

ANNUAL FINANCIAL REPORT • FISCAL YEAR 2022

Effingham County Board of Education

Springfield, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor

DOAA
Georgia Department
of Audits & Accounts

Effingham County Board of Education

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Section I

Financial

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DOAA
Georgia Department
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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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

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historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

September 14, 2023

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

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, 2022. 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 2022 are as follows:

- On the government-wide financial statements, the fiscal year 2022 liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources by $12.5 million. The fiscal year 2021 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $43.1 million.

- The School District had $158.3 million and $163.4 million in expenses relating to governmental activities for the fiscal years ended June 30, 2022, and June 30, 2021, respectively. Only $111.7 million and $92.0 million of the above-mentioned expenses for 2022 and 2021 were offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of $77.1 million and $67.7 million, respectively, for 2022 and 2021, along with the beginning net position were also utilized 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, 2022, and 2021, 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 and deferred outflows of resources, and liabilities and deferred inflows of resources, are 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

Most of the School District's activities are reported in governmental funds, which focus on how money flows into, and out of those funds, and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual 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 2022 and 2021.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Assets		
Current and other assets	$ 110,455,655	$ 47,800,104
Capital assets, Net	137,737,354	130,294,162
Total assets	248,193,009	178,094,266
Deferred outflows of resources		
Related to pension plans	42,638,879	42,729,548
Related to OPEB plan	18,043,301	21,842,287
Total deferred outflows of resources	60,682,180	64,571,835
Liabilities		
Current and other liabilities	28,576,978	21,030,572
Long-term liabilities	54,712,920	8,407,979
Net pension liability	52,919,693	142,536,942
Net OPEB lLiability	69,969,419	94,806,567
Total liabilities	206,179,010	266,782,060
Deferred inflows of resources		
Related to pension plans	77,326,802	-
Related to OPEB plan	37,893,421	18,960,372
Total deferred inflows of resources	115,220,223	18,960,372
Net (deficit) position		
Net investment in capital assets	125,824,322	120,882,156
Restricted	14,393,590	10,883,625
Unrestricted (deficit)	(152,741,956)	(174,842,112)
Total net (deficit) position	$ (12,524,044)	$ (43,076,331)

Total assets and deferred outflows of resources increased by $66.2 million. Total liabilities and deferred inflows of resources increased by $35.7 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 an increase in net position of $30.6 million.

Table 2 shows the changes in net position for fiscal years ended June 30, 2022, and June 30, 2021.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
Revenues		
Program revenues:		
Charges for services	$ 253,751	$ 501,860
Operating grants and contributions	111,425,368	90,159,744
Capital grants and contributions	21,818	1,336,093
Total program revenues	111,700,937	91,997,697
General revenues:		
Taxes:		
Maintenance and operations	41,122,381	36,343,887
Sales taxes	16,583,504	12,484,367
Other taxes	2,168,630	2,100,618
Grants and contributions not restricted to specific programs	12,323,774	11,886,373
Investment earnings	(196,498)	292,355
Miscellaneous	5,142,825	4,607,991
Total general revenues	77,144,616	67,715,591
Total revenues	188,845,553	159,713,288
Expenses		
Instruction	101,815,440	107,052,243
Support services:		
Pupil services	8,757,877	9,719,884
Improvement of instructional services	6,448,531	6,569,430
Educational media services	2,160,502	2,392,172
General administration	3,126,300	3,134,667
School administration	8,127,841	9,774,477
Business administration	2,599,688	1,814,691
Maintenance and operations	9,640,172	8,877,439
Student transportation	7,247,050	6,676,147
Operations of non-instructional services:		
Food services operations	7,668,684	7,329,031
Interest on long-term debt	701,181	70,031
Total expenses	158,293,266	163,410,212
Change in net position	30,552,287	(3,696,924)
Net (deficit), beginning of year	(43,076,331)	(39,379,407)
Net (deficit), end of year	$ (12,524,044)	$ (43,076,331)

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased $19.7 million for governmental activities. This increase is due to Quality Basic Education ("QBE") funding increases. General revenues increased by $9.4 million. The increase is mostly due to an increase in property tax maintenance and operations revenues of $4.8 million and a sales tax increase of $4.1 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
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2021
Instruction	$ 101,815,440	$ 107,052,243	$ 15,735,111	$ 39,675,233
Support services:				
Pupil services	8,757,877	9,719,884	7,855,788	8,569,752
Improvement of instructional services	6,448,531	6,569,430	4,775,767	5,647,044
Educational media services	2,160,502	2,392,172	272,597	578,070
General administration	3,126,300	3,134,667	898,001	960,303
School administration	8,127,841	9,774,477	4,681,545	6,465,777
Business administration	2,599,688	1,814,691	2,419,586	1,779,860
Maintenance and operations	9,640,172	8,877,439	5,635,244	4,997,787
Student transportation	7,247,050	6,676,147	7,119,230	4,220,733
Operations of non-instructional services:				
Food services operations	7,668,684	7,329,031	(3,501,721)	(1,552,075)
Interest on long-term debt	701,181	70,031	701,181	70,031
Total expenses	$ 158,293,266	$ 163,410,212	$ 46,592,329	$ 71,412,515

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2022, 29.4% of total expenses were supplemented by taxes and other general revenues compared to 43.7% in 2021.

Expenses decreased $5.1 million from the prior year, the net costs of providing services decreased $24.8 million. This situation occurred largely because of capital asset activity and required adjustments decreasing the net pension and OPEB liabilities thereby decreasing expenses.

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 $243.0 million and total expenses and other financing uses of $189.8 million. There was an increase in the fund balance totaling $53.2 million for the governmental funds as a whole. This increase was primarily due to increases in state funding, 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 2022 and 2021, the School District amended its general fund budget as needed.

During fiscal year 2022, the general fund had final actual revenues totaling $171.9 million, which represented an increase from the final budgeted amount of $143.9 million by $28.0 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 2022 totaling $161.0 million represented an increase from the final budgeted amount of $143.8 million by $17.2 million. The increase in actual expenditures versus final budget expenditures was primarily a result of operational increases due to the continued student population growth.

CAPITAL ASSETS

At the fiscal year ended June 30, 2022, and June 30, 2021, the School District had $137.7 million and $130.3 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 2022	Fiscal Year 2021
Land	$ 7,155,569	$ 5,561,408
Construction in progress	8,746,623	2,364,949
Building and improvements	114,303,046	115,120,376
Equipment	5,634,950	5,087,012
Land improvements	1,897,166	2,160,417
Total	$ 137,737,354	$ 130,294,162

The overall capital assets increased in fiscal year 2022 by $7.4 due to an increase in land purchases and construction in progress.

LONG-TERM LIABILITIES

At June 30, 2022, the School District had $177.6 million in total long-term liabilities with $3.8 million due within one year. Table 5 summarizes long-term liabilities at June 30, 2022, and 2021.

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 6,275,000	$ 44,625,000	$ (3,100,000)	$ 47,800,000	$ 3,175,000
Unamortized Bond Premiums	132,979	6,912,920	(132,979)	6,912,920	576,376
Qualified Zone Academy Bonds	2,000,000	-	(2,000,000)	-	-
Net Pension Liability	142,536,942	10,416,853	(100,034,102)	52,919,693	-
Net OPEB Liability	94,806,567	274,608	(25,111,756)	69,969,419	-
Governmental activities:					
Long-Term Liabilities	$ 245,751,488	$ 62,229,381	$ (130,378,837)	$ 177,602,032	$ 3,751,376

CURRENT ISSUES

Approximately 81.2% of general fund expenditures, the main operating fund for the School District, were related to salaries and employee benefits for the year ended June 30, 2022. This percentage has decreased over 2021 primarily because of the increase in other operating expenditures ratio to total expenditures. The general fund expenditures mostly consist of personnel expenditures which include mandated benefit expenditures such as TRS and 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 2022 was 15.810. The net digest has continued to increase during fiscal years 2022 and 2021. The net digest for fiscal year 2022 was $2.2 billion, which produced approximately $2.2 million of property tax per mill. Property tax and sales tax were responsible for covering 36.5% 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 2022 by positive growth in QBE 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 exceeded expenditures in 2022, thereby adding to the financial strength of the School District.

Fiscal year 2022 saw the completion of the classroom expansion at Ebenezer Elementary and numerous maintenance projects. All of these projects were funded with a combination of Education Special Purpose Local Option Sales Tax ("ESPLOST") and local revenues.

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.

Effingham County Board of Education

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

EXHIBIT "A"

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 56,907,406
Investments	31,790,201
Receivables:	
Taxes	6,027,664
Intergovernmental:	
State	11,171,350
Federal	3,319,746
Interest	2,245
Other	197,114
Inventory	69,757
Capital assets (non-depreciable)	15,902,192
Capital assets (net of accumulated depreciation)	121,835,162
Restricted - cash held by trustee	3,114
Restricted investments held by trustee	967,058
Total assets	248,193,009
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension plans	42,638,879
Related to OPEB plan	18,043,301
Total deferred outflows of resources	60,682,180
LIABILITIES	
Accounts payable	7,094,088
Salaries and benefits payable	17,080,968
Contracts payable	2,669,289
Accrued interest payable	702,493
Retainages payable	1,030,140
Bonds payable due within one year	3,751,376
Bonds payable due in more than one year	50,961,544
Net pension liability, due in more than one year	52,919,693
Net OPEB liability, due in more than one year	69,969,419
Total liabilities	206,179,010
DEFERRED INFLOWS OF RESOURCES	
Related to pension plans	77,326,802
Related to OPEB plan	37,893,421
Total deferred inflows of resources	115,220,223
NET POSITION	
Net investment in capital assets	125,824,322
Restricted for:	
Continuation of federal programs	6,433,638
Capital projects	5,403,516
Debt service	2,556,436
Unrestricted (deficit)	(152,741,956)
Total net position	$ (12,524,044)

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

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

EXHIBIT "B"

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	$ 101,815,440	$ -	$ 86,080,329	$ -	$ (15,735,111)
Support services					
Pupil services	8,757,877	-	902,089	-	(7,855,788)
Improvement of instructional services	6,448,531	-	1,672,764	-	(4,775,767)
Educational media services	2,160,502	-	1,887,905	-	(272,597)
General administration	3,126,300	-	2,228,299	-	(898,001)
School administration	8,127,841	-	3,446,296	-	(4,681,545)
Business administration	2,599,688	-	180,102	-	(2,419,586)
Maintenance and operation of plant	9,640,172	-	4,004,928	-	(5,635,244)
Student transportation services	7,247,050	-	106,002	21,818	(7,119,230)
Operations of non-instructional services					
Food service operations	7,668,684	253,751	10,916,654	-	3,501,721
Interest on long-term debt	701,181	-	-	-	(701,181)
Total governmental activities	$ 158,293,266	$ 253,751	$ 111,425,368	$ 21,818	(46,592,329)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					41,122,381
Sales taxes					16,583,504
Other Taxes					2,168,630
Grants and contributions not restricted to specific programs					12,323,774
Investment earnings					(196,498)
Miscellaneous					5,142,825
Total general revenues					77,144,616
Change in net position					30,552,287
Net position - beginning of year					(43,076,331)
Net position - end of year					$ (12,524,044)

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

EXHIBIT "C"

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 36,994,164	$ 19,913,242	$ -	$ 56,907,406
Investments	-	28,533,517	3,256,684	31,790,201
Receivables:				
Taxes	4,284,624	1,743,040	-	6,027,664
Intergovernmental:				
State	11,171,350	-	-	11,171,350
Federal	3,319,746	-	-	3,319,746
Interest	-	-	2,245	2,245
Other	172,206	24,908	-	197,114
Inventory	69,757	-	-	69,757
Restricted - cash held by trustee	-	-	3,114	3,114
Restricted - investments held by trustee	-	-	967,058	967,058
Total assets	$ 56,011,847	$ 50,214,707	$ 4,229,101	$ 110,455,655
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 6,964,480	$ 129,608	$ -	$ 7,094,088
Salaries and benefits payable	17,080,968	-	-	17,080,968
Contracts payable	-	2,669,289	-	2,669,289
Retainages payable	-	1,030,140	-	1,030,140
Total liabilities	24,045,448	3,829,037	-	27,874,485
DEFERRED INFLOWS				
Unavailable revenue - property taxes	3,426,354	-	-	3,426,354
	3,426,354	-	-	3,426,354
FUND BALANCES				
Nonspendable:				
Inventory	69,757	-	-	69,757
Restricted:				
Continuation of federal programs	6,363,881	-	-	6,363,881
Capital projects	-	46,385,670		46,385,670
Debt service	-	-	4,229,101	4,229,101
Assigned:				
Student activities	1,920,447	-	-	1,920,447
Unassigned	20,185,960	-	-	20,185,960
Total fund balances	28,540,045	46,385,670	4,229,101	79,154,816
Total liabilities, deferred inflows and fund balances	$ 56,011,847	$ 50,214,707	$ 4,229,101	$ 110,455,655

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

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

Total fund balances - governmental funds (Exhibit "C")		$ 79,154,816
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	$ 241,241,369	
Less accumulated depreciation	(103,504,015)	137,737,354
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		
Property taxes		3,426,354
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	$ (47,800,000)	
Bond premium, net of amortization	(6,912,920)	
Net pension liability	(52,919,693)	
Net OPEB liability	(69,969,419)	
Deferred outflows of resources	60,682,180	
Deferred inflows of resources	(115,220,223)	
Accrued interest	(702,493)	(232,842,568)
Net position of governmental activities (Exhibit "A")		$ (12,524,044)

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

EXHIBIT "E"

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Property taxes	$ 38,650,485	$ -	$ -	$ 38,650,485
Sales taxes	1,547,627	15,035,877	-	16,583,504
Other taxes	2,168,630	-	-	2,168,630
State funds	95,794,630	-	-	95,794,630
Federal funds	28,351,351	-	-	28,351,351
Charges for services	253,751	-	-	253,751
Investment earnings (loss)	7,043	(204,389)	848	(196,498)
Miscellaneous	5,142,825	-	-	5,142,825
Total revenues	171,916,342	14,831,488	848	186,748,678
EXPENDITURES				
Current				
Instruction	103,556,249	880,527	-	104,436,776
Support services				
Pupil services	9,653,245	-	-	9,653,245
Improvement of instructional services	7,086,294	-	-	7,086,294
Educational media services	2,209,612	-	-	2,209,612
General administration	3,370,441	-	-	3,370,441
School administration	9,030,178	-	-	9,030,178
Business administration	1,963,114	550,980	-	2,514,094
Maintenance and operation of plant	9,806,455	-	-	9,806,455
Student transportation services	6,803,834	1,190,264	-	7,994,098
Food services operations	7,412,675	-	-	7,412,675
Capital outlay	92,210	16,110,281	-	16,202,491
Debt service:				
Principal retirement	-	-	5,100,000	5,100,000
Interest and fees	-	-	236,250	236,250
Total expenditures	160,984,307	18,732,052	5,336,250	185,052,609
Excess (deficiency) of revenues over (under) expenditures	10,932,035	(3,900,564)	(5,335,402)	1,696,069
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,170	-	-	1,170
Transfers In	-	1,400,000	3,333,525	4,733,525
Transfers out	(1,400,000)	(3,333,525)	-	(4,733,525)
Bonds issued	-	43,650,635	974,365	44,625,000
Premiums on bonds issued	-	6,912,920	-	6,912,920
Total other financing sources (uses), net	(1,398,830)	48,630,030	4,307,890	51,539,090
Net change in fund balances	9,533,205	44,729,466	(1,027,512)	53,235,159
Fund Balances, beginning of year	19,006,840	1,656,204	5,256,613	25,919,657
Fund Balances, end of year	$ 28,540,045	$ 46,385,670	$ 4,229,101	$ 79,154,816

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

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

Net change in fund balances total governmental funds (Exhibit "E")			$ 53,235,159
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which depreciation exceeds capital outlay is to decrease net position.			
Capital outlay	$	13,937,880	
Depreciation expense		(6,494,688)	7,443,192
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes			2,471,896
The 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	$	5,100,000	
Issuance of general obligation debt		(44,625,000)	
Bond premium		(6,912,920)	
Bond premium amortization expense		132,979	(46,304,941)
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	$	12,199,778	
Adjustments related to OPEB		2,105,113	
Change in accrued interest		(597,910)	13,706,981
Change in net position of governmental activities (Exhibit "B")			$ 30,552,287

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 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 policymaking governing board is subject to the control and management of the School District. 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.

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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories as follows:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Government-Wide Statements (Continued)

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

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

- The *General Fund* is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The *Capital Projects Fund* accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax ("ESPLOST"), 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Basis of Accounting (Continued)

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.

New Accounting Pronouncements

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

Cash and Cash Equivalents

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Receivables

Receivables consist of amounts due from property and sales taxes; grant reimbursements due on Federal, State or other grants for expenditures made, but not reimbursed; and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded 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.

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., bond sinking funds required to be set aside to pay capitalized interest.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Capital Assets (Continued)

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

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 constraints either: 1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

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

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

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

Use of Estimates

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Property Taxes

The Effingham County Board of Commissioners adopted the property tax levy for the 2021 tax digest year (calendar year) on August 17, 2021, (levy date) based on property values as of January 1, 2021. Taxes were due on December 15, 2021 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2021 tax digest are reported as revenue in the governmental funds for fiscal year 2022. The 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, 2022, for maintenance and operations amounted to $33,636,629.

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

School Operations	15.810 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $5,013,856 during the fiscal year ended June 30, 2022.

Sales Taxes

ESPLOST, at the fund reporting level, during the year amounted to $15,035,877 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, 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.

NOTE 3: BUDGETARY DATA (CONTINUED)

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,

(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, 2022, the School District had deposits with a carrying amount of $52,691,783 and a bank balance of $53,448,308. The bank balances insured by the Federal depository insurance were $500,000.

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

Categorization of Deposits (Continued)

At June 30, 2022, $37,047,128 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.

At June 30, 2022, $15,901,180 of the School District's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	-
Uninsured with collateral held by the pledging financial institution		15,901,180
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the School District's name		-
Total	$	15,901,180

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

Statement of Net Position:		
Cash and cash equivalents	$	56,907,406
Restricted - cash held by trustee		3,114
Total cash and cash equivalents		56,910,520
Less: Cash on hand		(30)
Less: Investment pool reported as cash and cash equivalents:		
Georgia Fund 1		(4,218,707)
Total carrying value of deposits - June 30, 2022	$	52,691,783

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

Categorization of Cash Equivalents

The School District reported cash equivalents of $4,218,707 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, 2022 was 43 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, which is publicly available at https://sao.georgia.gov/statewide-reporting/acfr.

Categorization of Investments

At June 30, 2022, the School District had the following investments:

			Investment Maturity	
Investment Type	Fair Value	Amortized Cost	Less Than 1 Year	1 to 5 Years
Debt Securities				
Money market funds	$ -	$ 3,256,684	$ 3,256,684	$ -
Treasury bills	1,586,177	-	1,586,177	-
Treasury notes	27,914,398	-	12,216,720	15,697,678
Total	$ 29,500,575	$ 3,256,684	$ 17,059,581	$ 15,697,678

The weighted average maturity for the Fund was 10 days.

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, 2022, the School District had the following investments by fair value level:

U.S. Treasuries of $29,500,575 are valued using a matrix pricing model. (Level 1 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.

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

Categorization of Investments (Continued)

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, 2022, $29,500,575 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				
Money market funds	$ -	$ 3,256,684	$ -	$ 3,256,684
Treasury bills	1,586,177	-	1,586,177	-
Treasury notes	27,914,398	-	27,914,398	-
	$ 29,500,575	$ 3,256,684	$ 29,500,575	$ 3,256,684

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. Treasuries. These investments are 90% of the School District's total investments.

NOTE 5: RESTRICTED ASSETS

The restricted assets represent the cash and investment balances, totaling $3,114 and $967,058, respectively, for the 2022 GO 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	$ 1,594,161	$ -	$ -	$ 7,155,569
Construction in progress	2,364,949	10,769,370	-	(4,387,696)	8,746,623
Total	7,926,357	12,363,531	-	(4,387,696)	15,902,192
Capital assets, being depreciated:					
Buildings and improvements	185,634,131	-	-	4,387,696	190,021,827
Equipment	19,701,410	1,574,349	(12,457)	-	21,263,302
Land improvements	14,054,048	-	-	-	14,054,048
Total	219,389,589	1,574,349	(12,457)	4,387,696	225,339,177
Less accumulated depreciation for:					
Buildings and improvements	(70,513,755)	(5,205,026)	-	-	(75,718,781)
Equipment	(14,614,398)	(1,026,411)	12,457	-	(15,628,352)
Land improvements	(11,893,631)	(263,251)	-	-	(12,156,882)
Total	(97,021,784)	(6,494,688)	12,457	-	(103,504,015)
Total capital assets, being depreciated, net	122,367,805	(4,920,339)	-	4,387,696	121,835,162
Governmental activities capital assets, net	$ 130,294,162	$ 7,443,192	$ -	$ -	$ 137,737,354

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

Instruction		$ 4,583,487
Support Services		
Educational Media Services	$ 213,931	
School Administration	178,436	
Business Administration	182,145	
Maintenance and Operation of Plant	65,562	
Student Transportation Services	769,639	1,409,713
Food Services		501,488
Total Depreciation Expense		$ 6,494,688

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	Transfers From		
Transfers to	General Fund	Capital Projects Fund	Total
Debt Service Fund	$ -	$ 3,333,525	$ 3,333,525
Capital Projects Fund	1,400,000	-	1,400,000
	$ 1,400,000	$ 3,333,525	$ 4,733,525

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 funds 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 describe 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
2021	$ -	$ 58,143	$ 58,143	$ -
2022	$ -	$ 9,403	$ 9,403	$ -

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, 2022:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2022 (2)
SEHS/ECHS Football Field Turf	$ 2,311,801	$ 1,383,465
BES Wing Addition	1,775,172	3,353,906
Sandhill Classroom Additions	2,412,648	4,004,082
	$ 6,499,621	$ 8,741,453

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

NOTE 10: LONG-TERM LIABILITIES

The changes in long-term liabilities during the fiscal year ended June 30, 2022, for governmental activities, were as follows:

	Governmental Activities				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
GO Bonds	$ 6,275,000	$ 44,625,000	$ (3,100,000)	$ 47,800,000	$ 3,175,000
Unamortized Bond Premium	132,979	6,912,920	(132,979)	6,912,920	576,376
Qualified Zone Academy Bonds	2,000,000	-	(2,000,000)	-	-
Net Pension Liability	142,536,942	10,416,853	(100,034,102)	52,919,693	-
Net OPEB Liability	94,806,567	274,608	(25,111,756)	69,969,419	-
Total	$ 245,751,488	$ 62,229,381	$ (130,378,837)	$ 177,602,032	$ 3,751,376

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, 2022. In the event the entity is unable to make the principal and interest payments, for the general obligation 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.

NOTE 10: LONG-TERM LIABILITIES (CONTINUED)

General Obligation Debt Outstanding

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

Voters have authorized $55,375,000 in general obligation debt, which was not issued as of June 30, 2022.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity	Amount Issued	Amount Outstanding
General Government - Series 2017	3.00% - 5.00%	01/12/17	09/01/22	$ 15,000,000	$ 3,175,000
General Government - Series 2022	3.00% - 5.00%	02/17/22	09/01/47	44,625,000	44,625,000
				$ 59,625,000	$ 47,800,000

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 Principal	General Obligation Bonds Interest	Unamortized Bond Premium
2023	$ 3,175,000	$ 1,957,790	$ 576,376
2024	2,155,000	1,754,225	538,270
2025	2,240,000	1,644,350	504,555
2026	2,330,000	1,530,100	469,499
2027	2,420,000	1,411,350	433,061
2028 - 2032	7,310,000	5,720,250	1,755,212
2033 - 2037	7,325,000	4,186,850	1,284,701
2038 - 2042	8,590,000	2,920,150	896,024
2043 - 2047	10,015,000	1,438,775	441,476
2048	2,240,000	44,800	13,746
Total	$ 47,800,000	$ 22,608,640	$ 6,912,920

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.

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 $2,379,721 for the year ended June 30, 2022. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2022, the School District reported a liability of $69,969,419 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021, was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the School District's proportion was 0.646021%, which was an increase of 0.000537% from its proportion measured as of June 30, 2020.

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, 2022, the School District recognized OPEB expense of $274,608. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 31,947,814
Changes of assumptions	12,812,480	5,709,460
Net difference between projected and actual earnings on OPEB plan investments	-	110,949
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,851,100	125,198
School District contributions subsequent to the measurement date	2,379,721	-
	$ 18,043,301	$ 37,893,421

School District contributions subsequent to the measurement date of $2,379,721, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	OPEB
2023	$ (5,765,142)
2024	(5,264,326)
2025	(3,738,246)
2026	(2,497,620)
2027	(3,796,506)
2028	(1,168,001)

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, 2021, was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

OPEB:

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

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

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

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 PSERS Members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 158% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

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%	0.14%
Equities	70.00%	9.20%
	100.00%	

*Rates shown are net of Inflation.

Discount Rate: In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

Sensitivity of the 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 2.20%, 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 (1.20%) or 1-percentage-point higher (3.20%) than the current rate:

School OPEB Fund - Discount Rate	**1% Decrease 1.20%**	**Current Discount Rate 2.20%**	**1% Increase 3.20%**
School District's proportionate share of the net OPEB liability	$ 79,990,738	$ 69,969,419	$ 61,580,627

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 liability	$ 59,371,764	$ 69,969,419	$ 83,217,320

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 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

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 2022. The School System's contractually required contribution rate for the year ended June 30, 2022, was 19.81% of annual School District payroll of which 19.76% 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 $16,093,436 and $43,349 from the School District and the State, respectively.

Employees' Retirement System ("ERS")

Plan Description: Employees' Retirement System ("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, 2022 was 24.63% of annual covered payroll for Old Plan and 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 $35,729 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.

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 $205,247.

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

At June 30, 2022, the School District reported a liability of $52,919,693 for its proportionate share of the net pension liability for TRS ($52,771,570) and ERS ($148,123).

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	$	52,771,570
State of Georgia's proportionate share of the Net Pension Liability associated with the School District		149,292
	$	52,920,862

The net pension liability for TRS and ERS was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021, was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2021.

At June 30, 2021, the School District's TRS proportion was 0.596671%, which was an increase of 0.009289% from its proportion measured as of June 30, 2020. At June 30, 2021, the School District's ERS proportion was 0.006333%, which was an increase of 0.000401% from its proportion measured as of June 30, 2020.

At June 30, 2022, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is $168,766.

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

For the year ended June 30, 2022, the School District recognized pension expense of $3,770,764 for TRS, $30,424 for ERS and $1,774 for PSERS and revenue of ($128,199) for TRS and $1,774 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.

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,592,974	$ -
Changes in assumptions	10,213,766	-
Net difference between projected and actual earnings on pension plan investments	-	77,189,901
Changes in proportion and differences between School District contributions and proportionate share of contributions	3,644,197	-
School District contributions subsequent to the measurement date	16,093,436	-
Total	$ 42,544,373	$ 77,189,901

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,505	$ -
Changes in assumptions	42,655	-
Net difference between projected and actual earnings on pension plan investments	-	136,901
Changes in proportion and differences between School District contributions and proportionate share of contributions	12,617	-
School District contributions subsequent to the measurement date	35,729	-
Total	$ 94,506	$ 136,901

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	TRS	ERS
2023	$ (8,708,951)	$ 8,067
2024	$ (9,027,692)	$ (16,353)
2025	$ (14,248,458)	$ (33,270)
2026	$ (18,753,863)	$ (36,568)

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

Teachers Retirement System:

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

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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

Employees' Retirement System:

Inflation	2.50%
Salary increases	3.00% – 6.75%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates are as follows:

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

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

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

Public School Employees Retirement System:

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

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

Mortality rates are as follows:

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

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

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

The long-term expected rate of return on TRS, 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:

Asset Class	TRS Target Allocation	Long-term expected real rate of return*	ERS/PSERS Target Allocation	Long-term expected real rate of return*
Fixed Income	30.00%	-0.80%	30.00%	-1.50%
Domestic large equities	46.30%	9.30%	46.40%	9.20%
Domestic small equities	1.20%	13.30%	1.10%	13.40%
International developed market equities	11.50%	9.30%	11.70%	9.20%
International emerging market equities	6.00%	11.30%	5.80%	10.40%
Alternative	5.00%	10.60%	5.00%	10.60%
Total	100.00%		100.00%	

* Rates shown are net of assumed rate of inflation

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and 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 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25% and 7.00% 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 6.00%) or 1-percentage-point higher (8.25% and 8.00%) than the current rate:

Teachers Retirement System	**1% Decrease 6.25%**	**Current Discount Rate 7.25%**	**1% Increase 8.25%**
School District's proportionate share of the net pension liability	$ 142,152,629	$ 52,771,570	$ (20,470,040)

Employees' Retirement System	**1% Decrease 6.00%**	**Current Discount Rate 7.00%**	**1% Increase 8.00%**
School District's proportionate share of the net pension liability	$ 271,432	$ 148,123	$ 43,838

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.

NOTE 13: RETIREMENT PLANS (CONTINUED)

Defined Contribution Plan (Continued)

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 five years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

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

Fiscal Year	Percentage Contributed	Required Contribution
2022	100%	$ 40,879
2021	100%	$ 42,852
2020	100%	$ 44,335

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, 2022, Effingham County abated property taxes due to the School District that were levied on August 17, 2021, and due on December 15, 2021, totaling $3,895,988.

Included in the $3,895,988 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 $1,558,211.
- Property tax abatements were granted to Georgia Power totaling $666,030.
- Property tax abatements were granted to Shaw Industries totaling $637,819.
- Property tax abatements were granted to Branigar totaling $535,520.

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.596671%	$ 52,771,570	$ 149,292	$ 52,920,862	$ 77,855,456	67.78%	92.03%
2021	0.587382%	$ 142,286,911	$ 441,602	$ 142,728,513	$ 75,955,636	187.33%	77.01%
2020	0.575664%	$ 123,783,326	$ 393,930	$ 124,177,256	$ 70,484,349	175.62%	78.56%
2019	0.570794%	$ 105,951,593	$ 347,298	$ 106,298,891	$ 68,250,711	155.24%	80.27%
2018	0.556539%	$ 103,434,487	$ 641,751	$ 104,076,238	$ 64,326,077	160.80%	79.33%
2017	0.548649%	$ 113,192,406	$ 1,153,692	$ 114,346,098	$ 60,821,411	186.11%	76.06%
2016	0.545024%	$ 82,974,492	$ 833,514	$ 83,808,006	$ 57,548,651	144.18%	81.44%
2015	0.541011%	$ 68,349,604	$ 659,099	$ 69,008,703	$ 55,726,279	122.65%	84.03%

Note: The measurement period for the year ended June 30, 2022 is June 30, 2021. 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	$ 16,093,436	$ 16,093,436	$ -	$ 81,462,458	19.76%
2021	$ 14,797,393	$ 14,797,393	$ -	$ 77,855,456	19.01%
2020	$ 16,007,330	$ 16,007,330	$ -	$ 75,955,636	21.07%
2019	$ 14,684,490	$ 14,684,490	$ -	$ 70,484,349	20.83%
2018	$ 11,435,483	$ 11,435,483	$ -	$ 68,250,711	16.76%
2017	$ 9,116,248	$ 9,116,248	$ -	$ 64,326,077	14.17%
2016	$ 8,591,692	$ 8,591,692	$ -	$ 60,821,411	14.13%
2015	$ 7,567,648	$ 7,567,648	$ -	$ 57,548,651	13.15%
2014	$ 6,843,187	$ 6,843,187	$ -	$ 55,726,279	12.28%
2013	$ 6,389,795	$ 6,389,795	$ -	$ 56,001,706	11.41%

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

EFFINGHAM COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.006333%	$ 148,123	$ 151,752	97.61%	87.62%
2021	0.005932%	$ 250,031	$ 149,574	167.16%	76.21%
2020	0.005559%	$ 229,394	$ 140,124	163.71%	76.74%
2019	0.005430%	$ 223,229	$ 138,489	161.19%	76.68%
2018	0.005369%	$ 218,053	$ 131,703	165.56%	76.33%
2017	0.005306%	$ 250,996	$ 126,910	197.77%	72.34%
2016	0.005178%	$ 209,781	$ 118,381	177.21%	76.20%
2015	0.004945%	$ 185,468	$ 111,347	166.57%	77.99%

Note: The measurement period for the year ended June 30, 2022 is June 30, 2021. 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	$ 35,729	$ 35,729	$ -	$ 145,064	24.63%
2021	$ 37,422	$ 37,422	$ -	$ 151,752	24.66%
2020	$ 36,885	$ 36,885	$ -	$ 149,574	24.66%
2019	$ 34,723	$ 34,723	$ -	$ 140,124	24.78%
2018	$ 34,359	$ 34,359	$ -	$ 138,489	24.81%
2017	$ 32,676	$ 32,676	$ -	$ 131,703	24.81%
2016	$ 31,372	$ 31,372	$ -	$ 126,910	24.72%
2015	$ 25,997	$ 25,997	$ -	$ 118,381	21.96%
2014	$ 20,555	$ 20,555	$ -	$ 111,347	18.46%
2013	$ 14,730	$ 14,730	$ -	$ 98,856	14.90%

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.000000%	$ -	$ 168,766	$ 168,766	$ 3,545,972	0.00%	98.00%
2021	0.000000%	$ -	$ 1,193,917	$ 1,193,917	$ 3,444,976	0.00%	84.45%
2020	0.000000%	$ -	$ 1,102,331	$ 1,102,331	$ 3,423,668	0.00%	85.02%
2019	0.000000%	$ -	$ 1,085,070	$ 1,085,070	$ 3,509,610	0.00%	85.26%
2018	0.000000%	$ -	$ 1,033,324	$ 1,033,324	$ 3,433,985	0.00%	85.69%
2017	0.000000%	$ -	$ 1,394,981	$ 1,394,981	$ 3,273,873	0.00%	81.00%
2016	0.000000%	$ -	$ 866,916	$ 866,916	$ 3,095,063	0.00%	87.00%
2015	0.000000%	$ -	$ 802,748	$ 802,748	$ 3,174,796	0.00%	88.29%

Note: The measurement period for the year ended June 30, 2022 is June 30, 2021. 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND

SCHEDULE "6"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.646021%	$ 69,969,419	$ -	$ 69,969,419	$ 53,773,311	130.12%	6.14%
2021	0.645484%	$ 94,806,567	$ -	$ 94,806,567	$ 53,029,924	178.78%	3.99%
2020	0.627775%	$ 77,041,461	$ -	$ 77,041,461	$ 51,846,115	148.60%	4.63%
2019	0.616690%	$ 78,379,406	$ -	$ 78,379,406	$ 47,871,572	163.73%	2.93%
2018	0.618828%	$ 86,945,085	$ -	$ 86,945,085	$ 45,203,504	192.34%	1.61%

Note: The measurement period for the year ended June 30, 2022 is June 30, 2021. 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2022	$ 2,379,721	$ 2,379,721	$ -	$ 55,136,085	4.32%
2021	$ 2,403,089	$ 2,403,089	$ -	$ 53,773,311	4.47%
2020	$ 2,182,876	$ 2,182,876	$ -	$ 53,029,924	4.12%
2019	$ 3,381,007	$ 3,381,007	$ -	$ 51,846,115	6.52%
2018	$ 3,196,242	$ 3,196,242	$ -	$ 47,871,572	6.68%
2017	$ 3,226,616	$ 3,226,616	$ -	$ 45,203,504	7.14%

Note: The measurement period for the year ended June 30, 2022 is June 30, 2021. 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

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

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

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

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 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 2% 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 System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on June 18, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

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

Public School Employees Retirement System

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

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

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

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

School OPEB Fund

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

Changes in assumptions:

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

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

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

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

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

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

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

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

	Nonappropriated Budget			Variance With
	Original (1)	Final (1)	Actual	Final Budget
REVENUES				
Property taxes	$ 37,135,300	$ 37,135,300	$ 38,650,485	$ 1,515,185
Sales taxes	-	-	1,547,627	1,547,627
Other taxes	2,100,618	2,100,618	2,168,630	68,012
State funds	86,002,800	86,002,800	95,794,630	9,791,830
Federal funds	16,520,453	17,518,793	28,351,351	10,832,558
Charges for services	467,000	467,000	253,751	(213,249)
Investment earnings	-	-	7,043	7,043
Miscellaneous	650,000	650,000	5,142,825	4,492,825
Total revenues	142,876,171	143,874,511	171,916,342	28,041,831
EXPENDITURES				
Current:				
Instruction	88,357,318	88,924,819	103,556,249	(14,631,430)
Support services:				
Pupil services	9,094,034	9,281,327	9,653,245	(371,918)
Improvement of instructional services	6,061,575	6,208,957	7,086,294	(877,337)
Educational media services	2,123,124	2,123,124	2,209,612	(86,488)
General administration	2,334,892	2,332,492	3,370,441	(1,037,949)
School administration	8,816,839	8,816,839	9,030,178	(213,339)
Business administration	1,652,921	1,652,921	1,963,114	(310,193)
Maintenance and operation of plant	8,650,790	8,654,641	9,806,455	(1,151,814)
Student transportation services	5,790,418	5,798,650	6,803,834	(1,005,184)
Food services operations	7,876,000	7,876,000	7,412,675	463,325
Capital outlay	2,102,000	2,102,000	92,210	2,009,790
Total expenditures	142,859,911	143,771,770	160,984,307	(17,212,537)
Excess (deficiency) of revenues over expenditures	16,260	102,741	10,932,035	10,829,294
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,170	1,170
Transfers in	1,021,000	1,021,000	-	(1,021,000)
Transfers out	(1,021,000)	(1,021,000)	(1,400,000)	(379,000)
Total other financing sources (uses)	-	-	(1,398,830)	(1,398,830)
Net change in fund balance	16,260	102,741	9,533,205	9,430,464
FUND BALANCE, beginning of year	8,705,554	17,284,999	19,006,840	1,721,841
FUND BALANCE, end of year	$ 8,721,814	$ 17,387,740	$ 28,540,045	$ 11,152,305

Notes 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 ($3,784,002) or expenditures ($3,446,705) 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.

Funding Agency Program/Grant	Assistance Listing Number	Pass-Through Entity ID Number	Expenditures In Period
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	225GA324N1199	$ 2,681,070
COVID-19 Emergency Operations Assistance	10.555	225GA3241009	135,429
COVID-19 Supply Chain Assistance	10.555	225GA3241009	285,115
National School Lunch Program	10.555	225GA324N1199	3,850,721
Total Child Nutrition Cluster			6,952,335
Other Programs			
Pass-Through From Georgia Department of Education			
State Administrative Expenses for Child Nutrition	10.560	215GA904N2533	8,064
Child Nutrition Discretionary Grants - Limited Availability	10.579	215GA350N8103	8,125
Total U. S. Department of Agriculture			6,968,524
Education, U. S. Department of			
Pass-Through From Georgia Department of Education			
Special Education Cluster			
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	569,654
Grants to States	84.027A	H027A210073	2,432,972
Preschool Grants	84.173A	H173A210081	69,305
COVID-19 - American Rescue Plan - Preschool Grants	84.173X	H173X210081	36,777
Total Special Education Cluster			3,108,708
Education Stabilization Fund			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	5,677
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	4,956,619
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	4,667,773
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	7,364
Total Education Stabilization Fund			9,637,433
Other Programs			
Pass-Through From Georgia Department of Education			
Education for Homeless Children and Youth	84.196A	S196A210011	60,718
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A200010	13,448
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A210010-21A	1,660,696
English Language Acquisition State Grants	84.365A	S365A200010	5,441
English Language Acquisition State Grants	84.365A	S365A210010	22,174
Supporting Effective Instruction State Grants	84.367A	S367A210001	316,433
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	8,297
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	102,495
Total Other Programs			2,189,702
Total U. S. Department of Education			14,935,843

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

Funding Agency Program/Grant	Assistance Listing Number	Pass-Through Entity ID Number	Expenditures In Period
Federal Communications Commission, U.S.			
Direct			
COVID-19 - Emergency Connectivity Fund Program	32.009		2,589,063
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
Child Care and Development Block Grant	93.575	2110GACCC5	101,450
Total U.S. Department of Health and Human Services			101,450
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12.unknown	N/A	64,233
Department of the Navy			
R.O.T.C. Program	12.unknown	N/A	82,340
Total U. S. Department of Defense			146,573
Total Expenditures of Federal Awards			$ 24,741,453

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

The School District did not provided 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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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.

During the year ended June 30, 2022, $112,498 was transferred from the Title IV-Part A Student Support and Academic Enrichment program to the Title I, Grants to Local Educational Agencies programs. Expenditures of transfers are reflected within the receiving program.

Agency/Funding	Governmental Fund Type: General Fund
Grants	
Bright from the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 2,675,782
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	4,797,833
Kindergarten Program - Early Intervention Program	363,560
Primary Grades (1-3) Program	10,597,435
Primary Grades - Early Intervention (1-3) Program	1,763,657
Upper Elementary Grades (4-5) Program	4,466,820
Upper Elementary Grades - Early Intervention (4-5) Program	1,193,658
Middle School (6-8) Program	8,903,699
High School General Education (9-12) Program	7,279,746
Career Technical and Agricultural Education Program 9-12 ("CTAE")	2,787,626
Students with Disabilities	15,737,713
Gifted Student - Category VI	4,324,522
Remedial Education Program	814,609
Alternative Education Program	622,460
English Speakers of Other Languages ("ESOL")	431,737
Media Center Program	1,618,128
20 Days Additional Instruction	475,126
Staff and Professional Development	302,192
Indirect Cost	
Central Administration	1,920,314
School Administration	2,826,570
Facility Maintenance and Operations	3,435,807
Amended Formula Adjustment	462,338
One Time QBE Adjustment	2,615,381
Categorical Grants	
Pupil Transportation	
Regular	1,493,314
Bus Replacement	21,818
Nursing Services	240,007
Vocational Supervisors	23,340
Education Equalization Funding Grant	12,323,774
Other State Programs	
Food Services	356,257
Math and Science Supplements	108,625
Vocational Education	229,822
Preschool Disability Services	313,285
Teachers Retirement	43,349
Hygiene Products in Georgia Schools	19,079
Office of the State Treasurer	
Paid to the Public School Employees Retirement System	205,247
	$ 95,794,630

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

SCHEDULE "12"

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Expended In Current Year (3) (4)	Expended In Prior Years (3) (4)	Total Completion Cost	Estimated Completion Date
SPLOST V						
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	$ 31,779,739	$ 1,991,811	$ 29,787,928	$ 31,779,739	Completed
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	12,033,982	2,683,336	9,350,646	12,033,982	Completed
Bus, maintenance vehicles, grounds care/ landscaping equipment for the School District.	4,500,000	2,748,047	1,190,264	1,557,783	2,748,047	Completed
Computers and related technology purchases and acquiring textbooks (including e-books), band, vocational, instructional equipment.	9,000,000	11,729,286	3,495,424	8,233,862	11,729,286	Completed
	60,000,000	58,291,054	9,360,835	48,930,219	58,291,054	
SPLOST VI						
Adding to, remodeling, renovating, improving, and equipping existing and new educational buildings, properties, and facilities and acquiring property, both real and personal, necessary therefore, including athletic and physical education improvements, HVAC improvements and equipment.	60,000,000	60,000,000	8,820,237	-	-	June 2027
School buses and maintenance vehicles.	5,000,000	5,000,000	-	-	-	June 2027
Computers and related technology purchases; textbooks (including e-books and other electronic instructional materials); band, vocational, fine arts, media, food service and security safety equipment.	10,000,000	10,000,000	-	-	-	June 2027
	75,000,000	75,000,000	8,820,237	-	-	
	$ 135,000,000	$ 133,291,054	$ 18,181,072	$ 48,930,219	$ 58,291,054	

(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	$ 2,108,445
Current Year	236,250
Total	$ 2,344,695

Expenditures in the Capital Projects Fund include issuance costs for the Series 2022 Bonds of $550,980.

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, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 14, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

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

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

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

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deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* in finding FS 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

School District's Response to Findings

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

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

September 14, 2023

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on 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

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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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

September 14, 2023

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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 AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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Section IV

Findings and Questioned Costs

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	
Governmental Activities and Each Major Fund	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	Yes
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
32.009	Emergency Connectivity Fund
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

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

II FINANCIAL STATEMENT FINDINGS

FS 2022-001 Internal Controls over Financial Reporting

Internal Control Impact: Significant Deficiency
Compliance Impact: None

Description:
The School District did not have adequate internal controls in place over the financial statement reporting process. The original financial statements as presented for audit, contained significant errors and omissions.

Criteria:
Management is responsible for having adequate controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The School District's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Chapter II – 2, *Annual Financial Reporting* of the Financial Management for Georgia Local Units of Administration provides that the School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:
The following errors and omissions were noted in the School District's financial statements, note disclosures and required supplementary information presented for audit:

- The School District did not properly record construction costs for numerous capital outlay projects. Significant adjustments were proposed by the auditors and accepted by the School District, to correct capital assets in the amount of ($1,794,143), contracts payable in the amount of ($1,619,246), retainages payable in the amount of $52,226, and expense in the amount of $227,123 on the government-wide financial statements. An adjustment totaling $1,567,020 was proposed by the auditors and accepted by the School District, to correct contracts payable, retainages payable, and capital outlay for the capital projects fund.

- An adjustment totaling $45,784,422 was proposed by the auditors and accepted by the School District to properly classify net investment in capital assets, net position restricted for capital projects, net position restricted for debt service, and unrestricted net position on the government-wide financial statements.
- Other correction and reclassification entries were proposed by the auditors and accepted by the School District to properly present the School District's financial statements, note disclosures, required supplementary information and supplementary information.

Cause:

These deficiencies were caused by recording construction related liabilities that were based on invoice periods that included significant amounts for work performed in the subsequent fiscal year and other errors.

Effect:

Significant misstatements were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operations.

Recommendation:

The School District should strengthen the internal controls and review procedures over the financial process to ensure that the financial statements presented for audit are complete and accurate. These procedures should include a detailed review of construction in progress and construction related liabilities at fiscal year-end. The School District should also consider implementing the use of a review checklist to assist in the review process over the financial statements.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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Section V

Management's Corrective Action

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Effingham County Board of Education

405 North Ash Street • Springfield, GA 31329 • 912.754.6491 • Fax 912.330.1590

Superintendent
Dr. Yancy J. Ford

Assistant Superintendents
Travis Nesmith
Timothy Hood

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2022-001 Internal Controls over Financial Reporting

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	No

Description:
The School District did not have adequate internal controls in place over the financial statement reporting process. The original financial statements as presented for audit, contained significant errors and omissions.

Corrective Action Plans:
Capital Project Contractors will be notified they are to submit invoices ending June 30th with no cross-year billing. Although, Finance has performed extensive internal review of the Capital Project Schedules in all past years and have included all invoices, the change in billing practices by the individual Contractors will address multi-year billing issues including related June 30th amounts. In the event a contractor does not submit invoices with June 30th cut off dates, the invoice amounts will be prorated per day to reflect the June 30th end date.

Audit Adjustments, reclassification of Net Position, note disclosures and supplementary information will be reviewed and changes implemented for future years. Finance will focus on bond proceeds classification, and the related Net Position presentation and continue to review the prepared financial statements prior to submission. Supplementary information will be reviewed and noted to ensure complete presentation.

Estimated Completion Date: All corrective actions will be implemented for Fiscal Year 2023 Financial Statements.

Contact Person: Ron Wilson
Telephone: 912-754-5885
Email: rlwilson@effingham.k12.ga.us

Signature: Ronald W Wilson

Title: Director of Finance

School Board Members

F. Lamar Allen, Chair • Vickie Decker, Vice Chair • Lynn Anderson • Ben Johnson • Jan Landing

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