

**FLOYD COUNTY
BOARD OF EDUCATION**

**ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2020**

FLOYD COUNTY BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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I. FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Superintendent and Members of
the Floyd County Board of Education
Rome, Georgia**

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 **Floyd County Board of Education** as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Floyd County Board of Education'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.

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 Floyd County Board of Education 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System of Georgia, Schedule of Contributions – Teachers Retirement System of Georgia, Schedule of Proportionate Share of Net Pension Liability – Public School Employees Retirement System of Georgia, Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund, and Schedule of Contributions – School OPEB Fund, as 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 Floyd County Board of Education's basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, 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*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax proceeds and the schedule of expenditures of federal awards (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2021 on our consideration of the Floyd County Board of Education'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 Floyd County Board of Education'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 Floyd County Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 20, 2021

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

INTRODUCTION

Our discussion and analysis of the Floyd County Board of Education's ("School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to 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.

The School District's financial statements for the fiscal year ended June 30, 2020 includes a series of basic financial statements that report financial information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both a short term and long term view of the School District's finances on a global basis. The fund financial statements provide information about all of the School District's funds. Information about these funds, such as the School District's General Fund, is important in its own right, but will also give insight into the School District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

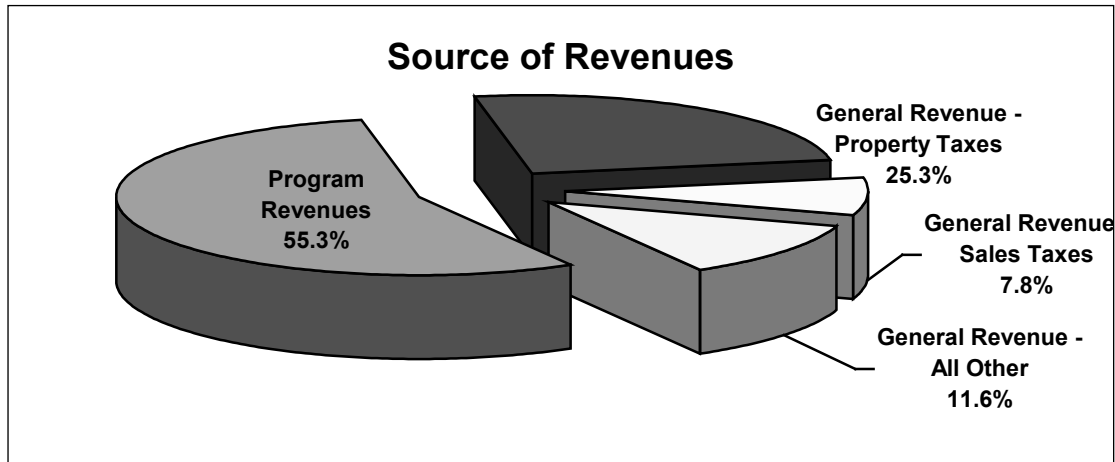
FINANCIAL HIGHLIGHTS

Key financial highlights for FY 2020 are as follows:

On the District-wide financial statements:

- The District's net position at June 30, 2020 was approximately \$43.2 million. Net position reflects the difference between all assets and deferred outflows of resources of the District (including capital assets, net of depreciation) and all liabilities, both short term and long term, and deferred inflows of resources. The net position at June 30, 2020 of approximately \$43.2 million represented an increase of \$12 million when compared to the prior year.
- The School District had approximately \$120.5 million in expenses relating to governmental activities; approximately \$73.2 million of the \$120.5 million in expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of \$59.3 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$59.3 million or about 45% of all revenues totaling \$132.5 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues. (Percentages in the table below have been rounded to one decimal place.)

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FOR THE FISCAL YEAR ENDED JUNE 30, 2020



On the fund financial statements:

- Among major funds, the General Fund had approximately \$121.2 million in revenues and \$116.2 million in expenditures. The General Fund balance of approximately \$25.6 million at June 30, 2020 increased approximately \$5 million from the prior year. This is largely due to an increase in property tax revenue and state revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

Using the Basic Financial Statements

These financial Statements consists of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the district-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the Floyd County School District, the General Fund, Capital Projects Funds, and Debt Service Funds are all considered to be major funds. The District has no funds reported as nonmajor funds as defined by generally accepted accounting principles.

FLOYD COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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.

District-Wide Statements

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

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

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

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt, including pension and postemployment obligations, as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position as follows:
 - *Net Investment in capital assets*
 - *Restricted net position* is amounts with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations
 - *Unrestricted for no specific use*

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

Fund Financial Statements

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

The District has two kinds of funds as discussed below:

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the **modified accrual method of accounting** which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to clubs, organizations and others within the principals' accounts. 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 district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

FLOYD COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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In the case of the Floyd County School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$43.2 million at June 30, 2020. To better understand the District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the approximately \$43.2 million in net position, approximately \$16.6 million was restricted for debt service and ongoing capital projects. Accordingly, these funds were not available to meet the District's ongoing obligations to citizens and creditors.

In addition, the District had just over \$161 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets to provide educational services to students within geographic boundaries served by the District. Because of the very nature and ongoing use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is *not* available for future spending.

Because of the restrictions on net position as discussed above, the District had an unrestricted (deficit) of \$134.6 million at June 30, 2020. The reader should remember this deficit includes pension related charges recorded because of the implementation (fiscal year 2015) of GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date on Amendment to GASB 68*; and also includes charges recorded because of the implementation (fiscal year 2018) of GASB Statement 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*. The District believes it is also meaningful to view the District's Net Position in the following manner:

Net position associated with pension obligations	\$ (81,783,632)
Net position associated with postemployment benefits other than pension obligations	(85,240,142)
Net position exclusive of pension obligations and postemployment benefits	<u>210,196,693</u>
Net Position, June 30, 2020	<u>\$ 43,172,919</u>

The above analysis shows that the recognition of liabilities for pension obligations and postemployment benefits on the financial statements has had a severe effect on the District's unrestricted net position. However, despite these obligations, management believes the District's financial position is sound.

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

Table 1
Net Position

	Governmental Activities	
	FY 2020	FY 2019
Assets		
Current and Other Assets	\$ 79,253,368	\$ 78,394,684
Capital Assets, Net	178,579,587	171,548,622
Total Assets	257,832,955	249,943,306
Deferred Outflow of Resources		
Related to Defined Benefit Pension Plan	\$ 27,634,330	\$ 19,240,622
Related to OPEB Plan	4,398,908	3,148,468
Total Deferred Outflow of Resources	32,033,238	22,389,090
Total Assets and Deferred Outflow of Resources	289,866,193	272,332,396
Liabilities		
Current and Other Liabilities	21,180,055	15,881,654
Long-Term Liabilities	26,456,207	36,923,436
Net Pension Liability	100,848,757	89,500,152
Net OPEB Liability	69,476,420	73,509,815
Total Liabilities	217,961,439	215,815,057
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plan	8,569,205	9,705,279
Related to OPEB Plan	20,162,630	15,662,286
Total Deferred Inflows of Resources	28,731,835	25,367,565
Total Liabilities and Deferred Inflows of Resources	246,693,274	241,182,622
Net Position		
Invested in Capital Assets,		
Net of Debt	161,233,642	157,943,449
Restricted	16,578,208	17,738,188
Unrestricted (Deficit)	(134,638,931)	(144,531,863)
Total Net Position	\$ 43,172,919	\$ 31,149,774

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

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

Table 2
Change in Net Position

	Governmental Activities	
	FY 2020	FY 2019
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 2,361,409	\$ 2,650,646
Operating Grants and Contributions	70,709,480	70,226,646
Capital Grants and Contributions	154,440	1,957,126
Total Program Revenues	<u>\$ 73,225,329</u>	<u>\$ 74,834,418</u>
General Revenues:		
Property Taxes	\$ 33,589,767	\$ 32,229,824
Sales and Other Taxes	14,084,033	12,533,364
Grants and Contributions not Restricted to Specific Programs	4,928,462	4,630,606
Investment Earnings	849,838	1,267,164
Miscellaneous	5,854,094	5,300,608
Gain on Disposal of Capital Assets	-	211,631
Total General Revenues	<u>\$ 59,306,194</u>	<u>\$ 56,173,197</u>
Total Revenues	<u><u>\$ 132,531,523</u></u>	<u><u>\$ 131,007,615</u></u>
Program Expenses		
Instruction	\$ 75,298,663	\$ 66,186,816
Support Services		
Pupil Services	5,386,682	5,353,936
Improvement of Instructional Services	2,699,791	2,702,383
Educational Media Services	1,602,461	1,960,338
Federal Grant Administration	155,369	-
General Administration	2,453,671	2,133,012
School Administration	7,930,361	6,517,224
Business Administration	1,610,847	931,258
Maintenance and Operation of Plant	9,822,380	8,249,906
Student Transportation Services	5,017,029	7,030,242
Central Support	1,965,179	1,424,915
Other Support Services	251,579	221,869
Operations of Non-Instructional Services		
Miscellaneous Non-Instructional Services	236,736	342,409
Food Services	5,540,919	5,609,607
Interest on Short-Term and Long-Term Debt	<u>536,711</u>	<u>722,385</u>
Total Expenses	<u><u>\$ 120,508,378</u></u>	<u><u>\$ 109,386,300</u></u>
Increase in Net Position	<u><u>\$ 12,023,145</u></u>	<u><u>\$ 21,621,315</u></u>

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

Cost of Providing Services

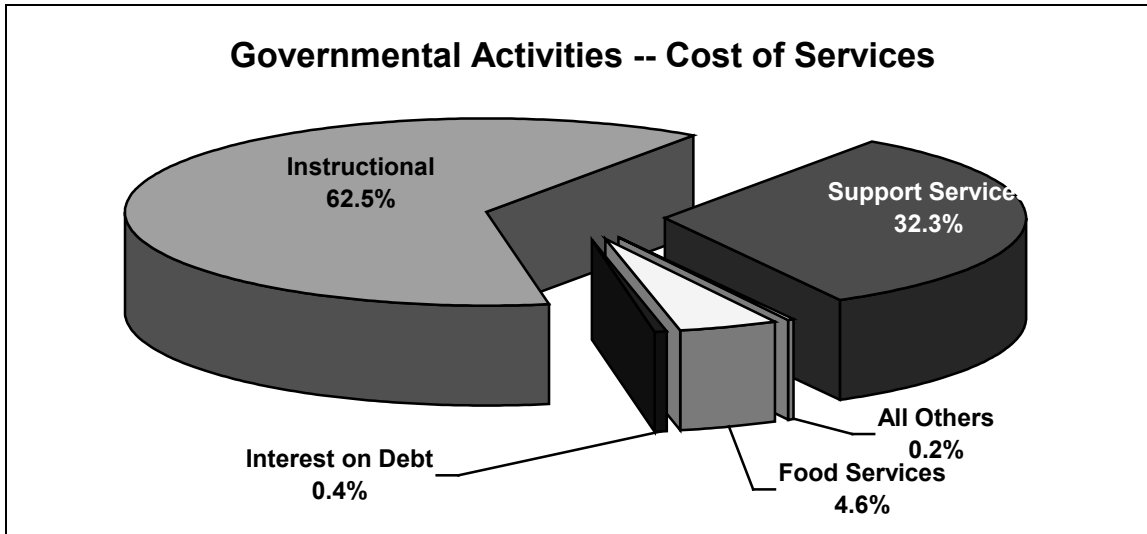
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated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

Table 3
Cost of Services

	Total Cost of Services		Net Cost of Services	
	2020	FY 2019	2020	FY 2019
Instruction	\$ 75,298,663	\$ 66,186,816	\$ 22,335,767	\$ 11,357,743
Support Services				
Pupil Services	5,386,682	5,353,936	4,725,424	4,735,914
Improvement of Instructional Services	2,699,791	2,702,383	1,481,526	1,414,192
Educational Media Services	1,602,461	1,960,338	239,936	564,639
Federal Grant Administration	155,369	-	155,369	-
General Administration	2,453,671	2,133,012	10,682	269,368
School Administration	7,930,361	6,517,224	4,777,820	3,365,193
Business Administration	1,610,847	931,258	1,602,124	923,333
Maintenance and Operation of Plant	9,822,380	8,249,906	6,453,322	5,313,353
Student Transportation Services	5,017,029	7,030,242	3,416,201	5,435,697
Central Support Services	1,965,179	1,424,915	1,960,458	1,420,837
Other Support Services	251,579	221,869	248,894	218,427
Operations of Non-Instructional Services				
Miscellaneous Non-Instructional Services	236,736	342,409	(767,624)	(1,051,462)
Food Services	5,540,919	5,609,607	106,439	(137,737)
Interest on Long-Term Debt	536,711	722,385	536,711	722,385
Total Expenses	<u>\$ 120,508,378</u>	<u>\$ 109,386,300</u>	<u>\$ 47,283,049</u>	<u>\$ 34,551,882</u>

FLOYD COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The chart below shows a functional summary of the expenses made by the District during fiscal year 2020. The percentages are rounded to one decimal place.



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on page 18 of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of approximately \$131.9 million available for expenditure. Total expenditures were approximately \$134 million in fiscal year 2020. Total governmental fund balances of approximately \$62.8 million at June 30, 2020, increased by approximately \$557,000 from the prior year.

General Fund Budget Highlights

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

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

For the General Fund, the final actual revenues of approximately \$121.2 million exceeded the final budgeted revenues by approximately \$5.1 million. This situation resulted primarily because property tax revenues exceeded the final budget by almost \$2.8 million, state revenues exceeded the final budget by nearly \$2.7 million and charges for services exceeded the final budget by almost \$2 million, due to the elimination of the free school lunch program. Additionally, Federal revenues were less than expected by approximately \$1.5 million.

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The General Fund's final actual expenditures of approximately \$116.2 million were less than the final budget amount by approximately \$5.3 million. This situation resulted primarily because expenditures for instruction were under the final budget by approximately \$6.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2020, the School District had approximately \$178.6 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and instructional; food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation and amortization, as compared to the prior fiscal year.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	FY 2020	FY 2019
Land	\$ 2,969,924	\$ 2,982,978
Construction in Progress	6,022,784	7,910,548
Land Improvements	1,950,590	1,150,253
Buildings and Improvements	160,972,940	155,616,325
Equipment	6,663,349	3,888,518
Total	<u>\$ 178,579,587</u>	<u>\$ 171,548,622</u>

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

FLOYD COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Long Term Debt

At June 30, 2020, the School District had \$31.9 million in total debt outstanding which consisted of approximately \$27.5 in general obligation debt and approximately \$2.4 million in unamortized bond premiums. Table 5 summarizes the School District's debt as compared to the prior fiscal year.

Table 5
Change in Long Term Debt

	Governmental Activities	
	FY 2020	FY 2019
General Obligation Bonds Payable	\$ 27,565,000	\$ 33,505,000
Capital Leases Payable	1,966,472	-
Unamortized Bond Premiums	2,380,102	3,225,321
Total	<u>\$ 31,911,574</u>	<u>\$ 36,730,321</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District is financially stable. The School District's operating millage for fiscal year 2020 was 18.250 mills, which produced a little more than \$1.8 million per mill. The District plans to fund additional capital outlays, in part, with the one percent local sales tax revenue and state capital outlay grants.
- The economy has continued to grow from the prior year. Property tax revenues increased about \$1.7 million. State revenues increased \$1.6 million from the prior year. The General Fund had an unassigned fund balance of approximately \$16.6 million at June 30, 2020, which is an increase of \$1.4 million from the prior year. It should be noted the Board has committed over \$400,000 to continue future security upgrades to protect the students throughout the District. The District also assigned approximately \$5.6 million for fiscal year 2020 appropriations of fund balance. The Board anticipates financial challenges going forward due to continuously declining student enrollment, which will result in decreased revenues. In response to these challenges, the School District has initiated a school consolidation plan to decrease overhead expenditures, which will allow the District to continue to be a good steward of tax dollars, while providing a quality educational opportunity.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's 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 Mr. Greg Studdard, Chief Financial Officer, Floyd County Board of Education, 600 Riverside Parkway, NE, Rome, Georgia. You may also email your questions to Mr. Studdard at gregstuddard@floydboe.net.

BASIC FINANCIAL STATEMENTS

FLOYD COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 54,131,691
Investments	9,646,202
Receivables:	
Taxes	1,765,920
Intergovernmental:	
State	10,874,287
Federal	2,519,770
Other	42,334
Inventory	273,164
Capital assets (nondepreciable)	8,992,708
Capital assets (depreciable, net of accumulated depreciation)	169,586,879
Total assets	<u>257,832,955</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	27,634,330
OPEB related items	4,398,908
Total deferred outflows of resources	<u>32,033,238</u>
LIABILITIES	
Accounts payable and other accrued liabilities	2,106,208
Salaries and benefits payable	12,397,886
Contracts payable	14,530
Accrued interest payable	689,125
Retainage payable	464,095
Unearned revenue	44,369
Claims payable due within one year	8,475
Capital leases due within one year	465,367
Capital leases due in more than one year	1,501,105
Bonds payable due within one year	4,990,000
Bonds payable due in more than one year	24,955,102
Net pension liability	100,848,757
Net OPEB liability	69,476,420
Total liabilities	<u>217,961,439</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	8,569,205
OPEB related items	20,162,630
Total deferred inflows of resources	<u>28,731,835</u>
NET POSITION	
Net investment in capital assets	161,233,642
Restricted for:	
Capital projects	4,764,296
Debt service	11,813,912
Unrestricted	(134,638,931)
Total net position	<u>\$ 43,172,919</u>

The accompanying notes are an integral part of these financial statements.

FLOYD COUNTY BOARD OF EDUCATION

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 75,298,663	\$ 338,163	\$ 52,624,733	\$ -	\$ (22,335,767)
Support services:					
Pupil services	5,386,682	-	661,258	-	(4,725,424)
Improvement of instructional services	2,699,791	-	1,218,265	-	(1,481,526)
Educational media services	1,602,461	-	1,362,525	-	(239,936)
Federal grant administration	155,369	-	-	-	(155,369)
General administration	2,453,671	-	2,442,989	-	(10,682)
School administration	7,930,361	-	3,152,541	-	(4,777,820)
Business administration	1,610,847	-	8,723	-	(1,602,124)
Maintenance and operation of facilities	9,822,380	-	3,369,058	-	(6,453,322)
Student transportation services	5,017,029	5,308	1,441,080	154,440	(3,416,201)
Central support services	1,965,179	-	4,721	-	(1,960,458)
Other support services	251,579	-	2,685	-	(248,894)
Operations of non-instructional services:					
Miscellaneous non-instructional services	236,736	1,004,360	-	-	767,624
Food services operation	5,540,919	1,013,578	4,420,902	-	(106,439)
Interest on long-term debt	536,711	-	-	-	(536,711)
Total governmental activities	<u>\$ 120,508,378</u>	<u>\$ 2,361,409</u>	<u>\$ 70,709,480</u>	<u>\$ 154,440</u>	<u>(47,283,049)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					33,589,767
Sales taxes					10,331,267
Other taxes					3,752,766
Grants and contributions not restricted to specific programs					4,928,462
Unrestricted investment earnings					849,838
Miscellaneous					5,854,094
Total general revenues					<u>59,306,194</u>
Change in net position					12,023,145
Net position, beginning of year					31,149,774
Net position, end of year					<u>\$ 43,172,919</u>

The accompanying notes are an integral part of these financial statements.

FLOYD COUNTY BOARD OF EDUCATION

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

ASSETS	General	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 27,866,802	\$ 25,912,624	\$ 352,265	\$ 54,131,691
Investments	-	-	9,646,202	9,646,202
Receivables:				
Taxes	1,765,920	-	-	1,765,920
Intergovernmental:				
State	8,218,116	151,601	2,504,570	10,874,287
Federal	2,519,770	-	-	2,519,770
Other	42,334	-	-	42,334
Inventory	273,164	-	-	273,164
 Total assets	 \$ 40,686,106	 \$ 26,064,225	 \$ 12,503,037	 \$ 79,253,368
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 962,516	\$ 755,359	\$ -	\$ 1,717,875
Unearned revenue	44,369	-	-	44,369
Contracts payable	-	14,530	-	14,530
Accrued liabilities	388,333	-	-	388,333
Salaries and benefits payable	12,397,886	-	-	12,397,886
Retainage payable	-	464,095	-	464,095
 Total liabilities	 13,793,104	 1,233,984	 -	 15,027,088
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,000,359	-	-	1,000,359
Unavailable revenue - intergovernmental	322,037	151,601	-	473,638
 Total deferred inflows of resources	 1,322,396	 151,601	 -	 1,473,997
FUND BALANCES				
Nonspendable:				
Inventory	273,164	-	-	273,164
Restricted for:				
Capital projects	-	19,178,324	-	19,178,324
Debt service	-	-	12,503,037	12,503,037
Committed for:				
School activity accounts	2,157,649	-	-	2,157,649
Security upgrades	402,925	-	-	402,925
Assigned for:				
2021 fiscal year appropriations of fund balance	5,557,000	-	-	5,557,000
Records retention	237,626	-	-	237,626
Workers compensation	260,550	-	-	260,550
Unemployment compensation	125,000	-	-	125,000
Capital projects	-	5,500,316	-	5,500,316
Unassigned:				
General fund	16,556,692	-	-	16,556,692
 Total fund balances	 25,570,606	 24,678,640	 12,503,037	 62,752,283
 Total liabilities, deferred inflows of resources and fund balances	 \$ 40,686,106	 \$ 26,064,225	 \$ 12,503,037	 \$ 79,253,368

The accompanying notes are an integral part of these financial statements.

FLOYD COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

Total fund balances - governmental funds		\$	62,752,283
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Cost	\$	247,531,985	
Less accumulated depreciation		<u>(68,952,398)</u>	178,579,587
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.			
Property taxes	\$	1,000,359	
Intergovernmental revenues		<u>473,638</u>	1,473,997
The net pension liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.			
Net pension liability	\$	(100,848,757)	
Pension related deferred outflows of resources		27,634,330	
Pension related deferred inflows of resources		<u>(8,569,205)</u>	(81,783,632)
The net OPEB liability is not a financial liability in governmental fund activities and, therefore, not reported in governmental funds.			
Total OPEB liability	\$	(69,476,420)	
OPEB related deferred outflows of resources		4,398,908	
OPEB related deferred inflows of resources		<u>(20,162,630)</u>	(85,240,142)
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable	\$	(27,565,000)	
Premium, net of amortization		(2,380,102)	
Capital leases		(1,966,472)	
Accrued interest		(689,125)	
Claims liability		<u>(8,475)</u>	(32,609,174)
Net position of governmental activities		<u>\$</u>	<u>43,172,919</u>

The accompanying notes are an integral part of these financial statements.

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

	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 33,744,525	\$ -	\$ -	\$ 33,744,525
Sales taxes	-	-	10,331,267	10,331,267
Other taxes	3,752,766	-	-	3,752,766
State funds	69,323,348	-	-	69,323,348
Federal funds	9,526,607	-	-	9,526,607
Investment income	447,723	356,775	45,340	849,838
Charges for services	2,361,409	-	-	2,361,409
Miscellaneous	2,035,162	10,809	-	2,045,971
Total revenues	121,191,540	367,584	10,376,607	131,935,731
EXPENDITURES				
Current:				
Instruction	69,073,948	-	-	69,073,948
Support services:				
Pupil services	5,339,101	-	-	5,339,101
Improvement of instructional services	2,675,944	-	-	2,675,944
Educational media services	1,531,951	-	-	1,531,951
Federal grant administration	153,997	-	-	153,997
General administration	2,328,512	72,145	-	2,400,657
School administration	7,860,312	-	-	7,860,312
Business administration	1,596,619	-	-	1,596,619
Maintenance and operation of facilities	10,260,386	363,313	-	10,623,699
Student transportation services	7,119,647	-	-	7,119,647
Central support services	1,862,931	84,889	-	1,947,820
Other support services	224,739	24,618	-	249,357
Miscellaneous non-instructional services	234,644	-	-	234,644
Food services operation	5,368,067	-	-	5,368,067
Capital outlay	-	9,825,048	-	9,825,048
Debt service:				
Principal retirement	533,968	-	5,940,000	6,473,968
Interest and fees	3,569	108	1,526,753	1,530,430
Total expenditures	116,168,335	10,370,121	7,466,753	134,005,209
Excess (deficiency) of revenues over (under) expenditures	5,023,205	(10,002,537)	2,909,854	(2,069,478)
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	2,500,440	-	-	2,500,440
Transfers in	-	2,725,000	-	2,725,000
Transfers out	(2,725,000)	-	-	(2,725,000)
Sale of capital assets	125,783	-	-	125,783
Total other financing sources (uses)	(98,777)	2,725,000	-	2,626,223
Net change in fund balances	4,924,428	(7,277,537)	2,909,854	556,745
FUND BALANCES, beginning of year	20,646,178	31,956,177	9,593,183	62,195,538
FUND BALANCES, end of year	\$ 25,570,606	\$ 24,678,640	\$ 12,503,037	\$ 62,752,283

The accompanying notes are an integral part of these financial statements.

FLOYD COUNTY BOARD OF EDUCATION
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	\$	556,745
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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. The amount by which capital outlays exceeded depreciation in the current period is as follows:

Capital outlay	\$	14,028,240	
Depreciation expense		(4,508,805)	9,519,435

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.	(2,488,470)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	318,880
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In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.	(1,818,823)
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In the governmental funds, current year expenditures related to OPEB are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.	783,491
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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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of capital leases	\$	(2,500,440)	
Principal payments - bonds		5,940,000	
Principal payments - capital leases		533,968	3,973,528

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.

Amortization of bond premium	\$	845,219	
Change in claims payable		184,640	
Change in accrued interest		148,500	1,178,359

Change in net position of governmental activities	\$	12,023,145
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The accompanying notes are an integral part of these financial statements.

FLOYD COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2020

		Agency Fund
ASSETS		<hr/>
Cash		\$ 144,762
		<hr/>
Total assets		\$ 144,762
		<hr/> <hr/>
LIABILITIES		
Funds held for others		\$ 144,762
		<hr/>
Total liabilities		\$ 144,762
		<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

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

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Floyd 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.

Additionally, the School District has been granted Charter System Status by the State of Georgia as provided in Georgia Annotated Code section 20-2-84. This status gives the District freedom from many State rules and regulations in exchange for the District's agreement to increase academic achievement by its students.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Floyd County Board of Education.

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.

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets, amounts restricted by outside parties for specific purposes and unrestricted amounts.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (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.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund* accounts for taxes (property and sales) legally restricted for the payment of general long-term debt principal, interest and paying agent's fees.

The School District also reports the following fund type:

- *Agency Fund* accounts for assets held by the School District as an agent for various individual school clubs and activities.

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental activities and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year-end.

Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments 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 capital leases are reported as other financing sources.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

The State of Georgia reimburses the School District 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus (Continued)

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

Cash and Cash Equivalents

COMPOSITION OF DEPOSITS

Cash and cash equivalents consist of cash on hand, demand deposits, Georgia Fund 1 and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia Laws O.C.G.A. 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks or insured federal savings and loan associations.

Investments

COMPOSITION OF INVESTMENTS

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

- (1) Obligations issued by the State of Georgia or by other states,
- (2) Obligations issued by the United States Government,
- (3) Obligations fully insured or guaranteed by the United States Government or a United States Government agency,
- (4) Obligations of any corporation of the United States Government,
- (5) Prime banker's acceptances,
- (6) The Local Government Investment Pool administered by the State Treasurer of the State of Georgia,
- (7) Repurchase agreements, and
- (8) Obligations of other political subdivisions of the State of Georgia.

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are reported net of an allowance for uncollectible receivables when necessary.

Property Taxes

The Floyd County Tax Commissioner levied the property tax for the 2019 tax digest year (calendar year) on July 10, 2019 (levy date). Taxes were due on November 15, 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 Floyd 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 \$33,744,525.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each School District to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The Floyd County Board of Education is in compliance with this law. Tax millage rates levied for the 2019 tax year (calendar year) for the Floyd County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Maintenance and Operations	18.250 mills
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Sales Taxes

Education Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$10,331,267 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). 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to June 30, 2020, are recorded as prepaid items.

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

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 5,000	20 to 80 years
Buildings and Improvements	10,000	10 to 80 years
Equipment	5,000	3 to 20 years
Intangible Assets	200,000	10 to 20 years

Compensated Absences

Vacation leave must be used in the fiscal year in which it is earned. Accordingly, there is no liability for vacation leave at year end.

Sick and personal leave do not vest with the employee, and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has five (5) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred outflow of resources for the District's actual contributions to the pension plan during the fiscal year ended June 30, 2020 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2021; (2) a deferred outflow of resources for experience gains or losses related to the pension plan which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in actuarial assumptions which will be amortized over the remaining service period; (4) a deferred outflow of resources for the District's actual contributions to the OPEB plan during the fiscal year ended June 30, 2020 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2021; and (5) a deferred outflow of resources for the net difference between projected and actual investment earnings on the OPEB assets, which will be amortized over a five year period.

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 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 and intergovernmental revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The District has five (5) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred inflow of resources for the net difference between projected and actual investment earnings on the pension assets, which will be amortized over a five year period; (2) a deferred inflow of resources for experience gains or losses from periodic studies by the pension and OPEB actuary, which will be amortized over the remaining service period; (3) a deferred inflow of resources for the change in the District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; (4) a deferred inflow of resources for the changes in actuarial assumptions in relation to the OPEB plan which will be amortized over the remaining service period; (5) a deferred inflow of resources for the change in the District's proportionate share based on actual contributions towards the OPEB plan, which will be amortized over the remaining service period.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund existing general obligations bonds. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are accrued and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB)

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

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment through adoption of a subsequent resolution.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent or his or her designee to assign fund balances.
- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School District adopts an annual budget for the General Fund and Debt Service Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, O.C.G.A. Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

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

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The following functions and transfers had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2020.

Support services:

Pupil services	\$ 1,489,185
General administration	380,470
School administration	97,848
Maintenance and operation of plant	51,042
Student transportation services	1,150,748
Central support services	37,670
Other support services	132,123
Miscellaneous non-instructional services	154,784

Debt service:

Principal retirement	533,968
Interest and fees	3,569
Transfers out	972,661

These over expended departments were funded with revenues and financing arrangements recognized in excess of anticipated levels.

Note 4: DEPOSITS AND INVESTMENTS

CATEGORIZATION OF INVESTMENTS

At June 30, 2020, the carrying value of the School District's total investments was \$9,646,202, which is stated at fair value.

The investment in the local government investment pool, "Georgia Fund 1," created by O.C.G.A. 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAs rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the School District's investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

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

Note 4: DEPOSITS AND INVESTMENTS (Continued)

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Georgia Fund 1	38 days	\$ 23,879,051
First American Treasury Obligations	43 days	9,646,202
Total		<u>\$ 33,525,253</u>

INTEREST RATE RISK

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

FAIR VALUE MEASUREMENTS

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The School District has the following recurring fair value measurements as of June 30, 2020:

<u>Investment</u>	<u>Level 1</u>	<u>Fair Value</u>
First American Treasury Obligations	<u>\$ 9,646,202</u>	\$ 9,646,202
Investments not subject to level disclosure:		
Georgia Fund 1		<u>23,879,051</u>
Total investments		<u>\$ 33,525,253</u>

The First American Treasury Obligations classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for those investments.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School District does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

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

Note 4: DEPOSITS AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2020, the financial institution holding some of the District's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2020, the School District's cash accounts were insured and/or collateralized as defined by GASB Standards.

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 \$423,207.

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FLOYD COUNTY BOARD OF EDUCATION
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 June 30, 2019	Increases	Decreases	Transfers	Balances June 30, 2020
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,982,978	\$ -	\$ (13,054)	\$ -	\$ 2,969,924
Construction in progress	7,910,548	9,543,337	-	(11,431,101)	6,022,784
Total	<u>10,893,526</u>	<u>9,543,337</u>	<u>(13,054)</u>	<u>(11,431,101)</u>	<u>8,992,708</u>
Capital assets, being depreciated:					
Building improvements	203,747,623	454,813	(4,379,371)	10,580,997	210,404,062
Equipment	20,327,633	3,940,816	(1,853,749)	-	22,414,700
Land improvements	4,860,496	89,274	(79,359)	850,104	5,720,515
Total	<u>228,935,752</u>	<u>4,484,903</u>	<u>(6,312,479)</u>	<u>11,431,101</u>	<u>238,539,277</u>
Less accumulated depreciation for:					
Building improvements	(48,131,298)	(3,420,650)	2,120,826	-	(49,431,122)
Equipment	(16,439,115)	(954,698)	1,642,462	-	(15,751,351)
Land improvements	(3,710,243)	(133,457)	73,775	-	(3,769,925)
Total	<u>(68,280,656)</u>	<u>(4,508,805)</u>	<u>3,837,063</u>	<u>-</u>	<u>(68,952,398)</u>
Total capital assets, being depreciated, net	<u>160,655,096</u>	<u>(23,902)</u>	<u>(2,475,416)</u>	<u>11,431,101</u>	<u>169,586,879</u>
Governmental activities capital assets, net	<u>\$ 171,548,622</u>	<u>\$ 9,519,435</u>	<u>\$ (2,488,470)</u>	<u>\$ -</u>	<u>\$ 178,579,587</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 3,571,521
Support services:	
Educational media services	56,857
General administration	31,620
Maintenance and operation of facilities	64,571
Student transportation services	659,223
Operations of non-instructional services:	
Food services	125,013
	<u>\$ 4,508,805</u>

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

Note 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
District-Wide Capital Projects	General Fund	\$ 2,725,000

Transfers were used to provide supplemental funding for various capital project outlays.

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; acts of God; and unemployment compensation and vision plan.

The School District participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the district. The School District pays an annual premium to the district for its general insurance coverage. Additional coverage is provided through agreements by the district with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation and abuse), errors and omissions, crime and automobile risks. Payment of excess insurance for the district varies by line of coverage.

The School District has established a limited risk management program for workers' compensation claims. A premium is paid by the General Fund at the beginning of the fiscal year for an excess workers' compensation coverage policy which covers individual claims in excess of \$400,000 loss per occurrence, up to the statutory limit. Assessments of individual programs, except School Food Services, are performed, as needed, on the basis of that program's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experiences. School Food Services is billed by the General Fund for the actual amount of claims for that program. The School District accounts for claims with expenses/expenditures and liabilities being reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. For purposes of estimating the unpaid claims liability as of June 30, 2020, the School District's third party administrator computed the reserve liability based on the estimated cost of each outstanding claim from claims experience of similar claims, including consideration of any incurred, but not reported amounts.

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

Note 8: RISK MANAGEMENT (Continued)

Prior to fiscal year 2018, the District was self-insured for risks associated with job related illness or injuries. During fiscal year 2018, the District acquired commercial insurance to protect again these risks for future claims. However, the District remains liable for claims occurring prior to the obtaining insurance coverage. The table below shows the Districts' liability associated with worker's compensation claims prior to obtaining the insurance coverage.

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

	<u>Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year</u>	<u>Due Within One Year</u>
2019	\$ 170,669	\$ 87,003	\$ 64,557	\$ 193,115	\$ 193,115
2020	193,115	-	184,640	8,475	8,475

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District has not incurred any liabilities for unemployment compensation during the past two fiscal years.

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

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

Note 9: OPERATING LEASES

Floyd County Board of Education is committed under various leases for equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year totaled approximately \$100,396. Future minimum lease payments on these leases are as follows:

<u>Year ending June 30,</u>	
2021	\$ 105,165
2022	105,165

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

Note 10: LONG – TERM DEBT

The changes in long-term obligations during the fiscal year ended June 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 33,505,000	\$ -	\$ (5,940,000)	\$ 27,565,000	\$ 4,990,000
Unamortized bond premium	3,225,321	-	(845,219)	2,380,102	-
Total bonds payable	36,730,321	-	(6,785,219)	29,945,102	4,990,000
Capital lease	-	2,500,440	(533,968)	1,966,472	465,367
Net pension liability	89,500,152	23,397,447	(12,048,842)	100,848,757	-
Net OPEB Liability	73,509,815	6,174,895	(10,208,290)	69,476,420	-
Governmental activity					
Long-term liabilities	<u>\$ 199,740,288</u>	<u>\$ 32,072,782</u>	<u>\$ (29,576,319)</u>	<u>\$ 202,236,751</u>	<u>\$ 5,455,367</u>

For governmental activities, the net pension and OPEB liabilities are being liquidated primarily by the General Fund.

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Outstanding Balance at June 30, 2020</u>
General Government - Series 2018	5.00%	\$ 27,565,000

At June 30, 2020, payments due by fiscal year, which includes principal and interest, for these items are as follows:

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 4,990,000	\$ 1,253,500
2022	5,235,000	997,875
2023	5,500,000	729,500
2024	5,775,000	447,625
2025	6,065,000	151,625
Total	<u>\$ 27,565,000</u>	<u>\$ 3,580,125</u>

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

Note 10: LONG – TERM DEBT (Continued)

CAPITAL LEASES - VEHICLES

The School District has entered into a lease agreement as lessee for financing the acquisition of thirty (30) buses. The lease agreement qualifies as a capital lease for accounting purposes (bargain purchase option at end of lease term), and therefore has been recorded at the present value of the future minimum lease payments as of the date of their inception. The original cost of the School District's assets under a capital lease arrangement at June 30, 2020 is \$2,500,440 and there has been \$132,522 of accumulated depreciation as of fiscal year-end. Annual depreciation (\$132,522) of these assets is included in depreciation expense. Upon event of default the title to the equipment immediately vests in the Lessor.

The School District's total capital lease payable debt service requirements to maturity are as follows:

	Total
Fiscal Year Ending July 31,	
2021	\$ 537,537
2022	537,537
2023	537,537
2024	537,535
Total	<u>\$ 2,150,146</u>
Less interest on lease	<u>(183,674)</u>
Total principal due	<u><u>\$ 1,966,472</u></u>

Note 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$174,393 for retirement contributions paid on the School District's behalf by the following State Agencies:

Georgia Department of Education
Paid to the Teachers Retirement District
for Teachers Retirement (TRS)
in the amount of \$30,013

State Treasurer of the State of Georgia
Paid to the Public School Employees Retirement System
for Public School Employees Retirement (PSERS) Employer's Cost
in the amount of \$144,380

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

Note 12: SIGNIFICANT COMMITMENTS

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

<u>Project</u>	
New Pepperell Middle School Construction	\$ 14,186,518

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

Note 13: SIGNIFICANT CONTINGENT LIABILITIES

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

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

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

Note 14: RETIREMENT PLANS

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

Plan description: All teachers of the 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, excluding payroll attributable to those personnel funded on behalf of the District by the State. District contributions to TRS, excluding contributions funded by the State on behalf of the District were \$12,272,226 for the year ended June 30, 2020.

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support attributable to those personnel funded on behalf of the District by the State of Georgia. The amount recognized by the 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 District were as follows:

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

Note 14: RETIREMENT PLANS (Continued)

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

District's proportionate share of the net pension liability	\$ 100,848,757
State of Georgia's proportionate share of the net pension liability associated with the District	<u>239,325</u>
Total	<u><u>\$ 101,088,082</u></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 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 District's proportion was 0.469005%, which was a decrease of 0.013160% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$14,116,313 and revenue of \$25,264 for support provided by the State of Georgia for certain support personnel. At June 30, 2020, the 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	\$ -	\$ 2,401,517
Differences between expected and actual experience	5,684,350	29,899
Changes in proportion and differences between District contributions and proportionate share of contributions	-	6,137,789
Actuarial assumption changes	9,677,754	-
District contributions subsequent to the measurement date	<u>12,272,226</u>	<u>-</u>
Total	<u><u>\$ 27,634,330</u></u>	<u><u>\$ 8,569,205</u></u>

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

Note 14: RETIREMENT PLANS (Continued)

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

District contributions subsequent to the measurement date of \$12,272,226 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending 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 ending June 30:	
2021	\$ 3,238,264
2022	(997,129)
2023	1,789,016
2024	2,762,748
2025	-
Total	<u><u>\$ 6,792,899</u></u>

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
Postretirement 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 requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement.

There is a margin for future mortality improvements in the tables used by the School District. Based on the results of the most recent experience study adopted by the Board on November 18, 2015, the numbers of expected future deaths are 8-11% 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.

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

Note 14: RETIREMENT PLANS (Continued)

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

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.

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)%
US large stocks	51.00	8.90
US small stocks	1.50	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Total	100.00%	

* Rates shown are net of the 2.50% assumed rate of inflation

Discount rate: The discount rate used to measure the total pension liability was 7.25%. 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.

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

Note 14: RETIREMENT PLANS (Continued)

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the 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%)
District's proportionate share of the net pension liability	\$ 163,707,049	\$ 100,848,757	\$ 49,156,907

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 publically available at www.trsga.com/publications.

**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/financials.

Benefits provided: A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$15.25, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

Note 14: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

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.

Pension Liabilities and Pension Expense

At June 30, 2020, the 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 District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the District	\$ <u>816,012</u>
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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 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 District recognized pension expense of \$251,648 and revenue of \$251,648 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 increase	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.5% semi-annually

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

Note 14: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

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

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

The long-term expected rate of return on 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 asset allocation and 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 cap equities	46.20	8.90
Domestic small cap equities	1.30	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Alternatives	5.00	12.00
Total	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

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

Note 14: RETIREMENT PLANS (Continued)

GENERAL INFORMATION ABOUT THE PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.30%. This was the same discount rate used in the prior year. 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.

DEFINED CONTRIBUTION PLAN

The School District provides two defined contribution plans for employees covered by PSERS. The School District adopted these plans as a method to supplement the PSERS retirement income and benefits for those employees.

The first plan is an employer matching 403(b) annuity plan. The School District selected Valic as the plan administrator. For each employee covered under the plan, the School District contributes to the plan an amount matching up to 4% of the employee's base salary. Employees become vested in the plan within five (5) years of experience. Employees that had already reached five (5) years of experience at the time of plan implementation were vested upon enrollment. Benefits are available to employees upon termination of employment and five (5) years of continuous employment to the School District. Employees that are terminated prior to reaching five years experience have their funds paid back to the School District.

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

<u>Fiscal year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2020	100%	\$ 38,905
2019	100%	30,582
2018	100%	23,706

Under the second plan, the School District operates an employer-only paid contribution to TIAA-CREF annuity plan. The School District pays \$25 per month for twelve months for employees covered under PSERS. The employee becomes vested in the plan with five (5) years experience. Employees that had already reached five (5) years of experience at the time of plan implementation were vested upon enrollment. Funds accumulated in the employer accounts are available to the employee subsequent to termination and no earlier than 59 and ½ years of age. Employees that are terminated prior to reaching five years experience have their funds paid back to the School District.

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

Note 14: RETIREMENT PLANS (Continued)

DEFINED CONTRIBUTION PLAN (Continued)

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

<u>Fiscal year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2020	100%	\$ 48,200
2019	100%	49,750
2018	100%	51,075

Note 15: POSTEMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL EMPLOYEES POSTEMPLOYMENT HEALTH BENEFIT FUND

Plan Description: The District participates in the State of Georgia School Employees Postemployment Benefit Fund (School OPEB Fund), which is an other postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the 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. The School OPEB Fund is included in the State of Georgia Comprehensive Annual Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

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 District were \$1,834,829 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

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

Note 15: POSTEMPLOYMENT BENEFITS (Continued)

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

At June 30, 2020, the District reported a liability of \$69,476,420 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 District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportion was 0.566131%, which was a decrease of 0.012245% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,051,338. 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
Differences between expected and actual experience	\$ -	\$ 7,558,311
Net difference between projected and actual earnings on OPEB plan investments	151,298	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,810,338
Changes in plan assumptions	2,412,781	9,793,981
District contributions subsequent to the measurement date	1,834,829	-
Total	<u>\$ 4,398,908</u>	<u>\$ 20,162,630</u>

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

Note 15: POSTEMPLOYMENT BENEFITS (Continued)

District contributions subsequent to the measurement date of \$1,834,829 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending 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 ending June 30:	
2021	\$ (3,920,049)
2022	(3,920,049)
2023	(3,925,865)
2024	(3,425,807)
2025	(1,936,224)
Thereafter	(470,557)
Total	<u><u>\$ (17,598,551)</u></u>

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	7.25%
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

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

Note 15: POSTEMPLOYMENT BENEFITS (Continued)

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

- For TRS Members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 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) was 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 are based on the results of the most recent actuarial experience studies for the pension systems, which covered the five year period ending June 30, 2014 and adopted by the pension Board on December 17, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

The remaining actuarial assumptions (e.g. initial per capita cost, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the School 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 methodology used to determine employee and retiree participation in the School OPEB Fund is based on their current or last employer payroll location. Current and former employees of public school districts, libraries, regional educational service agencies, and community colleges are allocated to the School OPEB Fund irrespective of retirement system affiliation.

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

Note 15: POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns as determined by the investment advisor 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. 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)%
US Large Stocks	46.20%	8.90%
US Small Stocks	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%	

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 plan contributions from members and the State of Georgia will be made at the level projected in the budget projections to the extent budget projections were provided. After that, the plan contribution is assumed to be equal to the average of the plan contributions over the prior five years. 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 long-term expected rate of return on OPEB plan investments was applied to discount projected benefit payments until 2026. The discount rate of 3.58% was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined. The calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Note 15: POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the 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>
District's proportionate share of the net OPEB liability	\$ 80,754,532	\$ 69,476,420	\$ 60,302,183

Sensitivity of the 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>
District's proportionate share of the net OPEB liability	\$ 58,526,522	\$ 69,476,420	\$ 83,383,620

Note 16: TAX ABATEMENTS

For the year ended June 30, 2020, School District property tax revenues were reduced by \$913,568 under agreements entered into by the Rome-Floyd County Development Authority. Under the agreements, taxes on both real property and personal property are reduced based on jobs created and investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

II. REQUIRED SUPPLEMENTARY INFORMATION

FLOYD COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 34,715,540	\$ 34,715,540	\$ 37,497,291	\$ 2,781,751
State funds	66,636,533	66,636,533	69,323,348	2,686,815
Federal funds	8,160,255	11,003,646	9,526,607	(1,477,039)
Charges for services	405,448	405,448	2,361,409	1,955,961
Investment income	182,000	182,000	447,723	265,723
Miscellaneous	3,183,230	3,183,230	2,035,162	(1,148,068)
Total revenues	113,283,006	116,126,397	121,191,540	5,065,143
EXPENDITURES				
Current:				
Instruction	74,461,252	75,393,205	69,073,948	6,319,257
Support services:				
Pupil services	3,583,041	3,849,916	5,339,101	(1,489,185)
Improvement of instructional services	2,599,586	4,196,156	2,675,944	1,520,212
Educational media services	1,527,713	1,534,382	1,531,951	2,431
Federal grant administration	181,770	169,957	153,997	15,960
General administration	1,942,649	1,948,042	2,328,512	(380,470)
School administration	7,533,966	7,762,464	7,860,312	(97,848)
Business administration	2,284,898	2,384,898	1,596,619	788,279
Maintenance and operation of plant	9,073,065	10,209,344	10,260,386	(51,042)
Student transportation services	5,416,754	5,968,899	7,119,647	(1,150,748)
Central support services	1,785,137	1,825,261	1,862,931	(37,670)
Other support services	65,083	92,616	224,739	(132,123)
Miscellaneous non-instructional services	67,514	79,860	234,644	(154,784)
Food services operation	6,070,941	6,070,941	5,368,067	702,874
Debt service:				
Principal retirement	-	-	533,968	(533,968)
Interest and fees	-	-	3,569	(3,569)
Total expenditures	116,593,369	121,485,941	116,168,335	5,317,606
Excess (deficiency) of revenues over (under) expenditures	(3,310,363)	(5,359,544)	5,023,205	10,382,749
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	-	-	2,500,440	2,500,440
Transfers out	(1,351,593)	(1,752,339)	(2,725,000)	(972,661)
Sale of capital assets	25,000	25,000	125,783	100,783
Total other financing sources (uses)	(1,326,593)	(1,727,339)	(98,777)	1,628,562
Net change in fund balances	(4,636,956)	(7,086,883)	4,924,428	12,011,311
FUND BALANCES, beginning of year	20,646,178	20,646,178	20,646,178	-
FUND BALANCES, end of year	\$ 16,009,222	\$ 13,559,295	\$ 25,570,606	\$ 12,011,311

FLOYD COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

TEACHERS RETIREMENT SYSTEM OF GEORGIA

FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.469005%	0.482165%	0.507974%	0.522250%	0.533323%	0.544027%
District's proportionate share of the net pension liability	\$ 100,848,757	\$ 89,500,152	\$ 94,408,532	\$ 107,745,998	\$ 81,193,131	\$ 68,730,636
State of Georgia's proportionate share of the net pension liability associated with the District	239,325	195,459	253,318	274,188	248,913	193,801
Total	<u>\$ 101,088,082</u>	<u>\$ 89,695,611</u>	<u>\$ 94,661,850</u>	<u>\$ 108,020,186</u>	<u>\$ 81,442,044</u>	<u>\$ 68,924,437</u>
District's covered payroll	\$ 57,249,096	\$ 57,596,554	\$ 58,535,915	\$ 57,428,504	\$ 56,508,047	\$ 54,644,428
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.16%	155.39%	161.28%	187.62%	143.68%	125.78%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%	76.06%	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FLOYD COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

TEACHERS RETIREMENT SYSTEM OF GEORGIA

FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 12,272,226	\$ 11,965,061	\$ 9,658,669	\$ 8,330,736	\$ 8,174,247	\$ 7,398,077
Contributions in relation to the contractually required contributions	12,272,226	11,965,061	9,658,669	8,330,736	8,174,247	7,398,077
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 58,052,157	\$ 57,249,096	\$ 57,596,554	\$ 58,535,915	\$ 57,428,504	\$ 56,508,047
Contributions as a percentage of covered payroll	21.14%	20.90%	16.81%	14.23%	14.23%	13.09%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FLOYD COUNTY BOARD OF EDUCATION
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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	816,012	732,424	714,751	929,986	648,453	611,047
Total	<u>\$ 816,012</u>	<u>\$ 732,424</u>	<u>\$ 714,751</u>	<u>\$ 929,986</u>	<u>\$ 648,453</u>	<u>\$ 611,047</u>
District's covered-employee payroll	\$ 2,308,966	\$ 2,281,041	\$ 2,543,525	\$ 2,257,874	\$ 2,425,773	\$ 2,586,203
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	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%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FLOYD COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY

SCHOOL OPEB FUND

FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.566131%	0.578376%	0.587089%
District's proportionate share of the net OPEB liability	<u>\$ 69,476,420</u>	<u>\$ 73,509,815</u>	<u>\$ 82,485,769</u>
Total	<u><u>\$ 69,476,420</u></u>	<u><u>\$ 73,509,815</u></u>	<u><u>\$ 82,485,769</u></u>
District's covered-employee payroll	\$ 47,503,670	\$ 56,304,094	\$ 51,642,843
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	146.25%	130.56%	159.72%
Plan fiduciary net position as a percentage of the total OPEB liability	4.63%	2.93%	1.61%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FLOYD COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

SCHOOL OPEB FUND

FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018
Contractually required contributions	\$ 1,834,829	\$ 3,049,010	\$ 2,997,670
Contributions in relation to the contractually required contributions	1,834,829	3,049,010	2,997,670
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 48,560,988	\$ 47,503,670	\$ 56,304,094
Contributions as a percentage of covered-employee payroll	3.778%	6.418%	5.324%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FLOYD COUNTY BOARD OF EDUCATION

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

Teachers Retirement System of Georgia:

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

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

Public School Employees Retirement System of Georgia:

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

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

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

School OPEB Fund:

Changes in assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location.

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.

III. OTHER SUPPLEMENTARY INFORMATION

FLOYD COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Original Estimated Cost (1)	Current Estimated Cost (2)	Expended In Current Year (3)	Expended In Prior Years (3)	Total Completion Cost	Project Status
SPLOST Issue 2018:						
Construct, replace, add to, renovate, remove, repair, modify, improve and equip existing Floyd County School District school buildings, facilities and other buildings surrounding property useful or desirable in connection therewith, including but limited to, the renovation modernization and improvement of Armuchee High School and the acquisition, construction and equipping of a replacement school for the existing Pepperell Middle School; acquire system-wide technology improvements and equipment; acquire school buses and school-related vehicles and transportation facilities; acquire the necessary property therefore, both real and personal; and to pay or reimburse the expenses of the Floyd County School District necessary to accomplish the foregoing, at a maximum cost of \$48,800,000.	\$ 48,800,000	\$ 48,800,000	\$ 9,378,148	\$ 8,895,733	\$ 18,273,881	Ongoing
Total SPLOST Issue 2018	48,800,000	48,800,000	9,378,148	8,895,733	18,273,881	
Total	<u>\$ 48,800,000</u>	<u>\$ 48,800,000</u>	<u>\$ 9,378,148</u>	<u>\$ 8,895,733</u>	<u>\$ 18,273,881</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 project(s). Includes all cost from project inception to completion.
- (3) The voters of Floyd County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
- (4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding for the above project(s) as follows:

Prior Years	\$ 1,075,802
Current Year	<u>1,378,251</u>
Total	<u>\$ 2,454,053</u>

IV. SINGLE AUDIT SECTION



CPAs & ADVISORS

**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***

**To the Superintendent and Members of
the Floyd County Board of Education
Rome, Georgia**

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 Floyd County Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Floyd County Board of Education's basic financial statements, and have issued our report thereon dated April 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Floyd County Board of Education'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 Floyd County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Floyd County Board of Education's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-003 and 2020-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Floyd County Board of Education'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*.

The Board of Education's Responses to the Findings

The Floyd County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Floyd County Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 20, 2021



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

**To the Superintendent and Members of
the Floyd County Board of Education
Rome, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the Floyd County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Floyd County Board of Education's major federal programs for the year ended June 30, 2020. The Floyd County Board of Education'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 Floyd County Board of Education'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 Floyd County Board of Education'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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Floyd County Board of Education's compliance.

Basis for Qualified Opinion on Title I, Part A (CFDA # 84.010)

As described in the accompanying schedule of findings and questioned costs, Floyd County Board of Education did not comply with requirements regarding Title I, Part A (CFDA # 84.010) as described in finding number 2020-005 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for Floyd County Board of Education to comply with the requirements applicable to that program.

Qualified Opinion on Title I, Part A (CFDA # 84.010)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Floyd County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I, Part A (CFDA # 84.010) for the year ended June 30, 2020.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Floyd County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Floyd County Board of Education 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 Floyd County Board of Education'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 Floyd County Board of Education's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-005 that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-005 to be a material weakness.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 20, 2021

FLOYD COUNTY BOARD OF EDUCATION

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Cash Assistance	10.553	19185GA324N1099	\$ 1,178,002
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	19185GA324N1100	423,207
Cash Assistance	10.555	19185GA324N1100	2,523,238
School Snack Program	10.555	19185GA324N1100	82,503
Total Child Nutrition Cluster			<u>4,206,950</u>
Total U. S. Department of Agriculture			<u>4,206,950</u>
U. S. DEPARTMENT OF EDUCATION			
Passed through the Georgia Department of Education:			
Title I, Part A Program - Local Education Agency	84.010	S010A180010	300,488
Title I, Part A Program - Local Education Agency	84.010	S010A190010	1,873,638
Total Title I, Part A Program			<u>2,174,126</u>
Title II-A - Advanced Placement Grant	84.367	S367A180001	15,845
Title II-A - Advanced Placement Grant	84.367	S367A190001	316,721
Total Title II Program			<u>332,566</u>
Special Education Cluster (IDEA)			
Title VI-B Flowthrough	84.027	H027A180073	717,777
Title VI-B Flowthrough	84.173	H027A190073	1,229,909
Title VI-B Preschool	84.173	H173A190081	62,537
Total Special Education Cluster (IDEA)			<u>2,010,223</u>
Education for Homeless Children and Youth	84.196	S196A180011	644
Education for Homeless Children and Youth	84.196	S196A190011	24,504
Total Education for Homeless Children and Youth			<u>25,148</u>
Title III Program			
Title III - English Language Acquisition State Grants	84.365	S365A180010	15,583
Title III - English Language Acquisition State Grants	84.365	S365A190010	30,675
Total Title III Program			<u>46,258</u>
Vocational Education - Program Improvement	84.048	V048A190010	15,097
Vocational Education - Perkins Plus	84.048	V048A190010	91,859
Vocational Education - Perkins IV - Reserve - Perkins Carryover	84.048	V048A190010	5,190
Total Vocational Education			<u>112,146</u>
Title IV A - Student Support and Academic Enrichment	84.424	S424A190011	24,279
Title IV A - Student Support and Academic Enrichment	84.424	S424A190011	112,720
Total Title IV A Program			<u>136,999</u>

(Continued)

FLOYD COUNTY BOARD OF EDUCATION

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
U. S. DEPARTMENT OF EDUCATION (Continued):			
Striving Readers - Birth to Age 5	84.371	S371C190002	\$ 158,251
Striving Readers - Kindergarten - Grade 5	84.371	S371C190002	201,113
Striving Readers - Middle School	84.371	S371C190002	106,576
Striving Readers - High School	84.371	S371C190002	164,801
Total Striving Readers			<u>630,741</u>
Total Passed Through Georgia Department of Education			<u>5,468,207</u>
Total U. S. Department of Education			<u>5,468,207</u>
Total Expenditures of Federal Awards			<u>\$ 9,675,157</u>

(1) The amounts shown for the Food Distribution Program represents the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Floyd County Board of Education and is presented on the modified accrual basis of accounting.

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

FLOYD COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

 X yes no

Significant deficiencies identified?

 X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal Control over major federal programs:
Material weaknesses identified?

 X yes no

Significant deficiencies identified?

 yes X none reported

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

Unmodified, for all programs except
Title I, Part A, which was qualified

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

 X yes no

Identification of major federal program:

Name of Federal Program or Cluster

Title I, Part A
Title VI, Part B

CFDA Number

84.010
84.027 & 84.173

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

FLOYD COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001 Year-End Financial Close and Reporting Controls

Criteria: Internal controls should be in place to ensure that financial statements of the School District are properly presented in accordance with accounting principles generally accepted in the United States of America.

Condition: Certain internal controls at year-end were not in place to ensure multiple account balances were properly reported within the financial statements.

Context/Cause: During our audit for the fiscal year ended June 30, 2020, numerous adjustments were made that resulted from a lack of oversight to properly close out the School System's accounting records at fiscal year-end. The magnitude of these adjustments are as follows:

- The General Fund required an adjustment of approximately \$337,000 to remove a prepaid balance that had been improperly recorded.
- The General Fund required an adjustment of approximately \$815,000 to reduce salaries payable.
- The General Fund required an adjustment of approximately \$1,525,000 to adjust cash balances and fund balances.
- The General Fund required an adjustment of approximately \$1,400,000 to adjust accrued salaries payable and fund balance.
- The General Fund required an adjustment of approximately \$814,000 to adjust its accounts receivable balance.

Effects: The errors discussed above created the need for multiple adjustments to cash, accounts receivable, prepaid expenditures, salaries payable, and expenditures totaling approximately \$4,891,000.

Recommendation: We recommend the School District carefully review its year-end close procedures to ensure that all accruals are properly recorded, that cutoff is properly considered when recording and classifying transactions that occur near or after year-end, and that fund balance in all funds matches the prior year.

Auditee's Response: The School District will implement new control processes and strengthen its reconciliation year-end closeout procedures surrounding these areas. The School District will also improve communication between the various departments to ensure that accountability in the appropriate areas is achieved.

FLOYD COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2020-002 Expenditure Recognition (Repeat)

Criteria: Internal controls should be in place to ensure that financial statements of the School District properly classify all expenditure accruals that are incurred during the fiscal year.

Condition: Certain internal controls at year-end were not sufficient to ensure that accruals for expenditures incurred during the fiscal year ended June 30, 2020 were properly classified in the School District's accounting records.

Context/Cause: During our audit for the fiscal year ended June 30, 2020, we noted the following issues related to accruals:

- The School District accrued approximately \$488,000 of insurance expenditures that related to the subsequent fiscal year. Expenditures and accounts payable were overstated by approximately \$488,000.
- The School District recorded approximately \$749,000 of various expenditures in the General Fund and approximately \$726,000 of various expenditures in the Capital Projects Fund that were incurred during the fiscal year ended June 30, 2020 but not paid until the subsequent fiscal year. These amounts were recorded as cash payments as of June 30, 2020 rather than as accrued balances in accounts payable.

Effects: The aggregate effect of the errors discussed above caused the General Fund's cash to be understated by \$749,000, accounts payable to be understated by approximately \$261,000, and expenditures to be overstated by approximately \$488,000. The Capital Project's cash and accounts payable were understated by approximately \$726,000.

Recommendation: We recommend the School District implement a procedure to ensure that its expenditure accruals are accurately recorded and properly classified at fiscal year-end.

Auditee's Response: The School District agrees with the finding and will implement a procedure to properly record and classify its expenditure accruals at fiscal year-end.

FLOYD COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2020-003 Revenue Recognition (Repeat)

Criteria: Internal controls should be in place to ensure that revenues are appropriately recognized. Unavailable revenues should be recorded for receivables that were not collected within the School District's availability policy.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the School District's revenues and unavailable revenues.

Context/Cause: During our testing of grant revenues, we noted that the School District had recorded approximately \$322,000 of grant revenues that it had earned but for which it had not yet submitted drawdown requests and therefore had not received these revenues within one hundred and twenty days per its grant revenue availability policy. The School District's revenues were overstated by approximately \$322,000 and its unavailable revenues were understated by the same amount.

Effects: An adjustment of approximately \$322,000 was required to reclass grant revenues earned but not received to unavailable revenues.

Recommendation: We recommend the School District carefully review all revenue accounts to ensure its transaction are correctly classified at the end the fiscal year in which the amounts are earned.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that revenues and related balance sheet accounts are properly recorded and classified in our accounting records.

FLOYD COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2020-004 Internal Fund Balances

Criteria: Internal controls should be in place to ensure that internal activity between the School District's funds are reconciled on a monthly basis.

Condition: Internal controls did not detect material misstatements in the reporting of the School District's internal balances.

Context/Cause: During our testing of interfund receivables and payables, we noted that interfund receivables and payables did not reconcile across all funds at June 30, 2020.

Effects: An adjustment of approximately \$217,000 was required to adjust interfund balances in order to reconcile the interfund activity as of June 30, 2020.

Recommendation: We recommend the School District implement a procedure in order to ensure that all interfund activity is reconciled on a monthly basis.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that interfund activity is timely reconciled all funds at the end of the fiscal year.

FLOYD COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2020-005 Title I, Part A, (CFDA #84.010)
Georgia Department of Education
Time & Effort

Criteria: In accordance with the terms of Title I, Part A and 2 CFR Part 200, specific documentation must be maintained to support salaries and wages charged to the Federal program. The School District's policy includes a process to track employees who are expected to work solely on a single Federal award or cost objective and that charges for their salaries and wages will be supported by periodic certifications stating that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared annually and signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, the Federal compliance requires a distribution of their salaries or wages be supported by personnel activity reports or equivalent documentation.

Condition and Context: For fiscal year ended June 30, 2020, internal controls over compliance were not sufficient to ensure the School District maintained the semi-annual periodic certifications for some employees who worked solely on the Title I, Part A program. In our sample of thirty-four (34) employees who were paid with Title I, Part A funds, we noted two (2) instances in which the School District could not provide evidence that proper documentation had been completed timely for employees who worked solely on Title I, Part A or on multiple cost objectives during the fiscal year. Additionally, we noted five (5) instances where a portion of an employee's salary had been improperly allocated to the Title I, Part A program cost objective.

Cause: The School District's internal controls were not sufficient to ensure that proper documentation was completed and signed for all employees who worked on the Title I, Part A program during the fiscal year.

Effects or possible effects: Not completing proper documentation can result in spending Federal funds on unallowable costs.

Questioned Costs: Known questioned costs amounted to \$81,867 and projected questioned costs of approximately \$64,622.

Recommendation: We recommend the School District take steps to ensure that proper documentation is completed and signed timely for all employees that worked on the Title I, Part A cost objective.

Auditee's Response: We will continue to review our internal controls to ensure that a system is in place to maintain time and effort documentation.

FLOYD COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2020

STATUS OF PRIOR YEAR FINDINGS

2019-001 Segregation of Duties

Condition: Appropriate segregation of duties was not noted within the following areas of the School District: cash receipting, cash disbursements, recording and reconciliation process; revenue and receivable recording; accounts payable and expense/expenditure recording; and inventory and capital asset maintenance.

Status: Corrected for the current fiscal year's audit.

2019-002 Timely Preparation and Review of Cash Reconciliations

Condition: Several of the School District's bank accounts were, at times during the year, several months behind in being reconciled. Reconciling items were not being investigated timely and items would stay on the reconciliation for months. In our testing of the bank reconciliation, we discovered several that didn't appear to be proper reconciling items but rather reflected activity that should or should not have been recorded resulting in misstatements in the reporting of the School District's cash balances within the funds. We also noted that there were several entries that were required to record cash in the proper funds.

Status: See 2020-001

2019-003 Expenditure Recognition

Condition: Internal controls were not sufficient to detect certain misstatements in the reporting of the School District's expenditures and related balance sheet accounts.

Status: See 2020-002

2019-004 Revenue Recognition

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the School District's revenues, unavailable revenues and related receivables.

Status: See 2020-003

FLOYD COUNTY BOARD OF EDUCATION

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

STATUS OF PRIOR YEAR FINDINGS (Continued)

2019-005 Capital Asset Reporting

Condition: Material misstatements were detected in the reporting of the current year additions to the School District's capital asset balances.

Status: Corrected for the current fiscal year's audit.



MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2020

2020-001 Year-End Financial Close and Reporting Controls

Name of the Contact Person Responsible for the Corrective Action Plan: Greg Studdard, Chief Financial Officer.

Corrective Action Plan: We will implement new control process and strengthen its reconciliation year-end closeout procedures surrounding these areas. We will also improve communication between the various departments to ensure accountability in the appropriate areas is achieved, which proved difficult during the School District's closure as a result of COVID-19.

Anticipated Completion Date: June 30, 2021

2019-002 Expenditure Recognition

Name of the Contact Person Responsible for the Corrective Action Plan: Greg Studdard, Chief Financial Officer.

Corrective Action Plan: The deficiency noted was identified during the audit process for year ended June 30, 2020. The CFO will review account balances at fiscal year-end to ensure all expenditures have been properly accrued.

Anticipated Completion Date: June 30, 2021

2019-003 Revenue Recognition

Name of the Contact Person Responsible for the Corrective Action Plan: Greg Studdard, Chief Financial Officer.

Corrective Action Plan: The deficiency noted was identified during the audit process for year ended June 30, 2020. The CFO will review account balances at fiscal year-end to ensure all revenues have been properly recorded and accrued.

Anticipated Completion Date: June 30, 2021



FLOYD COUNTY SCHOOLS

BOARD OF EDUCATION

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DR. MELINDA STRICKLAND, BOARD VICE CHAIR
CHIP HOOD
JAY SHELL
DANNY WAITS

SUPERINTENDENT

DR. GLENN WHITE

2019-004 Internal Fund Balances

Name of the Contact Person Responsible for the Corrective Action Plan: Greg Studdard, Chief Financial Officer.

Corrective Action Plan: We concur with the finding. We will take necessary steps moving forward to ensure that all interfund activity is timely reconciled for all funds.

Anticipated Completion Date: June 30, 2021

**2019-005 Title I, Part A, (CFDA #84.010)
Georgia Department of Education
Time & Effort**

Name of the Contact Person Responsible for the Corrective Action Plan: Laura Timberlake, Federal Programs Director

Corrective Action Plan: We concur with the finding. We will continue to review our internal controls to ensure that a system is in place to maintain time and effort documentation for Federally-funded employees.

Anticipated Completion Date: June 30, 2021