

**OCONEE COUNTY
BOARD OF EDUCATION**

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

OCONEE 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 Oconee County Board of Education
Watkinsville, 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 Oconee County Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Oconee 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 Oconee County Board of Education, as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17, the Oconee County Board of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard significantly changed how the Oconee County Board of Education identifies and reports fiduciary activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability – TRS, the Schedule of Contributions – TRS, the Schedule of Proportionate Share of the Net Pension Liability – PSERS, the Schedule of Proportionate Share of the Net OPEB Liability – School OPEB Fund, and the 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 Oconee 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* 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021 on our consideration of the Oconee 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 Oconee 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 Oconee County Board of Education’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 18, 2021

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

INTRODUCTION

The 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 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 District's activities and present both a short term and long term view of the District's finances on a global basis. The fund financial statements provide information about all of the District's funds. Information about these funds, such as the District's General Fund, is important in its own right, but will also give insight into the 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 \$45.2 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 \$45.2 million represented an increase of \$6.9 million when compared to the prior year, as restated.
- The School District had approximately \$95.7 million in expenses relating to governmental activities; about \$55.3 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of \$47.3 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$47.3 million or about 46.1% of all revenues totaling almost \$102.6 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these.

On the fund financial statements:

- Among major funds, the General Fund had roughly \$91.6 million in revenues and \$87.2 in expenditures. The General Fund balance of \$27.0 million at June 30, 2020 increased by roughly \$4.4 million from the prior year, as restated.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the financial statements and 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 Oconee County Board of Education, 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.

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 the Oconee County Board of Education 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, deferred outflows of resources, liabilities, and deferred inflow of resources 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.

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

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 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*

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to unsponsored 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.

In the case of the Oconee County Board of Education, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45.2 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 \$45.2 million of net position, almost \$6.3 million was restricted for debt service. Accordingly, these funds were not available to meet the District's ongoing obligations to citizens and creditors.

In addition, the District had just over \$124.4 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 on-going 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.

The unrestricted net position is \$86.1 million deficit. The negative unrestricted net position is due to the adoption of GASB 68 for pension plans and GASB 75 for other postemployment benefit plans (OPEB). The liability for the District's portion of TRS (Teacher Retirement System) pension, including related deferred outflows and inflows of resources, is \$55.6 million. The liability for the District's portion of OPEB, including related deferred outflows and inflows of resources, is \$58.1 million. The remaining balance of \$27.7 million may be used to meet the District's ongoing obligations to citizens and creditors. In fiscal year 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and

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financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans administered through trusts. In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this statement establish accounting and financial reporting standards for a cost sharing multiple employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health.

Table 1
Net Position

	Governmental Activities	
	FY 2020	FY 2019
Assets		
Current and Other Assets	\$ 47,782,439	\$ 40,879,641
Capital Assets, Net	143,071,255	143,242,665
Total Assets	\$ 190,853,694	\$ 184,122,306
Deferred Outflows of Resources	32,371,284	19,854,420
Total Assets and Deferred Outflows of Resources	223,224,978	203,976,726
Liabilities		
Current and Other Liabilities	\$ 19,343,090	\$ 17,837,074
Long-Term Liabilities	143,685,512	135,778,537
Total Liabilities	\$ 163,028,602	\$ 153,615,611
Deferred Inflows of Resources	14,948,301	12,017,639
Total Liabilities and Deferred Inflows of Resources	177,976,903	165,633,250
Net Position		
Net Investment in Capital Assets	\$ 124,402,918	\$ 118,503,905
Restricted	6,919,914	5,683,411
Unrestricted	(86,074,757)	(85,843,840)
Total Net Position	\$ 45,248,075	\$ 38,343,476

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total net position increased \$6.9 million in fiscal year 2020 from the prior year, as restated, due to an increase in total assets of approximately \$6.9 million. There was a decrease in liabilities and deferred inflows and outflows of resources of approximately \$173,000 primarily due to a decrease in construction contracts payable of approximately \$99,000, retainage payable of approximately \$126,000, and an increase in compensated absences of approximately \$28,000.

Table 2
Change in Net Position

	Governmental Activities	
	FY 2020	FY 2019 (1)
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 4,508,159	\$ 4,917,993
Operating Grants and Contributions	48,463,366	43,969,297
Capital Grants and Contributions	2,287,427	2,262,680
Total Program Revenues	<u>\$ 55,258,952</u>	<u>\$ 51,149,970</u>
General Revenues:		
Property Taxes, Maintenance and Operations	\$ 37,052,487	\$ 34,369,394
Property Taxes, Debt Service	-	-
Sales Taxes	8,544,851	7,841,764
Intangible Recording & Real Estate Transfer	1,238,096	882,781
Investment Earnings	500,177	423,364
Total General Revenues	<u>\$ 47,335,611</u>	<u>\$ 43,517,303</u>
Total Revenues	<u><u>\$ 102,594,563</u></u>	<u><u>\$ 94,667,273</u></u>
Program Expenses		
Instruction	\$ 67,117,967	\$ 53,475,560
Support Services		
Pupil Services	2,828,872	2,556,720
Improvement of Instructional Services	1,448,450	1,249,124
Educational Media Services	1,251,383	1,358,494
Federal Grant Administration	4,651	7,535
General Administration	603,703	578,863
School Administration	6,399,499	5,931,772
Business Administration	681,207	520,630
Maintenance and Operation of Plant	6,351,274	6,826,954
Student Transportation Services	4,440,674	5,401,588
Central Support Services	856,478	790,825
Other Support Services	30,000	-
Operations of Non-Instructional Services		
Miscellaneous non-instructional services	969,779	1,128,276
Food Services	2,339,661	2,416,778
Interest on Short-Term and Long-Term Debt	366,366	440,153
Total Expenses	<u>\$ 95,689,964</u>	<u>\$ 82,683,272</u>
Increase in Net Position	<u><u>\$ 6,904,599</u></u>	<u><u>\$ 11,984,001</u></u>

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

OCONEE 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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>FY 2020</u>	<u>FY 2019 (1)</u>	<u>FY 2020</u>	<u>FY 2019 (1)</u>
Instruction	\$ 67,117,967	\$ 53,475,560	\$ 26,878,958	\$ 17,331,773
Support Services				
Pupil Services	2,828,872	2,556,720	2,572,533	2,307,504
Improvement of Instructional Services	1,448,450	1,249,124	1,001,307	812,750
Educational Media Services	1,251,383	1,358,494	97,221	275,249
Federal Grant Administration	4,651	7,535	4,651	7,535
General Administration	603,703	578,863	(1,396,674)	(899,975)
School Administration	6,399,499	5,931,772	4,053,598	3,684,002
Business Administration	681,207	520,630	681,207	518,383
Maintenance and Operation of Plant	6,351,274	6,826,954	3,350,512	4,026,846
Student Transportation Services	4,440,674	5,401,588	3,164,927	3,938,528
Central Support Services	856,478	790,825	840,836	724,145
Other Support Services	30,000	-	30,000	-
Operations of Non-Instructional Services				
Miscellaneous non-instructional services	969,779	1,128,276	(1,401,849)	(1,778,358)
Food Services	2,339,661	2,416,778	187,419	139,899
Interest on Short-Term and Long-Term Debt	366,366	440,153	366,366	440,153
Total Expenses	<u>\$ 95,689,964</u>	<u>\$ 82,683,272</u>	<u>\$ 40,431,012</u>	<u>\$ 31,528,434</u>

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

Expenses increased about \$13.0 million from the prior year, while net costs of services increased about \$8.9 million from the prior year. The increase in expenses is primarily due to the increase in salary and benefit costs and pension expense. The increase in the net cost of services is primarily due to the increase in salary and benefits costs and pension expense.

OCONEE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on page 16 of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of \$101.8 million and total expenditures of approximately \$96.9 million in fiscal year 2020. Total governmental fund balances of \$33.6 million at June 30, 2020, an increase of \$4.9 million from the prior year primarily due to general fund and debt service fund. The net change of the fund balance in the General Fund was an increase of \$4.4 million. The increase in the General Fund for the year is due to an increase in property tax revenues and state funds and effective budgeting of expenses in the General Fund. The net change in fund balance in the Debt Service Fund was an increase of \$508 thousand primarily due to a slight increase in sales tax revenue and state funds.

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 \$91.6 million were more than the final budget by approximately \$2.5 million. The District does not include revenues in the final budget for school activity accounts.

For the General Fund, the final actual expenditures of approximately \$87.2 million were more than the final budget by \$9 thousand. The District does not include expenditures in the final budget for the school activity accounts.

OCONEE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2020, the School District had \$143.1 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 food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

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

	Governmental Activities	
	FY 2020	FY 2019
Land	\$ 5,796,851	\$ 5,796,851
Construction in Progress	610,379	3,166,791
Land Improvements	7,520,316	6,903,019
Buildings and Improvements	120,898,988	120,507,670
Equipment	8,244,721	6,868,334
Total	<u>\$ 143,071,255</u>	<u>\$ 143,242,665</u>

Additional information about the School District's Capital Assets can be found in Note 6 to the Financial Statements.

Long Term Debt

At June 30, 2020, the School District had just over \$18.2 million in bond and other debt outstanding. 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	\$ 17,375,000	\$ 22,740,000
Bond Premiums Unamortized	682,957	1,128,415
Compensated Absences	166,685	138,731
Installment Sales Agreement	-	34,693
Total	<u>\$ 18,224,642</u>	<u>\$ 24,041,839</u>

Additional information about the School District's debt can be found in Note 10 to the Financial Statements.

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

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 School District is financially stable. Oconee County School Districts' priority on academic instruction continues to attract new residents into the county due to the school system's focus on quality instructional programs. The District consistently ranks within the top ten (10) achieving school systems in Georgia.
- Oconee County continues to maintain a stable collection of the assessed taxes. This consistent collection of property taxes has assisted the local school district to meet financial obligations.
- The School District plans to fund additional capital outlays with the one percent local sales tax revenue and state capital outlay grants.
- The Oconee County School System will remain optimistic about the ability to maximize all of the financial resources to provide an exceptional educational experience for our students. The challenge will be to balance revenue streams with occurring increases in expenses (student growth, personnel, employer paid benefits, and operational costs). In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

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 Saranna Charping, CFO, at the Oconee County Board of Education, P.O. Box 146, 34 School Street, Watkinsville, Georgia 30677. You may also email your questions to scharping@oconeeschools.org.

BASIC FINANCIAL STATEMENTS

OCONEE COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 38,812,300
Receivables:	
Taxes	2,500,708
Intergovernmental	6,282,645
Other	90,088
Inventory	90,793
Prepaid items	5,905
Capital assets (nondepreciable)	6,407,230
Capital assets (depreciable, net of accumulated depreciation)	136,664,025
Total assets	<u>190,853,694</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	25,391,446
OPEB related items	6,979,838
Total deferred outflows of resources	<u>32,371,284</u>
 LIABILITIES	
Accounts payable	190,973
Salaries and benefits payable	12,593,928
Accrued interest payable	222,792
Construction contracts payable	549,865
Retainage payable	60,515
Bonds payable, due within one year	5,575,000
Bonds payable, due in more than one year	12,482,957
Compensated absences, due within one year	150,017
Compensated absences, due in more than one year	16,668
Net pension liability	79,088,666
Net OPEB liability	52,097,221
Total liabilities	<u>163,028,602</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related items	1,936,602
OPEB related items	13,011,699
Total deferred inflows of resources	<u>14,948,301</u>
 NET POSITION	
Net investment in capital assets	124,402,918
Restricted for:	
Capital projects	656,499
Debt service	6,263,415
Unrestricted	(86,074,757)
Total net position	<u>\$ 45,248,075</u>

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

OCONEE 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	\$ 67,117,967	\$ 996,189	\$ 37,353,831	\$ 1,888,989	\$ (26,878,958)
Support services:					
Pupil services	2,828,872	-	256,339	-	(2,572,533)
Improvement of instructional services	1,448,450	-	447,106	37	(1,001,307)
Educational media services	1,251,383	-	1,154,162	-	(97,221)
Federal grant administration	4,651	-	-	-	(4,651)
General administration	603,703	-	2,000,321	56	1,396,674
School administration	6,399,499	-	2,345,494	407	(4,053,598)
Business administration	681,207	-	-	-	(681,207)
Maintenance and operation of facilities	6,351,274	147,699	2,851,971	1,092	(3,350,512)
Student transportation services	4,440,674	-	881,090	394,657	(3,164,927)
Central support services	856,478	-	14,182	1,460	(840,836)
Other support services	30,000	-	-	-	(30,000)
Operations of non-instructional services:					
Miscellaneous non-instructional services	969,779	2,371,346	-	282	1,401,849
Food services operation	2,339,661	992,925	1,158,870	447	(187,419)
Interest on long-term debt	366,366	-	-	-	(366,366)
Total governmental activities	<u>\$ 95,689,964</u>	<u>\$ 4,508,159</u>	<u>\$ 48,463,366</u>	<u>\$ 2,287,427</u>	<u>(40,431,012)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	37,052,487
Sales taxes	8,544,851
Other taxes	1,238,096
Unrestricted investment earnings	500,177

 Total general revenues 47,335,611

 Change in net position 6,904,599

Net position, beginning of year as restated 38,343,476

Net position, end of year \$ 45,248,075

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

OCONEE 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	\$ 32,770,966	\$ 46,119	\$ 5,995,215	\$ 38,812,300
Receivables:				
Taxes	934,146	-	1,566,562	2,500,708
Intergovernmental	6,282,645	-	-	6,282,645
Other	86,761	-	3,327	90,088
Due from other funds	-	610,380	-	610,380
Prepaid items	5,905	-	-	5,905
Inventory	90,793	-	-	90,793
Total assets	<u>\$ 40,171,216</u>	<u>\$ 656,499</u>	<u>\$ 7,565,104</u>	<u>\$ 48,392,819</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 190,973	\$ -	\$ -	\$ 190,973
Salaries and benefits payable	12,593,928	-	-	12,593,928
Construction contracts payable	-	549,865	-	549,865
Retainage payable	-	60,515	-	60,515
Due to other funds	-	-	610,380	610,380
Total liabilities	<u>12,784,901</u>	<u>610,380</u>	<u>610,380</u>	<u>14,005,661</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow resources - sales taxes	-	-	468,517	468,517
Deferred inflow resources - property taxes	367,619	-	-	367,619
Total deferred inflows of resources	<u>367,619</u>	<u>-</u>	<u>468,517</u>	<u>836,136</u>
FUND BALANCES				
Nonspendable:				
Inventory	90,793	-	-	90,793
Prepaid items	5,905	-	-	5,905
Restricted for:				
Capital projects	-	46,119	-	46,119
Debt service	-	-	6,486,207	6,486,207
Assigned for:				
Appropriation for next year's budget	3,841,650	-	-	3,841,650
Unassigned	23,080,348	-	-	23,080,348
Total fund balances	<u>27,018,696</u>	<u>46,119</u>	<u>6,486,207</u>	<u>33,551,022</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,171,216</u>	<u>\$ 656,499</u>	<u>\$ 7,565,104</u>	<u>\$ 48,392,819</u>

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

OCONEE 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	\$	33,551,022
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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	\$	184,364,510	
Less accumulated depreciation		<u>(41,293,255)</u>	143,071,255

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.

Property taxes	\$	367,619	
Sales taxes		<u>468,517</u>	836,136

The net pension liability and related deferrals are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net pension liability	\$	(79,088,666)	
Pension related deferred outflows of resources		25,391,446	
Pension related deferred inflows of resources		<u>(1,936,602)</u>	(55,633,822)

The net OPEB liability and related deferrals are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net OPEB liability	\$	(52,097,221)	
OPEB related deferred outflows of resources		6,979,838	
OPEB related deferred inflows of resources		<u>(13,011,699)</u>	(58,129,082)

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	\$	(17,375,000)	
Premium, net of amortization		(682,957)	
Accrued interest		(222,792)	
Compensated absences		<u>(166,685)</u>	(18,447,434)

Net position of governmental activities	\$	<u>45,248,075</u>
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The accompanying notes are an integral part of these financial statements.

OCONEE 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 -	Debt Service	Total Governmental Funds
		Wide Capital Projects		
REVENUES				
Property taxes	\$ 36,932,097	\$ -	\$ -	\$ 36,932,097
Sales taxes	-	-	8,076,334	8,076,334
Other taxes	1,238,096	-	-	1,238,096
State funds	45,452,270	-	2,077,702	47,529,972
Federal funds	3,011,096	-	-	3,011,096
Investment income	481,254	94	18,829	500,177
Charges for services	2,136,813	-	-	2,136,813
Miscellaneous	2,371,346	30	-	2,371,376
Total revenues	<u>91,622,972</u>	<u>124</u>	<u>10,172,865</u>	<u>101,795,961</u>
EXPENDITURES				
Current:				
Instruction	59,792,579	-	-	59,792,579
Support services:				
Pupil services	2,694,344	-	-	2,694,344
Improvement of instructional services	1,378,220	-	-	1,378,220
Educational media services	1,184,472	-	-	1,184,472
Federal grant administration	4,651	-	-	4,651
General administration	573,759	-	-	573,759
School administration	6,023,027	-	-	6,023,027
Business administration	646,929	-	-	646,929
Maintenance and operation of facilities	6,572,319	1,868,415	-	8,440,734
Student transportation services	4,297,064	284,940	-	4,582,004
Central support services	732,692	-	-	732,692
Other support services	30,000	-	-	30,000
Miscellaneous non-instructional services	960,368	-	-	960,368
Food services operation	2,271,913	-	-	2,271,913
Capital outlay	-	1,263,111	-	1,263,111
Debt service:				
Principal retirement	34,693	-	5,365,000	5,399,693
Interest and fees	382	-	882,975	883,357
Total expenditures	<u>87,197,412</u>	<u>3,416,466</u>	<u>6,247,975</u>	<u>96,861,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,425,560</u>	<u>(3,416,342)</u>	<u>3,924,890</u>	<u>4,934,108</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,416,419	-	3,416,419
Transfers out	-	-	(3,416,419)	(3,416,419)
Proceeds from sale of capital assets	4,200	-	-	4,200
Total other financing sources (uses)	<u>4,200</u>	<u>3,416,419</u>	<u>(3,416,419)</u>	<u>4,200</u>
Net change in fund balances	4,429,760	77	508,471	4,938,308
FUND BALANCES, beginning of year as restated	<u>22,588,936</u>	<u>46,042</u>	<u>5,977,736</u>	<u>28,612,714</u>
FUND BALANCES, end of year	<u>\$ 27,018,696</u>	<u>\$ 46,119</u>	<u>\$ 6,486,207</u>	<u>\$ 33,551,022</u>

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

OCONEE 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	\$	4,938,308
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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 depreciation exceeded capital outlays in the current period is as follows:

Capital outlay	\$	4,370,325	
Depreciation expense		<u>(4,523,782)</u>	(153,457)

In the statement of activities, only the gain or loss on the disposal 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 assets disposed.

(17,953)

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

Property taxes	\$	120,390	
Intergovernmental revenue		(1,500)	
Sales taxes		<u>468,517</u>	587,407

In the governmental funds, current year expenditures related to pension and OPEB plans are comprised solely of amounts contributed to the plans for the current year. However, in the statement of activities, expenses related to pension and OPEB plans include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions, OPEB and related items.

Pension related items	\$	(3,932,896)	
OPEB related items		<u>(405,540)</u>	(4,338,436)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	\$	5,365,000	
Principal payments - installment sales agreement		<u>34,693</u>	5,399,693

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	\$	445,458	
Change in compensated absences		(27,954)	
Change in accrued interest		<u>71,533</u>	<u>489,037</u>

Change in net position of governmental activities	\$	<u><u>6,904,599</u></u>
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The accompanying notes are an integral part of these financial statements.

OCONEE COUNTY BOARD OF EDUCATION
GENERAL FUND
STATEMENT 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				
Property taxes	\$ 34,860,260	\$ 36,780,260	\$ 36,932,097	\$ 151,837
Other taxes	725,000	1,135,000	1,238,096	103,096
State funds	44,524,641	45,461,558	45,452,270	(9,288)
Federal funds	2,952,127	3,548,171	3,011,096	(537,075)
Charges for services	1,230,281	1,230,281	2,136,813	906,532
Investment income	195,092	465,092	481,254	16,162
Miscellaneous	636,402	538,533	2,371,346	1,832,813
	<u>85,123,803</u>	<u>89,158,895</u>	<u>91,622,972</u>	<u>2,464,077</u>
EXPENDITURES				
Current:				
Instruction	59,996,037	60,190,881	59,792,579	398,302
Support services:				
Pupil services	2,741,136	2,893,898	2,694,344	199,554
Improvement of instructional services	1,309,639	1,358,909	1,378,220	(19,311)
Educational media services	1,108,286	1,108,381	1,184,472	(76,091)
Federal grant administration	49,360	60,179	4,651	55,528
General administration	765,557	774,057	573,759	200,298
School administration	5,685,781	5,686,201	6,023,027	(336,826)
Business administration	653,932	653,932	646,929	7,003
Maintenance and operation of plant	6,836,850	6,756,850	6,572,319	184,531
Student transportation services	4,146,730	4,261,029	4,297,064	(36,035)
Central support services	736,094	735,967	732,692	3,275
Other support services	60,956	61,087	30,000	31,087
Miscellaneous non-instructional services	-	-	960,368	(960,368)
Food services operation	2,506,896	2,639,517	2,271,913	367,604
Debt service:				
Principal payments	7,000	7,000	34,693	(27,693)
Interest	1,000	1,000	382	618
Total expenditures	<u>86,605,254</u>	<u>87,188,888</u>	<u>87,197,412</u>	<u>(8,524)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,481,451)</u>	<u>1,970,007</u>	<u>4,425,560</u>	<u>2,455,553</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	4,200	4,200
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>4,200</u>
Net change in fund balances	<u>(1,481,451)</u>	<u>1,970,007</u>	<u>4,429,760</u>	<u>2,459,753</u>
FUND BALANCES, beginning of year as restated	<u>22,588,936</u>	<u>22,588,936</u>	<u>22,588,936</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 21,107,485</u>	<u>\$ 24,558,943</u>	<u>\$ 27,018,696</u>	<u>\$ 2,459,753</u>

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

OCONEE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2020

	Club and Athletics Fund
ASSETS	Fund
Cash	\$ 3,808
Total assets	3,808
NET POSITION	
Restricted for individuals and organizations	\$ 3,808

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

OCONEE COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2020

	Club and Athletics Fund
ADDITIONS	
Donations	\$ 58
Dues and fees	95
Fundraising revenues	468
Total additions	621
DEDUCTIONS	
Supplies	220
Total deductions	220
Change in net position	401
NET POSITION	
Beginning of year, as restated	3,407
End of year	\$ 3,808

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Oconee 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST) projects, 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 special purpose local option 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 types:

- *Custodial Fund* accounts for assets held by the School District as a fiduciary for various individual school clubs and activities in which the School District has no administrative involvement.

Basis of Accounting/Measurement Focus

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, compensated absences, and other long-term liabilities, 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia Laws OCGA 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

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.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as “due to/from other funds.”

Property Taxes

The Oconee County Tax Commissioner levied the property tax for the 2019 tax digest year (calendar year) on August 27, 2019 (levy date). Taxes were due on November 20, 2019 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2019 tax digest are reported as revenue in the governmental funds for fiscal year 2020. The Oconee 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 \$34,190,754.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system 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 Oconee County Board of Education is in compliance with this law. Tax millage rates levied for the 2019 tax year (calendar year) for the Oconee County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Maintenance and Operations	16.5 mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$2,741,343 for the General Fund during the fiscal year ended June 30, 2020.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales Taxes

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$8,076,334 was authorized by local referendum and the sales tax must be re-authorized at least every five years.

Inventories

CONSUMABLE SUPPLIES

On the basic financial statements, consumable supplies are reported at cost (first-in, first-out). The School District uses the consumption method to account for the consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses/expenditures are recorded at the time the supplies are consumed.

FOOD INVENTORIES

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

Prepaid Items

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

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 School 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 25,000	70 years
Buildings and Improvements	\$ 25,000	15 to 70 years
All Equipment	\$ 5,000	5 to 25 years
Intangible Assets	\$ 25,000	15 to 20 years

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 School District has eight (8) 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 School 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 for the pension plan which will be amortized over the remaining service period; (4) a deferred outflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; (5) a deferred outflow of resources for the School 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; (6) 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; (7) a deferred outflow of resources for the change in the School District's proportionate share based on actual contributions towards the OPEB plan, which will be amortized over the remaining service period; and (8) a deferred outflow of resources for the changes in actuarial assumptions for the OPEB plan which will be amortized over the remaining service period.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and sales 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 School District has four (4) 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 actuary for both pension and OPEB, which will be amortized over the remaining service period; (3) a deferred inflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; and (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.

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 deferred 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Compensated Absences

All 12-month personnel of Oconee County Board of Education earn 15 annual vacation days per year from July 1 through June 30. Annual vacation leave is credited to 12-month employees at the rate of 1.25 days per month, for a total of 15 days per year between July 1 and June 30. Employees may carryforward a maximum of 7.5 vacation days at July 1 of each year. Accrued vacation and compensated absences are shown as long-term liabilities on the statement of net position. A fund liability is accrued only for the matured portion of compensated absences at fiscal year end.

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.

**OCONEE 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, also through a 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ***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.

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, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. The legal level of budgetary control was established by the Board and the aggregate function level. 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.

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

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

General Fund:		
Support services:		
Improvement of instructional services	\$	19,311
Educational media services		76,091
School administration		336,826
Student transportation services		36,035
Miscellaneous non-instructional services		960,368
Debt service:		
Principal payments		27,693

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

Note 4: DEPOSITS AND INVESTMENTS

INVESTMENTS

At June 30, 2020, the School District's investments consist of funds in the amount of \$82,888 which are on deposit in the Georgia Fund 1, the State of Georgia investment pool created by OCGA 36-83-8, which is a stable asset value investment pool which follows Standard and Poor's criteria for AAAf 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 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.

At June 30, 2020, the School District's investment in the Georgia Fund 1 is rated AAAf and the Georgia Fund 1 has a weighted average maturity of 38 days. 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 the investment in the Georgia Fund 1 within the fair value hierarchy.

**OCONEE 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 \$171,121.

**OCONEE 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	\$ 5,796,851	\$ -	\$ -	\$ -	\$ 5,796,851
Construction in progress	3,166,791	610,380	-	(3,166,792)	610,379
Total	<u>8,963,642</u>	<u>610,380</u>	<u>-</u>	<u>(3,166,792)</u>	<u>6,407,230</u>
Capital assets, being depreciated:					
Building improvements	148,811,242	692,308	(29,857)	2,468,716	151,942,409
Equipment	14,243,593	3,022,313	(449,970)	-	16,815,936
Land improvements	8,455,535	45,324	-	698,076	9,198,935
Total	<u>171,510,370</u>	<u>3,759,945</u>	<u>(479,827)</u>	<u>3,166,792</u>	<u>177,957,280</u>
Less accumulated depreciation for:					
Building improvements	(28,303,572)	(2,756,768)	16,919	-	(31,043,421)
Equipment	(7,375,259)	(1,640,911)	444,955	-	(8,571,215)
Land improvements	(1,552,516)	(126,103)	-	-	(1,678,619)
Total	<u>(37,231,347)</u>	<u>(4,523,782)</u>	<u>461,874</u>	<u>-</u>	<u>(41,293,255)</u>
Total capital assets, being depreciated, net	<u>134,279,023</u>	<u>(763,837)</u>	<u>(17,953)</u>	<u>3,166,792</u>	<u>136,664,025</u>
Governmental activities capital assets, net	<u>\$ 143,242,665</u>	<u>\$ (153,457)</u>	<u>\$ (17,953)</u>	<u>\$ -</u>	<u>\$ 143,071,255</u>

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

Note 6: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Instruction	\$	3,833,070
Support services:		
Improvement of instructional services		2,069
General administration		3,128
School Administration		22,802
Maintenance and operation of facilities		61,114
Student transportation services		479,058
Central Support Services		81,766
Operations of non-instructional services:		
Food services		25,006
Other enterprise operations		15,769
		\$ 4,523,782

Note 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables/payables as of June 30, 2020, consisted of the following:

Interfund Payable	Interfund Receivable	Total
Debt Service	District-Wide Capital Projects	\$ 610,380

The interfund balance above represents expenditures incurred by the District-Wide Capital Projects Fund for certain capital projects, which will be repaid with future collections of sales tax or bond proceeds.

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

Transfer From	Transfer To	Total
Debt Service	District-Wide Capital Projects	\$ 3,416,419

Transfers are used to move SPLOST proceeds from Debt Service Fund to District-Wide Capital Projects Fund to fund SPLOST projects as allowed in the referendum.

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

Note 8: RISK MANAGEMENT

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

The School District has obtained commercial insurance for risk of loss associated with torts, assets and errors or omissions. The School District has neither significantly reduced coverage for these risks or incurred losses (settlements) which exceeded the School District’s insurance coverage in any of the past three years.

The School District has obtained commercial insurance for all losses related to acts of God. The School District has not experienced any losses related to this risk in the past three years.

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.

There were no changes in the unemployment compensation claims liability during the last two fiscal years.

The School District pays an annual premium for its general insurance coverage. The School District has purchased surety bonds to provide additional insurance coverage as follows:

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$100,000
Driver Education	\$10,000

Note 9: OPERATING LEASES

Oconee 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 \$173,551. Future minimum lease payments on these leases are as follows:

<u>Year ending June 30,</u>	
2021	\$ 76,035
2022	31,751
2023	6,524
Total	<u>\$ 114,310</u>

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

Note 10: LONG – TERM DEBT

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 2017	2.50% - 4.00%	\$ 17,375,000

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	\$ 22,740,000	\$ -	\$ (5,365,000)	\$ 17,375,000	\$ 5,575,000
Unamortized bond premium	1,128,415	-	(445,458)	682,957	-
Bonds payable, net	23,868,415	-	(5,810,458)	18,057,957	5,575,000
Compensated absences	138,731	388,448	(360,494)	166,685	150,017
Installment sales agreement	34,693	-	(34,693)	-	-
Net pension liability	66,060,250	22,487,061	(9,458,645)	79,088,666	-
Net OPEB liability	51,200,999	7,685,548	(6,789,326)	52,097,221	-
Governmental activity Long-term liabilities	<u>\$ 141,303,088</u>	<u>\$ 30,561,057</u>	<u>\$ (22,453,616)</u>	<u>\$ 149,410,529</u>	<u>\$ 5,725,017</u>

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

In February 2017, the Oconee County School District issued \$22,740,000 of General Obligation Bonds Series 2017. The 2017 bonds were issued to (i) finance certain capital outlay projects, (ii) paying capitalized interest and (iii) paying the cost of issuing the Series 2017 Bonds. Interest on the Bonds is payable semiannually, on March 1 and September 1 of each year, commencing September 1, 2017.

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

Note 10: LONG – TERM DEBT (Continued)

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

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 5,575,000	\$ 668,375	\$ 6,243,375
2022	5,800,000	445,375	6,245,375
2023	6,000,000	240,000	6,240,000
Total	<u>\$ 17,375,000</u>	<u>\$ 1,353,750</u>	<u>\$ 18,728,750</u>

Note 11: SIGNIFICANT COMMITMENTS

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

Project	Amount
North Oconee High School and Oconee County Middle School Field Lighting	<u>\$ 91,815</u>

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

Note 12: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$194,416 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)	\$60,761
State Treasurer of the State of Georgia Paid to the Public School Employees Retirement System for Public School Employees Retirement (PSERS) Employer's Cost	\$133,655

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

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.

Note 14: RETIREMENT PLANS

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

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

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

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

Note 14: RETIREMENT PLANS (Continued)

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

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. School District contributions to TRS were \$10,411,376 for the year ended June 30, 2020.

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

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 funding, and the total portion of the net pension liability that was associated with the District were as follows:

School District’s proportionate share of the net pension liability	\$ 79,088,666
State of Georgia’s proportionate share of the net pension liability associated with the School District	474,995
	474,995
Total	\$ 79,563,661

The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The School District’s proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the School District’s proportion was 0.367808%, which was an increase of 0.011921% from its proportion measured as of June 30, 2018.

**OCONEE 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)

For the year ended June 30, 2020, the District recognized pension expense of \$14,344,272 and revenue of \$34,567 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 4,457,840	\$ 23,448
Changes in assumption	7,589,589	-
Net difference between projected and actual earnings on pension plan investments	-	1,883,342
Changes in proportion and differences between District contributions and proportionate share of contributions	2,932,641	29,812
District contributions subsequent to the measurement date	<u>10,411,376</u>	<u>-</u>
Total	<u>\$ 25,391,446</u>	<u>\$ 1,936,602</u>

**OCONEE 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 \$10,411,376 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	\$ 5,182,985
2022	1,569,432
2023	3,241,012
2024	3,050,039
Total	<u><u>\$ 13,043,468</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 retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for death after disability retirement. 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 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.

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

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:

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

* Rates shown are net of the 2.25% assumed rate of inflation

Discount rate: The discount rate used to measure the total pension liability was 7.25%, which was a decrease from the discount rate of 7.50% utilized in the previous valuation. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer 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.

**OCONEE 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	\$ 128,384,052	\$ 79,088,666	\$ 38,550,343

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 SCHOOLS 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.

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

Note 14: RETIREMENT PLANS (Continued)

**GENERAL INFORMATION ABOUT THE PUBLIC SCHOOLS 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>796,924</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 \$245,762 and revenue of \$245,762 for support provided by the State of Georgia.

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

Note 14: RETIREMENT PLANS (Continued)

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

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
Post-retirement benefit increases	1.50% semi-annually

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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014, with the exception of the assumed investment rate of return. Subsequent to the June 30, 2017 measurement date, the School District adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 valuation.

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

Note 14: RETIREMENT PLANS (Continued)

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

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(.10)%
Domestic large stocks	46.20	8.90
Domestic small stocks	1.30	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Alternatives	5.00	12.00
Total	<u>100.00%</u>	

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

Discount rate: The discount rate used to measure the collective total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

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

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 \$1,515,229 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

**OCONEE 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 \$52,097,221 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 0.424516%, which was an increase of 0.021666% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,920,769. 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
	<u> </u>	<u> </u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 113,452	\$ -
Differences between expected and actual experience	-	5,667,636
Changes in proportion and differences between District contributions and proportionate share of contributions	3,541,922	-
Changes in plan assumptions	1,809,235	7,344,063
District contributions subsequent to the measurement date	1,515,229	-
Total	<u>\$ 6,979,838</u>	<u>\$ 13,011,699</u>

**OCONEE 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 (Continued)

District contributions subsequent to the measurement date of \$1,515,229 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2021	\$ (1,807,048)
2022	(1,807,048)
2023	(1,811,410)
2024	(1,511,323)
2025	(603,260)
2026	(7,001)
Total	<u>\$ (7,547,090)</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	2.75%
Salary Increases	3.25-8.75%, 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

**OCONEE 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 (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) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation 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 November 18, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

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

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the 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.

**OCONEE 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 (Continued)

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	(0.10)%
Domestic Stocks - Large Cap	46.20	8.90
Domestic Stocks - Small Cap	1.30	13.20
Int'l Stocks - Developed Mkt	12.40	8.90
Int'l Stocks - Emerging Mkt	5.10	10.90
Alternatives	5.00	12.00
Total	<u>100.00%</u>	

Discount rate:

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 3.58% was used as the discount rate, as compared with last year's rate of 3.87%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (3.5% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all members were projected through 2119. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

**OCONEE 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 (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:

	1% Decrease (2.58%)	Current discount rate (3.58%)	1% Increase (4.58%)
School District's proportionate share of the net OPEB liability	\$ 60,554,166	\$ 52,097,221	\$ 45,217,876

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:

	1% Decrease	Current Healthcare cost trend rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 43,886,389	\$ 52,097,221	\$ 62,525,601

Note 16: TAX ABATEMENTS

For the year ended June 30, 2020, School District property tax revenues were reduced by \$460,496 under agreements entered into by Oconee County Industrial 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.

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

Note 17: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2020, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatements were required to the beginning net position of the Governmental Activities and Fiduciary Activities and the beginning fund balance of the General Fund to properly report the custodial fund and other individual school accounts, as follows:

	Governmental Activities
Net position, July 1, 2019 as previously reported	\$ 38,161,962
Restatement for Implementation of GASBS No. 84	181,514
Net position, July 1, 2019 as restated	\$ 38,343,476
	General Fund
Fund balance, July 1, 2019 as previously reported	\$ 22,407,422
Restatement for Implementation of GASBS No. 84	181,514
Fund Balance, July 1, 2019 as restated	\$ 22,588,936
	Fiduciary Activities
Net position, July 1, 2019 as previously reported	\$ -
Restatement for Implementation of GASBS No. 84	3,407
Net position, July 1, 2019 as restated	\$ 3,407

II. REQUIRED SUPPLEMENTARY INFORMATION

OCONEE 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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.367808%	0.355887%	0.347123%
District's proportionate share of the net pension liability	\$ 79,088,666	\$ 66,060,250	\$ 64,513,879
State of Georgia's proportionate share of the net pension liability associated with the District	<u>474,995</u>	<u>291,611</u>	<u>528,194</u>
Total	<u>\$ 79,563,661</u>	<u>\$ 66,351,861</u>	<u>\$ 65,042,073</u>
District's covered payroll	\$ 45,157,211	\$ 42,388,441	\$ 39,857,744
District's proportionate share of the net pension liability as a percentage of its covered payroll	175.14%	155.84%	161.86%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.343671%	0.341933%	0.346482%
District's proportionate share of the net pension liability	\$ 70,903,159	\$ 52,055,904	\$ 43,773,431
State of Georgia's proportionate share of the net pension liability associated with the District	<u>944,492</u>	<u>610,787</u>	<u>470,099</u>
Total	<u>\$ 71,847,651</u>	<u>\$ 52,666,691</u>	<u>\$ 44,243,530</u>
District's covered payroll	\$ 37,697,316	\$ 36,092,996	\$ 35,348,046
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.09%	144.23%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	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.

OCONEE COUNTY BOARD OF EDUCATION

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 10,411,376	\$ 9,437,857	\$ 7,125,497	\$ 5,687,700
Contributions in relation to the contractually required contributions	<u>10,411,376</u>	<u>9,437,857</u>	<u>7,125,497</u>	<u>5,687,700</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	49,249,650	45,157,211	42,388,441	39,857,744
Contributions as a percentage of covered payroll	21.14%	20.90%	16.81%	14.27%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contributions	\$ 5,379,407	\$ 4,746,229	\$ 4,340,740	
Contributions in relation to the contractually required contributions	<u>5,379,407</u>	<u>4,746,229</u>	<u>4,340,740</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	37,697,316	36,092,996	35,348,046	
Contributions as a percentage of covered payroll	14.27%	13.15%	12.28%	

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

OCONEE COUNTY BOARD OF EDUCATION

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	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	<u>769,924</u>	<u>727,902</u>	<u>661,654</u>
Total	<u>\$ 769,924</u>	<u>\$ 727,902</u>	<u>\$ 661,654</u>
District's covered-employee payroll	\$ 2,734,268	\$ 2,458,766	\$ 2,363,263
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.02%	85.26%	85.69%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	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	<u>946,208</u>	<u>606,841</u>	<u>530,173</u>
Total	<u>\$ 946,208</u>	<u>\$ 606,841</u>	<u>\$ 530,173</u>
District's covered-employee payroll	\$ 2,274,156	\$ 1,747,927	\$ 1,677,933
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	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.

OCONEE 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	0.424516%	0.402850%	0.398940%
District's proportionate share of the net OPEB liability	\$ 52,097,221	\$ 51,200,999	\$ 56,050,909
District's covered-employee payroll	\$ 32,651,028	\$ 33,968,564	\$ 32,293,538
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	159.56%	150.73%	173.57%
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.

OCONEE COUNTY BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS SCHOOL OPEB FUND FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,515,229	\$ 2,286,311	\$ 2,087,933
Contributions in relation to the contractually required contributions	<u>1,515,229</u>	<u>2,286,311</u>	<u>2,087,933</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	40,355,619	32,651,028	33,968,564
Contributions as a percentage of covered-employee payroll	3.75%	7.00%	6.15%

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

OCONEE COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

Public Schools 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 of benefit terms : In the June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

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

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

OCONEE 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
2017 Referendum - ESPLOST V Projects:						
Acquiring, constructing and equipping new schools, administrative and service facilities and or additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, athletic facilities, transportation facilities, and educational facilities; heating and air systems; technology infrastructure;	\$ 40,000,000	\$ 40,000,000	\$ 1,936,799	\$ 28,005,200	\$ 29,941,999	Ongoing
Acquiring real and personal property for future school or administrative and services facility sites and school buses;	4,500,000	3,700,000	284,940	1,309,314	1,594,254	Ongoing
Paying expenses incidental thereto;	500,000	1,300,000	-	1,276,556	1,276,556	Ongoing
Total ESPLOST V expenditures	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 2,221,739</u>	<u>\$ 30,591,070</u>	<u>\$ 32,812,809</u>	
Total ESPLOST expenditures	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 2,221,739</u>	<u>\$ 30,591,070</u>	<u>\$ 32,812,809</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 Oconee 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.

IV. SINGLE AUDIT SECTION



**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 Oconee County Board of Education
Watkinsville, 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 Oconee County Board of Education (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 18, 2021. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, as of July 1, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
February 18, 2021



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

**To the Superintendent and Members of
the Oconee County Board of Education
Watkinsville, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the Oconee County Board of Education (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 18, 2021

OCONEE 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	195GA324N1099	\$ 173,149
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	195GA324N1100	171,121
Cash Assistance	10.555	195GA324N1100	<u>579,668</u>
Total Child Nutrition Cluster			<u>923,938</u>
Passed through Office of State Treasurer:			
Forest Service Schools and Roads Cluster			
School and Roads - Grants to States	10.665	486Forest	<u>36</u>
Total Forest Service Schools and Roads Cluster			<u>36</u>
Passed through Georgia Department of Education:			
Food Services			
Commercial Warehouse and Storage	10.560	195GA904N2533	<u>7,954</u>
Total U. S. Department of Agriculture			<u>931,928</u>
U. S. DEPARTMENT OF EDUCATION			
Passed through the Georgia Department of Education:			
Title I, Part A			
Title I Programs - Improving Academic Achievement of the Disadvantaged	84.010	S010A180010	49,440
Title I Programs - Improving Academic Achievement of the Disadvantaged	84.010	S010A190010	<u>389,673</u>
Total Title I, Part A			<u>439,113</u>
Title II-A - Improving Teacher Quality	84.367	S367A180001	22,040
Title II-A - Improving Teacher Quality	84.367	S367A190001	79,109
Title II-A - Advance Placement Grant	84.367	S367A180001	1,420
Title II-A - Advance Placement Grant	84.367	S367A190001	<u>1,500</u>
Subtotal			<u>104,069</u>
Special Education Cluster (IDEA)			
Title VI-B Flowthrough	84.027	H027A180073	314,696
Title VI-B Flowthrough	84.027	H027A190073	911,520
Title VI-B Parent Mentor	84.027	H027A190073	14,400
Title VI-B High Cost Fund Pool	84.173	H173A190081	10,394
Title VI-B Preschool	84.173	H173A190081	<u>42,220</u>
Total Special Education Cluster (IDEA)			<u>1,293,230</u>

(Continued)

OCONEE 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):			
Title III - Immigrant	84.365	S365A180010	\$ 336
Title III - Immigrant	84.365	S365A190010	269
Title III - Limited English Proficient	84.365	S365A180010	2,367
Title III - Limited English Proficient	84.365	S365A190010	18,027
			20,999
Vocational Education - Perkins IV - Reserve - Perkins Carryover	84.048	V048A190010	977
Vocational Education - Perkins Plus Reserve	84.048	V048A190010	7,513
Vocational Education - Perkins IV - Program Improvement	84.048	V048A190010	33,575
Total Vocational Education			42,065
Title IV - Part A Student Support and Academic Enrichment	84.424	S424A180011	31,087
COVID-19 Education Stabilization Funds	84.425D	S425D200012	148,605
Total U. S. Department of Education - Passed Through Georgia Department of Education			2,079,168
Total Expenditures of Federal Awards			\$ 3,011,096

Notes to the Schedule of Expenditures of Federal Awards:

(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.

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

(3) The School District did not utilize the 10% de minimis indirect cost rate.

(4) 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.

OCONEE 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?

___ yes X no

Significant deficiencies identified?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal Control over major federal programs:
 Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified?

___ yes X none reported

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

Unmodified

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

___yes X no

Identification of major federal programs:

CFDA Number
 10.553, 10.555

Name of Federal Program or Cluster
 Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

X yes ___ no

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

OCONEE 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

None reported.

OCONEE COUNTY BOARD OF EDUCATION

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

STATUS OF PRIOR YEAR FINDINGS

None reported.