

ANNUAL FINANCIAL REPORT • FISCAL YEAR 2022

Early County Board of Education

Blakely, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor

DOAA
Georgia Department
of Audits & Accounts

Early County Board of Education

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Section I

Financial

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Early County Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

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historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 August 28, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

August 28, 2023

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EARLY COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The discussion and analysis of the Early County Board of Education's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- General revenues accounted for $10.8 million in revenue or 36.4 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $19.0 million or 63.6 percent of total revenues and extraordinary items of $29.8 million.

- The School District had $26.4 million in expenses related to governmental activities; however, $19.0 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $10.8 million were adequate to provide for these programs.

- Among major funds, the general fund had $28.2 million in revenues and other sources and $28.2 million in expenditures and other uses.

USING THE BASIC FINANCIAL STATEMENTS

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds. The general fund and capital projects fund are the most significant funds in the case of the Early County Board of Education.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Positions and the Statement of Activities

While these documents contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?". The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, all liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those net positions. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, facility conditions, required educational programs and other factors.

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

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

REPORTING THE SCHOOL DISTRICTS MOST SIGNIFICANT FUNDS

Fund Financial Statements

Although the School District uses many funds to account for a multitude of transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the capital projects fund.

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

THE SCHOOL DISTRICT AS A WHOLE

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2022.

Table 1
Net Position
(In Thousands)

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Assets		
Current and Other Assets	$ 10,673	$ 10,811
Capital Assets, Net	25,376	23,750
Total Assets	36,049	34,561
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plan	6,118	6,495
Related to OPEB Plan	3,069	3,884
Total Deferred Outflows of Resources	9,187	10,379
Liabilities		
Current and Other Liabilities	3,656	1,995
Net Penion Liability	8,392	24,108
Net OPEB Liability	13,486	19,158
Total Liabilities	25,534	45,261
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plan	13,552	1,005
Related to OPEB Plan	8,501	4,457
Total Deferred Inflows of Resources	22,053	5,462
Net Position		
Net Investment in Capital Assets	24,377	23,750
Restricted	1,788	2,220
Unrestricted (Deficit)	(28,516)	(31,753)
Total Net Position	$ (2,351)	$ (5,783)

Table 2 shows the changes in net position for fiscal year 2021 and 2022.

Table 2
Change in Net Assets
(In Thousands)

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Revenues		
Program Revenues:		
Charges for Services	$ 219	$ 202
Operating Grants and Contributions	18,709	17,626
Capital Grants and Contributions	29	340
Total Program Revenues	18,957	18,168
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	8,369	7,147
Other Taxes	70	135
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	1,691	1,482
Other Taxes	39	34
Investment Earnings	21	28
Miscellaneous	641	367
Total General Revenues	10,831	9,193
Special Item - Sale of Buidling	-	15
Extraordinary Items	10	(269)
Total Revenues, Special Item, and Extraordinary Items	29,798	27,107
Program Expenses:		
Instruction	15,856	17,646
Support Services		
Pupil Services	1,241	1,290
Improvement of Instructional Services	682	584
Educational Media Services	347	384
General Administration	824	805
School Administration	2,092	1,974
Business Administration	129	211
Maintenance and Operation of Plant	2,386	2,082
Student Transportation Services	1,376	1,070
Other Support Services	46	40
Operations of Non-Instructional Services		
Food Services	1,387	1,279
Total Expenses	26,366	27,365
Increase (Decrease) in Net Position	$ 3,432	$ (258)

Governmental Activities

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

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2021
Instruction	$ 15,856	$ 17,646	$ 3,193	$ 5,509
Support Services:				
Pupil Services	1,241	1,290	748	905
Improvement of Instructional Services	682	584	40	185
Educational Media Services	347	384	56	109
General Administration	824	805	121	95
School Administration	2,092	1,974	1,183	1,062
Business Administration	129	211	(19)	29
Maintenance of Operation of Plant	2,386	2,082	1,610	789
Student Transportation Services	1,376	1,070	759	523
Other Support Services	46	40	-	12
Operations of Non-Instructional Services:				
Food Services	1,387	1,279	(282)	(21)
Total Expenses	$ 26,366	$ 27,365	$ 7,409	$ 9,197

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. 20.1 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 28.1 percent.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $29.9 million and expenditures of $31.7 million.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law. The most significant budgeted fund is the general fund.

During the course of fiscal year 2022, the School District amended its general fund budget as needed. The School District uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budgeted revenues of $34.1 million exceeded the original budgeted amount of $17.6 million by $16.5 million. The actual revenues and other financing sources of $28.2 million were below the final budgeted amount by $5.9 million.

The final budgeted expenditures of $36.4 million exceeded the original budgeted amount of $23.2 million by $13.2 million. The actual expenditures of $28.2 million were less than the final budgeted by $8.2 million.

General fund revenues and other financing sources were greater than the expenditures. The School District has made a concerted effort to raise fund balance in anticipation of future needs, and this result is evidence of their work.

Capital Assets

At the end of fiscal year 2022, the School District had $24.4 million invested in capital assets, net of depreciation, all in governmental activities. Table 4 indicates balances at June 30, 2022.

Table 4
Capital Assets
(Net of Depreciation, in Thousands)

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Land	$ 333	$ 333
Construction In Progress	3,405	-
Building and Improvements	16,131	17,124
Land Improvements	603	728
Equipment	4,904	5,565
Total	$ 25,376	$ 23,750

Current Issues

The Early County School District has faced severe financial challenges in recent years but has remained relatively stable and financially sound. The financial challenges have included rising costs in employee labor/benefits, the continued state formula allotment reductions, a steady decline in student enrollment (FTE), and a declining local tax digest.

The School District's fiscal year 2022 millage rate is 15.484 mills. The amount of taxes collected per mill is $510,400.

Student enrollment is a factor in the State's education funding formula. According to the State's funding formula, student enrollment is converted to a "Full Time Equivalent (FTE)" count. As student enrollment and FTE decrease so does state funding. The student enrollment for fiscal year 2022 and the three years prior is as follows:

FY 2019	2,020
FY 2020	1,945
FY 2021	1,787
FY 2022	1,637

The School District has reduced the number of faculty and staff through normal attrition and tenured positions to help with the budget shortfall. The School District recognizes its responsibility to the taxpayers in overseeing the spending of state and local funds. The School District is striving to maintain sound fiscal management while emphasizing student achievement.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Early County School Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional information, contact Seth Taylor - Chief Financial Officer at the Early County Board of Education, 11927 Columbia Street, Blakely, Georgia 39823.

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Early County Board of Education

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EARLY COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT "A"

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and Cash Equivalents	$	7,298,778.06
Accounts Receivable, Net		
Taxes		489,421.72
State Government		1,513,514.30
Federal Government		1,316,934.15
Other		3,944.11
Inventories		50,101.08
Capital Assets, Non-Depreciable		3,738,400.46
Capital Assets, Depreciable (Net of Accumulated Depreciation)		21,637,873.58
Total Assets		36,048,967.46
DEFERRED OUTFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plan		6,118,222.00
Related to OPEB Plan		3,068,614.00
Total Deferred Outflows of Resources		9,186,836.00
LIABILITIES		
Accounts Payable		492,048.78
Salaries and Benefits Payable		2,163,900.39
Contracts Payable		674,696.48
Retainages Payable		325,074.73
Net Pension Liability		8,392,211.00
Net OPEB Liability		13,485,896.00
Total Liabilities		25,533,827.38
DEFERRED INFLOWS OF RESOURCES		
Related to Defined Benefit Pension Plan		13,551,910.00
Related to OPEB Plan		8,500,611.00
Total Deferred Inflows of Resources		22,052,521.00
NET POSITION		
Net Investment in Capital Assets		24,376,502.83
Restricted for		
Continuation of Federal Programs		718,224.21
Capital Projects		1,070,336.28
Unrestricted (Deficit)		(28,515,608.24)
Total Net Position	$	(2,350,544.92)

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

EARLY COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 15,856,272.70	$ 213,137.69	$ 12,450,247.70	$ -	$ (3,192,887.31)
Support Services					
Pupil Services	1,241,276.69	-	493,022.62	-	(748,254.07)
Improvement of Instructional Services	681,578.60	-	641,514.59	-	(40,064.01)
Educational Media Services	346,542.64	-	291,043.86	-	(55,498.78)
General Administration	824,120.16	-	702,914.91	-	(121,205.25)
School Administration	2,092,462.22	-	909,134.11	-	(1,183,328.11)
Business Administration	128,523.78	-	148,201.80	-	19,678.02
Maintenance and Operation of Plant	2,386,443.20	-	776,879.44	-	(1,609,563.76)
Student Transportation Services	1,376,165.37	-	587,447.98	29,504.30	(759,213.09)
Other Support Services	46,012.20	-	46,041.09	-	28.89
Operations of Non-Instructional Services					
Food Services	1,386,561.17	5,726.45	1,662,438.72	-	281,604.00
Total Governmental Activities	$ 26,365,958.73	$ 218,864.14	$ 18,708,886.82	$ 29,504.30	(7,408,703.47)
General Revenues					
Taxes					
Property Taxes					
For Maintenance and Operations					8,368,798.10
Railroad Cars					70,037.14
Sales Taxes					
Special Purpose Local Option Sales Tax					
For Capital Projects					1,690,955.37
Other Sales Tax					38,584.39
Investment Earnings					21,275.44
Miscellaneous					641,308.88
Extraordinary Item					
Hurricane Michael					10,207.22
Total General Revenues and Extraordinary Item					10,841,166.54
Change in Net Position					3,432,463.07
Net Position - Beginning of Year					(5,783,007.99)
Net Position - End of Year					$ (2,350,544.92)

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

EARLY COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 6,417,134.74	$ 881,643.32	$ 7,298,778.06
Accounts Receivable, Net			
Taxes	300,728.76	188,692.96	489,421.72
State Government	1,513,514.30	-	1,513,514.30
Federal Government	1,316,934.15	-	1,316,934.15
Other	3,944.11	-	3,944.11
Inventories	50,101.08	-	50,101.08
Total Assets	$ 9,602,357.14	$ 1,070,336.28	$ 10,672,693.42
LIABILITIES			
Accounts Payable	$ 492,048.78	$ -	$ 492,048.78
Salaries and Benefits Payable	2,163,900.39	-	2,163,900.39
Contracts Payable	-	674,696.48	674,696.48
Retainages Payable	-	325,074.73	325,074.73
Total Liabilities	2,655,949.17	999,771.21	3,655,720.38
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	81,894.60	-	81,894.60
Unavailable Revenue - Federal Funds	67,542.12	-	67,542.12
Total Deferred Inflows of Resources	149,436.72	-	149,436.72
FUND BALANCES			
Nonspendable	50,101.08	-	50,101.08
Restricted	668,123.13	70,565.07	738,688.20
Committed	288,282.36	-	288,282.36
Unassigned	5,790,464.68	-	5,790,464.68
Total Fund Balances	6,796,971.25	70,565.07	6,867,536.32
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,602,357.14	$ 1,070,336.28	$ 10,672,693.42

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

EARLY COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")			$ 6,867,536.32
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Land	$	333,213.12	
Construction in progress		3,405,187.34	
Buildings and improvements		35,807,409.70	
Equipment		12,420,053.07	
Land improvements		2,738,539.94	
Accumulated depreciation		(29,328,129.13)	25,376,274.04
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liability	$	(8,392,211.00)	
Net OPEB liability		(13,485,896.00)	(21,878,107.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.			
Related to pensions	$	(7,433,688.00)	
Related to OPEB		(5,431,997.00)	(12,865,685.00)
Federal funds that are not available to pay for current period expenditures are deferred in the funds.			67,542.12
Taxes that are not available to pay for current period expenditures are deferred in the funds.			81,894.60
Net position of governmental activities (Exhibit "A")			$ (2,350,544.92)

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

EARLY COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES			
Property Taxes	$ 8,574,201.50	$ -	$ 8,574,201.50
Sales Taxes	38,584.39	1,690,955.37	1,729,539.76
State Funds	11,941,145.33	-	11,941,145.33
Federal Funds	6,806,879.94	-	6,806,879.94
Charges for Services	218,864.14	-	218,864.14
Investment Earnings	16,056.67	5,218.77	21,275.44
Miscellaneous	641,308.88	-	641,308.88
Total Revenues	28,237,040.85	1,696,174.14	29,933,214.99
EXPENDITURES			
Current			
Instruction	17,773,072.17	16,111.83	17,789,184.00
Support Services			
Pupil Services	1,417,207.62	-	1,417,207.62
Improvement of Instructional Services	758,075.18	-	758,075.18
Educational Media Services	409,231.57	-	409,231.57
General Administration	915,862.87	-	915,862.87
School Administration	2,036,465.40	9,646.13	2,046,111.53
Business Administration	166,695.73	-	166,695.73
Maintenance and Operation of Plant	2,109,078.28	-	2,109,078.28
Student Transportation Services	1,227,721.38	-	1,227,721.38
Other Support Services	46,012.20	-	46,012.20
Food Services Operation	1,380,142.40	-	1,380,142.40
Capital Outlay	-	3,409,991.34	3,409,991.34
Total Expenditures	28,239,564.80	3,435,749.30	31,675,314.10
Revenues over (under) Expenditures	(2,523.95)	(1,739,575.16)	(1,742,099.11)
OTHER FINANCING SOURCES			
Insurance Proceeds	10,207.22	-	10,207.22
Net Change in Fund Balances	7,683.27	(1,739,575.16)	(1,731,891.89)
Fund Balances - Beginning	6,789,287.98	1,810,140.23	8,599,428.21
Fund Balances - Ending	$ 6,796,971.25	$ 70,565.07	$ 6,867,536.32

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

EARLY COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2022

Net change in fund balances total governmental funds (Exhibit "E")			$ (1,731,891.89)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.			
Capital outlay	$	3,549,354.34	
Depreciation expense		(1,922,593.19)	1,626,761.15
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(135,366.26)
Federal Funds reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			67,542.12
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.			
Pension expense	$	2,792,965.95	
OPEB expense		812,452.00	3,605,417.95
Change in net position of governmental activities (Exhibit "B")			$ 3,432,463.07

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the School District's funds. Eliminations have been made to minimize the double counting of internal activities. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

Basis of Accounting

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

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

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

taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Capital asset acquisitions are reported as expenditures in governmental funds.

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 resources available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

New Accounting Pronouncements

In fiscal year 2022, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of this statement did not have an impact on the School District's financial statements.

Cash and Cash Equivalents

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

Receivables

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

Inventories

Food Inventories

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

Capital Assets

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at the acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges), and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is computed using the straight-line for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
Land	ALL	N/A
Land Improvements	$ 10,000.00	15 to 30 years
Buildings and Improvements	$ 10,000.00	15 to 40 years
Equipment	$ 10,000.00	10 to 25 years
Intangible Assets	$ 100,000.00	10 to 20 years

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Post-Employment Benefits Other than Pensions (OPEB)

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

Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

Nonspendable consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted consists of resources that can be used only for specific purposes pursuant constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned consists of resources constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by (1) the Board or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

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

Use of Estimates

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

Property Taxes

The Early County Board of Commissioners adopted the property tax levy for the 2021 tax digest year (calendar year) on September 9, 2021 (levy date) based on property values as of January 1, 2021. Taxes were due on December 20, 2021 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2021 tax digest are reported as revenue in the governmental funds for fiscal year 2022. The Early 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, 2022, for maintenance and operations amounted to $7,903,026.07.

The tax millage rate levied for the 2021 tax digest year (calendar year) for the School District was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	15.484 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $601,138.29 during fiscal year ended June 30, 2022.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $1,690,955.37 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS

Collateralization of Deposits

O.C.G.A. §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

Acceptable security for deposits consists of any one of or any combination of the following:

(1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,

(2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,

(3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,

(4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,

(5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,

(6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022, the School District had deposits with a carrying amount of $7,298,658.06, and a bank balance of $7,888,706.77. The bank balances insured by Federal depository insurance were $272,718.25 and the bank balances collateralized with securities held by the pledging financial institution or by the pledging financial institution’s trust department or agent in the School District’s name were $7,615,988.52.

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

Cash and cash equivalents	
Statement of Net Position	$ 7,298,778.06
Less:	
Cash on hand	120.00
Total carrying value of deposits - June 30, 2022	$ 7,298,658.06

NOTE 5: CAPITAL ASSETS

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

Governmental Activities	Balances July 1, 2021	Increases	Decreases	Balances June 30, 2022
Capital Assets, Not being Depreciated:				
Land	$ 333,213.12	$ -	$ -	$ 333,213.12
Construction in Progress	-	3,405,187.34	-	3,405,187.34
Total Capital Assets Not Being Depreciated	333,213.12	3,405,187.34	-	3,738,400.46
Capital Assets Being Depreated				
Buildings and Improvements	35,807,409.70	-	-	35,807,409.70
Equipment	12,275,886.07	144,167.00	-	12,420,053.07
Land Improvements	2,738,539.94	-	-	2,738,539.94
Less Accumulated Depreciation for:				
Buildings and Improvements	18,683,182.12	992,787.84	-	19,675,969.96
Equipment	6,711,266.94	804,565.50	-	7,515,832.44
Land Improvements	2,011,086.88	125,239.85	-	2,136,326.73
Total Capital Assets, Being Depreciated, Net	23,416,299.77	(1,778,426.19)	-	21,637,873.58
Governmental Activities Capital Assets - Ne	$ 23,749,512.89	$ 1,626,761.15	$ -	$ 25,376,274.04

Current year depreciation expense by function is as follows:

Instruction		$ 847,276.52
Support Services		
General Administration	$ 9,378.68	
School Administration	294,259.02	
Maintenance and Operation of Plant	452,462.92	
Student Transportation Services	223,597.30	979,697.92
Food Services		95,618.75
		$ 1,922,593.19

NOTE 6: RISK MANAGEMENT

Insurance

Commercial Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. Except as described below, the School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Workers' Compensation

Georgia Education Workers' Compensation Trust

The School District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of $1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of $2.0 million. The Trust covers the first $1.0 million of each Employers Liability claim with Safety National providing additional Employers Liability limits up to a $2.0 million per occurrence maximum. Safety National Casualty Company also provides $2.0 million in aggregate coverage to the Trust, attaching at 107% of the loss fund and based on the Fund's annual normal premium.

Unemployment Compensation

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2021	$ -	$ -	$ -	$ -
2022	$ -	$ 24,097.36	$ 24,097.36	$ -

Surety Bond

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

Position Covered	Amount
Superintendent	$ 1,000.00
Each Principal	$ 1,000.00
Bookkeeper	$ 14,000.00

NOTE 7: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2022:

Nonspendable		
Inventories		$ 50,101.08
Restricted		
Continuation of Federal Programs	$ 668,123.13	
Capital Projects	70,565.07	738,688.20
Committed		
School Activity Accounts		288,282.36
Unassigned		5,790,464.68
		$ 6,867,536.32

When multiple categories of fund balance are available for an expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

NOTE 8: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2022:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2022 (2)
Addition and Renovation to Existing Auditorium	$ 152,334.72	$ 3,405,187.34

(1) The amounts described are not reflected in the basic financial statements.
(2) Payments include contracts and retainages payable at year-end.

NOTE 9: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-employment Health Benefit Fund

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

Benefits Provided: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the

same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $445,566.00 for the year ended June 30, 2022. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2022, the School District reported a liability of $13,485,896.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the School District's proportion was 0.124514%, which was an decrease of 0.005921% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of ($367,045.00). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 6,157,617.00
Changes of assumptions	2,469,476.00	1,100,441.00
Net difference between projected and actual earnings on OPEB plan investments	-	21,384.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	153,572.00	1,221,169.00
School District contributions subsequent to the measurement date	445,566.00	-
Total	$ 3,068,614.00	$ 8,500,611.00

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June:	OPEB
2023	$ (1,530,986.00)
2024	$ (1,383,726.00)
2025	$ (1,045,338.00)
2026	$ (757,744.00)
2027	$ (896,788.00)
Thereafter	$ (262,981.00)

Actuarial Assumptions: The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 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, 2021:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the Pub-2010 Mortality Tables for Males or Females, as appropriate, as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scaled applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied

generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 158% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

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

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.14%
Equities	70.00%	9.20%
Total	100.00%	

*Net of Inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. 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 (2.16% 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 current plan members were projected through 2145.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 2.20%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
School District's proportionate share of the Net OPEB liability	$ 15,417,404.00	$ 13,485,896.00	$ 11,869,042.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	$ 11,443,306.00	$ 13,485,896.00	$ 16,039,295.00

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report, which is publicly available at https://sao.georgia.gov/statewide-reporting/acfr.

NOTE 11: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2022. The School District's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of annual School District payroll, of which 19.59% of payroll was required from the School District and 0.22% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $2,476,647.00 and $28,400.27 from the School District and the State, respectively.

Public School Employees Retirement System (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of $15.50, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions: The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $47,091.00.

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

At June 30, 2022, the School District reported a liability of $8,392,211.00 for its proportionate share of the net pension liability for TRS.

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the Net Pension Liability	$	8,392,211.00
State of Georgia's proportionate share of the Net Pension Liability associated with the School District		71,374.00
Total	$	8,463,585.00

The net pension liability for TRS was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 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, 2021.

At June 30, 2021, the School District's TRS proportion was 0.094888%, which was a decrease of 0.004634% from its proportion measured as of June 30, 2020.

At June 30, 2022, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $35,730.00.

The PSERS net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021, was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of ($318,400.00) for TRS and $376.00 for PSERS and revenue of ($2,061.00) for TRS and $376.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,002,648.00	$ -
Changes of assumptions	1,624,285.00	-
Net difference between projected and actual earnings on pension plan investments	-	12,275,434.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	14,642.00	1,276,476.00
School District contributions subsequent to the measurement date	2,476,647.00	-
Total	$ 6,118,222.00	$ 13,551,910.00

The School District contributions subsequent to the measurement date for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS
2023	$ (2,086,899.00)
2024	$ (2,055,542.00)
2025	$ (2,602,625.00)
2026	$ (3,165,269.00)

Actuarial Assumptions: The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

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

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Public School Employees Retirement System:

Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Below - Median Annuitant	Male: +2; Female: +2	Male: 101%; Female: 103%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Below - Median Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 99%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

Asset class	TRS Target allocation	Long-term expected real rate of return*	PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.80)%	30.00%	(1.50)%
Domestic large stocks	46.30%	9.30%	46.40%	9.20%
Domestic small stocks	1.20%	13.30%	1.10%	13.40%
International developed market stocks	11.50%	9.30%	11.70%	9.20%
International emerging market stocks	6.00%	11.30%	5.80%	10.40%
Alternative	5.00%	10.60%	5.00%	10.60%
Total	100.00%		100.00%	

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	$ 22,606,392.00	$ 8,392,211.00	$ (3,255,330.00)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and PSERS financial report which is publicly available at www.trsga.com/publications and www.ers.ga.gov/financials.

NOTE 12: EXTRAORDINARY ITEM

The School District received insurance proceeds in the amount of $10,207.22 related to Hurricane Michael damage. The insurance proceeds have been reported as an extraordinary item on the Statement of Activities.

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EARLY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.094888%	$ 8,392,211.00	$ 71,374.00	$ 8,463,585.00	$ 12,450,761.13	67.40%	92.03%
2021	0.099522%	$ 24,108,124.00	$ 193,791.00	$ 24,301,915.00	$ 12,934,229.29	186.39%	77.01%
2020	0.100362%	$ 21,580,544.00	$ 200,405.00	$ 21,780,949.00	$ 12,362,100.70	174.57%	78.56%
2019	0.106528%	$ 19,773,879.00	$ 130,863.00	$ 19,904,742.00	$ 12,772,232.35	154.82%	80.27%
2018	0.106144%	$ 19,727,189.00	$ 179,720.00	$ 19,906,909.00	$ 12,298,918.04	160.40%	79.33%
2017	0.111765%	$ 23,058,366.00	$ 198,678.00	$ 23,257,044.00	$ 12,359,402.67	186.57%	76.09%
2016	0.115041%	$ 17,513,850.00	$ 121,335.00	$ 17,635,185.00	$ 12,227,403.68	143.23%	81.44%
2015	0.115169%	$ 14,550,084.00	$ 97,911.00	$ 14,647,995.00	$ 11,828,513.92	123.01%	84.03%

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

EARLY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	$ 2,476,647.00	$ 2,476,647.00	$ -	$ 12,642,404.29	19.59%
2021	$ 2,353,112.05	$ 2,353,112.05	$ -	$ 12,450,761.13	18.90%
2020	$ 2,712,501.28	$ 2,712,501.28	$ -	$ 12,934,229.29	20.97%
2019	$ 2,559,896.78	$ 2,559,896.78	$ -	$ 12,362,100.70	20.71%
2018	$ 2,136,375.65	$ 2,136,375.65	$ -	$ 12,772,232.35	16.73%
2017	$ 1,738,287.61	$ 1,738,287.61	$ -	$ 12,298,918.04	14.13%
2016	$ 1,748,621.10	$ 1,748,621.10	$ -	$ 12,359,402.67	14.15%
2015	$ 1,596,836.01	$ 1,596,836.01	$ -	$ 12,227,403.68	13.06%

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

EARLY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.00%	$ -	$ 35,730.00	$ 35,730.00	$ 622,771.79	N/A	98.00%
2021	0.00%	$ -	$ 254,025.00	$ 254,025.00	$ 645,080.91	N/A	84.45%
2020	0.00%	$ -	$ 252,915.00	$ 252,915.00	$ 604,236.10	N/A	85.02%
2019	0.00%	$ -	$ 226,056.00	$ 226,056.00	$ 625,186.87	N/A	85.26%
2018	0.00%	$ -	$ 216,467.00	$ 216,467.00	$ 595,634.03	N/A	85.69%
2017	0.00%	$ -	$ 281,158.00	$ 281,158.00	$ 603,095.88	N/A	81.00%
2016	0.00%	$ -	$ 190,721.00	$ 190,721.00	$ 712,531.38	N/A	87.00%
2015	0.00%	$ -	$ 170,734.00	$ 170,734.00	$ 776,095.03	N/A	88.29%

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

EARLY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.124514%	$ 13,485,896.00	$ -	$ 13,485,896.00	$ 11,342,819.04	118.89%	6.14%
2021	0.130435%	$ 19,157,864.00	$ -	$ 19,157,864.00	$ 11,468,788.79	167.04%	3.99%
2020	0.129764%	$ 15,924,827.00	$ -	$ 15,924,827.00	$ 10,546,356.98	151.00%	4.63%
2019	0.133510%	$ 16,968,711.00	$ -	$ 16,968,711.00	$ 10,659,615.40	159.19%	2.93%
2018	0.132052%	$ 18,553,253.00	$ -	$ 18,553,253.00	$ 10,033,305.23	184.92%	1.61%

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

EARLY COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2022	$ 445,566.00	$ 445,566.00	$ -	$ 12,322,828.66	3.62%
2021	$ 463,171.00	$ 463,171.00	$ -	$ 11,342,819.04	4.08%
2020	$ 441,099.29	$ 441,099.29	$ -	$ 11,468,788.79	3.85%
2019	$ 698,870.00	$ 698,870.00	$ -	$ 10,546,356.98	6.63%
2018	$ 694,346.00	$ 694,346.00	$ -	$ 10,659,615.40	6.51%

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

Teachers Retirement System
Change of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: 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%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

Public School Employees Retirement System
Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement 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).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. 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 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumption utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates or mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

School OPEB Fund
Changes of benefit terms: There have been no changes in benefit terms.

Changes in assumptions:
June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees Retirement Systems experience study. Approximately 0.10% of employees are members of the Employees Retirement System.

June 30, 2019 valuation: Decremental assumptions were changed to reflect the Teachers Retirement Systems experience study.

June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.50%.

June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.

June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect to Retirement Systems' experience studies.

June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018, back to 3.58% of June 30, 2019, and to 2.22% as of June 30, 2020.

EARLY COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 6,950,000.00	$ 6,950,000.00	$ 8,574,201.50	$ 1,624,201.50
Sales Taxes	20,000.00	20,000.00	38,584.39	18,584.39
State Funds	10,573,292.00	11,815,784.42	11,941,145.33	125,360.91
Federal Funds	-	15,205,826.00	6,806,879.94	(8,398,946.06)
Charges for Services	-	15,500.00	218,864.14	203,364.14
Investment Earnings	15,000.00	15,000.00	16,056.67	1,056.67
Miscellaneous	71,000.00	99,377.61	641,308.88	541,931.27
Total Revenues	17,629,292.00	34,121,488.03	28,237,040.85	(5,884,447.18)
EXPENDITURES				
Current				
Instruction	14,064,196.80	22,057,605.00	17,773,072.17	4,284,532.83
Support Services				
Pupil Services	773,723.21	1,970,967.75	1,417,207.62	553,760.13
Improvement of Instructional Services	415,900.00	1,504,973.00	758,075.18	746,897.82
Educational Media Services	465,000.00	751,852.96	409,231.57	342,621.39
General Administration	650,000.00	798,463.00	915,862.87	(117,399.87)
School Administration	1,750,952.00	1,971,043.00	2,036,465.40	(65,422.40)
Business Administration	465,708.00	615,499.00	166,695.73	448,803.27
Maintenance and Operation of Plant	2,921,125.00	3,367,314.00	2,109,078.28	1,258,235.72
Student Transportation Services	1,068,180.00	1,386,201.00	1,227,721.38	158,479.62
Central Support Services	-	500.00	-	500.00
Other Support Services	11,750.00	89,398.00	46,012.20	43,385.80
Food Services Operation	631,357.00	1,886,491.00	1,380,142.40	506,348.60
Total Expenditures	23,217,892.01	36,400,307.71	28,239,564.80	8,160,742.91
Excess of Revenues over (under) Expenditures	(5,588,600.01)	(2,278,819.68)	(2,523.95)	2,276,295.73
OTHER FINANCING SOURCES				
Insurance Proceeds	-	-	10,207.22	10,207.22
Net Change in Fund Balances	(5,588,600.01)	(2,278,819.68)	7,683.27	2,286,502.95
Fund Balances - Beginning	6,721,220.40	6,721,220.40	6,789,287.98	68,067.58
Adjustments	25,097.26	7,905.64	-	(7,905.64)
Fund Balances - Ending	$ 1,157,717.65	$ 4,450,306.36	$ 6,796,971.25	$ 2,346,664.89

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts.
The actual revenues and expenditures of the various principal accounts are $609,163.17 and $566,741.06, respectively.

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

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	225GA324N1199	$ 242,618.91
National School Lunch Program	10.555	225GA324N1199	761,078.35
COVID-19 - National School Lunch Program	10.555	225GA324N1099	191,764.96
Total Child Nutrition Cluster			1,195,462.22
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	225GA904N2533	4,283.74
Total U. S. Department of Agriculture			1,199,745.96
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	5,065.12
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	1,236,049.28
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	1,992,391.61
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	1,240.00
Total Education Stabilization Fund			3,234,746.01
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A200073	15,858.00
Grants to States	84.027A	H027A210073	461,084.12
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	94,425.58
Preschool Grants	84.173A	H173A210081	29,016.00
COVID-19 - American Rescue Plan - Preschool	84.173X	H173X210081	6,235.00
Total Special Education Cluster			606,618.70
Other Programs			
Direct			
School Safety National Activities	84.184A		119,400.42
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	40,702.00
Rural and Low-Income School Program	84.358B	S358B210010	44,429.72
Student Support and Academic Enrichment Program	84.424A	S424A210011	80,878.00
Supporting Effective Instruction State Grants	84.367A	S367A210001	93,945.80
Title I Grants to Local Educational Agencies	84.010A	S010A200010	59,986.00
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	915,610.01
Total Other Programs			1,354,951.95
Total U. S. Department of Education			5,196,316.66
Federal Communications Commission, U.S.			

EARLY COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Direct			
COVID-19 - Emergency Connectivity Fund Program	32.009		117,013.88
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
COVID-19 - Child Care and Development Block Grant	93.575	2110GACCC5	12,174.00
Defense, U. S. Department of			
Direct			
Department of the Army			
R.O.T.C. Program	12. UNKNOWN		52,708.32
Total Expenditures of Federal Awards			$ 6,577,958.82

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Early County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

AGENCY/FUNDING	GOVERNMENTAL FUND TYPE GENERAL FUND
GRANTS	
Bright From the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 289,871.42
Summer Transition Program	36,692.14
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	328,186.00
Kindergarten Program - Early Intervention Program	260,408.00
Primary Grades (1-3) Program	706,687.00
Primary Grades - Early Intervention (1-3) Program	766,200.00
Upper Elementary Grades (4-5) Program	368,977.00
Upper Elementary Grades - Early Intervention (4-5) Program	592,532.00
Middle School (6-8) Program	1,201,035.00
High School General Education (9-12) Program	951,374.00
Vocational Laboratory (9-12) Program	466,029.00
Students with Disabilities	1,532,904.00
Gifted Student - Category VI	527,017.00
Remedial Education Program	576,596.00
Alternative Education Program	85,857.00
Media Center Program	204,364.00
20 Days Additional Instruction	64,253.00
Staff and Professional Development	34,779.00
Principal Staff and Professional Development	810.00
Indirect Cost	
Central Administration	443,092.00
School Administration	481,388.00
Facility Maintenance and Operations	397,724.00
Mid-Term Adjustment Hold-Harmless	382,129.00
Amended Formula Adjustment	73,905.00
Categorical Grants	
Pupil Transportation	
Regular	342,319.00
Bus Replacement	29,504.30
Nursing Services	45,000.00
One-Time QBE Adjustment	460,583.00
Other State Programs	
Food Services	75,828.00
Hygiene Products	1,302.00
Math and Science Supplements	1,807.00
Teachers Retirement	28,400.27
Vocational Education	124,848.00
Georgia Foundation for Public Education	
Rural Education Fund	11,653.20
Office of the State Treasurer	
Public School Employees Retirement	47,091.00
	$ 11,941,145.33

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EARLY COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2022

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
Acquiring real and personal property including HVAC - Elementary and Middle;	$ 2,540,000.00	$ 4,464,109.99	December 2022
Purchase buses and system vehicles;	585,000.00	585,000.00	December 2022
Purchasing technology;	1,500,000.00	1,500,000.00	December 2022
Purchasing textbooks and library books;	405,000.00	426,825.80	December 2022
Safety and security equipment;	185,000.00	185,000.00	December 2022
Renovation, extensions, additions, and improvements to existing school facilities including playground, fine arts, and athletic facilities;	3,035,500.00	3,820,903.23	December 2022
Acquiring equipment and furnishings including band instruments; and	249,500.00	249,500.00	December 2022
Planning for construction of new high school.	1,000,000.00	1,000,000.00	December 2022
Total	$ 9,500,000.00	$ 12,231,339.02	

EARLY COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2022

SCHEDULE "10"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
Acquiring real and personal property including HVAC - Elementary and Middle;	$ -	$ 4,464,109.99	$ -	$ -
Purchase buses and system vehicles;	-	487,549.94	-	-
Purchasing technology;	-	885,363.94	-	-
Purchasing textbooks and library books;	16,111.83	410,713.97	-	-
Safety and security equipment;	-	73,847.37	-	-
Renovation, extensions, additions, and improvements to existing school facilities including playground, fine arts, and athletic facilities;	3,405,187.34	415,715.89	-	-
Acquiring equipment and furnishings including band instruments; and	14,450.13	227,827.17	-	-
Planning for construction of new high school.	-	-	-	-
Total	$ 3,435,749.30	$ 6,965,128.27	$ -	$ -

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.
(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.
(3) The voters of Early 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.

See notes to the basic financial statements.

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Section II

Compliance and Internal Control Reports

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities and each major fund of the Early County Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated August 28, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

August 28, 2023

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Early County Board of Education's (School District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the School District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

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Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the noncompliance finding identified in our compliance audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the internal control over compliance finding identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

August 28, 2023

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Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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EARLY COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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Section IV

Findings and Questioned Costs

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EARLY COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

Assistance Listing Number	Assistance Listing Program or Cluster Title
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000.00
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2022-001	**Improve Controls over Expenditures**
Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles Procurement and Suspension and Debarment
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund COVID-19 – 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund COVID-19 – 84.425W - American Rescue Plan School Emergency Relief Fund – Homeless Children and Youth
Federal Award Number:	S425D200012 (Year: 2020), S425U210012 (Year: 2021), S425W210011 (Year: 2021)
Questioned Costs:	$30,180.00

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over expenditures as it relates to the Elementary and Secondary School Emergency Relief Fund program.

Background:
On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways, including providing additional funding for local educational agencies (LEAs) navigating the impact of the COVID-19 outbreak.

Provisions included in Title VIII of the CARES Act created the Education Stabilization Fund to provide financial resources to educational entities to prevent, prepare for, and respond to coronavirus. The CARES Act allocated $30.75 billion, the Coronavirus Response and Relief Supplemental Appropriations Act allocated an additional $81.9 billion, and the American Rescue Plan Act added $165.1 billion in funding to the Education Stabilization Fund. Multiple Education Stabilization Fund subprograms were created and allotted funding through the various COVID-19-related legislation. Of these programs, the Elementary and Secondary School Emergency Relief (ESSER) Fund was created to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

ESSER funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Education (ED). GaDOE is responsible for distributing funds to LEAs and overseeing the expenditure of funds by LEAs. ESSER funds totaling $3,234,746.01 were expended and reported on the Early County Board of Education's Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022.

Criteria:

As a recipient of federal awards, the Institution is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in the Uniform Guidance, Section 200.403 – Factors Affecting Allowability of Costs state that "costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity… (g) Be adequately documented…"

In addition, provisions included in the Uniform Guidance, Section 202.403 – Reasonable Costs state that "a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award… (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government. (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost."

Furthermore, provisions included in the Uniform Guidance, Section 200.318 – General Procurement Standards state that "the non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations… for the acquisition of property or services required under a Federal award or subaward…"

Condition:

Auditors performed a review of expenditure activity associated with the ESSER program to determine if appropriate internal controls were implemented and applicable compliance requirements were met. This testing revealed that "retention" bonuses were paid to individuals who were not employees of the School District. These individuals were hired to perform specific functions as detailed within the associated contracts and were paid amounts in excess of the stated rate noted within these contracts. Furthermore, the School District does not have the authority or ability to retain these individuals as they were not employees of the School District and contract provisions requiring the individuals to

remain in the service of the School District for a stated period of time were not reflected within the associated contract. Therefore, expenditures totaling $30,180.00 were not considered to be reasonable and necessary for the performance of the ESSER program and deemed unallowable.

Questioned Costs:

Known questioned costs of $30,180.00 were identified for expenditures that were not incurred for a necessary and reasonable purpose and did not follow the School District's policies and procedures. These known questioned costs related to expenditures that were not tested as part of a sample, and therefore, should not be projected to a population to determine likely questioned costs.

Cause:

Per discussion with management, the School District believed that the expenditures were allowable as the expenditures were approved by GaDOE through the Consolidated Application process and approved by the local Board of Education; however, they were not aware that contract amendments should be initiated prior to the expenditure of funds in this manner.

Effect:

The School District is not in compliance with the Uniform Guidance, ED, or GaDOE guidance related to the ESSER program. Failure to ensure that appropriate policies and procedures are followed when expending federal funds may expose the School District to unnecessary financial strains and shortages as GaDOE may require the School District to return funds associated with unallowable expenditures.

Recommendation:

The School District should review current internal control procedures related to ESSER program expenditures. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that expenditures are in line with provisions reflected within the associated contract and/or contract amendments. In addition, the School District should implement a monitoring process to ensure that all expenditures are compliant with the School District's purchasing policies and procedures.

Views of Responsible Officials:

We concur with this finding.

Section V

Management's Corrective Action

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Early County School System
EVERYONE COMMITTED TO STUDENT SUCCESS

Superintendent
Dr. Jennifer Brown, Ed.D.

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Board of Education
Dan Williams, Chairman
Alice Hutchins, Vice-Chairman
Reginald Hall
Robert Murkerson
Bruce Wilson

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2022-001	**Improve/Strengthen Controls over Expenditures**
Compliance Requirement:	**Activities Allowed or Unallowed** **Allowable Costs/Cost Principles** **Procurement and Suspension and Debarment**
Internal Control Impact:	**Significant Deficiency**
Federal Awarding Agency:	**U.S. Department of Education**
Pass-Through Entity:	**Georgia Department of Education**
Assistance Listing Number and Title:	**COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund** **COVID-19 – 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund** **COVID-19 – 84.425W - American Rescue Plan School Emergency Relief Fund – Homeless Children and Youth**
Federal Award Number:	**S425D200012 (Year: 2020), S425U210012 (Year: 2021), S425W210011 (Year: 2021)**
Questioned Costs:	**$30,180.00**
Repeat of Prior Year Finding:	**None**

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over expenditures as it relates to the Elementary and Secondary School Emergency Relief Fund program.

Corrective Action Plan:
- Revise Federal Programs Handbook to enhance internal controls in the area of contracts.
- Provide addendums to contracted services to provide for retention bonuses to contracted staff.

Estimated Completion Date: June 30, 2023

Contact Person: Seth Taylor, Chief Financial Officer
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6/6/23