

ANNUAL FINANCIAL REPORT • FISCAL YEAR 2021

Marion County Board of Education

Buena Vista, Georgia

Including Independent Auditor's Report

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

DOAA
Georgia Department of Audits & Accounts

Marion County Board of Education

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Marion County Board of Education

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Section I

Financial

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Stuart Gibbo, Interim Superintendent and Members of the
Marion County Board of Education

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, in 2021, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The School District restated beginning balances for the effect of GASB Statement No. 84. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

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the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,



Greg S. Griffin
State Auditor

March 24, 2022

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MARION COUNTY BOARD OF EDUCATION

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

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- ✓ The School District's financial status remained stable during fiscal year 2021. In total, net position increased $763,457 from fiscal year 2020. This total increase was due to governmental activities since the School District has no business-type activities. This increase was due to the increase in General Fund balance.

- ✓ General revenues accounted for $6.6 million, or 37.0%, of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $11.3 million, or 63.0%, of total revenues. Total revenues were $17.9 million.

- ✓ The School District had $17.2 million in expenses related to governmental activities; these expenses were offset by $11.3 million in program specific charges for services, grants or contributions. General revenues and taxes of $6.6 million also provided for these programs.

- ✓ Among major funds, the General Fund had $16.6 million in revenues and other financing sources and $15.5 million in expenditures and other financing uses. The General Fund's fund balance increased from $4.1 million to $5.1 million.

Using the Basic Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds, if any, presented in total in one column. In the case of the School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and all liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Capital Projects Fund and the Debt Service Fund.

Governmental Funds

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

Fiduciary Funds

The School District is the trustee, or *fiduciary*, for assets that belong to others, such as school clubs and organizations within the school activity accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2021, compared to fiscal year 2020.

Table 1
Net Position

	2021	2020
Current and other assets	**$ 12,863,997**	$ 10,561,863
Capital assets	**30,049,435**	30,806,248
Total assets	**42,913,432**	41,368,111
Deferred outflows of resources	**7,266,160**	5,560,544
Long-term liabilities outstanding	**42,954,391**	41,191,550
Other liabilities	**1,787,523**	1,494,510
Total liabilities	**44,741,914**	42,686,060
Deferred inflows of resources	**4,175,548**	3,743,922
Net position:		
Net investment in capital assets	**14,229,633**	14,827,133
Restricted	**6,122,413**	4,825,743
Unrestricted (deficit)	**(19,089,916)**	(19,154,203)
Total net position	**$ 1,262,130**	$ 498,673

Table 2 shows the changes in net position for fiscal year 2021, compared to fiscal year 2020. The total net position increased $763,457 for fiscal year 2021, compared to $674,265 increase for fiscal year 2020. The increase in fiscal year 2021 was due to the increase in General Fund balance.

Table 2
Changes in Net Position

	2021	2020
Revenues		
Program revenues:		
Charges for services	**$ 99,314**	$ 269,896
Operating grants and contributions	**10,665,912**	10,512,276
Capital grants and contributions	**575,143**	985,878
General revenues:		
Property taxes		
For maintenance and operations	**3,559,920**	3,552,491
For debt service	**346,041**	342,978
Sales taxes	**597,382**	521,170
Other taxes	**89,769**	68,577
Grants and contributions not restricted to specific programs	**1,730,778**	1,506,418
Investment income	**125,563**	98,860
Miscellaneous	**197,762**	306,307
Gain on sale of capital assets	**-**	27,949
Total revenues	**17,987,584**	18,192,800
Expenses		
Instruction	**9,560,136**	9,710,648
Support services:		
Pupil services	**489,255**	396,338
Improvement of instructional services	**702,488**	842,271
Educational media services	**235,919**	219,373
General administration	**358,542**	356,860
School administration	**1,190,816**	917,393
Business services	**237,389**	401,580
Maintenance and operations	**1,574,375**	1,532,283
Student transportation	**1,116,978**	1,054,748
Central support services	**187,531**	193,664
Other support services	**94,437**	83,540
Operations of non-instructional services		
School nutrition	**817,729**	999,829
Enterprise operations	**38,731**	121,662
Interest on long-term debt	**619,801**	688,346
Total expenses	**17,224,127**	17,518,535
Increase in net position	**763,457**	674,265
Net position, beginning of year	**498,673**	(175,592)
Net position, end of year	**$ 1,262,130**	$ 498,673

Governmental Activities

Direct instruction comprises 55.5% of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Comparative data from fiscal year 2020 is also presented.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Fiscal Year 2020	**Fiscal Year 2021**	Fiscal Year 2020
Instruction	**$ 9,560,136**	$ 9,710,648	**$ (2,031,475)**	$ (1,426,961)
Support services				
Pupil services	**489,255**	396,338	**(295,896)**	(323,150)
Improvement of instructional services	**702,488**	842,271	**(483,276)**	(762,758)
Educational media services	**235,919**	219,373	**(59,862)**	(31,526)
General administration	**358,542**	356,860	**67,715**	140,067
School administration	**1,190,816**	917,393	**(592,976)**	(528,377)
Business services	**237,389**	401,580	**(232,004)**	(396,175)
Maintenance and operations	**1,574,375**	1,532,283	**(1,015,929)**	(1,011,299)
Student transportation	**1,116,978**	1,054,748	**(534,582)**	(646,009)
Central support services	**187,531**	193,664	**(184,539)**	(192,971)
Other support services	**94,437**	83,540	**(75,749)**	(77,206)
School nutrition	**817,729**	999,829	**(162,014)**	(121,662)
Enterprise operations	**38,731**	121,662	**(38,731)**	(168,397)
Interest on long-term debt	**619,801**	688,346	**(244,440)**	(204,061)
Total expenses	**$ 17,224,127**	$ 17,518,535	**$ (5,883,758)**	$ (5,750,485)

Although program revenues make up a majority of the revenues, the School District is still dependent upon tax revenues for governmental activities. Over 21.2% of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 34.2%.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $18.4 million and expenditures and other financing uses of $16.1 million. There was an increase in fund balance of approximately $390,000 in the Capital Projects Fund. A transfer of $400,000 was made to cover local costs for our fiscal year 2022 State Capital Outlay project. The fund balance of the General Fund had an increase of approximately $1.06 million due to salaries and benefits coming in under budget. There was an increase in fund balance of approximately $849,000 in the Debt Service Fund. This was because Special Purpose Local Option Sales Tax ("SPLOST") III funds are being accumulated for sinking fund payments due annually in January.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the School District amended its General Fund budget as needed. The School District uses function-based budgeting. The budgeting systems are designed to tightly control total function budgets but provide flexibility for site management.

For the General Fund, budgeted revenues increased from $14.53 million to $17.93 million, while budgeted expenditures increased from $15.66 million to $18.97 million. The School District had additional grants and an increase in Quality Basic Education ("QBE") funding. This increased budgeted revenues and expenditures.

The School District uses a strategic waiver system. One of our waivers is the state's 65% rule for Minimum Direct Classroom Expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had $30.05 million invested in capital assets (net of depreciation), all in governmental activities. Table 4 indicates balances at June 30, 2021. Capital asset comparisons to fiscal year 2020 are also included.

Table 4
Capital Assets (Net of Depreciation*)*

	Fiscal Year 2021	Fiscal Year 2020
Land	**$ 581,159**	$ 581,159
Construction in progress	**50,380**	-
Land improvements	**691,604**	742,242
Buildings and improvements	**27,669,563**	28,291,374
Equipment	**1,056,729**	1,191,473
Total	**$ 30,049,435**	$ 30,806,248

Debt

Long-Term Liabilities

At fiscal year ended June 30, 2021, the School District had $42.95 million in long-term liabilities outstanding. Table 5 summarizes the School District's liabilities as compared to the prior fiscal year.

Table 5
Long-term Liabilities

	Balance July 1, 2020	**Additions**	**Reductions**	**Balance June 30, 2021**	**Due Within One Year**
Governmental activities:					
Bonds payable	$ 15,905,000	$ -	$ (60,000)	$ 15,845,000	$ 80,000
Capital leases	346,983	-	(6,932)	340,051	7,108
Financed Purchases	156,136	-	(114,149)	41,987	41,987
Net pension liability	13,212,336	2,861,264	(2,080,898)	13,992,702	-
Net OPEB liability	11,364,866	2,719,024	(1,349,239)	12,734,651	-
Governmental activities Long-term liabilities	$ 40,985,321	$ 5,580,288	$ (3,611,218)	$ 42,954,391	$ 129,095

Current Issues

The School District's current operating millage rate is 14.981 mills. The bond millage rate is 1.761 mills. Management and the Board of Education hope to hold this level for a few years so as not to place a hardship on the property owners in Marion County.

SPLOST revenues and school bond ad valorem taxes, along with Federal subsidy payments, are used to service debt for the 2010B, the 2020 bonds, and the sinking fund (for the principal payments of the 2010B Bonds).

We experienced increased cost due to CDC regulations in regard to COVID-19. We relentlessly sanitize, deep clean, and use prescribed safety protocols. With our CARES, CRRSAA and ARP funding (fiscal year 2021 and fiscal year 2022), we have been able to purchase student desks (to help with social distancing), new HVAC systems (for air sanitization) at the elementary school, high school, and the central office. We purchased laptop computers for students to use when we implemented virtual learning in the 2020-2021 school year. We have purchased air purification systems for all our school buses. And, of course, we have purchased a significant amount of face masks and hand sanitizer.

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 information, contact Cathy Wiggins, Director of Finance, 1697 Pineville Road, Buena Vista, Georgia 31803. You may also email your questions to cwiggins@marion.k12.ga.us.

Marion County Board of Education

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MARION COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 6,184,222
Investments	4,744,403
Receivables, net of allowances:	
Taxes	262,089
Intergovernmental:	
State	984,350
Federal	657,726
Inventory	31,207
Capital assets (nondepreciable)	631,539
Capital assets (net of accumulated depreciation)	29,417,896
Total assets	42,913,432
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension plans	3,803,506
Deferred loss on refunding	407,236
Related to OPEB plans	3,055,418
Total deferred outflows of resources	7,266,160
LIABILITIES	
Accounts payable	209,750
Salaries and benefits payable	1,332,320
Accrued interest payable	245,453
Bonds payable due within one year	80,000
Bonds payable due in more than one year	15,765,000
Capital leases due within one year	7,108
Capital leases due in more than one year	332,943
Financed purchases due within one year	41,987
Net pension liability, due in more than one year	13,992,702
Net OPEB liability, due in more than one year	12,734,651
Total liabilities	44,741,914
DEFERRED INFLOWS OF RESOURCES	
Related to pension plans	699,258
Related to OPEB plans	3,476,290
Total deferred inflows of resources	4,175,548
NET POSITION	
Net investment in capital assets	14,229,633
Restricted for:	
Continuation of federal programs	250,327
Capital projects	570,038
Debt service	5,302,048
Unrestricted (deficit)	(19,089,916)
Total net position	$ 1,262,130

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

MARION COUNTY BOARD OF EDUCATION

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 9,560,136	$ 56,939	$ 7,471,722	$ -	$ (2,031,475)
Support services:					
Pupil services	489,255	-	193,359	-	(295,896)
Improvement of instructional services	702,488	-	219,212	-	(483,276)
Educational media services	235,919	-	176,057	-	(59,862)
General administration	358,542	-	426,257	-	67,715
School administration	1,190,816	-	597,840	-	(592,976)
Business administration	237,389	-	5,385	-	(232,004)
Maintenance and operation of plant	1,574,375	28,776	484,328	45,342	(1,015,929)
Student transportation services	1,116,978	-	427,956	154,440	(534,582)
Central support services	187,531	-	2,992	-	(184,539)
Other support services	94,437	-	18,688	-	(75,749)
Enterprise operations	38,731	-	-	-	(38,731)
Food services operations	817,729	13,599	642,116	-	(162,014)
Interest on long-term debt	619,801	-	-	375,361	(244,440)
Total governmental activities	$ 17,224,127	$ 99,314	$ 10,665,912	$ 575,143	(5,883,758)
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					3,559,920
Property taxes, levied for debt service					346,041
Sales taxes, for debt service					597,382
Intangible taxes					50,479
Transfer taxes					19,584
Railroad equipment tax					19,706
Grants and contributions not restricted to specific programs					1,730,778
Unrestricted investment earnings					125,563
Miscellaneous					197,762
Total general revenues					6,647,215
Change in net position					763,457
Net position, beginning of year					498,673
Net position, end of year					$ 1,262,130

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

MARION COUNTY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Debt Service	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,728,917	$ 570,038	$ 885,267	$ 6,184,222
Investments	143,709	-	4,600,694	4,744,403
Receivables net of allowances:				
Taxes	189,858	-	72,231	262,089
Intergovernmental:				
State	984,350	-	-	984,350
Federal	657,726	-	-	657,726
Inventory	31,207	-	-	31,207
Total assets	$ 6,735,767	$ 570,038	$ 5,558,192	$ 12,863,997
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 209,750	$ -	$ -	$ 209,750
Salaries and benefits payable	1,332,320	-	-	1,332,320
Total liabilities	1,542,070	-	-	1,542,070
DEFERRED INFLOWS				
Unavailable revenue - property taxes	55,632	-	6,593	62,225
Total deferred inflows	55,632	-	6,593	62,225
FUND BALANCES				
Nonspendable:				
Inventory	31,207	-	-	31,207
Restricted:				
Federal programs	219,120	-	-	219,120
Capital projects	-	570,038	-	570,038
Debt service	-	-	5,551,599	5,551,599
Assigned:				
Student activities	110,148	-	-	110,148
Subsequent years' budget	394,101	-	-	394,101
Unassigned	4,383,489	-	-	4,383,489
Total fund balances	5,138,065	570,038	5,551,599	11,259,702
Total liabilities, deferred inflows and fund balances	$ 6,735,767	$ 570,038	$ 5,558,192	$ 12,863,997

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

MARION COUNTY BOARD OF EDUCATION

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

Total fund balances - governmental funds		$ 11,259,702
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	$ 41,897,818	
Less accumulated depreciation	(11,848,383)	30,049,435
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		
Property taxes		62,225
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds	$ (15,845,000)	
Deferred loss on refunding	407,236	
Capital leases	(340,051)	
Financed purchases	(41,987)	
Net pension liability	(13,992,702)	
Net OPEB liability	(12,734,651)	
Deferred outflows - pensions	3,803,506	
Deferred inflows - pensions	(699,258)	
Deferred outflows - OPEB	3,055,418	
Deferred inflows - OPEB	(3,476,290)	
Accrued interest	(245,453)	(40,109,232)
Net position of governmental activities		$ 1,262,130

MARION COUNTY BOARD OF EDUCATION

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

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	$ 3,596,274	$ -	$ 350,139	$ 3,946,413
Sales taxes	62,706	-	604,739	667,445
Other taxes	19,706	-	-	19,706
State funds	9,891,024	-	-	9,891,024
Federal funds	2,699,970	-	375,361	3,075,331
Charges for services	99,314	-	-	99,314
Investment earnings	2,027	-	123,536	125,563
Miscellaneous	197,762	-	-	197,762
Total revenues	16,568,783	-	1,453,775	18,022,558
EXPENDITURES				
Current:				
Instruction	8,321,394	-	-	8,321,394
Support Services:				
Pupil services	469,299	-	-	469,299
Improvement of instructional services	662,034	-	-	662,034
Educational media services	221,238	-	-	221,238
General administration	338,732	-	-	338,732
School administration	1,118,910	-	-	1,118,910
Business administration	222,111	-	-	222,111
Maintenance and operation of plant	1,488,641	10,854	-	1,499,495
Student transportation services	1,029,607	-	-	1,029,607
Central support services	174,311	-	-	174,311
Other support services	94,437	-	-	94,437
Enterprise operations	38,731	-	-	38,731
Food services operations	752,001	-	-	752,001
Capital outlay	45,342	-	-	45,342
Debt service:				
Principal retirement	121,081	-	60,000	181,081
Interest and fees	14,648	-	544,161	558,809
Total expenditures	15,112,517	10,854	604,161	15,727,532
Excess of revenue over expenditures	1,456,266	(10,854)	849,614	2,295,026
OTHER FINANCING SOURCES (USES)				
Transfers in	-	401,064	-	401,064
Transfers out	(400,000)	-	(1,064)	(401,064)
Total other financing sources (uses)	(400,000)	401,064	(1,064)	-
Net change in fund balances	1,056,266	390,210	848,550	2,295,026
FUND BALANCES, beginning of year	4,081,799	179,828	4,703,049	8,964,676
FUND BALANCES, end of year	$ 5,138,065	$ 570,038	$ 5,551,599	$ 11,259,702

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

MARION COUNTY BOARD OF EDUCATION

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 2,295,026
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which depreciation exceeded capital outlay is to decrease net position.		
Capital outlay	$ 171,312	
Depreciation expense	(928,125)	(756,813)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(40,452)
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 - capital leases	$ 6,932	
Principal payments - financed purchases	114,149	
Principal payments - bonds	60,000	
Adjustments related to pensions	(636,034)	
Adjustments related to OPEB	(218,359)	
Amortization of deferred loss on refunding	(21,768)	(695,080)
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.		
Change in accrued interest		(39,224)
		$ 763,457

MARION COUNTY BOARD OF EDUCATION

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2021

ASSETS	Custodial Fund
Cash	$ 2,387
Investments	30,853
Total assets	$ 33,240
NET POSITION	
Restricted for students and student organizations	$ 33,240

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

MARION COUNTY BOARD OF EDUCATION

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2021

	Custodial Fund
ADDITIONS	
Local sources	$ 3,890
Investment earnings	169
Total additions	4,059
DEDUCTIONS	
Collections disbursed	4,500
Change in net position	(441)
NET POSTION	
Net position, beginning of year, as restated	33,681
Net position, end of year	$ 33,240

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

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

REPORTING ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Government-Wide Statements (Continued)

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, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements are presented for governmental and fiduciary funds. 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") bond proceeds, and grants from the Georgia State Financing and Investment Commission that are restricted, committed, or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

- The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned including taxes (property and 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)

The School District reports the following fiduciary fund type:

- *Custodial Funds* are used to report resources held by the School District in a purely custodial capacity.

Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, 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 and acquisitions under capital leases 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Basis of Accounting (Continued)

The State of Georgia reimburses the School System 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, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in GASB Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

New Accounting Pronouncements

In fiscal year 2021, the School District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The cumulative effect of GASB Statement No. 84 is described in Note 14.

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. The Official Code of Georgia Annotated ("O.C.G.A.") §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations, or insured chartered building and loan associations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

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 nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

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

Receivables

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

Inventories

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

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 for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Construction in Progress	All	N/A
Land Improvements	$ 5,000	15 to 80 Years
Buildings and Improvements	5,000	10 to 80 Years
Equipment	5,000	5 to 14 Years
Intangible Assets	100,000	15 to 80 Years

Deferred Outflows/Inflows of Resources

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and so 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 generally accepted accounting principles, 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 business administration 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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Fund Balance

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

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

Non-spendable consists of resources that cannot be spent, either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

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

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

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

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

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 Marion County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on October 8, 2020 (levy date), based on property values as of January 1, 2020. Taxes were due on December 20, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2020 tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Marion County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2021, for maintenance and operations and debt service, amounted to $3,197,295 and $350,139, respectively.

Tax millage rates levied for the 2020 tax year (calendar year) for the School District were as follows (one mill equals $1 per thousand dollars of assessed value):

School Operations	14.990	mills
School Bonds	1.762	mills
Total	16.752	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2021, for maintenance and operations, amounted to $398,979.

Sales Taxes

ESPLOST, at the fund reporting level, during the year amounted to $597,382 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

NOTE 3: BUDGETARY DATA

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

NOTE 3: BUDGETARY DATA (CONTINUED)

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.

The Superintendent is authorized by the Board to approve adjustments of no more than 5% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any fund is anticipated to be more than 5% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds $100,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstances is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS

Collateralization of Deposits – O.C.G.A. §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to 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.

NOTE 4: DEPOSITS (CONTINUED)

Collateralization of Deposits (Continued)

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 bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2021, the School District had deposits with a carrying value of $6,361,171 and bank balances were $6,984,629, including $174,562 classified as certificates as deposit. The bank balances insured by Federal depository insurance were $493,314.

At June 30, 2021, $6,491,315 of the School District's bank balance was exposed to custodial credit risk and included in the State's Secure Deposit Program.

The School District participates in the State's Secure Deposit Program ("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 the 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 to the amount of up to 125% if economic or financial conditions warrant. The program lists the type of eligible collateral. The OST approves authorized custodians.

NOTE 4: DEPOSITS (CONTINUED)

Categorization of Deposits (Continued)

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's collateral. If necessary, any remaining losses are to be satisfied by assessment made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

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

Cash and cash equivalents	
Statement of Net Position	$ 6,184,222
Statement of Fiduciary Net Position	2,387
Total cash and cash equivalents	6,186,609
Add:	
Deposits with original maturity of three months or more reported as investments	174,562
Total carrying value of deposits – June 30, 2021	$ 6,361,171

Categorization of Investments

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

Investment	Maturities	Rating*	Cost - Based
Ameris Bank Certificate of Deposit	May 14, 2022	N/A	$ 30,853
Ameris Bank Certificate of Deposit	February 1, 2022	N/A	143,709
Deutsche Bank repurchase	January 28, 2027	N/A	3,823,079
Fidelity Institutional Government (money market mutual fund)	28-day weighted average	AAAm	777,615
			$ 4,775,256

**Rating as per Standard & Poor's*

NOTE 4: DEPOSITS (CONTINUED)

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

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk.

As of June 30, 2021, $4,600,694 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.

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 the Fidelity Institutional Government Money Market Mutual Fund and the Deutsche Bank repurchase. The repurchase agreement represents 80% of the School District's total investments and the Money Market Mutual Fund represents 16% of the School District's total investments.

NOTE 5: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture ("USDA") for school breakfast and lunch programs. These commodities are recorded at their federally assigned value. See Note 2 – Inventories.

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	$ 581,159	$ -	$ -	$ -	$ 581,159
Construction in progress	-	50,380	-	-	50,380
Total	581,159	50,380	-	-	631,539
Capital assets, being depreciated:					
Buildings and improvements	35,708,898	22,561	-	-	35,731,459
Equipment	3,675,508	98,371	-	-	3,773,879
Land improvements	1,760,941	-	-	-	1,760,941
Total	41,145,347	120,932	-	-	41,266,279
Less accumulated depreciation for:					
Buildings and improvements	(7,417,524)	(644,372)	-	-	(8,061,896)
Equipment	(2,484,035)	(233,115)	-	-	(2,717,150)
Land improvements	(1,018,699)	(50,638)	-	-	(1,069,337)
Total	(10,920,258)	(928,125)	-	-	(11,848,383)
Total capital assets, being depreciated, net	30,225,089	(807,193)	-	-	29,417,896
Governmental activities capital assets, net	$ 30,806,248	$ (756,813)	$ -	$ -	$ 30,049,435

Current year depreciation expense by function is as follows:

Instruction		$ 673,861
Support Services		
Improvement of Instructional Services	$ 1,795	
School Administration	10,816	
Maintenance and Operations	43,910	
Student Transportation	155,265	211,786
Food Services		42,478
Total Depreciation Expense		$ 928,125

NOTE 7: INTERFUND TRANSFERS

Interfund Transfers

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

	Transfers From	
Transfers To	General Fund	Debt Service Fund
Capital Projects Fund	$ 400,000	$ 1,064

Transfers are used to move property tax revenues collected by the General Fund and the Debt Service Fund to the Capital Projects Fund as a required match or supplemental funding source for capital construction projects.

NOTE 8: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Qualified School Construction Bonds	$ 7,595,000	$ -	$ -	$ 7,595,000	$ -
General Obligation Bonds	8,310,000	-	(60,000)	8,250,000	80,000
Capital Leases	346,983	-	(6,932)	340,051	7,108
Financed Purchases	156,136	-	(114,149)	41,987	41,987
Net Pension Liability	13,212,336	2,861,264	(2,080,898)	13,992,702	-
Net OPEB Liability	11,364,866	2,719,024	(1,349,239)	12,734,651	-
Total	$ 40,985,321	$ 5,580,288	$ (3,611,218)	$ 42,954,391	$ 129,095

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

General Obligation Debt Outstanding

The School District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semi-annually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The School District repays general obligation bonds from voter-approved property taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2021. In the event the entity is unable to make the principal and interest payments using proceeds from the ESPLOST, the debt will be satisfied 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.

During fiscal year 2020, the School District issued $8,310,000 in general obligation refunding bonds to advance refund $7,715,000 of the 2010C Series Bonds. The bond issue of $8,310,000 less underwriters and estimated bond issue cost of $165,996, provided net proceeds of $8,144,004. The total net proceeds of $8,144,004 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on portions of the 2010C bond issues. As a result, the 2010C Series Bonds are considered defeased and the liability has been removed from the Government-wide Statement of Net Position.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Refunding Bond Series 2020	2.45%	April 17, 2020	February 1, 2040	$ 8,310,000	$ 8,250,000

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

General Obligation Debt Outstanding (Continued)

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

Fiscal Year Ending June 30,	Principal	Interest
2022	$ 80,000	$ 202,125
2023	80,000	200,165
2024	80,000	198,205
2025	85,000	196,245
2026	85,000	194,163
2027 – 2031	2,260,000	873,670
2032 – 2036	2,975,000	540,102
2037 – 2040	2,605,000	160,965
Total Principal and Interest	$ 8,250,000	$ 2,565,640

Qualified School Construction Bonds ("QSCB")

Section 1521 of the American Recovery and Reinvestment Act ("ARRA") of 2009 QSCB provides for a source of capital at no or at nominal interest rates for costs incurred by the School Districts in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows school districts to borrow without incurring interest costs.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy, the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2021 was $375,361, which funded all but $8,187 of interest expense due on the QSCB.

In the event the amount of funds lawfully available is not sufficient to pay the QSCB payments when due in any year, the School District shall levy an ad valorem tax on all taxable property located within the boundaries of the School District subject to taxation for such purposes, at such rate or rates as may be necessary to produce in each calendar year, revenues which shall be sufficient to fulfill the School District's obligations. Additionally, the State Board is authorized and directed to withhold from any state appropriations to which the School District may be entitled and apply so much thereof as shall be necessary to the payment of the principal and interest on such indebtedness then due.

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

Qualified School Construction Bonds ("QSCB") (Continued)

Debt currently outstanding QSCB are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QSCB - Series 2010B	5.05%	September 2, 2010	February 1, 2027	$ 7,595,000	$ 7,595,000

The following is a schedule of total QSCB payments:

Fiscal Year Ending June 30,	Principal	Interest
2022	$ -	$ 383,548
2023	-	383,548
2024	-	383,548
2025	-	383,548
2026	-	383,548
2027	7,595,000	383,548
Total Principal and Interest	$ 7,595,000	$ 2,301,288

Capital Leases

The School District has acquired land improvements under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

The following assets were acquired through capital leases and are reflected in the capital asset note at fiscal year-end:

	Governmental Activities
Land Improvements	$ 395,820
Less: Accumulated Depreciation	(59,373)
	$ 336,447

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases (Continued)

Capital leases currently outstanding are as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Water Tower	2.50%	July 8, 2013	March 1, 2053	$ 395,820	$ 340,051

The following is a schedule of capital lease payments:

Fiscal Year Ending June 30,	Capital Leases	
	Principal	Interest
2022	$ 7,108	$ 8,420
2023	7,288	8,240
2024	7,472	8,056
2025	7,661	7,867
2026	7,855	7,673
2027 – 2031	42,354	35,286
2032 – 2036	47,988	29,652
2037 – 2041	54,370	23,270
2042 – 2046	61,601	16,039
2047 – 2051	69,794	7,846
2052 and 2053	26,560	613
Total Principal and Interest	$ 340,051	$ 152,962

Obligations under Financed Purchases

Two agreements, one for the purchase of buses dated July 6, 2017 and one dated December 15, 2019, were executed by and between the School District, the lessee, and Blue Bird and Tax-Exempt Leasing Corp., the lessors. The agreements authorized the borrowing of $306,954 for the purchase of buses. Payments of the lease shall be made from the School District's General Fund. During the fiscal year ended June 30, 2021, the School District paid the Blue Bird agreement, dated July 6, 2017, in full.

The School District's outstanding obligations from the bus lease agreements related to governmental activities of $41,987 contain a provision that in an event of default, the lessor has the option of declaring outstanding amounts immediately due and payable or they make take possession of the buses.

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

Obligations under Financed Purchases (Continued)

Debt currently outstanding is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Buses	3.14%	December 15, 2019	December 15, 2021	$ 126,000	$ 41,987

The following is a schedule of total finance purchase payments:

Fiscal Year Ending June 30,	Financed Purchases	
	Principal	Interest
2022	$ 41,987	$ 1,318

NOTE 9: RISK MANAGEMENT

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

The School District has elected to self-insure for all potential losses of property related to natural disasters. The School District has not experienced any losses related to this risk in the past three years.

The School District has purchased additional insurance coverage for all employees and board members in the amount of $250,000 for dishonesty, and $100,000 for forgery, alterations, theft, disappearance, destruction, and robbery.

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

Position Covered	Amount
Superintendent	$ 50,000
Board Chair	$ 12,000

NOTE 10: SIGNIFICIANT COMMITMENTS

Operating Leases

The School District leases copiers and a postage meter under the provisions of one or more long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating lease(s) totaled $29,352 for governmental activities for the year ended June 30, 2021. The following future minimum lease payments were required under operating leases at June 30, 2021:

Fiscal Year Ending June 30,	Governmental Activities
2022	$ 29,352
2023	29,352
2024	9,111
2025	2,364
	$ 70,179

The School District, a lessor, leases excess office space to various private companies and accounts for these leases as operating leases.

Lease terms vary and extend through June 30, 2022. Rental revenues under these operating leases during the year ended June 30, 2021 were $9,600. Minimum future rentals to be received under operating leases are as follows:

Fiscal Year Ending June 30,	Payments
2022	$ 9,600

Commitments under Construction Contracts

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

Project	Unearned Executed Contracts
Marion County Middle/High School HVAC	$ 29,370
Central Office HVAC	55,470
L.K. Moss Eleementary School HVAC	1,220,900
	$ 1,305,740

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.

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 District were $311,896 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Contributions (Continued).

At June 30, 2021, the School District reported a liability of $12,734,651 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020, was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the School District's proportion was 0.086703%, which was a decrease of 0.005904% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of $530,255. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,390,229
Changes in assumptions	2,106,029	1,133,110
Net difference between projected and actual earnings on OPEB plan investments	33,191	-
Changes in proportion and differences between School District contributions and proportianate share of contributions	604,302	952,951
School District contributions subsequent to the measurement date	311,896	-
Total	$ 3,055,418	$ 3,476,290

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Contributions (Continued).

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

Fiscal Year Ending June 30	OPEB
2022	$ (228,702)
2023	(229,593)
2024	(222,337)
2025	(128,515)
2026	41,683
2027	34,696

Actuarial assumptions. The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.25%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial assumptions (Continued).

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

- For TRS members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 projection scale (set forward one year and adjusted 106%) is used for death prior to retirement and for service retirement and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for disability retirement. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward five years for both males and females) is used for the period after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future morality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial assumptions (Continued).

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	0.50%
Alternatives	70.00%	9.2
Total	100.00%	

*Net of Inflation

Discount rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.22% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (2.21% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

	1% Decrease (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
School District's proportionate share of the net OPEB liablity	$ 14,961,115	$ 12,734,651	$ 10,954,103

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the collective net OPEB liability of the participating employers, as well as what the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the net OPEB liablity	$ 10,602,877	$ 12,734,651	$ 15,494,680

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

NOTE 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. The Teachers' Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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

Contributions. Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. 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% of their annual pay during fiscal year 2021.The School District's contractually required contribution rate for the year ended June 30, 2021, was 19.06% of annual School District payroll . The current year contribution was $1,400,219.

Public School Employees' Retirement System ("PSERS")

Plan Description. PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the TRS. The ERS Board of Trustees, plus two additional trustees, administer 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.

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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

Individuals who became members prior to July 1, 2012, contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012, contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $30,305.

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

At June 30, 2021, the School District reported a liability of $13,992,702 for its proportionate share of the net pension liability for TRS.

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

At June 30, 2020, the School District's TRS proportion was 0.057764%, which was a decrease of 0.003681% from its proportion measured as of June 30, 2019.

At June 30, 2021, the School District did not have a PSERS liability for a proportionate share of the Net Pension Liability because of a special funding situation with the State of Georgia, which is responsible for the Net Pension Liability of the plan. The amount of the State's proportionate share of the Net Pension Liability associated with the School District is $177,817.

The PSERS net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020, was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2020.

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2021, the School District recognized pension expense of $2,036,253 for TRS, $35,783 for PSERS and revenue of $35,783 for PSERS. The revenue is support provided by the State of Georgia.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 609,387	$ -
Changes in assumptions	1,441,264	-
Net difference between projected and actual earnings on pension plan investments	337,017	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	15,619	699,258
School District contributions subsequent to the measurement date	1,400,219	-
Total	$ 3,803,506	$ 699,258

School District contributions subsequent to the measurement date for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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
2022	$ 289,964
2023	577,801
2024	617,377
2025	218,887
Thereafter	-

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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

Teachers' Retirement System

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

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

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

Public School Employees' Retirement System

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

NOTE 13: RETIREMENT PLANS (CONTINUED)

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

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

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

The long-term expected rate of return on TRS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target 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	PSERS Target Allocation	Long-term Expected Real Rate of Return*
Fixed Income	30.00%	30.00%	(0.10)%
Domestic large stocks	51.00%	46.20%	8.90%
Domestic small stocks	1.50%	1.30%	13.20%
International developed market stocks	12.40%	12.40%	8.90%
International emerging market stocks	5.10%	5.10%	10.90%
Alternative	0.00%	5.00%	12.00%
Total	100.00%	100.00%	

* Rates shown are net of the assumed rate of inflation.

NOTE 13: RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, 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 PSERS pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liablity	$ 22,189,085	$ 13,992,702	$ 7,274,018

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

NOTE 14: PRIOR PERIOD RESTATEMENT

For fiscal year 2021, the School District made prior period adjustments due to the adoption of GASB Statement No. 84, as described in "New Accounting Pronouncements," which requires the restatement of the June 30, 2020 net position in the Custodial Fund. These changes are in accordance with generally accepted accounting principles.

Net Position, Custodial Fund, previously reported	$ -
Prior Period Restatement - Implementation of GASB No. 84	33,681
Net Position, Custodial Fund, as restated	$ 33,681

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MARION COUNTY BOARD OF EDUCATION

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

	Fiscal Year						
	2015	2016	2017	2018	2019	2020	**2021**
School District's proportion of the net pension liability	0.068161%	0.065672%	0.062577%	0.062996%	0.062156%	0.061445%	**0.057764%**
School District's proportionate share of the net pension liability	$ 8,611,243	$ 9,997,910	$ 12,910,333	$ 11,708,001	$ 11,537,485	$ 13,212,336	**$ 13,992,702**
School District's covered payroll	$ 6,953,819	$ 6,958,471	$ 6,883,616	$ 7,451,451	$ 7,685,229	$ 7,474,359	$ **7,386,887**
School District's proportionate share of the net pension liability as a percentage of its covered payroll	123.83%	143.68%	187.55%	157.12%	150.13%	176.77%	**189.43%**
Plan fiduciary net position as a percentage of the total pension liability	84.03%	81.44%	76.06%	79.33%	80.27%	78.56%	**77.01%**

Note: The measurement period for the year ended June 30, 2021, is June 30, 2020. The Schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available. The Schedule includes all significant plans and funds administered by the Marion County Board of Education.

MARION COUNTY BOARD OF EDUCATION

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

	2015	2016	2017	2018	2019	2020	**2021**
Contractually required contribution	$ 915,039	$ 982,292	$ 1,063,322	$ 1,291,887	$ 1,562,141	$ 1,561,588	**$ 1,400,219**
Contributions in relation to the contractually required contribution	915,039	982,292	1,063,322	1,291,887	1,562,141	1,561,588	**1,400,219**
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
School District's covered payroll	$ 6,958,471	$ 6,883,616	$ 7,451,451	$ 7,685,229	$ 7,474,359	$ 7,386,887	**$ 7,346,375**
Contributions as a percentage of covered payroll	13.15%	14.27%	14.27%	16.81%	20.90%	21.14%	19.06%

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

MARION COUNTY BOARD OF EDUCATION

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

	2015	2016	2017	2018	2019	2020	**2021**
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	**0.000000%**
School District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**
State of Georgia's proportionate share of the net pension liability associated with the School District	98,846	107,498	162,208	142,951	158,239	157,477	**177,817**
	$ 98,846	$ 107,498	$ 162,208	$ 142,951	$ 158,239	$ 157,477	**$ 177,817**
School District's covered payroll	$ 340,799	$ 335,232	$ 371,411	$ 407,062	$ 404,641	$ 427,148	**$ 457,481**
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**
Plan fiduciary position as a percentage of the total pension liability	88.29%	87.00%	81.00%	85.69%	85.26%	85.02%	84.45%

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

MARION COUNTY BOARD OF EDUCATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30,

	2018	2019	2020	**2021**
School District's proportion of the net OPEB liability	0.091746%	0.094649%	0.092607%	**0.086703.%**
School District's proportionate share of the net OPEB liability	$ 12,890,276	$ 12,029,598	$ 11,364,866	**$ 12,734,651**
School District's covered-employee payroll	$ 7,750,486	$ 7,865,573	$ 7,933,809	$ **7,928,736**
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	166.32%	152.94%	143.25%	**160.61%**
Plan fiduciary net position as a percentage of the total OPEB liability	1.61%	2.93%	4.63%	**3.99%**

Note: The measurement period for the year ended June 30, 2021, is June 30, 2020. The Schedule above is intended to show information for the last ten fiscal years. Additional years will be displayed as they become available. The Schedule includes all significant plans and funds administered by the Marion County Board of Education.

MARION COUNTY BOARD OF EDUCATION

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

	2017	2018	2019	2020	**2021**
Contractually required contribution	$ 478,372	$ 490,553	$ 498,758	$ 293,209	**$ 311,896**
Contributions in relation to the contractually required contribution	478,372	490,553	498,758	293,209	**311,896**
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	**$ -**
School District's covered-employee payroll	$ 7,750,486	$ 7,865,573	$ 7,933,809	$ 7,928,736	**$ 8,075,133**
Contributions as a percentage of covered-employee payroll	6.17%	6.24%	6.29%	3.70%	**3.86%**

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

MARION COUNTY BOARD OF EDUCATION

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Teachers Retirement System

Changes of assumptions:

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

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

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

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

Public School Employees' Retirement System

Changes of benefit terms:

The member contribution rate was increased from $4.00 to $10.00 per month for members joining the System on or after July 1, 2012. The monthly benefit accrual rate was increased from $14.75 to $15.00 per year of credible service effective July 1, 2017. The monthly benefit accrual was increased from $15.00 to $15.25 per year of credible service effective July 1, 2018. The monthly benefit accrual was increased from $15.25 to $15.50 per year of credible service effective July 1, 2019. A 2% cost-of-living adjustment (COLA) was granted to certain retirees and beneficiaries effective July 2016, another July 2017, and another July 2018. Two 1.5% COLAs were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

Changes of assumptions:

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

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to 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 three years for males and two years for females).

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

School OPEB Fund

Changes of assumptions:

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

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

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

MARION COUNTY BOARD OF EDUCATION

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

	Budget			Variance With
	Original (1)	Final (1)	Actual	Final Budget
REVENUES				
Property taxes	$ 3,301,242	$ 3,301,242	$ 3,596,274	$ 295,032
Sales taxes	40,000	40,000	62,706	22,706
Other taxes	-	-	19,706	19,706
State funds	8,891,785	9,330,153	9,891,024	560,871
Federal funds	2,267,141	5,222,620	2,699,970	(2,522,650)
Charges for services	31,000	31,000	99,314	68,314
Investment earnings	50	50	2,027	1,977
Miscellaneous	3,500	3,500	197,762	194,262
Total revenues	14,534,718	17,928,565	16,568,783	(1,359,782)
EXPENDITURES				
Current:				
Instruction	8,279,196	9,357,759	8,321,394	1,036,365
Support services:				
Pupil services	457,612	541,495	469,299	72,196
Improvement of instructional services	680,922	913,740	662,034	251,706
Educational media services	210,096	219,804	221,238	(1,434)
General administration	427,786	431,285	338,732	92,553
School administration	1,421,955	1,653,849	1,118,910	534,939
Business administration	224,631	226,143	222,111	4,032
Maintenance and operation of plant	1,539,463	1,638,614	1,488,641	149,973
Student transportation services	1,188,003	1,326,906	1,029,607	297,299
Central support services	163,527	165,536	174,311	(8,775)
Other support services	82,192	119,204	94,437	24,767
Enterprise operations	-	-	38,731	(38,731)
Food services operations	982,303	999,978	752,001	247,977
Capital outlay	-	1,380,000	45,342	1,334,658
Debt service:				
Principal retirement	-	-	121,081	(121,081)
Interest and fiscal charges	-	-	14,648	(14,648)
Total expenditures	15,657,686	18,974,313	15,112,517	3,861,796
Deficiency of revenues under expenditures	(1,122,968)	(1,045,748)	1,456,266	2,502,014
OTHER FINANCING SOURCES (USES)				
Transfers in	317,628	317,601	-	(317,601)
Transfers out	(317,628)	(317,601)	(400,000)	(82,399)
Total other financing sources (uses)	-	-	(400,000)	(400,000)
Net change in fund balances	(1,122,968)	(1,045,748)	1,056,266	2,102,014
FUND BALANCE, beginning of year	4,081,799	4,081,799	4,081,799	-
FUND BALANCE, end of year	$ 2,958,831	$ 3,036,051	$ 5,138,065	$ 2,102,014

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

(1) Original and final budget amounts do not include budgeted revenues ($221,027) or expenditures ($248,238) 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.

MARION COUNTY BOARD OF EDUCATION

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

Funding Agency Program/Grant	Assistance Listing Number	Pass-Through Entity ID Number	Expenditures In Period
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	205GA324N1099	$ 168,877
National School Lunch Program	10.555	205GA324N1099	333,870
Total Child Nutrition Cluster			502,747
State Administrative Expenses	10.560	195GA904N2533	878
Total U.S. Department of Agriculture			503,625
Education, U.S. Department of			
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027	H027A200073	309,142
Preschool Grants	84.173	H173A200081	7,320
Total Special Education Cluster			316,462
Other Programs			
Pass-Through From Georgia Department of Education			
Supporting Effective Instruction State Grants	84.367	S367A200001	700
Migrant Education - State Grant Program	84.011	S011A190011	4,788
Migrant Education - State Grant Program	84.011	S011A200011	7,673
Rural Education	84.358	S358B190010	3,816
Rural Education	84.358	S358B200010	24,593
Title I Grants to Local Educational Agencies	84.010	S010A200010-20A	591,292
Title I Grants to Local Educational Agencies	84.010	S010A190010	77,925
Career and Technical Education - Basic Grants to States	84.048	V048A190010	2,086
Career and Technical Education - Basic Grants to States	84.048	V048A200010	19,842
COVID-19 Education Stabilization Funds	84.425D	S425D210012	929,193
COVID-19 Education Stabilization Funds	84.425D	S425D200012	24,960
Comprehensive Literacy Development	84.371	S371C110049	81,014
			1,767,882
Total U.S. Department of Education			2,084,344
Health and Human Services, U.S. Department of			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
COVID-19 - Child Care and Development Block Grant	93.575	N/A	6,087
Total U.S. Department of Health and Human Services			6,087
Total Expenditures of Federal Awards			$ 2,594,056

N/A - Not applicable/available

See notes to the Basic Financial Statements.

MARION COUNTY BOARD OF EDUCATION

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

The School District did not provide federal assistance to any subrecipient.

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles 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 Board has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

During the year ended June 30, 2021, $117,601 was transferred to Title I, Grants to Local Educational Agencies from Supporting Effective Instruction State Grants ($72,386) and the Student Support and Academic Enrichment Grant ($45,215). Expenditures of transfers are reflected within the receiving program.

In response to the COVID-19 pandemic, the federal government donated personal protective equipment ("PPE") to the Federal Emergency Management Agency and the Georgia Emergency Management Agency, who then donated PPE with an estimate fair market value of $16,765 and $42,343, respectively to the Marion County Board of Education. This amount is not included in the Schedule of Expenditures of Federal Awards and is not subject to audit. Therefore, this amount is unaudited.

MARION COUNTY BOARD OF EDUCATION

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

Agency/Funding	Governmental Fund Type: General Fund
Grants	
Bright from the Start:	
Georgia Department of Early Care and Learning	
Pre-Kindergarten Program	$ 326,218
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	422,068
Kindergarten Program - Early Intervention Program	82,276
Primary Grades (1-3) Program	860,497
Primary Grades - Early Intervention (1-3) Program	330,905
Upper Elementary Grades (4-5) Program	461,576
Upper Elementary Grades - Early Intervention (4-5) Program	211,810
Middle School (6-8) Program	852,887
High School General Education (9-12) Program	903,200
Vocational Laboratory (9-12) Program	137,085
Students with Disabilities	868,519
Program for Intellectually Gifted Students - Category VI	173,790
Remedial Education Program	256,123
Alternative Education Program	66,536
English Speakers of Other Languages ("ESOL")	121,554
Media Center Program	155,036
20 Days Additional Instruction	49,210
Staff and Professional Development	26,714
Principal, Staff and Professional Development	599
Indirect Cost	
Central Administration	378,926
School Administration	336,810
Facility Maintenance and Operations	329,034
Categorical Grants	
Pupil Transportation	372,579
Bus Replacement	77,220
Sparsity	34,807
Nursing Services	45,000
Mid-Term Hold Harmless	287,132
Vocational Supervisors	6,825
Education Equalization Funding Grant	1,730,778
Food Services	25,152
Vocational Education	35,163
Amended Formula Adjustment	(237,577)
Other State Programs	
Preschool Handicapped	5,308
Hygiene Products in Georgia Schools	950
Math and Science Supplements	6,446
Pupil transportation - State Bonds	77,220
Total Grants from Georgia Department of Education	9,492,158
Georgia Emergency Management Agency	
Donations to LEA for COVID-19	42,343
Office of the State Treasurer	
Public School Employees' Retirement	30,305
	$ 9,891,024

See notes to the Basic Financial Statements.

MARION COUNTY BOARD OF EDUCATION

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

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
To retire a portion of the principal and interest on the School District's previously incurred general obligation Series 2010B and 2010C Bonds coming due in the years 2018 through 2023.	$ 2,500,000	$ 2,500,000	$ -	$ -	$ -	December 2022
(i) Making system-wide technology improvements, including, but not limited to, the acquisition and installation of instruction technology, security, and information system hardware and associated software accessories, and infrastructure at all schools and selected other facilities; (ii) Improving school facilities, purchasing school buses, school equipment, and acquiring safety and security equipment.	500,000	500,000	-	-	-	December 2022
	$ 3,000,000	$ 3,000,000	$ -	$ -	$ -	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Marion County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.

(4) $544,161 Interest and $60,000 Principal paid on Bonds in fiscal year 2021; $375,361 from Federal Subsidy; $228,800 from property taxes

(5) Sinking Fund Payment of $475,143 was paid from sales tax in January 2021.

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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
Mr. Stuart Gibbo, Interim Superintendent and Members of the
Marion County Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Marion County Board of Education (School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 24, 2022. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Greg S. Griffin
State Auditor

March 24, 2022

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Stuart Gibbo, Interim Superintendent and Members of the
Marion County Board of Education

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

March 24, 2022

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Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.