

ANNUAL FINANCIAL REPORT • FISCAL YEAR 2021

Effingham County Board of Education

Springfield, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor
Kristina A. Turner | Deputy State Auditor

DOAA
Georgia Department of Audits & Accounts

Effingham County Board of Education

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Effingham 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. Yancy Ford, Superintendent and Members of the
Effingham County Board of Education

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Effingham County Board of Education (School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022 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 12, 2022

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EFFINGHAM COUNTY BOARD OF EDUCATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTION

The Management's Discussion and Analysis ("MD&A") of the Effingham County Board of Education's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this MD&A is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2021 are as follows:

- On the government-wide financial statements, the fiscal year 2021 liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources by $43.1 million. The fiscal year 2020 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $39.4 million.

- The School District had $163.4 million and $149.1 million in expenses relating to governmental activities for the fiscal years ended June 30, 2021 and June 30, 2020, respectively. Only $92.0 million and $88.9 million of the above mentioned expenses for 2021 and 2020 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $67.7 million and $63.2 million, respectively, for 2021 and 2020, along with the beginning net position were adequate to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: the MD&A, the basic financial statements, and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

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

The fund financial statements focus on the individual parts, reporting the School District's operation in more detail. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending.

The fund financial statements reflect the School District's most significant funds. For the years ended June 30, 2021 and 2020, the General Fund, the Capital Projects Fund, and the Debt Service Fund represent the most significant funds.

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

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

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, student activity accounts and various others.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, the capital projects fund, and the debt service 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 the modified accrual basis of 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 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 are reconciled in the financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2021 and 2020.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
Assets		
Current and other assets	**$ 47,800,104**	$ 41,824,791
Capital assets, net	**130,294,162**	130,730,716
Total assets	**178,094,266**	172,555,507
Deferred outflows of resources		
Related to defined benefit pension plans	**42,729,548**	37,859,833
Related to OPEB plan	**21,842,287**	6,633,848
Total deferred outflows of resources	**64,571,835**	44,493,681
Liabilities		
Current and other liabilities	**21,030,572**	21,203,067
Long-term liabilities	**8,407,979**	11,713,936
Net pension liability	**142,536,942**	124,012,720
Net OPEB liability	**94,806,567**	77,041,461
Total liabilities	**266,782,060**	233,971,184
Deferred inflows of resources		
Related to defined benefit pension plans	**-**	2,991,499
Related to OPEB plan	**18,960,372**	19,465,910
Total deferred inflows of resources	**18,960,372**	22,457,409
Net position		
Net investment in capital assets	**120,882,156**	117,880,902
Restricted	**10,883,625**	8,005,903
Unrestricted (deficit)	**(174,842,112)**	(165,266,210)
Total net position	**$ (43,076,331)**	$ (39,379,405)

Total assets and deferred outflows of resources increased by $25.6 million. Total liabilities and deferred inflows of resources increased by $29.3 million. The combination of the increase in total assets and deferred outflows of resources and the increase in total liabilities and deferred inflows of resources yielded a decrease in net position of $3.7 million.

Table 2 shows the changes in net position for fiscal years ended June 30, 2021 and June 30, 2020.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
Revenues		
Program revenues:		
Charges for services	**$ 501,860**	$ 1,626,371
Operating grants and contributions	**90,159,744**	84,357,352
Capital grants and contributions	**1,336,093**	2,882,110
Total program revenues	**91,997,697**	88,865,833
General revenues:		
Property taxes:		
Maintenance and operations	**36,343,887**	36,727,927
Railroad cars	**-**	66,275
Sales taxes	**12,484,367**	10,109,465
Other taxes	**2,100,618**	1,008,726
Grant and contributions not restricted to specific programs	**11,886,373**	13,464,486
Investment earnings	**292,355**	312,411
Miscellaneous	**4,607,991**	1,524,118
Total general revenues	**67,715,591**	63,213,408
Total revenues	**159,713,288**	152,079,241
Expenses		
Instruction	**107,052,243**	96,790,941
Support services:		
Pupil services	**9,719,884**	8,438,960
Improvement of instructional services	**6,569,430**	6,674,309
Educational media services	**2,392,172**	2,456,425
General administration	**3,134,667**	2,424,543
School administration	**9,774,477**	8,930,844
Business administration	**1,814,691**	1,917,123
Maintenance and operations	**8,877,439**	8,407,399
Student transportation	**6,676,147**	6,477,358
Operations of non-instructional services:		
Food service operations	**7,329,031**	6,251,555
Community services	**-**	97,358
Interest on long-term debt	**70,031**	184,723
Total expenses	**163,410,212**	149,051,538
Change in net position	**(3,696,924)**	3,027,703

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased $3.1 million for governmental activities. This increase is largely due to federal funding increases. General revenues increased by $4.5 million. The increase is mostly due to an increase in miscellaneous revenues of $3.1 million, sales and other tax increase of $3.5 million.

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. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity.

Table 3
Governmenal Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Fiscal Year 2020	**Fiscal Year 2021**	Fiscal Year 2020
Instruction	**$ 107,052,243**	$ 96,790,941	**$ 39,675,233**	$ 28,777,821
Support services:				
Pupil services	**9,719,884**	8,438,960	**8,569,752**	7,913,051
Improvement of instructional services	**6,569,430**	6,674,309	**5,647,044**	5,789,071
Educational media services	**2,392,172**	2,456,425	**578,070**	604,716
General administration	**3,134,667**	2,424,543	**960,303**	(298,626)
School administration	**9,774,477**	8,930,844	**6,465,777**	5,689,629
Business administration	**1,814,691**	1,917,123	**1,779,860**	1,825,950
Maintenance and operations	**8,877,439**	8,407,399	**4,997,787**	4,068,493
Student transportation	**6,676,147**	6,477,358	**4,220,733**	4,711,990
Operations of non-instructional services				
Food service operations	**7,329,031**	6,251,555	**(1,552,075)**	821,529
Community services	**-**	97,358	**-**	97,358
Interest on long-term debt	**70,031**	184,723	**70,031**	184,723
Total expenses	**$ 163,410,212**	$ 149,051,538	**$ 71,412,515**	$ 60,185,705

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2021, 46.7% of instruction and support activities were supplemented by taxes and other general revenues compared to 41.5% in 2020.

Expenses increased $14.4 million from the prior year, the net costs of providing services increased $11.2 million. This situation occurred largely because of increases in payroll cost.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $163.7 million and total expenses and other financing uses of $157.1 million. There was an increase in the fund balance totaling $6.6 million for the governmental funds as a whole. This increase is primarily due to increase in federal funding and tax revenues.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, funded primarily through state revenue and local property tax revenue. During the course of fiscal years 2021 and 2020, the School District amended its general fund budget as needed.

During fiscal year 2021, the General Fund had final actual revenues totaling $148.3 million, which represented an increase from the final budgeted amount of $130.3 million by $18 million. This difference was primarily due to increased QBE funding, federal funding, local tax collections and school activity revenues which were not budgeted.

Final actual expenditures during fiscal year 2021 totaling $142.8 million represented an increase from the final budgeted amount of $133.3 million by $9.5 million. The increase in actual expenditures versus final budget expenditures was primarily a result of operational restrictions due to the COVID-19 pandemic and additional salary/benefit cost.

CAPITAL ASSETS

At the fiscal years ended June 30, 2021 and June 30, 2020, the School District had $130.3 million and $130.7 million, respectively, invested in capital assets, net of accumulated depreciation. These assets are made up of a broad range of capital assets, including land; buildings; transportation, food service and maintenance equipment. Table 4 reflects a summary of these balances, by class, net of accumulated depreciation.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
Land	**$ 5,561,408**	$ 5,561,408
Construction in progress	**2,364,949**	7,600,540
Buildings and improvements	**115,120,376**	110,453,336
Equipment	**5,087,012**	4,677,679
Land Improvments	**2,160,417**	2,437,753
Total	**$ 130,294,162**	$ 130,730,716

The overall capital assets decreased in fiscal year 2021 by $437 thousand due to a decrease in land improvements.

Construction in progress decreased due to completion of projects and moving the cost into the building and improvements.

LONG-TERM LIABILITIES

At June 30, 2021, the School District had $245.8 million in total long-term liabilities with $5.2 million due within one year. Table 5 summarizes long-term liabilities at June 30, 2021 and 2020.

Table 5
Long-Term Liabilities

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 9,315,000	$ -	$ (3,040,000)	**$ 6,275,000**	$ 3,100,000
Unamortized Bond Premiums	398,936	-	(265,957)	**132,979**	132,979
Qualified Zone Academy Bonds	2,000,000	-	-	**2,000,000**	2,000,000
Net Pension Liability	124,012,720	35,320,790	(16,796,568)	**142,536,942**	-
Net OPEB Liability	77,041,461	21,916,607	(4,151,501)	**94,806,567**	-
Governmental activities long-term liabilities	$ 212,768,117	$ 57,237,397	$ (24,254,026)	**$ 245,751,488**	$ 5,232,979

CURRENT ISSUES

Approximately 85.8% of General Fund expenses, the main operating fund for the School District, were related to salaries and employee benefits for the year ended June 30, 2021. This percentage has decreased over 2020 primarily because of the increase in other operating expenses ratio to total expenses. The General Fund expenses mostly consist of personnel expenses which include mandated benefit expenses such as TRS & health insurance. The School District consistently evaluates how funds can be spent efficiently and more effectively to ensure that our students receive a quality education from effective personnel.

The School District's millage rate for fiscal year 2021 was 16.225. The net digest has continued to increase during fiscal years 2021 and 2020. The net digest for fiscal year 2021 was $2.0 billion, which produced approximately $2.0 million of property tax per mill. Property tax and sales tax are responsible for covering 29.9% of the School District's costs. It is anticipated that this pressure to provide local monies to meet mandated educational requirements and operational costs will continue.

General Fund revenues were positively impacted in fiscal year 2021 by positive growth in QBE funding, federal funding and in local tax collections. The School District remains vigilant at controlling costs; however, year over year spending increases were attributable to state mandated increases for teacher salaries, increased Special Education costs, and increases in employee benefit costs. Through continued rigorous expenditure management, the General Fund revenues exceed expenditures in 2021 thereby adding to the financial strength of the School District.

Fiscal year 2021 saw the completion of the classroom expansion at South Effingham Elementary and numerous maintenance projects. All of these projects are being funded with a combination of Education Special Purpose Local Option Sales Tax ("ESPLOST") and local revenues.

The continued spread of the Coronavirus (COVID-19) has resulted in a severe impact to the United States economy. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The extent of this impact is uncertain but is expected to have negative results on financial operations. The School District's Administration continues to monitor the financial impact of the COVID-19 pandemic on operations, but future estimates cannot be reasonably determined at this time.

The Effingham County Board of Education opened the 2021-2022 school year with all in person classrooms.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ronald Wilson at the Effingham County Board of Education, 405 North Ash Street, Springfield, GA. 31329.

You may also email your questions to rlwilson@effingham.k12.ga.us.

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Effingham County Board of Education

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EFFINGHAM COUNTY BOARD OF EDUCATION

EXHIBIT "A"

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 28,722,639
Investments	3,257,033
Receivables:	
Taxes	2,914,134
Intergovernmental:	
State	10,265,280
Federal	236,308
Other	324,366
Inventory	80,764
Capital assets (non-depreciable)	7,926,357
Capital assets (net of accumulated depreciation)	122,367,805
Restricted - Investments held by trustee	1,999,580
Total assets	178,094,266
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension plans	42,729,548
Related to OPEB plan	21,842,287
Total deferred outflows of resources	64,571,835
LIABILITIES	
Accounts payable	4,037,239
Intergovernmental accounts payable	84,455
Salaries and benefits payable	15,312,496
Contracts payable	1,279,026
Accrued interest payable	104,583
Retainage payable	212,773
Bonds payable due within one year	5,232,979
Bonds payable due in more than one year	3,175,000
Net pension liability, due in more than one year	142,536,942
Net OPEB liability, due in more than one year	94,806,567
Total liabilities	266,782,060
DEFERRED INFLOWS OF RESOURCES	
Related to OPEB plan	18,960,372
Total deferred inflows of resources	18,960,372
NET POSITION	
Net investment in capital assets	120,882,156
Restricted for:	
Continuation of federal programs	2,583,592
Capital projects	3,147,741
Debt service	5,152,292
Unrestricted (deficit)	(174,842,112)
Total net position	$ (43,076,331)

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

EFFINGHAM COUNTY BOARD OF EDUCATION

EXHIBIT "B"

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 107,052,243	$ -	$ 67,086,886	$ 290,124	$ (39,675,233)
Support services:					
Pupil services	9,719,884	-	1,150,132	-	(8,569,752)
Improvement of instructional services	6,569,430	-	922,386	-	(5,647,044)
Educational media services	2,392,172	-	1,800,573	13,529	(578,070)
General administration	3,134,667	-	2,174,364	-	(960,303)
School administration	9,774,477	-	3,296,424	12,276	(6,465,777)
Business administration	1,814,691	-	22,635	12,196	(1,779,860)
Maintenance and operation of plant	8,877,439	-	3,875,540	4,112	(4,997,787)
Student transportation services	6,676,147	-	1,484,121	971,293	(4,220,733)
Food service operations	7,329,031	501,860	8,346,683	32,563	1,552,075
Interest on long-term debt	70,031	-	-	-	(70,031)
Total governmental activities	$ 163,410,212	$ 501,860	$ 90,159,744	$ 1,336,093	(71,412,515)

General revenues:	
Taxes:	
Property taxes, levied for maintenance and operations	36,343,887
Sales taxes, for capital projects	12,484,367
Other taxes	2,100,618
Grants and contributions not restricted to specific programs	11,886,373
Investment earnings	292,355
Miscellaneous	4,607,991
Total general revenues	67,715,591
Change in net position	(3,696,924)
Net position, beginning of year	(39,379,407)
Net position, end of year	$ (43,076,331)

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

EFFINGHAM COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS	General	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	$ 26,511,799	$ 2,210,840	$ -	$ 28,722,639
Investments			3,257,033	3,257,033
Receivables:				
Taxes	1,950,214	963,920	-	2,914,134
Intergovernmental:				
State	10,265,280	-	-	10,265,280
Federal	236,308	-	-	236,308
Other	299,458	24,908	-	324,366
Inventory	80,764	-	-	80,764
Restricted - Investments held by Trustee	-	-	1,999,580	1,999,580
Total assets	$ 39,343,823	$ 3,199,668	$ 5,256,613	$ 47,800,104
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 3,985,574	$ 51,665	$ -	$ 4,037,239
Intergovenmental accounts payable	84,455	-		84,455
Salaries and benefits payable	15,312,496	-	-	15,312,496
Contracts payable	-	1,279,026	-	1,279,026
Retainage payable	-	212,773	-	212,773
Total liabilities	19,382,525	1,543,464	-	20,925,989
DEFERRED INFLOWS				
Unavailable revenue - property taxes	954,458	-	-	954,458
	954,458	-	-	954,458
FUND BALANCES				
Non-spendable:				
Inventory	80,764	-	-	80,764
Restricted:				
Continuation of federal programs	2,502,828	-	-	2,502,828
Debt service	-	262	5,256,613	5,256,875
Capital projects	-	1,655,942	-	1,655,942
Assigned:				
Student activities	1,583,151	-	-	1,583,151
Unassigned	14,840,097	-	-	14,840,097
Total fund balances	19,006,840	1,656,204	5,256,613	25,919,657
Total liabilities, deferred inflows and fund balances	$ 39,343,823	$ 3,199,668	$ 5,256,613	$ 47,800,104

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

EFFINGHAM COUNTY BOARD OF EDUCATION

EXHIBIT "D"

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

Total fund balances - governmental funds (Exhibit "C")		$ 25,919,657
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 are not reported in the funds.		
Cost	$ 227,315,946	
Less accumulated depreciation	(97,021,784)	130,294,162
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		
Property taxes		954,458
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This includes deferred outflows and inflows of resources related to pensions.		
Bonds	$ (8,275,000)	
Bond premium, net of amortization	(132,979)	
Net pension liability	(142,536,942)	
Net OPEB liability	(94,806,567)	
Deferred outflows of resources	64,571,835	
Deferred inflows of resources	(18,960,372)	
Accrued interest	(104,583)	(200,244,608)
Net position of governmental activities (Exhibit "A")		$ (43,076,331)

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

EFFINGHAM COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 36,322,875	$ -	$ -	$ 36,322,875
Sales taxes	1,567,999	11,387,635	-	12,955,634
Other taxes	2,100,618	-	-	2,100,618
State funds	87,189,470	409,452	-	87,598,922
Federal funds	15,843,165	-	-	15,843,165
Charges for services	501,860	-	-	501,860
Investment earnings	212,885	1,072	78,398	292,355
Miscellaneous	4,607,991	-	-	4,607,991
Total revenues	148,346,863	11,798,159	78,398	160,223,420
EXPENDITURES				
Current:				
Instruction	90,711,667	1,370,020	-	92,081,687
Support services:				
Pupil services	8,750,086	-	-	8,750,086
Improvement of instructional services	6,005,515	-	-	6,005,515
Educational media services	2,159,945	-	-	2,159,945
General administration	2,934,868	24,800	-	2,959,668
School administration	8,674,046	-	-	8,674,046
Business administration	1,552,864	-	-	1,552,864
Maintenance and operation of plant	8,641,624	-	-	8,641,624
Student transportation services	6,700,278	222,784	-	6,923,062
Food services operations	6,633,535	-	-	6,633,535
Capital outlay	-	5,903,822	-	5,903,822
Debt service:				
Principal retirement	-	-	3,040,000	3,040,000
Interest and fees	-	-	374,550	374,550
Total expenditures	142,764,428	7,521,426	3,414,550	153,700,404
Excess (deficiency) of revenues over (under) expenditures	5,582,435	4,276,733	(3,336,152)	6,523,016
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	36,487	-	-	36,487
Transfers in	-	54,810	3,402,455	3,457,265
Transfers out	(54,810)	(3,402,455)	-	(3,457,265)
Total other financing sources (uses)	(18,323)	(3,347,645)	3,402,455	36,487
Net change in fund balances	5,564,112	929,088	66,303	6,559,503
FUND BALANCE, beginning of year	13,442,728	727,116	5,190,310	19,360,154
FUND BALANCE, end of year	$ 19,006,840	$ 1,656,204	$ 5,256,613	$ 25,919,657

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

EFFINGHAM COUNTY BOARD OF EDUCATION

EXHIBIT "F"

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (Exhibit "E")		$ 6,559,503
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 those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which depreciation exceeds capital outlay is to decrease net position.		
Capital outlay	$ 5,786,224	
Depreciation expense	(6,197,050)	(410,826)
Net effect of various miscellaneous transactions involving fixed assets (sales, trade-ins, donations, etc.) is to decrease net position.		(25,728)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 21,012	
Sales taxes	(471,267)	(450,255)
Issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments - bonds	$ 3,040,000	
Bond premium amortization expense	265,957	3,305,957
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Adjustments related to pensions		(10,663,008)
Adjustments related to OPEB		(2,051,129)
Change in accrued interest		38,562
Changes in net position of governmental activities (Exhibit "B")		$ (3,696,924)

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

Blended Component Unit

The Effingham College and Career Academy (the "Charter School") is responsible for the public education of all students attending its schools and is an authorized start-up charter school pursuant to the Official Code of Georgia Annotated ("O.C.G.A") §20-2-2060 et seq., the Charter School Act of 1998. The Charter School was created through an agreement between the School District, the Charter School and the State Board of Education whereby certain State funding associated with the students attending the Charter School and certain specified local funds are turned over to the Charter School to cover the cost of its operations. The Charter School's mission is to create high-tech career focus to better serve students' needs for those entering directly into the workforce from high school and those planning further post-secondary options. The Charter School's policy-making governing board is subject to the control and management of the Effingham County Board of Education. The financial statements of the Charter School have been reported within the School District's General Fund.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Government-Wide Statements

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

The Statement of Net Position presents the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Fund Financial Statements

The fund financial statements provide information about the School District's funds. 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 the Georgia State Financing and Investment Commission that are restricted, committed, or assigned to expenditure for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

- The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

Basis of Accounting

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all tax revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. All other revenues are considered to be available if they are collected within 120 days after year-end. Property taxes, sales taxes, grants, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Cash and Cash Equivalents

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

Investments

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

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

Investments made by the School District in non-participating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Receivables

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

Inventories

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Restricted Assets

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

Capital Assets

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

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

Depreciation is computed using the straight-line method 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	Any Amount	N/A
Land Improvements	$ 100,000	15 Years
Buildings and Improvements	100,000	20 to 40 Years
Equipment	10,000	5 to 10 Years
Intangible Assets	500,000	10 to 20 Years

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

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

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

Fund Balance

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

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

Non-spendable consists of resources that cannot be spent either because they are in a non-spendable 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 to 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

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 Effingham County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on August 25, 2020, (levy date) based on property values as of January 1, 2020. Taxes were due on November 30, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Effingham County Tax Commissioner bills and collects the property taxes for the School District, and withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2021, for maintenance and operations amounted to $31,624,504.

The tax millage rate levied for the 2020 tax year (calendar year) for the School District was as follows (a mill equals $1 per thousand dollars of assessed value):

School Operations	16.225 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounts to $4,698,371 during the fiscal year ended June 30, 2021.

Sales Taxes

ESPLOST, at the fund reporting level, during the year amounted to $11,387,635 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, 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 and Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS

Collateralization of Deposits

O.C.G.A. §45-8-12, provides that there shall not be on deposit at any time in any depository for a time longer than 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 and 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,

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Collateralization of Deposits (Continued)

(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 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, 2021, the School District had deposits with a carrying amount of $24,799,742 and a bank balance of $25,104,034. The bank balances insured by the Federal depository insurance were $250,000.

At June 30, 2020, $24,854,034 of the School District's bank balances was exposed to custodial credit risk. This balance was in the State's Secure Deposit Program ("SDP").

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

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

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Categorization of Deposits (Continued)

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

Statement of Net Position:	
Cash and cash equivalents	$ 28,722,639
Less: cash on hand	(30)
Less: Investment pool reported as cash and cash equivalents:	
Georgia Fund 1	(3,922,867)
Total carrying value of deposits - June 30, 2021	$ 24,799,742

Categorization of Cash Equivalents

The School District reported cash equivalents of $3,922,867 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the Securities and Exchange Commission ("SEC") as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share, which approximates fair value. The pool is an AAAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2021, was 36 days.

The Georgia Fund 1, (local government investment pool), is administered by the State of Georgia, Office of the State Treasurer and is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the State of Georgia Annual Comprehensive Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at https://sao.georgia.gov/statewide-reporting/acfr.

Categorization of Investments

At June 30, 2021, the School District had the following investments:

			Investment Maturity
			Less Than 1
Investment Type	**Fair Value**	**Amortized Cost**	**Year**
Debt Securities			
U.S. Agencies			
Implicitly Guaranteed	$ 1,999,580	$ -	$ 1,999,580
Mutual Funds			
Money Market Funds	-	3,257,033	3,257,033
Total investments	$ 1,999,580	$ 3,257,033	$ 5,256,613

The weighted average maturity for the Fund was 28 days.

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Categorization of Investments (Continued)

Fair Value of Investments – The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and
Level 3: Unobservable inputs.

At June 30, 2021, the School District had the following investment by fair value level:

U.S. Agencies of $1,999,580 are valued using a matrix pricing model. (Level 2 inputs)

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

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk. At June 30, 2021, $1,999,580 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

Credit Quality Risk – Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed by O.C.G.A. § 36-83-4. The School District does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

The investments subject to credit quality risk are reflected below:

			Quality Ratings	
Rated Debt Investments	**Fair Value**	**Amortized Cost**	**AA+**	**AAAm**
Debt Securities				
U.S. Agencies - Implicitly Guaranteed	$ 1,999,580	$ -	$ 1,999,580	$ -
Mutual Funds				
Money Market Funds	-	3,257,033	-	3,257,033
Total investments	$ 1,999,580	$ 3,257,033	$ 1,999,580	$ 3,257,033

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in U.S. Agencies. This investment is 38% of the School District's total investments.

NOTE 5: RESTRICTED ASSETS

The restricted assets represent the investment balance, totaling $1,999,580 for the QZAB Bond Sinking Fund.

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 5,561,408	$ -	$ -	$ -	$ 5,561,408
Construction in progress	7,600,540	4,289,955	-	(9,525,546)	2,364,949
Total	13,161,948	4,289,955	-	(9,525,546)	7,926,357
Capital assets, being depreciated:					
Buildings and improvements	176,004,522	104,063	-	9,525,546	185,634,131
Equipment	19,205,581	1,392,206	(896,377)	-	19,701,410
Land improvements	14,054,048	-	-	-	14,054,048
Total	209,264,151	1,496,269	(896,377)	9,525,546	219,389,589
Less accumulated depreciation for:					
Buildings and improvements	(65,551,186)	(4,962,569)	-	-	(70,513,755)
Equipment	(14,527,902)	(957,145)	870,649	-	(14,614,398)
Land improvements	(11,616,295)	(277,336)	-	-	(11,893,631)
Total	(91,695,383)	(6,197,050)	870,649	-	(97,021,784)
Total capital assets, being depreciated, net	117,568,768	(4,700,781)	(25,728)	9,525,546	122,367,805
Governmental activities capital assets, net	$ 130,730,716	$ (410,826)	$ (25,728)	$ -	$ 130,294,162

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

Instruction		$ 4,391,015
Support Services:		
Educational Media Services	$ 204,756	
School Administration	185,801	
Business Administration	184,582	
Maintenance and Operations	62,231	
Student Transportation	675,818	1,313,188
Food Services		492,847
Total Depreciation Expense		$ 6,197,050

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021, consisted of the following:

	Transfers From		
Transfers To	General Fund	Capital Projects Fund	Total
Debt Service Fund	$ -	$ 3,402,455	$ 3,402,455
Capital Projects Fund	54,810	-	54,810
	$ 54,810	$ 3,402,455	$ 3,457,265

Transfers are used to move ESPLOST revenues from the Capital Projects Fund to the Debt Service Fund to fund debt service payments and to move revenues from the General Fund to the Capital Projects Fund to provide supplemental funding for capital projects.

NOTE 8: RISK MANAGEMENT

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.

Unemployment Compensation

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

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
2020	$ -	$ 5,110	$ 5,110	$ -
2021	$ -	$ 58,143	$ 58,143	$ -

NOTE 8: RISK MANAGEMENT (CONTINUED)

Surety Bond

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

Position Covered	Amount
Superintendent	$ 100,000

NOTE 9: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2021:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2021 (2)
Ebenezer Elementary School Classroom Wing Addition	$ 2,089,736	$ 2,348,794

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

Operating Leases

The School District leases copiers under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled $207,820 for governmental activities for the year ended June 30, 2021. The following future minimum lease payments were required under operating leases at June 30, 2021:

Fiscal Year Ending June 30	Governmental Activities
2022	$ 155,865

NOTE 10: LONG-TERM LIABILITIES

The changes in long-term liabilities during the fiscal year ended June 30, 2021, for governmental activities, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds	$ 9,315,000	$ -	$ (3,040,000)	$ 6,275,000	$ 3,100,000
Unamortized Bond Premium	398,936	-	(265,957)	132,979	132,979
Qualified Zone Academy Bonds	2,000,000	-	-	2,000,000	2,000,000
Net Pension Liability	124,012,720	35,320,790	(16,796,568)	142,536,942	-
Net OPEB Liability	77,041,461	21,916,607	(4,151,501)	94,806,567	-
Total	$ 212,768,117	$ 57,237,397	$ (24,254,026)	$ 245,751,488	$ 5,232,979

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2021. In the event the entity is unable to make the principal and interest payments, for the general obligation bonds and QZAB bonds, using proceeds from the ESPLOST, the debt will be satisfied from the General Fund or from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

General Obligation Debt Outstanding

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

Voters have authorized $100,000,000.00 in general obligation debt, which was not issued as of June 30, 2021.

NOTE 10: LONG-TERM LIABILITIES (CONTINUED)

General Obligation Debt Outstanding (Continued)

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	3.00% - 5.00%	January 12, 2017	September 1, 2022	$ 15,000,000	$ 6,275,000

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

Fiscal Year Ending June 30,	General Obligation Bonds		Unamortized Bond Premium
	Principal	Interest	
2022	$ 3,100,000	$ 236,250	$ 132,979
2023	3,175,000	79,375	-
Total Principal and Interest	$ 6,275,000	$ 315,625	$ 132,979

Qualified Zone Academy Bonds

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

This agreement establishes a method of repayment for qualified interest-free debt instrument. The agreement requires the School District to deposit funds annually into a sinking fund account on or before December 31. The amount on deposit at June 30, 2021 was $1,999,580.

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

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QZAB - Series 2006B	0.00%	November 28, 2006	December 1, 2021	$ 2,000,000	$ 2,000,000

NOTE 10: LONG-TERM LIABILITIES (CONTINUED)

Qualified Zone Academy Bonds (Continued)

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

Fiscal Year Ending June 30,	Principal
2022	$ 2,000,000

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

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

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS

Georgia School Personnel Post-employment Health Benefit Fund

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

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 the 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 System were $2,403,089 for the year ended June 30, 2021. 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, 2021, the School District reported a liability of $94,806,567 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020, 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, 2020. At June 30, 2020, the School District's proportion was 0.645484%, which was an increase of 0.017709% from its proportion measured as of June 30, 2019.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2021, the School District recognized OPEB expense of $4,454,218. At June 30, 2021, 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	$ -	$ 10,349,934
Changes in assumptions	15,678,901	8,435,745
Net difference between projected and actual earnings on OPEB plan investments	247,102	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	3,513,195	174,693
School District contributions subsequent to the measurement date	2,403,089	-
Total	$ 21,842,287	$ 18,960,372

School District contributions subsequent to the measurement date of $2,403,089, are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	OPEB
2022	$ (1,196,047)
2023	(1,202,678)
2024	(702,298)
2025	822,509
2026	2,062,014
Thereafter	695,326

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial assumptions. The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019, 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, 2020:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.25%
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 RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS Members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with the MP-2019 projection scale (set forward one year and adjusted 106%) is used for death prior to retirement and for service retirements and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with the MP-2019 projection scale (set forward one year and adjusted 106%) is used for disability retirements. For both, rates of improvement were reduced 20% for all years prior to the ultimate rate.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial assumptions (Continued).

- For PSERS Members: The RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) was used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward five years for both males and females) was used for the period after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the pension system, which covered the five-year period ended 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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial assumptions (Continued). 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 Rate of Return*
Fixed income	30.00%	0.50%
Equities	70.00%	9.20%
Total	100.00%	

*Rates shown are net of inflation.

Discount rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.22% was used as the discount rate. 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 (2.21% per the Municipal Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the School System's proportionate share of the net OPEB liability calculated using the discount rate of 2.22%, as well as what the School System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.22%) or 1-percentage-point higher (3.22%) than the current rate:

School OPEB Fund - Discount Rate	**1% Decrease (1.22%)**	**Current Discount Rate (2.22%)**	**1% Increase (3.22%)**
School District's proportionate share of the net OPEB liablity	$ 111,382,075	$ 94,806,567	$ 81,550,790

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Sensitivity of the 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:

School OPEB Fund - Healthcare Cost Trend Rate	**1% Decrease**	**Current Healthcare Cost Trend Rate**	**1% Increase**
School District's proportionate share of the net OPEB liablity	$ 78,935,997	$ 94,806,567	$ 115,354,345

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report ("ACFR") which is publicly available at https://sao.georgia.gov/statewide-reporting.acfr.

NOTE 13: 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 §47-3-60 of the O.C.G.A. and certain other support personnel as defined by O.C.G.A. §47-3-63 are provided a pension through the TRS. TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees ("TRS Board"). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

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

NOTE 13: RETIREMENT PLANS (CONTINUED)

Teachers Retirement System of Georgia ("TRS") (Continued)

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School System's contractually required contribution rate for the year ended June 30, 2021, was 19.06% of annual School District payroll of which 19.01% of payroll was required from the School District and 0.05% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $14,797,393 and $42,918 from the School District and the State, respectively.

Employees Retirement System ("ERS")

Plan Description: Employees' Retirement District ("ERS") is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials.

Benefits Provided: The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan ("GSEPS"). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

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

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

NOTE 13: RETIREMENT PLANS (CONTINUED)

Employees' Retirement System ("ERS") (Continued)

Contributions: Member contributions under the Old Plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The School District's total required contribution rate for the year ended June 30, 2021 was 24.66% of annual covered payroll for old plan members of which 19.91% was required from the School District and 4.75% was contributed on behalf of the School District by the state. Additionally, the School District's total required contribution rate was 24.66% for new plan members and 21.57% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan totaled $37,422 for the current fiscal year.

Public School Employees' Retirement System ("PSERS")

Plan Description: Public School Employees' Retirement System ("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 TRS. 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.

NOTE 13: RETIREMENT PLANS (CONTINUED)

Public School Employees Retirement System ("PSERS") (Continued)

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 $207,804.

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

At June 30, 2021, the School District reported a liability of $142,536,942 for its proportionate share of the net pension liability for TRS ($142,286,911) and ERS ($250,031).

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	$ 142,286,911
State of Georgia's proportionate share of the Net Pension Liability associated with the School District	441,602
	$ 142,728,513

The net pension liability for TRS and ERS was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020, was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2020.

At June 30, 2020, the School District's TRS proportion was 0.587382%, which was an increase of 0.011718% from its proportion measured as of June 30, 2019. At June 30, 2020, the School District's ERS proportion was 0.005932%, which was an increase of 0.000373% from its proportion measured as of June 30, 2019.

At June 30, 2021, 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 $1,193,917.

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

The PSERS net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 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, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of $25,399,489 for TRS, $48,922 for ERS, and $240,257 for PSERS and revenue of ($49,412) for TRS and $240,257 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, 2021, the School District reported deferred outflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 6,196,639	$ -
Changes in assumptions	14,655,715	-
Net difference between projected and actual earnings on pension plan investments	3,427,004	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	3,598,589	-
School District contributions subsequent to the measurement date	14,797,393	-
Total	$ 42,675,340	$ -

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,046	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	10,208	-
School District contributions subsequent to the measurement date	37,422	-
Total	$ 50,676	$ -

The School District contributions subsequent to the measurement date for TRS and for ERS 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, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	TRS	Fiscal Year Ending June 30	ERS
2022	$ 6,472,669	2022	$ 4,688
2023	9,064,209	2023	4,910
2024	8,743,090	2024	4,099
2025	3,597,979	2025	3,089

Actuarial Assumptions: The total pension liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

Teachers' Retirement System:

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

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 (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.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Employees' Retirement System:

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

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

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment rate of return.

Public School Employees' Retirement System:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment rate of return.

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

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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

*Rates shown are net of the 2.75% assumed rate of inflation with the exception of TRS, which assumed a 2.50% rate of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total ERS and PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS, and PSERS pension 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% and 7.30% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% and 6.30%) or 1-percentage-point higher (8.25% and 8.30%) 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 liablity	$ 225,633,074	$ 142,286,911	$ 73,966,954

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

Employees Retirement System	1% Decrease (6.30%)	Current Discount rate (7.30%)	1% Increase (8.30%)
School District's proportionate share of the net pension liablity	$ 351,750	$ 250,031	$ 163,226

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

Defined Contribution Plan

In March 1999, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees' Retirement System ("PSERS"). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's decision to supplement the retirement of this group.

The School District selected VALIC as the provider of this plan. For each employee covered under PSERS, employer matching contributions shall be made by the Board at a rate equal to 50% of the elective deferrals of each eligible employee. An employee's elective deferrals in excess of 6% of compensation shall not be considered for purposes of the employer matching contribution. The employer has the discretion to vary the rate of employer matching contributions from plan year to plan year.

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

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and five years of service to the School District. If an employee terminates employment prior to achieving 5 years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

NOTE 13: RETIREMENT PLANS (CONTINUED)

Defined Contribution Plan (Continued)

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

Fiscal Year	Percentage Contributed	Required Contribution
2021	100%	$ 42,852
2020	100%	$ 44,335
2019	100%	$ 45,587

NOTE 14: TAX ABATEMENTS

The Industrial Development Authority of Effingham County enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Effingham County.

For the fiscal year ended June 30, 2021, Effingham County abated property taxes due to the School District that were levied on August 25, 2020, and due on November 30, 2020, totaling $3,138,578.

Included in the $3,138,578 abated, the following are tax abatement agreement amounts with individual companies that each exceeded 10% of the total amount abated:

- Property tax abatements were granted to Georgia Pacific totaling $1,029,935.
- Property tax abatements were granted to Georgia Power totaling $1,127,183.

NOTE 15: SUBSEQUENT EVENT – GENERAL OBLIGATION BONDS

On February 17, 2022, the Effingham County Board of Education issued general obligation bonds in the amount of $44,625,000 for the purpose of capital projects. These bonds carry interest rates of 3% to 5%. Principal payments are due annually beginning on September 1, 2023 and continuing through September 1, 2047. Interest payments are due semi-annually on March 1 and September 1.

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EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "1"

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

	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	**0.587382%**	0.575664%	0.570794%	0.556539%	0.548649%	0.545024%	0.541011%
School District's proportionate share of the net pension liability	**$ 142,286,911**	$ 123,783,326	$ 105,951,593	$ 103,434,487	$ 113,192,406	$ 82,974,492	$ 68,349,604
State of Georgia's proportionate share of the net pension liability associated with the School District	**441,602**	393,930	347,298	641,751	1,153,692	833,514	659,099
Total	**$ 142,728,513**	$ 124,177,256	$ 106,298,891	$ 104,076,238	$ 114,346,098	$ 83,808,006	$ 69,008,703
School District's covered payroll	**$ 75,955,636**	$ 70,484,349	$ 68,250,711	$ 64,326,077	$ 60,821,411	$ 57,548,651	$ 55,726,279
School District's proportionate share of the net pension liability as a percentage of its covered payroll	**187.33%**	175.62%	155.24%	160.80%	186.11%	144.18%	122.65%
Plan fiduciary net position as a percentage of the total pension liability	**77.01%**	78.56%	80.27%	79.33%	76.06%	81.44%	84.03%

Note: The measurement period for the year ended June 30, 2021 is June 30, 2020. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "2"

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	**$ 14,797,393**	$16,007,330	$14,684,490	$11,435,483	$ 9,116,248	$ 8,591,692	$ 7,567,648	$ 6,843,187	$ 6,389,795	$ 5,789,710
Contributions in relation to the contractually required contribution	**14,797,393**	16,007,330	14,684,490	11,435,483	9,116,248	8,591,692	7,567,648	6,843,187	6,389,795	5,789,710
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	**$ 77,855,456**	$75,955,636	$70,484,349	$68,250,711	$ 64,326,077	$60,821,411	$ 57,548,651	$55,726,279	$56,001,706	$ 56,320,135
Contributions as a percentage of covered payroll	**19.01%**	21.07%	20.83%	16.76%	14.17%	14.13%	13.15%	12.28%	11.41%	10.28%

Note: The School District has included on behalf payments with the contributions for years 2015 and prior.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "3"

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

	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	**0.005932%**	0.005559%	0.005430%	0.005369%	0.005306%	0.005178%	0.004945%
School District's proportionate share of the net pension liability	**$ 250,031**	$ 229,394	$ 223,229	$ 218,053	$ 250,996	$ 209,781	$ 185,468
School District's covered payroll	**$ 149,574**	$ 140,124	$ 138,489	$ 131,703	$ 126,910	$ 118,381	$ 111,347
School District's proportionate share of the net pension liability as a percentage of its covered payroll	**167.16%**	163.71%	161.19%	165.56%	197.77%	177.21%	166.57%
Plan fiduciary net position as a percentage of the total pension liability	**76.21%**	76.74%	76.68%	76.33%	72.34%	76.20%	77.99%

Note: The measurement period for the year ended June 30, 2021 is June 30, 2020. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "4"

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	**$ 37,422**	$ 36,885	$ 34,723	$ 34,359	$ 32,676	$ 31,372	$ 25,997	$ 20,555	$ 14,730	$ 9,780
Contributions in relation to the contractually required contribution	**37,422**	36,885	34,723	34,359	32,676	31,372	25,997	20,555	14,730	9,780
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	**$ 151,752**	$ 149,574	$ 140,124	$ 138,489	$ 131,703	$ 126,910	$ 118,381	$ 111,347	$ 98,856	$ 84,093
Contributions as a percentage of covered payroll	**24.66%**	24.66%	24.78%	24.81%	24.81%	24.72%	21.96%	18.46%	14.90%	11.63%

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "5"

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

	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	**0.000000%**	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	**1,193,917**	1,102,331	1,085,070	1,033,324	1,394,981	866,916	802,748
Total	**$ 1,193,917**	$ 1,102,331	$ 1,085,070	$ 1,033,324	$ 1,394,981	$ 866,916	$ 802,748
School District's covered payroll	**$ 3,444,976**	$ 3,423,668	$ 3,509,610	$ 3,433,985	$ 3,273,873	$ 3,095,063	$ 3,174,796
School District's proportionate share of the net pension liability as a percentage of its covered payroll	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	**84.45%**	85.02%	85.26%	85.69%	81.00%	87.00%	88.29%

Note: The measurement period for the year ended June 30, 2021 is June 30, 2020. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "6"

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2021	2020	2019	2018
School District's proportion of the net OPEB liability	**0.645484%**	0.627775%	0.616690%	0.618828%
School District's proportionate share of the net OPEB liability	**$ 94,806,567**	$ 77,041,461	$ 78,379,406	$ 86,945,085
State of Georgia's proportionate share of the net OPEB liability associated with the School District	-	-	-	-
Total	**$ 94,806,567**	$ 77,041,461	$ 78,379,406	$ 86,945,085
School District's covered-employee payroll	**$ 53,029,924**	$ 51,846,115	$ 47,871,572	$ 45,203,504
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	**178.78%**	148.60%	163.73%	192.34%
Plan fiduciary net position as a percentage of the total OPEB liability	**3.99%**	4.63%	2.93%	1.61%

Note: The measurement period for the year ended June 30, 2021 is June 30, 2020. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "7"

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

	2021	2020	2019	2018	2017
Contractually required contribution	**$ 2,403,089**	$ 2,182,876	$ 3,381,007	$ 3,196,242	$ 3,226,616
Contributions in relation to the contractually required contribution	**2,403,089**	2,182,876	3,381,007	3,196,242	3,226,616
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
School District's covered-employee payroll	**$ 53,773,311**	$ 53,029,924	$ 51,846,115	$ 47,871,572	$ 45,203,504
Contributions as a percentage of covered-employee payroll	**4.47%**	4.12%	6.52%	6.68%	7.14%

Note: The measurement period for the year ended June 30, 2021 is June 30, 2020. The schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available.

Teachers' Retirement System

Changes of assumptions:

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

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

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

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers 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.

Employees' Retirement System

Changes of benefit terms:

A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

Changes of assumptions:

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

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

Public School Employees' Retirement System

Changes of benefit terms:

The member contribution rate was increased from $4 to 10 per month for members joining the System on or after July 1, 2012. The monthly benefit accrual rate was increased from $14.75 to $15.00 per year of creditable service effective July 1, 2017. The monthly benefit accrual was increased from $15.00 to $15.25 per year of creditable service effective July 1, 2018. The monthly benefit accrual was increased from $15.25 to $15.50 per year of creditable service effective July 1, 2019. A 2% cost of living adjustment (COLA) was granted to certain retirees and beneficiaries effective July 2016, another July 2017, and another July 2018. Two 1.5% COLAs were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

Changes of assumptions:

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

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

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 valuation.

School OPEB Fund

Changes of benefit terms:

There have been no changes in benefit terms.

Changes of assumptions:

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

The June 30, 2019 decremental valuation were changed to reflect the Teacher Retirement Systems experience study.

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% as of June 30, 2019, and to 2.22% as of June 30, 2020.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "9"

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonappropriated Budget			Variance With
	Original [1]	Final [1]	Actual	Final Budget
REVENUES				
Property taxes	$ 36,204,057	$ 36,204,057	$ 36,322,875	$ 118,818
Sales taxes	-	-	1,567,999	1,567,999
Other taxes	2,040,566	2,040,566	2,100,618	60,052
State funds	80,328,943	80,328,943	87,189,470	6,860,527
Federal funds	8,811,748	9,116,006	15,843,165	6,727,159
Charges for services	1,999,234	1,999,234	501,860	(1,497,374)
Investment earnings	-	-	212,885	212,885
Miscellaneous	652,900	652,900	4,607,991	3,955,091
Total revenues	130,037,448	130,341,706	148,346,863	18,005,157
EXPENDITURES				
Current:				
Instruction	83,546,609	84,910,589	90,711,667	(5,801,078)
Support services:				
Pupil services	8,027,641	8,029,435	8,750,086	(720,651)
Improvement of instructional services	5,958,961	5,988,745	6,005,515	(16,770)
Educational media services	2,106,231	2,106,231	2,159,945	(53,714)
General administration	2,505,408	2,503,385	2,934,868	(431,483)
School administration	8,299,542	8,299,542	8,674,046	(374,504)
Business administration	1,702,992	1,702,992	1,552,864	150,128
Maintenance and operation of plant	8,209,470	8,214,520	8,641,624	(427,104)
Student transportation services	5,646,926	5,642,002	6,700,278	(1,058,276)
Food services operations	5,918,134	5,918,134	6,633,535	(715,401)
Total expenditures	131,921,914	133,315,575	142,764,428	(9,448,853)
Excess (deficiency) of revenues over expenditures	(1,884,466)	(2,973,869)	5,582,435	8,556,304
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	36,487	36,487
Transfers in	1,643,000	1,643,000	-	(1,643,000)
Transfers out	(1,643,000)	(1,643,000)	(54,810)	1,588,190
Total other financing sources (uses)	-	-	(18,323)	(18,323)
Net change in fund balance	(1,884,466)	(2,973,869)	5,564,112	8,537,981
FUND BALANCE, beginning of year	8,361,823	11,679,424	13,442,728	-
FUND BALANCE, end of year	$ 6,477,357	$ 8,705,555	$ 19,006,840	$ 8,537,981

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

(1) Original and Final Budget amounts do not include budgeted revenues ($2,942,639) or expenditures ($2,730,535) of the various school activity accounts.

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

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "10"

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	215GA324N1199	$ 2,648,358
National School Lunch Program	10.555	215GA324N1199	3,462,964
Total Child Nutrition Cluster			6,111,322
Other Programs			
Pass-Through From Georgia Department of Education			
State Administrative Expenses	10.560	205GA904N2533	20,527
Total U.S. Department of Agriculture			6,131,849
Pass-Through From Georgia Department of Education			
Special Education Cluster			
Grants to States	84.027A	H027A200073	2,337,709
Preschool Grants	84.173A	H173A200081	69,548
Total Special Education Cluster			2,407,257
Education Stabilization Fund			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	1,267,085
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	1,666,702
Total Special Education Cluster			2,933,787
Other Programs			
Pass-Through From Georgia Department of Education			
Education for Homeless Children and Youth	84.196A	S196A190011	20,877
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A200010	1,575,758
English Language Acquisition Grants	84.365A	S365A190010	6,849
English Language Acquisition Grants	84.365A	S365A200010	18,429
Supporting Effective Instruction State Grants	84.367A	S367A190001	28,275
Supporting Effective Instruction State Grants	84.367A	S367A200001	277,710
Career and Technical Education - Basic Grants to States	84.048A	V048A190010	8,780
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	82,499
Total Other Programs			2,019,177
Total U.S. Department of Education			7,360,221
Health and Human Services, U. S. Department of			
Pass-Through From Georgia Department of Early Care and Learning			
COVID-19 Child Care and Development Block Grant Cluster	93.575	2110GACCC5	50,725
Total U. S. Department of Health and Human Services			50,725
Defense, U.S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	70,635
Department of the Navy			
R.O.T.C. Program	12.unknown	N/A	60,512
Total R.O.T.C. Program			131,147
Total Expenditures of Federal Awards			$ 13,673,942

N/A = Not Available

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "10"

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Notes to the Schedule of Expenditures of Federal Awards

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Effingham County Board of Education (the "School District") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

In response to the COVID-19 pandemic, the Federal Emergency Management and Homeland Security ("FEMA") donated personal protective equipment ("PPE") with an estimated fair market value of $227,525 to the Effingham County Board of Education. This amount is not included in the Schedule of Expenditures of Federal Awards and is not subject to audit. Therefore, this amount is unaudited.

See Notes to the Basic Financial Statements.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "11"

SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Agency/Funding	Governmental Fund Types: General Fund	Governmental Fund Types: Capital Projects Fund	Totals
Grants			
Bright from the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	$ 2,613,596	$ -	$ 2,613,596
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	4,796,535	-	4,796,535
Kindergarten Program - Early Intervention Program	200,414	-	200,414
Primary Grades (1-3) Program	10,619,719	-	10,619,719
Primary Grades - Early Intervention (1-3) Program	736,559	-	736,559
Upper Elementary Grades (4-5) Program	4,598,674	-	4,598,674
Upper Elementary Grades - Early Intervention (4-5) Program	374,560	-	374,560
Middle School (6-8) Program	8,977,383	-	8,977,383
High School General Education (9-12) Program	6,985,099	-	6,985,099
Career Technical and Agricultural Education Program 9-12 ("CTAE")	2,633,012	-	2,633,012
Students with Disabilities	14,739,739	-	14,739,739
Gifted Students - Category VI	4,573,332	-	4,573,332
Remedial Education Program	873,891	-	873,891
Alternative Education Program	616,978	-	616,978
English Speakers of Other Languages ("ESOL")	339,274	-	339,274
Media Center Program	1,561,847	-	1,561,847
20 Days Additional Instruction	459,099	-	459,099
Staff and Professional Development	286,002	-	286,002
Indirect Cost			
Central Administration	1,893,272	-	1,893,272
School Administration	2,781,186	-	2,781,186
Facility Maintenance and Operations	3,293,352	-	3,293,352
Categorical Grants			
Pupil Transportation			
Regular	1,258,094	-	1,258,094
Bus Replacement	617,760	-	617,760
Nursing Services	258,782	-	258,782
Vocational Supervisors	27,298	-	27,298
Education Equalization Funding Grant	11,886,373	-	11,886,373
Food Services	140,542	-	140,542
Career, Technical and Agricultural Education ("CTAE") (Total Pgms 3100-3999)	229,757	-	229,757
Amended Formula Adjustment	(2,325,299)	-	(2,325,299)
Other State Programs			
Math and Science Supplements	99,611	-	99,611
Preschool Handicapped Program	352,207	-	352,207
Teachers' Retirement	42,918	-	42,918
Hygiene Products in Georgia Schools	790	-	790
Pupil Transportation - State Bonds	308,880	-	308,880
Funds from Other State Agencies			
GEMA Donations to LEAs	130,430	-	130,430
Georgia State Financing and Investment			
Commission			
Reimbursement on Construction Projects	-	409,452	409,452
On-Behalf Payments			
Office of State Treasurer			
Paid to the Public School Employees Retirement System	207,804	-	207,804
	$ 87,189,470	$ 409,452	$ 87,598,922

See Notes to the Basic Financial Statements.

EFFINGHAM COUNTY BOARD OF EDUCATION

SCHEDULE "12"

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project	Original Estimated Costs (1)	Current Estimated Costs (2)	Expended In Current Year (3) (4)	Expended In Prior Years (3)	Total Completion Cost	Estimated Completion Date
The construction and equipping of a new Rincon Elementary School, a new Agricultural Center and additions to Effingham College and Career Academy to create a STEM Academy, acquiring land for School District operations including future school sites and adding on to existing facilities.	$ 31,500,000	$ 31,500,000	$ 3,804,859	$ 25,983,069	$ -	June 2022
Remodeling, renovating, improving, and equipping existing educational buildings, properties, and facilities of the School District and acquiring any necessary real or personal property, therefore, including equipment and athletic and physical education equipment, athletic tracks and fields including field houses, bleachers, restrooms and concessions, fine arts equipment, media equipment, food service equipment, security and safety equipment including safety vestibules, and HVAC improvements and replacement in school buildings, and facilities.	15,000,000	15,000,000	1,084,094	8,266,552	-	June 2022
Bus, maintenance vehicles, grounds care/landscaping equipment for the School District.	4,500,000	4,500,000	222,784	1,334,999	-	June 2022
Computers and related technology purchases and acquiring textbooks (including e-books), band, vocational, instructional equipment.	9,000,000	9,000,000	2,409,689	5,824,173	-	June 2022
	$ 60,000,000	$ 60,000,000	$ 7,521,426	$ 41,408,793	$ -	

(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 costs from project inception to completion.
(3) The voters of Effingham County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
(4) In addition to the expenditures shown, the School District has incurred interest to provide advance funding for the above projects as follows:

Prior Year	$ 1,733,895
Current Year	374,550
Total	$ 2,108,445

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. Yancy Ford, Superintendent and Members of the
Effingham County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Effingham County Board of Education (School District), as of and for the year ended June 30, 2021, 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 12, 2022. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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 may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

August 12, 2022

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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. Yancy Ford, Superintendent and Members of the
Effingham County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Effingham County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

August 12, 2022

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Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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EFFINGHAM COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2020-001 **Internal Controls over Financial Reporting**
Finding Status: Previously Reported Corrective Action Implemented

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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EFFINGHAM COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

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(es) identified? — No
- Significant deficiency(ies) identified? — None Reported

Noncompliance material to financial statements noted: — No

Federal Awards

Internal Control over major programs:
- Material weakness(es) identified? — No
- Significant deficiency(ies) identified? — None Reported

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

All major programs — Unmodified

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

Identification of major programs:

Assistance Listing Number	Assistance Listing Program or Cluster Title
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster
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? — No

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.