



CARROLL COUNTY BOARD OF EDUCATION CARROLLTON, GEORGIA

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



CARROLL COUNTY BOARD OF EDUCATION

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SECTION I

FINANCIAL

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Greg S. Griffin
STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll 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, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with the first and last names being more prominent.

Greg S. Griffin
State Auditor

March 26, 2021

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

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- In total, net position increased \$10.8 million, without considering the impact of the restatement, which represents a 37.8 percent increase from the 2019 previously reported net position. This increase was due to governmental activities since the School District has no business type activities and is related to additions to capital assets. Implementation of GASB Statement No. 84, *Fiduciary Activities*, resulted in a beginning net position of \$29,039,118, as restated, compared to the previously reported net position of \$28,433,344 as of July 1, 2019.
- The School District had \$174.3 million in expenses relating to governmental activities compared to \$156.9 million last year. The increase in overall expenses from last year was driven by an increase in personnel salaries driven by increases in state salary scale as well as twelve months of employer contributions to the state health benefit plan versus eleven months in the prior fiscal year. For this year, \$113.3 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$71.1 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$71.1 million or 38.6 percent of all revenues totaling \$184.4 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the remainder.

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 Carroll County School District as a financial whole, or as an entire operating entity. Each statement type is explained below:

Government-Wide Financials

The government-wide financial statements include the *Statement of Net Position* and *Statement of Activities*. These statements provide information about the activities of the School District presenting both *short-term* and *long-term* information about the School District's overall financial status. The government-wide financial statements are basically a consolidation of all of the School District's operating funds into one total called *governmental activities*. In reviewing the government-wide financial statements, a reader might ask the question, "How did we do

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

financially in 2020?" The Statement of Net Position and the Statement of Activities provides the basis for answering this question. These financial statements include all the School District's *assets, deferred outflows, deferred inflows, and liabilities* and use the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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, principal's accounts and various others.

Fund Financial Statements

The fund financial reports focus on individual parts of the School District, reporting the School District's operation in more detail. The governmental fund financial statements reflect the School District's most significant funds. In the case of the Carroll County School District, the general fund, capital projects fund, and debt service fund are the most significant funds.

Governmental Funds: Most of the School District's activities are reported in governmental funds, which focus on how money flows in to 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.

Fiduciary Funds: These statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

CARROLL COUNTY BOARD OF EDUCATION
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for this fiscal year.

The largest portion of the School District's net position is its investment in capital assets (e.g., land and improvements, building and building improvements, vehicles, furniture, equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019 (1)
Assets		
Current and Other Assets	\$ 54,891,338	\$ 50,679,579
Capital Assets, Net	<u>257,905,640</u>	<u>256,712,882</u>
Total Assets	<u>312,796,978</u>	<u>307,392,461</u>
Deferred Outflows of Resources	<u>46,963,654</u>	<u>32,554,762</u>
Liabilities		
Current and Other Liabilities	30,715,953	29,604,412
Long-Term Liabilities	<u>260,555,704</u>	<u>257,280,342</u>
Total Liabilities	<u>291,271,657</u>	<u>286,884,754</u>
Deferred Inflows of Resources	<u>29,300,424</u>	<u>24,629,125</u>
Net Position		
Net Investment in Capital Assets	220,404,549	207,779,129
Restricted	10,637,746	11,058,625
Unrestricted (Deficit)	<u>(191,853,744)</u>	<u>(190,404,410)</u>
Total Net Position	<u>\$ 39,188,551</u>	<u>\$ 28,433,344</u>

(1) Fiscal year 2019 balances do not reflect the effect of the restatement of net position.
See Note 2 in the Notes to the Basic Financial Statements for more information.

Total net position increased \$10.8 million, without consideration of the restatement, in fiscal year 2020. This increase is primarily due to additions in capital assets and deferred outflows of resources.

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

Table 2 shows the changes in net position for fiscal year 2020 compared to the changes in net position for fiscal year 2019.

**Table 2
Change in Net Position**

	Governmental Activities	
	Fiscal	Fiscal
	Year 2020	Year 2019 (1)
Revenues		
Program Revenues:		
Charges for Services	\$ 4,805,661	\$ 5,193,878
Operating Grants and Contributions	106,740,713	100,328,524
Capital Grants and Contributions	1,767,745	679,529
Total Program Revenues	113,314,119	106,201,931
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	40,467,708	36,151,365
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services	15,739,085	14,585,520
Intangible Recording Tax	1,685,723	1,214,920
Grants and Contributions not		
Restricted to Specific Programs	11,202,628	9,957,877
Investment Earnings	347,692	472,452
Miscellaneous	1,707,131	1,734,284
Total General Revenues	71,149,967	64,116,418
Total Revenues	184,464,086	170,318,349
Program Expenses		
Instruction	113,849,578	100,887,698
Support Services		
Pupil Services	5,765,520	5,082,086
Improvement of Instructional Services	3,315,163	1,981,869
Educational Media Services	2,656,755	2,370,124
Instructional Staff Training	1,105,309	792,419
Federal Grant Administration	566,268	537,724
General Administration	1,950,539	1,825,974
School Administration	12,002,307	10,194,362
Business Administration	1,125,982	1,014,723
Maintenance and Operation of Plant	11,775,899	10,344,388
Student Transportation Services	8,347,342	8,846,319
Central Support Services	1,216,152	849,970
Other Support Services	838,951	892,627
Operations of Non-Instructional Services		
Community Services	363,253	510,744
Food Services	8,940,769	9,507,978
Interest on Short-Term and Long-Term Debt	494,866	1,252,322
Total Expenses	174,314,653	156,891,327
Change in Net Position	\$ 10,149,433	\$ 13,427,022

(1) Fiscal year 2019 balances do not reflect the effect of the restatement of net position.
See Note 2 in the Notes to the Basic Financial Statements for more information.

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

Governmental Activities

Governmental program expenses are comprised of the following: Instruction 65.3 percent, Support Services 29.1 percent and Operations of Non-Instructional Services and Interest 5.6 percent. Table 3 shows a year to year comparison, for governmental activities, the total cost of services and the net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs) of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2020	Fiscal Year 2019 (1)	Fiscal Year 2020	Fiscal Year 2019 (1)
Instruction	\$ 113,849,578	\$ 100,887,698	\$ 30,642,212	\$ 22,344,202
Support Services				
Pupil Services	5,765,520	5,082,086	4,618,709	3,913,892
Improvement of Instructional Services	3,315,163	1,981,869	202,124	167,797
Educational Media Services	2,656,755	2,370,124	616,918	461,272
Instructional staff training	1,105,309	792,419	1,105,309	792,419
Federal Grant Administration	566,268	537,724	566,268	537,724
General Administration	1,950,539	1,825,974	(1,156,699)	(397,543)
School Administration	12,002,307	10,194,362	7,645,866	6,176,811
Business Administration	1,125,982	1,014,723	1,097,566	1,011,348
Maintenance and Operation of Plant	11,775,899	10,344,388	6,565,319	5,774,016
Student Transportation Services	8,347,342	8,846,319	6,269,088	6,888,610
Central Support Services	1,216,152	849,970	1,213,502	849,970
Other Support Services	838,951	892,627	786,489	751,502
Operations of Non-Instructional Services				
Community Services	363,253	510,744	(185,349)	(323,756)
Food Services	8,940,769	9,507,978	518,346	488,810
Interest on Short-Term and Long-Term Debt	494,866	1,252,322	494,866	1,252,322
Total Expenses	\$ <u>174,314,653</u>	\$ <u>156,891,327</u>	\$ <u>61,000,534</u>	\$ <u>50,689,396</u>

(1) Fiscal year 2019 balances do not reflect the effect of the restatement of net position.

See Note 2 in the Notes to the Basic Financial Statements for more information.

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. Taxes and other general revenues support 26.9 percent of instructional activities; for all governmental activities general revenue support is 35.0 percent.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year. The School District's governmental funds are accounted for using the modified accrual

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

basis of accounting. The governmental funds had total revenues and other financing sources of \$190.3 million and total expenditures and other financing uses of \$188.1 million. General fund balance increased by \$4.3 million, without consideration of the restatement, during the year. The increase to general fund was primarily due to cost savings from the temporary, state-wide school facility closures that were implemented to help contain the spread of the coronavirus disease 2019 (COVID-19) pandemic. The capital projects fund balance increased by \$1.4 million, resulting in fund balance at June 30, 2020 of \$1.6 million, which will be used in the continuing construction/renovation of school facilities. The increase to the capital projects fund was due to increased Education Special Purpose Local Option Sales Tax collections. The debt service fund balance decreased by \$2.9 million, due to transfers to the capital projects fund for capital projects.

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 in particular due to facility and safety needs.

For the general fund, the actual revenues of \$166.7 million were over the final budgeted amounts of \$162.5 million by \$4.2 million. The actual expenditures of \$163.2 million were over the final budgeted amount of \$162.3 million by \$888 thousand. Variances are due to higher than estimated property tax collections, not budgeting revenues and expenditures from principals' accounts and impact of temporary school closures due to COVID-19 pandemic.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2020, the School District had \$257.9 million invested in capital assets, net of depreciation, all in governmental activities. Table 4 reflects a summary of these balances net of accumulated depreciation from fiscal year 2019 to fiscal year 2020.

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

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019
Land	\$ 9,803,231	\$ 9,798,523
Construction In Progress	1,913,736	1,515,477
Land Improvements	12,578,202	11,568,955
Building and Improvements	227,002,957	228,119,682
Equipment	6,454,943	5,392,313
Software	152,571	317,932
Total	<u>\$ 257,905,640</u>	<u>\$ 256,712,882</u>

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

The School District's construction in progress is funded primarily from our Education Special Purpose Local Option Sales Tax (ESPLOST) bond. The most significant additions to capital assets in fiscal year 2020 were school renovations and the acquisition of synthetic turf fields for two high schools.

Long-Term Liabilities

At fiscal year ended June 30, 2020, the School District had \$36.3 million in bonds payable and premium, and \$1.5 million in other long-term debt. Table 5 summarizes the School District's long-term liabilities which includes general obligation bonds and compensated absences outstanding.

Table 5
Long-Term Liabilities at June 30

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019
Bonds Payable	\$ 30,785,000	\$ 40,350,000
Unamortized Bond Premium	5,545,348	6,914,463
License Agreement	93,887	315,897
Capital Leases	655,055	835,474
Compensated Absences	794,700	642,810
Total	<u>\$ 37,873,990</u>	<u>\$ 49,058,644</u>

At June 30, 2020, the School Districts assigned bond rating was "Aa3" Enhanced as determined by Moody's Investors Services. The School District issued additional general obligation bonds in the amount of \$35,350,000 on October 15, 2020.

CURRENT ISSUES

The COVID-19 pandemic is the most significant factor has impacted the economic outlook in Georgia and Carroll County. Measures taken to reduce the spread of the virus impacted economic activity in 2020. School closures resulted in some cost savings in the spring of 2020, and virtual learning activities have resulted in some increased costs in the fall of 2020. State-wide budgetary cuts will, at minimum, impact the School District's operations through June 2021. The economic impact of the COVID-19 pandemic will be offset in part by additional federal funding from the Elementary and Secondary School Emergency Relief Fund, which was created by the Coronavirus Aid, Relief and Economic Security (CARES) Act.

The Carroll County unemployment rate is estimated at 5.7% for September 2020 compared to 3.0% for September 2019, which is lower than the Georgia average of 6.4% for September 2020 and 3.2% for September 2019, as reported by the Georgia Department of Labor. Community indicators affecting tax digest values continued to remain stable with uptrends in 2019 and into 2020. The Carroll County Georgia Board of Tax Assessors performs a cyclical reassessment process. The reassessment resulted in an increase in the 2020 tax digest values.

CARROLL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The overall rate of net population growth has remained relatively flat over the past few years, however, some new investment, economic growth and employment, and an improving tax base are additional factors for the County and the Carroll County School District's overall outlook. School District enrollment remained relatively steady as it has for the previous five-year period. U.S. Census estimates placed Carroll County's population at 119,992 residents in 2019, up from 118,121 in 2018. Carroll's growth has remained consistent in recent years. Carroll County School District student enrollment remained consistent as well, with 15,009 students enrolled during the spring of 2020, compared with 15,006 enrolled during spring of 2019 and 14,893 students during the same time the year before. This remains consistent with School District projections – made in collaboration with local officials and consultants – of relatively flat student enrollment as a result of lower local birth rates, lower rates of net county in-migration, and limited inventory of homes at price-points likely to be purchased by young families. In response to the COVID-19 pandemic, the School District began offering a virtual learning option, in addition to traditional in-person learning, beginning in August for the 2020-2021 school year. Enrollment for the 2020-2021 school year continues to be steady with 14,994 enrolled as of October 6, 2020.

The current millage rate is 17.998 mills with a maximum of 20 mills. Currently, a mill of tax in Carroll County generates approximately \$2.0 million. The Carroll County School District is strong financially and we remain optimistic about the ability of the School District to maximize all of the financial resources to provide a quality education to our students.

Capital Improvements – The School District plans capital improvements as future capital needs arise due to increased student population and facility needs. Capital improvements are funded primarily through Education Special Purpose Local Option Sales Tax, which continues to be stable and reflect upward trends. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. The School District regularly monitors anticipated capital outlay needs.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Delene Strickland, Assistant Superintendent of Finance for the Carroll County School District, 164 Independence Drive, Carrollton, Georgia 30116. You may also email your questions to Ms. Strickland at delene.strickland@carrollcountyschools.com.

CARROLL COUNTY BOARD OF EDUCATION

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CARROLL COUNTY BOARD OF EDUCATION

EXHIBIT "A"

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 35,500,155
Receivables:	
Taxes	4,073,074
Intergovernmental:	
State	12,008,713
Federal	1,740,124
Other	354,540
Prepaid items	784,278
Inventory	430,454
Capital assets (nondepreciable)	11,716,967
Capital assets (depreciable, net of accumulated depreciation)	<u>246,188,673</u>
Total assets	<u>312,796,978</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related items	8,816,431
Pension related items	<u>38,147,223</u>
Total deferred outflows of resources	<u>46,963,654</u>
LIABILITIES	
Accounts payable	658,932
Salaries and benefits payable	17,444,650
Deposits payable	7,860
Accrued interest payable	378,006
Contracts and retainage payable	345,195
Bonds payable due within one year	11,531,886
Bonds payable due in more than one year	24,798,462
Financed purchase due within one year	185,425
Financed purchase due in more than one year	469,630
Compensated absences due in less than one year	70,112
Compensated absences due in more than one year	724,588
License agreements due in less than one year	93,887
Net OPEB liability	98,575,518
Net pension liability	<u>135,987,506</u>
Total liabilities	<u>291,271,657</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related items	24,620,026
Pension related items	<u>4,680,398</u>
Total deferred outflows of resources	<u>29,300,424</u>
NET POSITION	
Net investment in capital assets	220,404,549
Restricted for:	
Debt service	7,998,228
Capital outlay	1,914,274
Continuation of federal programs	725,244
Unrestricted	<u>(191,853,744)</u>
Total net position	<u>\$ 39,188,551</u>

CARROLL COUNTY BOARD OF EDUCATION

EXHIBIT "B"

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 113,849,578	\$ 2,848,073	\$ 79,052,601	\$ 1,306,692	\$ (30,642,212)
Support services:					
Pupil services	5,765,520	-	1,146,811	-	(4,618,709)
Improvement of instructional services	3,315,163	-	3,107,539	5,500	(202,124)
Educational media services	2,656,755	-	2,001,311	38,526	(616,918)
Instructional staff training	1,105,309	-	-	-	(1,105,309)
Federal grant administration	566,268	-	-	-	(566,268)
General administration	1,950,539	-	3,099,860	7,378	1,156,699
School administration	12,002,307	-	4,356,441	-	(7,645,866)
Business administration	1,125,982	-	8,744	19,672	(1,097,566)
Maintenance and operation of facilities	11,775,899	46,020	5,156,108	8,452	(6,565,319)
Student transportation services	8,347,342	22,264	1,824,330	231,660	(6,269,088)
Central support services	1,216,152	-	2,650	-	(1,213,502)
Other support services	838,951	-	8,828	43,634	(786,489)
Operations of Non-Instructional Services					
Food services operation	8,940,769	1,340,702	6,975,490	106,231	(518,346)
Community service operation	363,253	548,602	-	-	185,349
Interest on long-term debt	494,866	-	-	-	(494,866)
Total governmental activities	\$ 174,314,653	\$ 4,805,661	\$ 106,740,713	\$ 1,767,745	(61,000,534)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					40,467,708
Sales taxes:					
For debt service					15,739,085
Intangible taxes					1,685,723
Grants and contributions not restricted to specific programs					11,202,628
Unrestricted investment earnings					347,692
Other					1,707,131
Total general revenues					71,149,967
Change in net position					10,149,433
Net position, beginning of year, as restated					29,039,118
Net position, end of year					\$ 39,188,551

CARROLL 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	\$ 27,371,937	\$ 1,693,629	\$ 6,434,589	\$ 35,500,155
Receivables:				
Taxes	2,132,983	-	1,940,091	4,073,074
Intergovernmental:				
State	11,764,568	244,145	-	12,008,713
Federal	1,740,124	-	-	1,740,124
Other	354,538	-	2	354,540
Prepaid items	782,726	-	1,552	784,278
Inventory	430,454	-	-	430,454
Total assets	<u>\$ 44,577,330</u>	<u>\$ 1,937,774</u>	<u>\$ 8,376,234</u>	<u>\$ 54,891,338</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 634,792	\$ 24,140	\$ -	\$ 658,932
Salaries and benefits payable	17,444,650	-	-	17,444,650
Deposits payable	7,860	-	-	7,860
Contracts and retainage payable	-	345,195	-	345,195
Total liabilities	<u>18,087,302</u>	<u>369,335</u>	<u>-</u>	<u>18,456,637</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - intergovernmental	59,807	-	-	59,807
Unavailable revenue - sales taxes	-	-	609,710	609,710
Unavailable revenue - property taxes	927,111	-	-	927,111
Total deferred inflows of resources	<u>986,918</u>	<u>-</u>	<u>609,710</u>	<u>1,596,628</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	782,726	-	1,552	784,278
Inventory	430,454	-	-	430,454
Restricted:				
Capital outlay	-	1,568,439	-	1,568,439
Debt service	-	-	7,764,972	7,764,972
Continuation of federal programs	294,790	-	-	294,790
Unassigned	23,995,140	-	-	23,995,140
Total fund balances	<u>25,503,110</u>	<u>1,568,439</u>	<u>7,766,524</u>	<u>34,838,073</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,577,330</u>	<u>\$ 1,937,774</u>	<u>\$ 8,376,234</u>	<u>\$ 54,891,338</u>
Amounts reported for governmental activities in the statement of net position is different because:				
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				
Cost		\$ 347,672,310		
Less accumulated depreciation		<u>(89,766,670)</u>		257,905,640
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.				
Intergovernmental		\$ 59,807		
Sales taxes		609,710		
Property taxes		<u>927,111</u>		1,596,628
The net pension liability, and related balances, are not expected to be paid with current financial resources and are therefore, not reported in governmental funds.				
Net pension liability		\$ (135,987,506)		
Deferred inflows of resources - pensions		(4,680,398)		
Deferred outflows of resources - pensions		<u>38,147,223</u>		(102,520,681)
The net OPEB liability, and related balances, are not expected to be paid with current financial resources and are therefore, not reported in governmental funds.				
Net OPEB liability		\$ (98,575,518)		
Deferred inflows of resources - OPEB		(24,620,026)		
Deferred outflows of resources - OPEB		<u>8,816,431</u>		(114,379,113)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds		\$ (30,785,000)		
Bond premium, net of amortization		(5,545,348)		
Capital leases		(655,055)		
License agreements		(93,887)		
Accrued interest		(378,006)		
Compensated absences		<u>(794,700)</u>		(38,251,996)
Net position of governmental activities				<u>\$ 39,188,551</u>

CARROLL COUNTY BOARD OF EDUCATION

EXHIBIT "D"

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

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 40,401,910	\$ -	\$ -	\$ 40,401,910
Sales taxes	-	-	15,129,375	15,129,375
Other taxes	1,685,723	-	-	1,685,723
State funds	102,552,188	1,467,151	-	104,019,339
Federal funds	15,514,092	-	-	15,514,092
Charges for services	4,805,661	-	-	4,805,661
Investment earnings	198,254	9,848	139,590	347,692
Miscellaneous	1,595,566	-	-	1,595,566
Total revenues	166,753,394	1,476,999	15,268,965	183,499,358
EXPENDITURES				
Current:				
Instruction	104,127,268	199,218	-	104,326,486
Support services:				
Pupil services	5,551,341	-	-	5,551,341
Improvement of instructional services	3,173,620	-	-	3,173,620
Educational media services	2,384,383	-	-	2,384,383
Instructional staff training	1,089,353	-	-	1,089,353
Federal grant administration	548,217	-	-	548,217
General administration	1,882,872	-	-	1,882,872
School administration	11,497,446	-	-	11,497,446
Business administration	986,348	237	-	986,585
Maintenance and operation of facilities	12,557,017	34,783	-	12,591,800
Student transportation services	8,276,167	222,019	-	8,498,186
Central support services	1,171,172	-	-	1,171,172
Other support services	677,655	6,800	-	684,455
Food services operation	8,440,377	-	-	8,440,377
Community services operation	363,253	-	-	363,253
Capital outlay	37,752	6,300,319	-	6,338,071
Debt service:				
Principal retirement	402,429	-	9,565,000	9,967,429
Interest and fiscal charges	26,119	-	1,946,106	1,972,225
Total expenditures	163,192,789	6,763,376	11,511,106	181,467,271
Excess (deficiency) of revenues over (under) expenditures	3,560,605	(5,286,377)	3,757,859	2,032,087
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	94,727	-	-	94,727
Transfers in	-	6,675,000	-	6,675,000
Transfers out	-	-	(6,675,000)	(6,675,000)
Total other financing sources (uses)	94,727	6,675,000	(6,675,000)	94,727
Net change in fund balances	3,655,332	1,388,623	(2,917,141)	2,126,814
FUND BALANCES, beginning of year, as restated	21,847,778	179,816	10,683,665	32,711,259
FUND BALANCES, end of year	\$ 25,503,110	\$ 1,568,439	\$ 7,766,524	\$ 34,838,073

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	2,126,814
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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. This is the amount by which capital outlays exceeded depreciation expense in the current year.

Capital outlay	\$	8,464,193	
Depreciation expense		<u>(7,274,406)</u>	1,189,787

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Sale of assets	\$	(42,969)	
Contributed capital assets		<u>45,940</u>	2,971

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental	\$	59,807	
Sales taxes		609,710	
Property taxes		<u>65,798</u>	735,315

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments - bonds	\$	9,565,000	
Principal payments - financed purchase		180,419	
Principal payments - license agreement		<u>222,010</u>	9,967,429

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.

Change in compensated absences	\$	(151,890)	
Amortization of bond premium		1,369,115	
Change in net OPEB liabilities and related deferred outflows and inflows of resources		(158,934)	
Change in net pension liabilities and related deferred outflows and inflows of resources		(5,039,418)	
Change in accrued interest		<u>108,244</u>	<u>(3,872,883)</u>

Change in net position - governmental activities	\$	<u><u>10,149,433</u></u>
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CARROLL COUNTY BOARD OF EDUCATION

EXHIBIT "F"

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

	Private Purpose Trust
ASSETS	
Cash	\$ <u>61,676</u>
NET POSITION	
Held in trust for private purposes	\$ <u>61,676</u>

CARROLL COUNTY BOARD OF EDUCATION

EXHIBIT "G"

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Private Purpose Trust
Net position, beginning of year, as restated	\$ <u>61,676</u>
Net position, end of year	\$ <u><u>61,676</u></u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Carroll 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 of the Carroll County Board of Education. The government-wide statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information’s usefulness.

Government-Wide Statements:

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

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.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. 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:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- *Capital Projects Fund* accounts for financial resources including bond proceeds and grants from the Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund* accounts for Education Special Purpose Local Option Sales Taxes (ESPLOST) that are legally restricted for the repayment of general long-term principal, interest and paying agent's fees on the General Obligation Sales Tax Bonds that the School District has issued.

The School District reports the following fiduciary fund type:

- The *Private Purpose Trust Fund* is used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.

Basis of Accounting

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

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases and license agreements are reported as other financing sources.

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 twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

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.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

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

During the year ended June 30, 2020, the School District early adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The implementation of this statement has resulted in changing the presentation of the financial statements by moving activity from the Agency Fund to the General Fund and Governmental Activities for the activities that are no longer permitted to be considered fiduciary activities. The implementation also resulted in changing the presentation of the financial statements by moving activity from the Agency Fund to the Private Purpose Trust Fund for the activities that are considered Private Purpose Trust Funds. Beginning net position and fund balance has been restated to reflect this change.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Governmental Activities
Net Position, July 1, 2019 as previously reported	\$ 28,433,344
Change in accounting Principles	<u>605,774</u>
Net Position, July 1, 2019, as restated	\$ <u>29,039,118</u>
	General Fund
Fund Balance, July 1, 2019, as previously reported	\$ 21,242,004
Change in accounting Principles	<u>605,774</u>
Fund Balance, July 1, 2019, as restated	\$ <u>21,847,778</u>
	Private-Purpose Trust Fund
Net Position, July 1, 2019 as previously reported	\$ 41,056
Change in accounting Principles	<u>20,620</u>
Net Position, July 1, 2019, as restated	\$ <u>61,676</u>

Cash and Cash Equivalents

COMPOSITION OF DEPOSITS

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

Receivables

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

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The Carroll County Board of Commissioners fixed the property tax levy for the 2019 tax digest year (calendar year) on August 29, 2019 (levy date). 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 Carroll County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2020, for maintenance and operations amounted to \$35,559,348.

The tax millage rate levied for the 2019 tax year (calendar year) for the Carroll County Board of Education was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>17.998</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$4,842,562 during the fiscal year ended June 30, 2020.

Sales Taxes

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$15,129,375 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Inventories

FOOD INVENTORIES

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (first-in, first-out basis). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to June 30, 2020, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the government-wide financial statements, all purchased capital assets are valued 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 estimated acquisition value on the date donated.

Disposals are deleted at depreciated recorded cost. 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. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

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	All	N/A
Land Improvements	\$ 10,000	15 to 80 years
Buildings and Improvements	\$ 10,000	20 to 80 years
Intangible Assets	\$ 100,000	Individually Determined
All Equipment	\$ 10,000	3 to 50 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

Amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, copyrights and internally generated software is computed using straight-line method over the estimated useful lives of the assets.

Compensated Absences

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

Vacation leave is awarded on a fiscal year basis to all full time personnel employed on twelve month basis, according to the following guidelines:

Employees with 0-5 years experience in Carroll County	12 days per year
Employees with 6-10 years experience in Carroll County	15 days per year
Employees with 11 plus years experience in Carroll County	18 days per year

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

No other employees are eligible to earn vacation leave.

Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 25 days for both Classified and Certified Employees.

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recognized in the financial statements during the fiscal year the bonds are issued.

In the fund financial statements, the School District recognizes bond premiums and discounts, as well as bond issuance costs during the fiscal year bonds are issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Position.

Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, sales taxes and intergovernmental revenue, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the School District’s actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Changes in the School District’s proportionate share of the net pension liability and the difference between the School District’s actual contributions towards the pension plan and the School District’s proportionate share of contributions are also reported as deferred outflows of resources or deferred inflows of resources and are amortized over the expected remaining service lives of plan members. Additionally, any contributions made by the School District to the pension plan before year end but subsequent to the measurement date of the School District’s net pension liability are reported as deferred outflows of resources. These contributions will be recognized as a reduction of the net pension liability in the next fiscal year.

Postemployment Benefits Other Than Pensions (OPEB)

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

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 fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS’s fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fiduciary net position of the Public School Employees Retirement System of Georgia (PSERS) and additions to/deductions from PSERS’s fiduciary net position have been determined on the same basis as they are reported by PSERS. 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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Employees’ Retirement System of Georgia (ERS) and additions to/deductions from ERS’s fiduciary net position have been determined on the same basis as they are reported by ERS. 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.

Net Position

The School District's net position in the government-wide Statements are classified as follows:

Net investment in capital assets – This represents the School District's total investment in capital assets, net of 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.

Restricted net position – These represent resources for which the School District is legally or contractually obligated to spend resources for bus replacement, continuation of Federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net position – Unrestricted net position represents resources derived from property taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School District, and may be used at the discretion of the Board to meet current expenses for those purposes.

Fund Balances

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

Nonspendable – Amounts 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 – Constraints are placed on the use of resources are either (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education 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 – Amounts that are 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 of Education or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned – The residual classification for the general fund. This classification represents fund balances that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The School District reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in the other funds.

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 12 - 14% of annual operating expenditures for the subsequent fiscal year budget, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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 3: BUDGETARY DATA

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

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 least once in a newspaper of general circulation in the locality, as well as the School District’s website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of Official Code of Georgia Annotated section 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 Schedule 12 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

Note 4: DEPOSITS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 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 percent of the daily pool balance. At June 30, 2020, all deposits were secured by surety bond, insurance or collateral as specified above.

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,

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4: DEPOSITS (Continued)

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

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2020, School District had deposits with a carrying amount of \$35,561,831, and a bank balance of \$43,664,456. The bank balances insured by Federal depository insurance were \$1,420,436 and the bank balances collateralized with securities held by the pledging financial institution or by the pledging financial institution's trust department or agent in the School District's name were \$20,099,963.

At June 30, 2020, \$22,144,057 of the School District's bank balances was exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

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

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

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. For the year ended June 30, 2020, the commodities usage is recorded at their federally assigned value of \$521,723. For additional information, see Note 2 – Inventories.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6: CAPITAL ASSETS

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

	Balances July 1, 2019	Increases	Decreases	Balances June 30, 2020
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,798,523	\$ 4,708	\$ -	\$ 9,803,231
Construction in Progress	<u>1,515,477</u>	<u>6,267,646</u>	<u>5,869,387</u>	<u>1,913,736</u>
Total Capital Assets Not Being Depreciated	<u>11,314,000</u>	<u>6,272,354</u>	<u>5,869,387</u>	<u>11,716,967</u>
Capital Assets Being Depreciated				
Buildings and Improvements	287,450,338	4,042,274	-	291,492,612
Equipment	19,237,161	2,091,735	233,557	21,095,339
Land Improvements	20,623,774	1,973,157	39,825	22,557,106
Intangible Assets	815,362	-	5,076	810,286
Less Accumulated Depreciation for:				
Buildings and Improvements	59,330,656	5,158,999	-	64,489,655
Equipment	13,844,848	1,021,744	226,196	14,640,396
Land Improvements	9,054,819	933,378	9,293	9,978,904
Intangible Assets	<u>497,430</u>	<u>160,285</u>	<u>-</u>	<u>657,715</u>
Total Capital Assets, Being Depreciated, Net	<u>245,398,882</u>	<u>832,760</u>	<u>42,969</u>	<u>246,188,673</u>
Governmental Activities Capital Assets - Net	<u>\$ 256,712,882</u>	<u>\$ 7,105,114</u>	<u>\$ 5,912,356</u>	<u>\$ 257,905,640</u>

Capital assets being acquired under license agreements as of June 30, 2020, are as follows:

	Governmental Funds
Intangible Assets	\$ 810,286
Less: Accumulated Depreciation	<u>657,715</u>
	<u>\$ 152,571</u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6: CAPITAL ASSETS (Continued)

Capital assets being acquired under financed purchases as of June 30, 2020, are as follows:

	Governmental Funds
	<u> </u>
Building Improvements	\$ 1,684,589
Less: Accumulated Depreciation	<u> 721,331</u>
	<u><u> \$ 963,258</u></u>

Current year depreciation expense by function is as follows:

Instruction		\$ 5,630,427
Support Services:		
Improvement of Instructional Services	\$ 24,565	
Educational Media Services	172,053	
General Administration	32,950	
Business Administration	87,855	
Maintenance and Operation of Facilities	37,746	
Other Support Services	194,867	
Student Transportation Services	<u>619,525</u>	1,169,561
Food Services Operation		<u>474,418</u>
		<u><u> \$ 7,274,406</u></u>

Note 7: INTERFUND TRANSFERS

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

<u>Transfers To</u>	<u>Transfers From</u> <u>Debt Service</u> <u>Fund</u>
Capital Projects Fund	\$ <u><u> 6,675,000</u></u>

Transfers are used to move sales tax revenues collected by the debt service fund to the capital projects fund to pay for Education Special Purpose Local Option Sales Tax (ESPLOST) projects on the voter approved referendum.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 8: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; natural disasters and unemployment compensation.

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

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

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

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2020	\$ -	\$ -	\$ -	\$ -
2019	\$ -	\$ 2,870	\$ 2,870	\$ -

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.

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 100,000

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9: LONG – TERM DEBT

COMPENSATED ABSENCES

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

FINANCED PURCHASE

On November 4, 2013, the Carroll County Board of Education entered into a purchasing agreement for energy improvements to buildings in the amount of \$1,680,000. This lease agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. Monthly principal and interest payments are required until maturity on November 4, 2023 at an interest rate of 2.74%. The amount outstanding at June 30, 2020 is \$655,055. Payments of principal and interest are made in the School District's General Fund.

The School District's outstanding obligations from an energy efficiency lease agreement related to governmental activities of \$655,055 contain a provision that in an event of default, the lessor has the option of declaring outstanding amounts immediately due and payable or they make take possession of project, equipment, machinery or supplies.

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2020 are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Governmental Activities</u>
2021	\$ 201,056
2022	201,056
2023	201,056
2024	<u>83,774</u>
Total minimum lease payments	686,942
Less: amount representing interest	<u>(31,887)</u>
Present value of minimum lease payments	655,055
Less: current liabilities	<u>(185,425)</u>
 Amount due greater than one year	 \$ <u><u>469,630</u></u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9: LONG – TERM DEBT (Continued)

GENERAL OBLIGATION DEBT OUTSTANDING

The School District has issued general obligation bonds to provide funds to finance the cost of acquiring, constructing, and equipping certain capital outlay projects and the costs of issuing the bonds. The bonds are general obligations of the School District and will constitute a pledge of the full faith and credit of the School District. Principal of and interest on the bonds are payable first from the receipts of a special one percent sales and use tax for educational purposes (“Educational Sales Tax”) collected within the territorial limits of the School District. The receipts from this Educational Sales Tax are anticipated to be sufficient to pay all debt service on the bonds; however, to the extent any liability on such debt is not satisfied from the proceeds of the Educational Sales Tax, it shall be paid from a direct annual ad valorem tax which may be levied, without limitation as to rate or amount, upon all taxable property within the territorial limits of the School District subject to taxation for school bond purposes. The School District has outstanding general obligations debt outstanding from direct placements related to the governmental activities in the amount of \$630,000.

The School District had no unused line of credit or outstanding notes from direct borrowings related to governmental activities as of June 30, 2020. In the event the entity is unable to make the principal and interest payments using proceeds from the Education Special Purpose Local Option Sales Tax (EPLOST), the debt will be satisfied 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 are direct obligations and pledge the full faith and credit of the School District.

General Obligation Bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Government - Series 2011	3.00% - 5.00%	6/3/2011	4/1/2023	\$ 71,245,000	\$ 16,935,000
General Government - Series 2016	2.00% - 5.00%	3/15/2016	4/1/2023	17,945,000	13,220,000
General Government - Series 2017	3.25%	3/16/2017	4/1/2023	<u>2,055,000</u>	<u>630,000</u>
				<u>\$ 91,245,000</u>	<u>\$ 30,785,000</u>

Debt service requirements to maturity on the General Obligations Bonds are as follows:

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Debt</u>		<u>General Obligation Debt (Direct Placement)</u>		<u>Unamortized Bond Premium</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 9,575,000	\$ 1,491,550	\$ 325,000	\$ 20,475	\$ 1,631,886
2022	10,040,000	1,028,999	215,000	9,913	1,880,010
2023	<u>10,540,000</u>	<u>527,000</u>	<u>90,000</u>	<u>2,925</u>	<u>2,033,452</u>
Totals	<u>\$ 30,155,000</u>	<u>\$ 3,047,549</u>	<u>\$ 630,000</u>	<u>\$ 33,313</u>	<u>\$ 5,545,348</u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9: LONG – TERM DEBT (Continued)

LICENSE AGREEMENT

The Carroll County Board of Education has entered into a multiyear agreement for a software license. This agreement is treated like a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum license payments as of the date of inception.

License agreement currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Illuminate	3.50%	7/1/2016	7/1/2020	\$ <u>443,534</u>	\$ <u>93,887</u>

The future minimum license obligations and the net present value of these minimum license payments as of June 30, 2020 are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2021	\$ <u>97,348</u>
Total minimum lease payments	<u>97,348</u>
Less: amount representing interest	<u>(3,461)</u>
Current liabilities	\$ <u>93,887</u>

The changes in Long-Term Debt during the fiscal year ended June 30, 2020, were as follows:

	<u>Governmental Activities</u>				
	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
General Obligation (G.O.) Bonds	\$ 40,350,000	\$ -	\$ 9,565,000	\$ 30,785,000	\$ 9,900,000
Unamortized bond premiums	<u>6,914,463</u>	<u>-</u>	<u>1,369,115</u>	<u>5,545,348</u>	<u>1,631,886</u>
Total bonds payable	47,264,463	-	10,934,115	36,330,348	11,531,886
Financed purchase	835,474	-	180,419	655,055	185,425
License agreements	315,897	-	222,010	93,887	93,887
Compensated absences	<u>642,810</u>	<u>645,206</u>	<u>493,316</u>	<u>794,700</u>	<u>70,112</u>
Total long-term liabilities	\$ <u>49,058,644</u>	\$ <u>645,206</u>	\$ <u>11,829,860</u>	\$ <u>37,873,990</u>	\$ <u>11,881,310</u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
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Note 10: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$247,314 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education

 Paid the Teachers Retirement System (TRS)

 For Teachers Retirement

 In the amount of \$30,331

Office of Treasury and Fiscal Services

 Paid to the Public School Employees Retirement System (PSERS)

 For Public School Employees Retirement Employer's Cost

 In the amount of \$216,983

Note 11: SIGNIFICANT COMMITMENTS

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

<u>Project</u>	<u>Unearned Contracts</u>
Central Middle School Classroom	<u>\$ 11,474</u>

The amount described in this note is not reflected in the basic financial statements.

Note 12: SIGNIFICANT CONTINGENT LIABILITIES

The School District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The School District is a defendant in various legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions in the course of School District operations. While the ultimate results of these legal actions cannot be determined, the School District does not expect that these matters will have a material adverse effect on the financial condition of the School District.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
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JUNE 30, 2020

Note 13: RETIREMENT PLANS

GENERAL INFORMATION ABOUT THE TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2020. The School District’s contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual School District payroll, of which 21.10% of payroll was required from the School District and 0.04% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$17,235,956 and \$30,331 from the School District and the State, respectively.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

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

At June 30, 2020, the School District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District are summarized in the following table:

School District's proportionate share of the net pension liability	\$ 135,891,069.00
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>295,323.00</u>
Total	<u>\$ 136,186,392.00</u>

The 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 School District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the School District's proportion was 0.631972%, which was a decrease of 0.005109% from its proportion measured as of June 30, 2018.

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JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2020, the School District recognized pension expense of \$22,250,336 and revenue of \$18,310 for support provided by the State of Georgia for certain support personnel. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,235,981
Changes of assumptions	13,040,521	-
Differences between expected and actual experience	7,659,313	40,288
Changes in proportion and differences between School District contributions and proportionate share of contributions	187,500	1,401,127
School District contributions subsequent to the measurement date	<u>17,235,956</u>	<u>-</u>
Total	<u>\$ 38,123,290</u>	<u>\$ 4,677,396</u>

School District contributions subsequent to the measurement date of \$17,235,956 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 6,765,294
2022	1,034,594
2023	4,123,720
2024	<u>4,286,530</u>
Total	<u>\$ 16,210,138</u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

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

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

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

Postretirement 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 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 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 on assets (discount rate), which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation, which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

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

The long-term expected rate of return on 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

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

* Rates shown are net of assumed rate of inflation.

Discount rate: The discount rate used to measure the total pension liability was 7.25%, which was a decrease from the discount rate of 7.50% utilized in the previous valuation. 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 State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 220,590,977	\$ 135,891,069	\$ 66,237,649

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE 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/formspubs/formspubs.

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 \$216,983.

At June 30, 2020, the School District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School District is as follows:

State of Georgia's proportionate share of the Net	
Pension Liability associated with the School District	\$ <u>1,288,438</u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

Pension Liabilities and Pension Expense

The 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 \$397,339 and revenue of \$397,339 for support provided by the State of Georgia.

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

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

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

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

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

EXHIBIT “H”

Note 13: RETIREMENT PLANS (Continued)

Pension Liabilities and Pension Expense (Continued)

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

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

* Rates shown are net of assumed rate of inflation.

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

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSERS financial report which is publicly available at www.ers.ga.gov/formspubs/.

GENERAL INFORMATION ABOUT THE EMPLOYEES’ RETIREMENT SYSTEM OF GEORGIA (ERS)

Plan Description: ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1949 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.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

General Information About the Employees’ Retirement System of Georgia (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 memberships to GSEPS.

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

Retirement benefits paid to members are based upon the monthly average of the member’s highest 24 consecutive calendar months of salary, 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 contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2020 was 24.66% of annual covered payroll for the old and new plan members and 21.64% for GSEPS members. The School District’s contributions to ERS totaled \$15,217 for the year ended June 30, 2020. 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.

At June 30, 2020, the School District reported a liability for its proportionate share of the net pension liability in the amount of \$96,437. The 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 School District’s proportion of the

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JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2019. At June 30, 2019, the School District's proportion was 0.002337%, which was an increase of 0.000109% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the School District recognized pension expense of \$21,945. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,002
Changes of assumptions	1,697	-
Differences between expected and actual experience	3,212	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	3,607	-
School District contributions subsequent to the measurement date	<u>15,217</u>	<u>-</u>
Total	\$ <u>23,733</u>	\$ <u>3,002</u>

School District contributions subsequent to the measurement date of \$15,217 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 shown in the table at the top of the following page.

Year Ended June 30:

2021	\$ 7,173
2022	(1,466)
2023	(591)
2024	<u>398</u>
Total	\$ <u>5,514</u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 13: RETIREMENT PLANS (Continued)

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

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

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

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

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.

The long-term expected rate of return on 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 the assumed rate of inflation) are developed for each major asset class. The 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 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 real rate of return*</u>
Fixed income	30.00%	(0.10)%
Domestic large stocks	46.20%	8.90%
Domestic small stocks	1.30%	13.20%
International developed market stocks	12.40%	8.90%
International emerging market stocks	5.10%	10.90%
Alternative	5.00%	12.00%
Total	100.00%	

* Rates shown are net of assumed rate of inflation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 13: RETIREMENT PLANS (Continued)

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

Discount rate: The discount rate used to measure the total 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 State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate: The following represents the School District's proportionate share of the net pension liability calculated using the discount rate of 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 (6.30%) of 1-percentage-point higher (8.30%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current Discount</u> <u>Rate (7.30%)</u>	<u>1%</u> <u>Increase</u>
School District's proportionate share of the net pension liability	\$ 137,046	\$ 96,437	\$ 61,819

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at www.ers.ga.gov/formspubs/formspubs.

Note 14: OTHER POSTEMPLOYMENT BENEFITS

GEORGIA SCHOOL EMPLOYEES POSTEMPLOYMENT BENEFIT FUND

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

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

**GEORGIA SCHOOL EMPLOYEES POSTEMPLOYMENT BENEFIT FUND
(Continued)**

Benefits: 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 of Community Health, 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 required and made to the School OPEB Fund from the School District were \$2,715,999 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

At June 30, 2020, the School District reported a liability of \$98,575,518 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 to the State OPEB Fund during the fiscal year ended June 30, 2019. At June 30 2019, the School District’s proportion was 0.803246%, which was an increase of 0.006377% from its proportion measured as of June 30, 2018.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

**GEORGIA SCHOOL EMPLOYEES POSTEMPLOYMENT BENEFIT FUND
(Continued)**

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$2,874,933. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between School District contributions and proportionate share of contributions	\$ 2,462,430	\$ -
Changes of assumptions	3,423,335	13,896,036
Net difference between projected and actual earnings on OPEB plan investments	214,667	-
Differences between expected and actual experience	-	10,723,990
School District contributions subsequent to the measurement date	<u>2,715,999</u>	<u>-</u>
Total	\$ <u>8,816,431</u>	\$ <u>24,620,026</u>

School District contributions subsequent to the measurement date of \$2,715,999 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2021	\$ (4,178,640.00)
2022	(4,178,640.00)
2023	(4,186,892.00)
2024	(3,633,148.00)
2025	(1,940,893.00)
2026	<u>(401,381.00)</u>
Total	\$ <u>(18,519,594.00)</u>

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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:

Inflation	2.50%
Salary increases	3.00 – 8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare Eligible	7.250%
Medicare Eligible	5.375%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

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

- For TRS Members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) was used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 2 years for males and four years for females) was used for death after disability retirement.
- For PSERS Members: The RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) was 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 system, which covered the five-year period ending June 30, 2014, and adopted by the pension Board on December 17, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

CARROLL COUNTY BOARD OF EDUCATION EXHIBIT “H”
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The remaining assumptions (eg., initial per capita costs, healthcare cost trends, rate of plan participation, rate 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 District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. During fiscal year 2018, the School OPEB fund update 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 Real Rate of Return*</u>
Fixed income	30.00%	(0.10)%
Domestic Stocks -- Large Cap	46.20%	8.90%
Domestic Stocks -- Small Cap	1.30%	13.20%
Int'l Stocks - Developed Mkt	12.40%	8.90%
Int'l Stocks - Emerging Mkt	5.10%	10.90%
Alternatives	5.00%	12.00%
Total	100.00%	

*Net of Inflation

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CARROLL COUNTY BOARD OF EDUCATION EXHIBIT "H"
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 14: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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 Buyer Index). The projection of cash flows used to determine the discount rate assumed that the current sharing of costs between the employer and the member will continue and that contributions from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2119. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate:

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

	<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 net OPEB liability	\$ 114,577,288	\$ 98,575,518	\$ 85,558,797

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:

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 trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare cost trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 83,039,430	\$ 98,575,518	\$ 118,307,528

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>.

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

Note 15: DEFINED CONTRIBUTION PLAN

In January 2018, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School District selected VALIC as the provider of this plan. For each employee covered under PSERS, the Board began to match any contribution made by an employee on a 1 to 1 basis up to a maximum contribution of 3% of employee's base pay.

The employee becomes vested in the plan with 3 years of experience. Employees who had already achieved 3 years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 3 years of service to Carroll County School District. If an employee terminates employment prior to achieving 3 years of service, funds paid on behalf of the non-vested employee are credited back to the School District. At June 30, 2020, there were 14 plan members.

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>
2020	\$ 15,974	\$ 15,974
2019	15,732	15,732
2018	7,812	7,812

Note 16: SUBSEQUENT EVENTS

On June 9, 2020, voters approved a 1% SPLOST that will begin in 2023, or when current SPLOST in effect ends, whichever occurs first. The new SPLOST proceeds will be used to make debt payments on the Carroll County School District Debt and fund various capital projects.

Voters also authorized the School District to issue general obligation bonds in the amount of \$42,000,000. On October 15, 2020, the School District issued \$35,350,000 of this authorized amount with a 5% interest rate, maturing from April 1, 2024 to April 1, 2028.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net pension liability	0.631972%	0.637081%	0.637399%	0.634764%
School District's proportionate share of the net pension liability	\$ 135,891,069	\$ 118,255,880	\$ 118,462,567	\$ 130,958,891
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>259,323</u>	<u>228,686</u>	<u>310,746</u>	<u>416,542</u>
Total	<u>\$ 136,150,392</u>	<u>\$ 118,484,566</u>	<u>\$ 118,773,313</u>	<u>\$ 131,375,433</u>
School District's covered payroll	\$ 77,274,964	\$ 76,050,750	73,485,904	\$ 69,847,647
School District's proportionate share of the net pension liability as a percentage of its covered payroll	175.85%	155.50%	161.20%	187.49%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%	76.06%
	<u>2016</u>	<u>2015</u>		
School District's proportion of the net pension liability	0.649976%	0.659656%		
School District's proportionate share of the net pension liability	\$ 98,952,392	\$ 83,338,835		
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>313,767</u>	<u>341,109</u>		
Total	<u>\$ 99,266,159</u>	<u>\$ 83,679,944</u>		
School District's covered payroll	\$ 69,666,236	\$ 68,777,850		
School District's proportionate share of the net pension liability as a percentage of its covered payroll	142.04%	121.17%		
Plan fiduciary net position as a percentage of the total pension liability	81.44%	84.03%		

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 17,235,956	\$ 16,119,714	\$ 12,759,460	\$ 10,459,050	\$ 9,935,661
Contributions in relation to the contractually required contributions	<u>17,235,956</u>	<u>16,119,714</u>	<u>12,759,460</u>	<u>10,459,050</u>	<u>9,935,661</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered payroll	81,679,370	77,274,964	76,050,750	73,485,904	69,847,647
Contributions as a percentage of covered payroll	21.10%	20.86%	16.78%	14.23%	14.22%
	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)
Contractually required contributions	\$ 9,161,110	\$ 8,445,920	\$ 7,862,272	\$ 7,209,297	\$ 7,431,613
Contributions in relation to the contractually required contributions	<u>9,161,110</u>	<u>8,445,920</u>	<u>7,862,272</u>	<u>7,209,297</u>	<u>7,431,613</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered payroll	69,666,236	68,777,850	68,906,854	70,129,348	72,291,955
Contributions as a percentage of covered payroll	13.15%	12.28%	11.41%	10.28%	10.28%

(1) The contractually required contribution amount includes amounts paid by the State of Georgia on behalf of Carroll County Board of Education.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Changes of assumptions: 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%.

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net pension liability	0.002337%	0.002228%	0.002120%	0.002090%
School District's proportionate share of the net pension liability	\$ 96,437	\$ 91,594	\$ 86,100	\$ 98,866
School District's covered payroll	\$ 58,921	\$ 56,841	\$ 52,006	\$ 48,589
School District's proportionate share of the net pension liability as a percentage of its covered payroll	163.67%	161.14%	165.56%	203.47%
Plan fiduciary net position as a percentage of the total pension liability	76.74%	76.68%	76.33%	72.34%
	<u>2016</u>	<u>2015</u>		
School District's proportion of the net pension liability	0.001944%	0.003023%		
School District's proportionate share of the net pension liability	\$ 78,759	\$ 113,381		
School District's covered payroll	\$ 44,442	\$ 64,837		
School District's proportionate share of the net pension liability as a percentage of its covered payroll	177.22%	174.87%		
Plan fiduciary net position as a percentage of the total pension liability	76.20%	77.99%		

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
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>
Contractually required contributions	\$ 15,217	\$ 14,601	\$ 14,102	\$ 12,903	\$ 12,011
Contributions in relation to the contractually required contributions	<u>15,217</u>	<u>14,601</u>	<u>14,102</u>	<u>12,903</u>	<u>12,011</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered payroll	61,706	58,921	56,841	52,006	48,589
Contributions as a percentage of covered payroll	24.66%	24.78%	24.81%	24.81%	24.72%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 9,759	\$ 11,969	\$ 24,769	\$ 23,574	\$ 21,315
Contributions in relation to the contractually required contributions	<u>9,759</u>	<u>11,969</u>	<u>24,769</u>	<u>23,574</u>	<u>21,315</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered payroll	44,442	64,837	166,236	202,706	204,753
Contributions as a percentage of covered payroll	21.96%	18.46%	14.90%	11.63%	10.41%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Changes of benefit terms:

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

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

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF 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>
School District's proportion of the net pension liability	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	<u>1,288,438</u>	<u>1,256,874</u>	<u>1,074,167</u>	<u>1,481,491</u>
Total	<u>\$ 1,288,438</u>	<u>\$ 1,256,874</u>	<u>\$ 1,074,167</u>	<u>\$ 1,481,491</u>
School District's covered payroll	\$ 2,986,920	\$ 3,059,371	\$ 3,014,963	\$ 2,906,131
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.02%	85.26%	85.69%	81.00%
	<u>2016</u>	<u>2015</u>		
School District's proportion of the net pension liability	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	<u>953,607</u>	<u>850,673</u>		
Total	<u>\$ 953,607</u>	<u>\$ 850,673</u>		
School District's covered payroll	\$ 2,863,749	\$ 2,843,546		
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A		
Plan fiduciary net position as a percentage of the total pension liability	87.00%	88.29%		

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
 OTHER POST-EMPLOYMENT BENEFITS
 FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net OPEB liability	0.803246%	0.796869%	0.788730%
School District's proportionate share of the net OPEB liability	\$ 98,575,518	\$ 101,279,605	\$ 110,816,247
School District's covered-employee payroll	\$ 64,025,584	\$ 62,400,929	\$ 59,203,218
 School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	 153.96%	 162.30%	 187.18%
Plan fiduciary net position as a percentage of the total OPEB liability	4.63%	2.93%	1.61%

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFITS
 FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,715,999	\$ 4,326,036	\$ 4,130,093	\$ 4,112,501
Contributions in relation to the contractually required contribution	<u>2,715,999</u>	<u>4,326,036</u>	<u>4,130,093</u>	<u>4,112,501</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 68,481,277	\$ 64,025,584	\$ 62,400,929	\$ 59,203,218
Contributions as a percentage of covered-employee payroll	3.97%	6.76%	6.62%	6.95%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
FOR FISCAL YEAR ENDED JUNE 30, 2020

Changes of benefit terms : There have been no changes to 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 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.

CARROLL COUNTY BOARD OF EDUCATION

SCHEDULE "12"

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

	Budget		Actual	Variance With Final Budget
	Original (1)	Final (1)		
REVENUES				
Property taxes	\$ 36,715,000	\$ 38,515,000	\$ 40,401,910	\$ 1,886,910
Other taxes	1,350,000	1,350,000	1,685,723	335,723
State funds	102,011,992	102,772,716	102,552,188	(220,528)
Federal funds	16,274,121	17,472,080	15,514,092	(1,957,988)
Charges for services	1,857,344	1,857,344	4,805,661	2,948,317
Investment earnings	250,000	250,000	198,254	(51,746)
Miscellaneous	379,750	329,750	1,595,566	1,265,816
Total revenues	<u>158,838,207</u>	<u>162,546,890</u>	<u>166,753,394</u>	<u>4,206,504</u>
EXPENDITURES				
Current:				
Instruction	102,489,957	101,973,458	104,127,268	(2,153,810)
Support services:				
Pupil services	5,551,389	5,885,586	5,551,341	334,245
Improvement of instructional services	2,096,155	3,285,162	3,173,620	111,542
Educational media services	2,430,492	2,451,492	2,384,383	67,109
Instructional staff training	984,051	1,359,486	1,089,353	270,133
Federal grant administration	649,259	652,679	548,217	104,462
General administration	1,099,483	1,125,257	1,882,872	(757,615)
School administration	11,278,433	11,309,433	11,497,446	(188,013)
Business administration	1,124,594	1,124,594	986,348	138,246
Maintenance and operation of facilities	11,297,944	12,774,581	12,557,017	217,564
Student transportation services	8,691,600	9,018,006	8,276,167	741,839
Central support services	1,053,474	1,203,942	1,171,172	32,770
Other support services	652,743	744,455	677,655	66,800
Food services operation	9,068,623	9,151,309	8,440,377	710,932
Community services operation	-	-	363,253	(363,253)
Capital outlay	210,000	245,000	37,752	207,248
Debt service:				
Principal retirement	-	-	402,429	(402,429)
Interest and fiscal charges	-	-	26,119	(26,119)
Total expenditures	<u>158,678,197</u>	<u>162,304,440</u>	<u>163,192,789</u>	<u>(888,349)</u>
Excess of revenues over expenditures	<u>160,010</u>	<u>242,450</u>	<u>3,560,605</u>	<u>3,318,155</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	69,737	94,727	24,990
Transfers in	1,160,000	1,160,000	-	(1,160,000)
Transfers out	(510,000)	(1,160,000)	-	1,160,000
Long term license agreements	120,000	120,000	-	(120,000)
Total other financing sources (uses)	<u>770,000</u>	<u>189,737</u>	<u>94,727</u>	<u>(95,010)</u>
Net change in fund balances	930,010	432,187	3,655,332	3,223,145
FUND BALANCE, beginning of year, as restated	<u>21,847,778</u>	<u>21,847,778</u>	<u>21,847,778</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 22,777,788</u>	<u>\$ 22,279,965</u>	<u>\$ 25,503,110</u>	<u>\$ 3,223,145</u>

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

(1) Original and Final Budget amounts do not include budgeted revenues or expenditures of the various principal accounts.

The accompanying schedule of revenues, expenditures and changes in fund balance budget and actual includes the Original and Final Budget that is presented on a basis other than accounting principles generally accepted in the United States of America (GAAP) as allowed by the State of Georgia. The primary differences between the budget basis and GAAP for fund financial statements include salary and benefit expenditures that are recorded on the budget when paid rather than when the liability is incurred and state revenues recorded on the budget when received rather than when earned.

CARROLL COUNTY BOARD OF EDUCATION

SCHEDULE "13"

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

Funding Agency Program/Grant	CFDA Number	Pass- Through Entity ID Number	Total Expenditures
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	205GA324N1099	\$ 1,811,289
National School Lunch Program - Cash	10.555	205GA324N1099	4,059,559
After School Snacks	10.555	205GA324N1099	135,709
National School Lunch Program - Commodities (1)	10.555	205GA324N1099	521,723
Total Child Nutrition Cluster			6,528,280
Other Programs			
Pass-Through From Georgia Department of Education			
Child Nutrition Discretionary Grants Limited Availability	10.579	185GA350N8103	82,686
State Administrative Expenses for Child Nutrition	10.560	195GA904N2533	14,909
Total Other Programs			97,595
Total U. S. Department of Agriculture			6,625,875
Education, U. S. Department of			
Education for Homeless Children and Youth Cluster			
Pass-Through From Georgia Department of Education			
Education for Homeless Children and Youth	84.196	S196A190011	56,983
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Parent Mentor	84.027	H027A190073	14,400
Title VI-B Flowthrough	84.027	H027A180073	688,807
Title VI-B Flowthrough	84.027	H027A190073	2,138,173
High Cost Fund Pool	84.027	H027A190073	45,910
Preschool Grants	84.173	H173A180081	5,537
Preschool Grants	84.173	H173A190081	97,497
Total Special Education Cluster (IDEA)			2,990,324
Title I, Part A			
Pass-Through From Georgia Department of Education			
Title I - Improving the Academic Achievement of the Disadvantaged	84.010	S010A180010	351,856
Title I - Improving the Academic Achievement of the Disadvantaged	84.010	S010A190010	4,196,135
Title I - School Improvement	84.010	S010A180010	60,958
Title I - School Improvement	84.010	S010A190010	65,402
Total Title I, Part A			4,674,351

continued

CARROLL COUNTY BOARD OF EDUCATION

SCHEDULE "13"

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

Funding Agency Program/Grant	CFDA Number	Pass- Through Entity ID Number	Total Expenditures
Education, U. S. Department of			
Title II			
Pass-Through From Georgia Department of Education			
Title II-A, Improving Teacher Quality	84.367	S367A180001	\$ 81,301
Title II-A, Improving Teacher Quality	84.367	S367A190001	457,723
Title II-A, Advanced Placement Grants	84.367	S367A190001	6,190
Total Title II			545,214
Title III			
Pass-Through From Georgia Department of Education			
Title III-A, Limited English Proficient	84.365	S365A180010	2,626
Title III-A, Limited English Proficient	84.365	S365A190010	37,609
Title III-A, Immigrant	84.365	S365A190010	1,030
Total Title III			41,265
Title IV			
Pass-Through From Georgia Department of Education			
Title IV-Part A, Student Support and Academic Achievement	84.424	S424A18011	38,415
Title IV-Part A, Student Support and Academic Achievement	84.424	S424A19011	280,220
Total Title IV			318,635
Federal Grants Related to COVID-19			
Pass-Through From Georgia Department of Education			
CARES Act Elementary and Secondary School Emergency Relief Grant Fund	84.425D	S425D200012	1,022
Total Federal Grants Related to COVID-19			1,022
Vocational Education - Basic Grants to States			
Pass-Through From Georgia Department of Education			
CTAE - Perkins Plus Reserve	84.048	V048A190010	14,344
CTE - Perkins IV Grants - Program Improvement	84.048	V048A190010	157,382
CTE - Perkins IV Grants	84.048	V048A190010	8,592
Total Vocational Education - Basic Grants to States			180,318
Total U. S. Department of Education			8,808,112
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.Unknown	N/A	55,785
Total Expenditures of Federal Awards			\$ 15,489,772

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

- The amounts shown for the Food Donation Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the School District during the current fiscal year.
- The School District did not provide Federal Assistance to any Subrecipient.
- The School District did not utilize the 10% de minimis indirect cost rate.

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 of Federal Awards*. Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

<u>Agency/Funding</u>	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Grants			
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	\$ 3,927,738	\$ -	\$ 3,927,738
Kindergarten Program - Early Intervention Program	2,011,826	-	2,011,826
Primary Grades (1-3) Program	7,732,869	-	7,732,869
Primary Grades - Early Intervention (1-3) Program	6,870,841	-	6,870,841
Upper Elementary Grades (4-5) Program	3,693,386	-	3,693,386
Upper Elementary Grades - Early Intervention (4-5) Program	4,394,396	-	4,394,396
Middle School (6-8) Program	9,423,902	-	9,423,902
High School General Education (9-12) Program	8,297,194	-	8,297,194
Career Technical and Agricultural Education Program (9-12)	2,986,152	-	2,986,152
Students with Disabilities	14,977,741	-	14,977,741
Gifted Students - Category VI	5,503,438	-	5,503,438
Remedial Education Program	1,200,419	-	1,200,419
Alternative Education Program	680,804	-	680,804
English Speakers of Other Languages (ESOL)	610,475	-	610,475
Media Center Program	1,771,398	-	1,771,398
Twenty Days Additional Instruction	521,616	-	521,616
Staff and Professional Development	338,098	-	338,098
Principal Staff & Professional Development	6,703	-	6,703
Indirect Cost			
Central Administration	2,689,495	-	2,689,495
School Administration	3,839,090	-	3,839,090
Facility Maintenance and Operations	3,838,961	-	3,838,961
Categorical Grants			
Pupil Transportation	1,600,671	-	1,600,671
Nursing Services	313,071	-	313,071
Vocational Supervisors	28,280	-	28,280
Education Equalization Funding Grant	11,202,628	-	11,202,628
Food Services	213,954	-	213,954
Career, Technical, and Agricultural Education	378,207	-	378,207
One time QBE Adjustment	(1,329,546)	-	(1,329,546)
Preschool Handicapped State Grant	231,769	-	231,769
Teachers Retirement	30,331	-	30,331
Office of Treasury and Fiscal Services			
Public School Employees Retirement	216,983	-	216,983
Grants from Pre-K Lottery			
Georgia Pre-Kindergarten Program	2,377,044	-	2,377,044
Other Grants From Georgia Department of Education			
Student Achievement Grant	61,861	-	61,861
Hygiene Products in Georgia Schools	6,876	-	6,876
School Security Grant - 2019-2020	750,000	-	750,000
Pupil Transportation - State Bonds	231,660	-	231,660
Residential Treatment Center Grants	800,945	-	800,945
Math and Science Supplement	72,912	-	72,912
Funds From Other State Agencies			
Family Connection - DHR Grants	48,000	-	48,000
Other			
Capital Outlay Grants	-	1,467,151	1,467,151
	<u>\$ 102,552,188</u>	<u>\$ 1,467,151</u>	<u>\$ 104,019,339</u>

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CARROLL COUNTY BOARD OF EDUCATION

SCHEDULE "15"

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2020

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3)	Expended In Prior Years (3)	Total Completion Cost	Estimated Completion Date
SPLOST 2016						
BOWDON CLUSTER PROJECTS						
BOWDON HIGH SCHOOL - Renovations and modifications of classrooms; multi-purpose addition; tennis court restrooms; turf for football field (Tier II).	\$ 1,435,870	\$ 1,387,819	\$ 894,232	\$ 493,587	\$ 1,387,819	Completed
BOWDON MIDDLE SCHOOL - Parking lot repairs and improvements; new tennis courts.	128,150	128,150	-	-	-	Fiscal Year 2023
BOWDON ELEMENTARY SCHOOL - Renovations and modifications of classrooms.	852,786	1,224,240	919,620	304,620	1,224,240	Completed
OTHER - Technology equipment and upgrades; band, fine arts, and other equipment/improvements.	332,334	332,334	24,748	125,258	-	Fiscal Year 2023
CENTRAL CLUSTER PROJECTS						
CENTRAL HIGH SCHOOL - Gymnasium renovations and modifications; stadium renovations and modifications; fieldhouse expansion; turf for football field (Tier II).	2,821,518	2,918,422	-	2,918,422	2,918,422	Completed
CENTRAL MIDDLE SCHOOL - Car rider canopy; parking lot renovations and improvements; new tennis courts; four classroom addition (Tier II).	941,150	2,212,434	1,993,570	38,635	-	Fiscal Year 2023
CENTRAL ELEMENTARY SCHOOL - New gymnasium and music room.	1,811,615	2,247,154	-	2,247,154	2,247,154	Completed
ROOPVILLE ELEMENTARY SCHOOL - New gymnasium and with connector hall.	1,700,650	2,171,616	-	2,171,616	2,171,616	Completed
WHITESBURG ELEMENTARY SCHOOL - Parking lot repairs and improvements.	25,000	25,000	-	-	-	Fiscal Year 2023
OTHER - Technology equipment and upgrades; band, fine arts, and other equipment/improvements.	747,268	747,268	35,429	265,016	-	Fiscal Year 2023
MOUNT ZION CLUSTER PROJECTS						
MOUNT ZION HIGH SCHOOL - Multi-purpose addition; football field turf (Tier II).	1,055,123	2,059,852	1,179,108	880,744	2,059,852	Completed
MOUNT ZION MIDDLE SCHOOL - Front canopy; parking lot repairs and improvements; interior renovations; new tennis courts.	350,650	355,566	214,624	37,792	-	Fiscal Year 2023
MOUNT ZION ELEMENTARY SCHOOL - Parking lot repairs and improvements.	25,000	25,000	-	-	-	Fiscal Year 2023
OTHER - Technology equipment and upgrades; band, fine arts, and other equipment/improvements.	302,605	302,605	30,768	151,353	-	Fiscal Year 2023
TEMPLE CLUSTER PROJECTS						
TEMPLE HIGH SCHOOL - Stadium and field renovations and modifications (turf for football field); renovations and modifications of classrooms.	1,935,000	3,054,505	97,804	2,456,701	-	Fiscal Year 2022
TEMPLE MIDDLE SCHOOL - New concession stand; renovations of classrooms; new tennis courts; four classroom addition (Tier II).	866,150	866,150	-	-	-	Fiscal Year 2023
TEMPLE ELEMENTARY SCHOOL - Renovations and modifications of classrooms	1,780,880	1,468,060	-	1,468,060	1,468,060	Completed
PROVIDENCE ELEMENTARY SCHOOL - Parking lot repair and improvements; four classroom addition (Tier II).	713,000	713,000	-	-	-	Fiscal Year 2023
SHARP CREEK ELEMENTARY SCHOOL - Gymnasium modifications and renovations.	175,000	73,228	-	73,228	73,228	Completed
OTHER - Technology equipment and upgrades; band, fine arts, and other equipment/improvements.	536,370	536,370	42,846	257,389	-	Fiscal Year 2023
VILLA RICA CLUSTER PROJECTS						
VILLA RICA HIGH SCHOOL - Dining room modifications and renovations; front office modifications and renovations; fieldhouse expansion; classroom modifications and renovations; three-classroom addition (Tier II); turf for football field (Tier II).	3,456,414	3,125,410	352,599	2,229,355	-	Fiscal Year 2023
BAY SPRINGS MIDDLE SCHOOL - Band room expansion; renovations of classrooms; new tennis courts.	302,525	1,421,500	-	-	-	Fiscal Year 2022
VILLA RICA MIDDLE SCHOOL - New concession stand; renovations of classrooms; new tennis courts.	178,150	178,150	-	-	-	Fiscal Year 2023
GLANTON HINDSMAN ELEMENTARY SCHOOL - Two new connector halls; four classroom addition (Tier II).	837,292	837,292	-	-	-	Fiscal Year 2022
ITHICA ELEMENTARY SCHOOL - Parking lot repairs and improvements; four classroom addition (Tier II).	713,000	753,938	684,798	69,140	753,938	Completed
SAND HILL ELEMENTARY SCHOOL - Two classroom addition; dining room addition; four classroom addition (Tier II).	1,376,000	1,376,000	-	-	-	Fiscal Year 2023
VILLA RICA ELEMENTARY SCHOOL - Renovations and modifications of classrooms; new connector hall.	1,241,074	1,241,074	4,800	-	-	Fiscal Year 2023
OTHER - Technology equipment and upgrades; band, fine arts, and other equipment/improvements.	999,854	999,854	57,602	399,162	-	Fiscal Year 2023
OTHER PROJECTS						
COLLEGE AND CAREER ACADEMY - CCA North-Phase II; CCA technology and equipment.	3,076,345	3,076,345	26	342,001	-	Fiscal Year 2023
PERFORMING ARTS CENTER - Performing Arts Center Phase II (meeting rooms and office space).	2,984,744	9,199,586	-	9,199,586	9,199,586	Completed
SYSTEM-WIDE - Replacing, purchasing, upgrading, or supplementing capital equipment to include, but not limited to, school buses, tractors, trucks, furnishings, laboratory, physical education, athletic, band, fine arts, safety, security, or other equipment; books and other instructional equipment; energy efficiency upgrades and acquisition of energy savings project equipment currently being leased; renovations and improvements to facilities and acquisition of land and construction of new schools and facilities as needed:	6,403,733	6,403,733	228,819	841,995	-	Fiscal Year 2023
DEBT SERVICE	31,698,750	31,698,750	6,459,000	6,595,000	-	Fiscal Year 2023
BOND/ DEBT SERVICE FEES	1,990,000	1,990,000	1,343	405,512	-	Fiscal Year 2023
	<u>\$ 73,794,000</u>	<u>\$ 85,150,405</u>	<u>\$ 13,221,736</u>	<u>\$ 33,971,326</u>	<u>\$ 23,503,915</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 Carroll 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.

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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
Carroll County Board of Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll 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 26, 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 fluid and cursive, with the first and last names being more prominent.

Greg S. Griffin
State Auditor

March 26, 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
Carroll County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Carroll County Board of Education (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

March 26, 2021

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SECTION III

AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:
Governmental Activities; All Major Funds;
Aggregate Remaining Fund Information Unmodified

Internal control over financial reporting:
▪ Material weakness identified? No
▪ Significant deficiency identified? None Reported

Noncompliance material to financial statements noted: No

Federal Awards

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? No

II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.