INTERFUND TRANSFERS

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

	Transfers From		
Transfers To	General Fund	Capital Projects Fund	Total
Debt Service Fund	\$ -	\$ 1,768,775	\$ 1,768,775
Capital Projects Fund	234,287	-	234,287
	\$ 234,287	\$ 1,768,775	\$ 2,003,062

Transfers are used to move special purpose local option sales tax revenues from the Capital Projects Fund to the Debt Service Fund to fund debt service payments and to move revenues from the General Fund to the Capital Projects Fund to provide supplemental funding for capital projects.

NOTE 8: RISK MANAGEMENT

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; natural disasters; and unemployment claims.

NOTE 8: RISK MANAGEMENT (CONTINUED)

Georgia School Boards Association Risk Management Fund

The School District participates in the Georgia School Boards Association Risk Management 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, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the Fund. The School District pays an annual premium to the Fund for its general insurance coverage. Additional coverage is provided through agreements by the Fund with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the Fund varies by line of coverage.

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program to reduce the risk of loss from employee accidents. The School District pays an annual contribution to the Fund for coverage. The Fund provides statutory limits of coverage for Workers' Compensation coverage and a \$2,000,000 limit per occurrence for Employers' Liability coverage. Excess insurance coverage is provided through an agreement between the Fund and the Safety National Casualty Corporation to limit the Fund's exposure to large losses.

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 a liability being reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

The amount of claims incurred and paid in fiscal year 2019 was \$1,382. The amount of claims incurred and paid in fiscal year 2020 was \$3,172.

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

EXHIBIT "G"

NOTE 8: RISK MANAGEMENT (CONTINUED)

Surety Bond

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 50,000
Driver Education	\$ 10,000

NOTE 9: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

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

<u>Project</u>	<u>Unearned Executed Contracts (1)</u>
Gymnasium Seating Project	\$ 155,541
Football Locker Room Project	34,714
	<u>\$ 190,255</u>

(1) The amounts described are not reflected in the basic financial statements.

NOTE 10: OPERATING LEASES

The School District leases copiers and a postage meter under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$38,247 for governmental activities for the year ended June 30, 2020. The following future minimum lease payments were required under operating leases at June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Funds</u>
2021	\$ 38,247
2022	4,092
2023	247
	<u>\$ 42,586</u>

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

EXHIBIT “G”

NOTE 11: LONG-TERM LIABILITIES

The changes in long-term liabilities during the fiscal year ended June 30, 2020, for governmental activities, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 6,500,000	\$ -	\$ (1,580,000)	\$ 4,920,000	\$ 1,610,000
Unamortized Bond Premium	294,663	-	(90,665)	203,998	90,665
Qualified Zone Academy Bonds	2,000,000	-	-	2,000,000	-
Installment Agreements	2,848,340	-	(257,513)	2,590,827	274,406
Net Pension Liability	27,210,801	8,380,088	(3,785,164)	31,805,725	-
Net OPEB Liability	28,673,958	2,822,497	(3,946,224)	27,550,231	-
Total	<u>\$ 67,527,762</u>	<u>\$ 11,202,585</u>	<u>\$ (9,659,566)</u>	<u>\$ 69,070,781</u>	<u>\$ 1,975,071</u>

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

The School District has no unused line of credit of outstanding notes from direct borrowings or direct placements related to governmental activities as of June 30, 2020. In the event the entity is unable to make principal and interest payments using proceeds of the ESPLOST, the debt will be satisfied from the General Fund or from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Government - Series 2017	3.00% - 4.00%	October 26, 2017	October 1, 2022	\$ 8,000,000	\$ 4,920,000
				<u>\$ 8,000,000</u>	<u>\$ 4,920,000</u>

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

EXHIBIT "G"

NOTE 11: LONG-TERM LIABILITIES (CONTINUED)

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

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Unamortized Bond Premium</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 1,610,000	\$ 139,850	\$ 90,665
2022	1,640,000	82,900	90,665
2023	<u>1,670,000</u>	<u>25,050</u>	<u>22,668</u>
Total Principal and Interest	<u>\$ 4,920,000</u>	<u>\$ 247,800</u>	<u>\$ 203,998</u>

Qualified Zone Academy Bonds

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

This agreement establishes a method of repayment for qualified interest-free debt instrument. The restricted amount on deposit in a bond sinking fund at June 30, 2020, was \$1,841,311.

In the event the amount of funds lawfully available is not sufficient to pay the QZAB payments when due in any year, the School District shall levy an ad valorem tax on all taxable property located within the boundaries of the School District subject to taxation for such purposes, as such rate or rates may be necessary to produce in each calendar year revenues which shall be sufficient to fulfill the School District's obligations. The School District can also use SPLOST funds to fulfill the School District's obligations.

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
QZAB - Series 2007	0.00%	December 6, 2007	December 6, 2022	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Qualified Zone Academy Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ -
2022	-	-
2023	<u>2,000,000</u>	-
Total Principal and Interest	<u>\$ 2,000,000</u>	<u>\$ -</u>

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

EXHIBIT “G”

NOTE 11: LONG-TERM LIABILITIES (CONTINUED)

Obligations Under Financed Purchases

An energy efficiency installment agreement dated May 24, 2018, was executed by and between the School District, the lessee, and First Security Finance, Inc. the lessor. The agreement authorized the borrowing of \$2,525,626 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the School District’s General Fund.

The School District’s outstanding financed purchases related to governmental activities of \$2,590,827 contain a provision that in an event of a default, the outstanding amount becomes immediately due and the contract is terminated.

A government obligation contract dated July 25, 2018, was executed by and between the School District, the lessee, and KS State Bank, the lessor. The agreement authorized the borrowing of \$386,143 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the School District’s General Fund.

Debt currently outstanding is as follows:

<u>Purpose</u>	<u>Interest</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Amount</u>
	<u>Rates</u>			<u>Issued</u>	<u>Outstanding</u>
Gov't Obligation Contract	4.00%	June 25, 2018	June 25, 2023	\$ 386,143	\$ 249,951
Installment Agreement	3.57%	May 24, 2018	December 1, 2028	2,525,626	2,340,876
				<u>\$ 2,911,769</u>	<u>\$ 2,590,827</u>

The following is a schedule of total energy installment agreement and government obligation contract payments:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Contract Obligation</u>		<u>Installment Agreement</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 76,680	\$ 11,309	\$ 197,726	\$ 83,569
2022	80,809	7,180	211,421	76,510
2023	85,161	2,828	225,870	68,963
2024	7,301	32	241,111	60,899
2025	-	-	257,184	52,291
2026 – 2029	-	-	1,207,564	111,138
Total Principal and Interest	<u>\$ 249,951</u>	<u>\$ 21,349</u>	<u>\$ 2,340,876</u>	<u>\$ 453,370</u>

NOTE 12: SIGNIFICANT CONTINGENT LIABILITIES

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. 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.

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

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS

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 O.C.G.A. are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (the “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 \$737,736 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 \$27,550,231 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 0.224494%, which was a decrease of 0.001113% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of \$870,737. 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	\$ -	\$ 2,997,179
Changes in assumptions	956,766	3,883,713
Net difference between projected and actual earnings on OPEB plan investments	59,996	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	935,795	142,453
School District contributions subsequent to the measurement date	737,736	-
Total	\$ 2,690,293	\$ 7,023,345

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

School District contributions subsequent to the measurement date of \$737,736, 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:

Fiscal Year Ending June 30,	OPEB
2021	\$ (1,100,620)
2022	(1,100,620)
2023	(1,102,926)
2024	(1,009,504)
2025	(612,489)
2026	(144,629)

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

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

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

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

Actuarial assumptions (Continued): 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.

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. During fiscal year 2018, the School OPEB fund updated their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed income	30.00%	(0.10)%
Domestic stock - large cap	46.20%	8.90%
Domestic stocks - small cap	1.30%	13.20%
International stocks - developed market	12.40%	8.90%
International stocks - emerging market	5.10%	10.90%
Alternatives	5.00%	12.00%
Total	<u>100.00%</u>	

*Rates shown are 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.

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

<i>School OPEB Fund - Discount Rate</i>	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
School District's proportionate share of the OPEB liability	\$ 32,022,461	\$ 27,550,231	\$ 23,912,272

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<i>School OPEB Fund - Healthcare Cost Trend Rate</i>	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the OPEB liability	\$ 23,208,150	\$ 27,550,231	\$ 33,065,001

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

NOTE 14: RETIREMENT PLANS

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

Teachers Retirement System of Georgia ("TRS")

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2020. The School District's contractually required contribution rate for the year ended June 30, 2020, was 21.14% of annual school district payroll. For the current fiscal year, employer contributions to the pension plan were \$4,034,127 from the School District.

Employees' Retirement System ("ERS")

Plan Description: The 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.

NOTE 14: RETIREMENT PLANS (CONTINUED)

Employees' Retirement System ("ERS")

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 ten 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, post-retirement 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, plus 6% of annual compensation in excess of \$4,200. 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. There were no employer contributions to the pension plan for the current fiscal year.

NOTE 14: RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System ("PSERS")

Plan description: PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for Public School Employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/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 \$80,028.

NOTE 14: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2020, the School District reported a liability of \$31,805,725 for its proportionate share of the net pension liability for TRS (\$31,805,725) and ERS (\$0).

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 0.147915%, which was an increase of 0.001322% from its proportion measured as of June 30, 2018. At June 30, 2019, the School District's ERS proportion was 0%, which was the same percentage 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 \$448,567.

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 \$5,125,028 for TRS, (\$10,921) for ERS, and \$138,333 for PSERS and revenue of \$6,125 for TRS and \$138,333 for PSERS. The revenue is support provided by the State of Georgia.

NOTE 14: RETIREMENT PLANS (CONTINUED)

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

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,792,733	\$ 9,430
Changes in assumptions	3,052,174	-
Net difference between projected and actual earnings on pension plan investments	-	757,391
Changes in proportion and differences between School District contributions and proportionate share of contributions	188,100	573,763
School District contributions subsequent to the measurement date	4,034,127	-
Total	\$ 9,067,134	\$ 1,340,584

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

EXHIBIT “G”

NOTE 14: RETIREMENT PLANS (CONTINUED)

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

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	2,235
	-	-
Total	\$ -	\$ 2,235

The School District contributions subsequent to the measurement date for TRS 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:

Fiscal Year		Fiscal Year	
Ending June 30,	TRS	Ending June 30,	ERS
2021	\$ 1,535,699	2021	\$ (2,235)
2022	155,102	2022	-
2023	922,317	2023	-
2024	1,079,305	2024	-
2025	-	2025	-

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 increase	1.50% semi-annually

NOTE 14: RETIREMENT PLANS (CONTINUED)

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

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

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

Employees' Retirement System:

Inflation	2.75%
Salary increases	3.25 – 7.00%, average, 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 (set forward two 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 (set back seven years for males and set forward three years for females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

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

NOTE 14: RETIREMENT PLANS (CONTINUED)

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

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 three years for males and two 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 five years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the School District 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.

NOTE 14: RETIREMENT PLANS (CONTINUED)

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

The long-term expected rate of return on TRS, 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 nominal returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>TRS Target Allocation</u>	<u>ERS/PSERS Target Allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed Income	30.00%	30.00%	-0.10%
Domestic large stocks	51.00%	46.20%	8.90%
Domestic small stocks	1.50%	1.30%	13.20%
International developed market stocks	12.40%	12.40%	8.90%
International emerging market stocks	5.10%	5.10%	10.90%
Alternative	0.00%	5.00%	12.00%
Total	<u>100.00%</u>	<u>100.00%</u>	

* Rates shown are net of assumed rate of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total 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 non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, 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.

NOTE 14: RETIREMENT PLANS (CONTINUED)

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

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.25% 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% or 6.30%) or 1-percentage-point higher (8.25% and 8.30%) than the current rate:

<i>Teachers Retirement System</i>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
School District's proportionate share of the net pension liability	\$ 51,630,000	\$ 31,805,725	\$ 15,503,126
<i>Employees' Retirement System</i>	<u>1% Decrease (6.30%)</u>	<u>Current Discount rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -

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 www.ers.ga.gov/financials.

NOTE 15: SUBSEQUENT EVENT

The voters of Putnam County approved a new SPLOST referendum for the School District during the election held on November 3, 2020, for the purpose of raising not more than \$21,000,000 to fund various capital projects and debt service. Included in that referendum, the voters of Putnam County also approved the issuance of up to \$20,000,000 in general obligation debt to provide advance funding to the SPLOST projects.

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

EXHIBIT "G"

NOTE 16: RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

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

Fund balance, General Fund as previously reported	\$ 14,300,326
Prior Period Adjustment - Implementation of GASB No. 84:	36,066
Fund balance, General Fund, as restated	<u>\$ 14,336,392</u>
Net Position, Governmental Activities, as previously reported	\$ 27,780,382
Prior Period Adjustment - Implementation of GASB No. 84:	36,066
Net Position, Governmental Activities, as restated	<u>\$ 27,816,448</u>

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PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "1"

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

	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.147915%	0.146593%	0.150300%	0.151317%	0.153999%	0.153698%
School District's proportionate share of the net pension liability	\$ 31,805,725	\$ 27,210,801	\$ 27,933,718	\$ 31,218,384	\$ 23,444,819	\$ 19,417,715
State of Georgia's proportionate share of the net pension liability associated with the School District	-	-	-	-	1,675	-
Total	<u>\$ 31,805,725</u>	<u>\$ 27,210,801</u>	<u>\$ 27,933,718</u>	<u>\$ 31,218,384</u>	<u>\$ 23,446,494</u>	<u>\$ 19,417,715</u>
School District's covered payroll	\$ 18,046,742	\$ 17,314,527	\$ 17,255,284	\$ 16,595,396	\$ 16,255,430	\$ 15,680,195
School District's proportionate share of the net pension liability as a percentage of its covered payroll	176.24%	157.16%	161.89%	188.11%	144.23%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%	76.06%	81.44%	84.03%

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "2"

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,034,127	\$ 3,771,769	\$ 2,910,572	\$ 2,462,329	\$ 2,368,163	\$ 2,137,589
Contributions in relation to the contractually required contribution	<u>4,034,127</u>	<u>3,771,769</u>	<u>2,910,572</u>	<u>2,462,329</u>	<u>2,368,163</u>	<u>2,137,589</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 19,082,909	\$ 18,046,742	\$ 17,314,527	\$ 17,255,284	\$ 16,595,396	\$ 16,255,430
Contributions as a percentage of covered payroll	21.14%	20.90%	16.81%	14.27%	14.27%	13.15%

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "3"

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000241%	0.000980%	0.000675%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ 9,788	\$ 46,358	\$ 27,347	\$ -
School District's covered payroll	\$ -	\$ -	\$ 5,917	\$ 22,799	\$ 15,428	\$ -
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	165.42%	203.33%	177.26%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	76.74%	76.68%	76.33%	72.34%	76.20%	0.00%

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "4"

SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ 1,468	\$ 5,636	\$ 3,388
Contributions in relation to the contractually required contribution	-	-	-	1,468	5,636	3,388
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ -	\$ -	\$ -	\$ 5,917	\$ 22,799	\$ 15,428
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	24.81%	24.72%	21.96%

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "5"

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	448,567	420,466	396,176	529,876	350,234	302,528
Total	\$ 448,567	\$ 420,466	\$ 396,176	\$ 529,876	\$ 350,234	\$ 302,528
School District's covered payroll	\$ 1,132,414	\$ 991,022	\$ 1,182,933	\$ 1,125,153	\$ 1,117,545	\$ 1,071,091
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	85.02%	85.26%	85.69%	81.00%	87.00%	88.29%

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "6"

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net pension liability	0.224494%	0.225607%	0.223529%
School District's proportionate share of the net pension liability	\$ 27,550,231	\$ 28,673,958	\$ 31,405,734
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 27,550,231</u>	 <u>\$ 28,673,958</u>	 <u>\$ 31,405,734</u>
School District's covered-employee payroll	\$ 18,934,064	\$ 18,179,287	\$ 18,059,233
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	145.51%	157.73%	173.90%
Plan fiduciary net position as a percentage of the total pension liability	4.63%	2.93%	1.61%

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "7"

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 737,736	\$ 1,209,055	\$ 1,169,238	\$ 1,165,499
Contributions in relation to the contractually required contribution	<u>737,736</u>	<u>1,209,055</u>	<u>1,169,238</u>	<u>1,165,499</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 19,032,642	\$ 18,934,064	\$ 18,179,287	\$ 18,059,233
Contributions as a percentage of covered-employee payroll	3.88%	6.39%	6.43%	6.45%

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "8"

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

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 items:

A new benefit was added for members joining the system on or 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 updated to rates of mortality, retirement, disability, 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 three years for males and two 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 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.

School OPEB Fund

Changes of benefit items:

There have been no changes in benefit terms.

Changes of assumptions:

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

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018, and back to 3.58% as of June 30, 2019.

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "9"

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

	Nonappropriated Budget		Actual	Variance With Final Budget
	Original ⁽¹⁾	Final ⁽¹⁾		
REVENUES				
Property taxes	\$ 20,842,024	\$ 20,842,024	\$ 22,257,987	\$ 1,415,963
Sales taxes	250,000	250,000	578,254	328,254
Other taxes	-	-	13,517	13,517
State funds	14,516,949	14,529,561	14,646,458	116,897
Federal funds	5,748,985	6,909,827	5,943,219	(966,608)
Charges for services	98,400	98,400	705,118	606,718
Investment earnings	50,000	50,000	213,868	163,868
Miscellaneous	180,873	189,123	511,353	322,230
Total revenues	41,687,231	42,868,935	44,869,774	2,000,839
EXPENDITURES				
Current:				
Instruction	25,425,959	25,513,447	23,846,898	1,666,549
Support services:				
Pupil services	1,791,445	2,093,562	1,491,760	601,802
Improvement of instructional services	1,308,088	1,422,662	1,113,159	309,503
Educational media services	598,198	598,198	511,160	87,038
General administration	569,153	584,944	488,599	96,345
School administration	2,448,121	2,358,900	2,185,106	173,794
Business administration	982,354	982,354	856,390	125,964
Maintenance and operation of plant	2,872,750	3,676,095	2,931,020	745,075
Student transportation services	3,331,842	3,331,842	2,994,067	337,775
Central support services	990,265	1,135,253	819,585	315,668
Other support services	17,000	17,000	28,467	(11,467)
Enterprise operations	5,000	5,000	1,257	3,743
Food services operations	2,417,956	2,756,917	2,391,385	365,532
Debt service:				
Principal retirement	-	-	257,513	(257,513)
Interest and fiscal charges	-	-	105,707	(105,707)
Total expenditures	42,758,131	44,476,174	40,022,073	4,454,101
Excess (deficiency) of revenues over expenditures	(1,070,900)	(1,607,239)	4,847,701	6,454,940
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	3,314	3,314
Transfers in	1,090,342	1,093,225	-	(1,093,225)
Transfers out	(1,090,342)	(890,925)	(234,287)	656,638
Total other financing sources (uses)	-	202,300	(230,973)	(433,273)
Net change in fund balance	(1,070,900)	(1,404,939)	4,616,728	6,021,667
FUND BALANCE, beginning of year, as restated	14,336,392	14,336,392	14,336,392	-
FUND BALANCE, end of year	\$ 13,265,492	\$ 12,931,453	\$ 18,953,120	\$ 6,021,667

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

(1) Original and Final Budget amounts do not include budgeted revenues (\$608,699) or expenditures (\$558,933) of the various school activity accounts.

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

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "10"

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Funding Agency Program/Grant</u>	<u>CFDA Number</u>	<u>Pass-Through Entity ID Number</u>	<u>Expenditures In Period</u>
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	205GA324N1099	\$ 762,370
National School Lunch Program	10.555	205GA324N1099	1,564,255
Total Child Nutrition Cluster			<u>2,326,625</u>
Other Programs			
Pass-Through From Office of the State Treasurer			
National Forest Reserve Funds	10.665	486 Forest	36,277
Total U.S. Department of Agriculture			<u>2,362,902</u>
Health and Human Services, U.S. Department of			
Direct			
Head Start Cluster	93.600	04CH9974-01-01	<u>1,293,667</u>
Education, U.S. Department of			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Grants to States	84.027	H027A180073	60,205
Grants to States	84.027	H027A190073	485,943
Preschool Grants	84.173	H173A180081	1,655
Preschool Grants	84.173	H173A190081	15,702
Total Special Education Cluster			<u>563,505</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Title I, Part A, Grants to Local Educational Agencies	84.010	S010A180010	254,930
Title I, Part A, Grants to Local Educational Agencies	84.010	S010A190010-19A	935,197
English Language Acquisition Grants	84.365	S365A180010	8,495
English Language Acquisition Grants	84.365	S365A190010	4,687
Rural Education	84.358	S358B180010	2,341
Rural Education	84.358	S358B190010	56,020
Career and Technical Education - Basic Grants to States	84.048	V048A180010	566
Career and Technical Education - Basic Grants to States	84.048	V048A190010	17,877
Total Other Programs			<u>1,280,113</u>
Total U.S. Department of Education			<u>1,843,618</u>
Labor, U.S. Department of			
Direct			
Youthbuild	17.274	YC-25419-14-60-A-13	<u>162,670</u>
Agency, U.S. Environmental Protection			
Direct			
Diesel Emission Reduction Act School Bus Rebate Program	66.039	N/A	<u>75,000</u>
National Endowment for the Humanities			
Pass-Through From University of Georgia			
Promotion of the Humanities - Preservation and Access	45.149	PY-253089-17	<u>19,500</u>
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	<u>53,052</u>
Total Expenditures of Federal Awards			\$ <u><u>5,810,409</u></u>

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Putnam County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

See Notes to the Basic Financial Statements.

PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "11"

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

<u>Agency/Funding</u>	Governmental		Totals
	General Fund	Capital Projects Fund	
Grants			
Bright from the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 656,620	\$ -	\$ 656,620
Classroom Supplies for Pre-Kindergarten	8,000	-	8,000
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	821,371	-	821,371
Kindergarten Program - Early Intervention Program	63,622	-	63,622
Primary Grades (1-3) Program	1,921,102	-	1,921,102
Primary Grades - Early Intervention (1-3) Program	262,550	-	262,550
Upper Elementary Grades (4-5) Program	999,198	-	999,198
Upper Elementary Grades - Early Intervention (4-5) Program	121,505	-	121,505
Middle School (6-8) Program	1,798,163	-	1,798,163
High School General Education (9-12) Program	1,372,110	-	1,372,110
Career Technical and Agricultural Education Program 9-12 (CTAE)	372,889	-	372,889
Students with Disabilities	2,454,294	-	2,454,294
Gifted Students - Category VI	445,091	-	445,091
Remedial Education Program	28,594	-	28,594
Alternative Education Program	119,267	-	119,267
English Speakers of Other Languages (ESOL)	277,233	-	277,233
Media Center Program	288,658	-	288,658
20 Days Additional Instruction	87,531	-	87,531
Staff and Professional Development	48,570	-	48,570
Principal, Staff, and Professional Development	882	-	882
Charter School Adjustment	311,044	-	311,044
Indirect Cost			
Central Administration	517,057	-	517,057
School Administration	566,102	-	566,102
Facility Maintenance and Operations	582,450	-	582,450
Categorical Grants			
Pupil Transportation	352,253	-	352,253
Nursing Services	62,787	-	62,787
Vocational Supervisors	14,140	-	14,140
Food Services	44,768	-	44,768
Career, Technical and Agricultural Education (CTAE) (Total Pgms 3100-3999)	23,424	-	23,424
Amended Formula Adjustment	(204,646)	-	(204,646)
Other State Programs			
Math and Science Supplements	16,061	-	16,061
Preschool Handicapped Program	53,939	-	53,939
Hygiene Products in Georgia Schools	2,581	-	2,581
Pupil Transportation - State Bonds	77,220	-	77,220
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects	-	641,626	641,626
On-Behalf Payments			
Office of Treasury and Fiscal Services			
Paid to the Public School Employees Retirement System	80,028	-	80,028
	<u>\$ 14,646,458</u>	<u>\$ 641,626</u>	<u>\$ 15,288,084</u>

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PUTNAM COUNTY BOARD OF EDUCATION

SCHEDULE "12"

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

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3) (4) (5) (6)	Expended In Prior Years (3) (5) (6)	Total Completion Cost	Estimated Completion Date
Acquiring miscellaneous new equipment, fixtures and furnishings for the school system, including but not limited to technology equipment and safety and security equipment.	\$ 2,121,587	\$ 2,121,587	\$ 274,918	\$ 197,787	\$ -	June 2022
Adding to, renovating, repairing, improving, and equipping existing school buildings and school system facilities.	9,741,951	9,741,951	432,433	4,865,803	-	June 2022
Acquiring school buses and transportation and maintenance equipment.	1,375,000	1,375,000	437,356	186,762	-	June 2022
Acquiring, constructing, and equipping new school system facilities, including fine arts facilities and athletic facilities.	350,000	350,000	-	-	-	June 2022
Acquiring textbook, e-books, and e-book readers for the School District, with the maximum cost of the projects described in items (i) - (v) payable from said tax being \$15,000,000.	500,000	500,000	-	-	-	June 2022
Paying any general obligation debt of the School District issued in conjunction with the imposition of such sales and use tax.	779,794	816,919	188,775	351,719	-	June 2022
Paying expenses incident to accomplishing the foregoing.	<u>131,668</u>	<u>131,668</u>	<u>-</u>	<u>131,668</u>	<u>131,668</u>	Complete
	<u>\$ 15,000,000</u>	<u>\$ 15,037,125</u>	<u>\$ 1,333,482</u>	<u>\$ 5,733,739</u>	<u>\$ 131,668</u>	

- (1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
- (2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
- (3) The voters of Putnam County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) As of June 30, 2020, there were no excess proceeds not expended for any projects.
- (5) Included in the expenditures shown above are expenditures funded with grant proceeds in the amount of \$1,690,338.
- (6) Expenditures above include interest and fees recorded in the Debt Service Fund.

Expenditures above	\$ 1,333,482
Less interest and fees, Debt Service Fund	(188,775)
Non-SPLIST expenditures	<u>148,752</u>
Total expenditures, Capital Projects Fund	<u>\$ 1,293,459</u>

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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
Putnam County Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Putnam County Board of Education (School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 30, 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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

March 30, 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
Putnam County Board of Education

Report on Compliance for The Major Federal Program

We have audited the Putnam County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2020. The School District's major federal program is 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 the School District's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School District's compliance.

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Opinion on The 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 its major federal program 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 30, 2021

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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PUTNAM COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

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SECTION IV
FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Grants to Local Educational Agencies
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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.