

ANNUAL FINANCIAL REPORT • FISCAL YEAR 2021

Montgomery County Board of Education

Mount Vernon, Georgia

Including Independent Auditor's Report

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

DOAA
Georgia Department of Audits & Accounts

Montgomery County Board of Education

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Montgomery County Board of Education

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Montgomery County Board of Education

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Section I

Financial

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Stanley Rentz, Superintendent and Members of the
Montgomery County Board of Education

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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 the basic financial statements or to the basic financial statements themselves, and other additional

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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 October 28, 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

October 28, 2022

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INTRODUCTION

The intent of this discussion and analysis is to look at the Montgomery County Board of Education's (School District) financial performance as a whole. The reader should review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. The School District's financial statements for the fiscal year ended June 30, 2021 include a series of basic financial statements that report financial information for the School District as a whole and for each major fund. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both short-term and long-term views of the School District's finances. The fund financial statements provide information about all of the School District's funds.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- In fiscal year 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This implementation caused a restatement of beginning net position for governmental activities and beginning fund balance for the general fund of approximately $13.5 thousand.

- Government-wide net position at June 30, 2021 was approximately $12.7 million. Net position reflects the difference between all assets of the School District (including capital assets, net of depreciation), all deferred outflows of resources, all liabilities, and all deferred inflows of resources. The net position at June 30, 2021 of $12.7 million represented an increase of approximately $2.3 million when compared to the prior year. The increase in net position resulted from an increase in assets and increase in deferred outflows of resources of approximately $5.2 million and an increase in liabilities and decrease in deferred inflows of resources of approximately $2.9 million.

- The School District had approximately $12.6 million in expenses relating to governmental activities which were offset by program specific charges for services, grants or contributions totaling $10.1 million. The School District's general revenues, consisting primarily of local property taxes and sales taxes, totaling $4.7 million offset expenses not covered by program revenues.

- As stated above, general revenues accounted for $4.7 million or about 32% of all revenues totaling approximately $14.8 million. Program specific revenues in the form of charges for services, operating and capital grants, and contributions accounted for the balance of these revenues.

- Among major funds, the general fund had approximately $14.1 million in revenues and approximately $11.3 million in expenditures. The general fund balance of approximately $4.4 million at June 30, 2021 increased by approximately $2.8 million from the prior year restated fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three parts; management's discussion and analysis (this section), the basic financial statements, including notes to the financial statements, required supplementary information and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The governmental fund financial statements disclose how basic services are financed in the short-term as well as what remains for future spending. In the case of the Montgomery County School District, the general fund and capital projects fund are considered to be major funds. The School District has no non-major funds as defined by GASB Statement No. 34 for purposes of this report.

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

Government-Wide Statements

Since the Montgomery County School District has no operations that have been classified as business-type activities, the government-wide financial statements are basically a consolidation of the entire School District's operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The Statement of Net Position and the Statement of Activities provides the basis for answering this question. These financial statements include all School District assets and liabilities and use 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 any changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, student-teacher ratios, and other factors.

When analyzing government-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position as follows:
    - *Net Investment in Capital Assets*
    - *Restricted Net Position is net position with constraints placed on the use by external sources, such as creditors, grantors, contributors or laws and regulations.*
    - *Unrestricted Net Position is net position that does not meet any of the above restrictions.*

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund and the capital project fund.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position, which is the difference between total assets, deferred outflows of resources, total liabilities and inflows of resources, is one indicator of the financial condition of the School District. When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. The relationship between revenues and expenses can be thought of as the School District's operating results. The School District's net position, as measured in the Statement of Net Position, can be one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position as measured in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. However, the School District's goal and mission is to provide success for each child's education, not to generate profits as private corporations do. For this reason, many other non-financial factors should be considered in assessing the overall health of the School District.

In the case of the Montgomery County School District, assets and deferred outflows exceeded liabilities and deferred inflows by approximately $12.7 million at June 30, 2021. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category.

The deficit balance of unrestricted net position of approximately $12.9 million reflects the pension liability adjustments as required by GASB Statement No. 68 and GASB Statement No. 71 and the OPEB liability adjustments as required by GASB No. 75.

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

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020 (1)
Assets		
Current and Other Assets	$ 6,697,842	$ 3,647,477
Capital Assets, Net	24,470,753	24,536,887
Total Assets	31,168,595	28,184,364
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plan	2,926,907	2,383,405
Related to OPEB Plans	2,196,533	501,530
Total Deferred Outflows of Resources	5,123,440	2,884,935
Liabilities		
Current and Other Liabilities	1,440,479	1,204,967
Net Pension Liability	9,769,262	8,282,412
Net OPEB Liability	9,549,189	7,632,047
Long-Term Liabilities	43,882	-
Total Liabilities	20,802,812	17,119,426
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plan	628,679	1,267,234
Related to OPEB Plans	2,140,784	2,236,644
Total Deferred Inflows of Resources	2,769,463	3,503,878
Net Position		
Net Investment in Capital Assets	24,373,686	24,506,930
Restricted	1,231,493	889,713
Unrestricted (Deficit)	(12,885,419)	(14,950,648)
Total Net Position	$ 12,719,760	$ 10,445,995

(1) Fiscal year 2020 balances do not reflect the effects of the restatement of net position. See Note 12 in the Notes to the Basic Financial Statements for more information.

Total assets and deferred outflows of resources increased by $5.2 million. Total liabilities and deferred inflows of resources increased by $2.9 million. The combination of the increase in assets and deferred outflows of resources and the increase in total liabilities and increase in deferred inflows of resources yielded an increase in net position of approximately $2.3 million.

Table 2 also shows the change in net position as compared to the prior year fiscal year.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020 (1)
Revenues		
Program Revenues:		
Charges for Services	$ 156,469	$ 129,328
Operating Grants and Contributions	9,710,289	7,737,818
Capital Grants and Contributions	231,660	77,220
Total Program Revenues	10,098,418	7,944,366
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	3,083,620	2,906,438
Railroad Cars	17,255	16,851
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Capital Projects	799,031	720,217
Other Sales Tax	48,376	43,638
Grants and Contributions not		
Restricted to Specific Programs	472,661	336,037
Investment Earnings	13,040	11,824
Miscellaneous	301,913	226,003
Total General Revenues	4,735,896	4,261,008
Total Revenues	14,834,314	12,205,374
Program Expenses:		
Instruction	7,173,896	7,176,306
Support Services		
Pupil Services	629,893	538,037
Improvement of Instructional Services	714,211	694,096
Educational Media Services	177,547	159,939
General Administration	332,460	213,766
School Administration	807,928	770,892
Business Administration	143,899	121,460
Maintenance and Operation of Plant	930,188	916,982
Student Transportation Services	709,244	685,968
Central Support Services	-	337
Other Support Services	15,281	15,184
Operations of Non-Instructional Services		
Enterprise Operations	198,595	143,295
Food Services	740,041	789,600
Interest on Long-Term Debt	868	-
Total Expenses	12,574,051	12,225,862
Increase (Decrease) in Net Position	$ 2,260,263	$ (20,488)

(1) Fiscal year 2020 balances do not reflect the effects of the restatement of net position.
See Note 12 in the Notes to the Basic Financial Statements for more information.

Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions increased by approximately $2.2 million for governmental activities.

General revenues increased by $475 thousand during fiscal year 2021.

Cost of Providing Services

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity as compared to the prior fiscal year.

Table 3

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	Fiscal Year 2020 (1)	Fiscal Year 2021	Fiscal Year 2020 (1)
Instruction	$ 7,173,896	$ 7,176,306	$ 1,062,844	$ 2,455,656
Support Services:				
Pupil Services	629,893	538,037	299,242	406,877
Improvement of Instructional Services	714,211	694,096	350,953	389,828
Educational Media Services	177,547	159,939	5,253	(6,186)
General Administration	332,460	213,766	(133,405)	(234,714)
School Administration	807,928	770,892	198,122	142,172
Business Administration	143,899	121,460	103,539	121,460
Maintenance and Operation of Plant	930,188	916,982	472,865	618,571
Student Transportation Services	709,244	685,968	98,473	379,781
Central Support Services	-	337	-	337
Other Support Services	15,281	15,184	4,527	5,532
Operations of Non-Instructional Services:				
Enterprise Operations	198,595	143,295	78,341	51,668
Food Services	740,041	789,600	(65,989)	(49,485)
Interest on Long-Term Debt	868	-	868	-
Total Expenses	$ 12,574,051	$ 12,225,862	$ 2,475,633	$ 4,281,497

(1) Fiscal year 2020 balances do not reflect the effects of the restatement of net position.

See Note 12 in the Notes to the Basic Financial Statements for more information.

Expenses increased $348 thousand from the prior year, the net cost of providing services decreased $1.8 million.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's governmental funds is presented starting on Exhibit "E" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of $14.9 million and total expenditures of $12.1 million in fiscal year 2021. Total governmental fund balances of approximately $5.2 million at June 30, 2021, increased approximately $2.8 million from the prior year.

General Fund Budget Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund. During the course of fiscal year 2021, the School District amended its general fund budget as needed.

The School District budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget, but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

During fiscal year 2021, the general fund had final actual revenues totaling $14.1 million, which represented a decrease from the final budgeted amount of $17.0 million by $2.9 million, this is primarily due to receiving $3.4 million less in federal revenues than budgeted. The general fund had final actual expenditures totaling $11.3 million, which represented a decrease from the final budgeted amount of $17.0 million by $5.7 million primarily due to expending $3.6 million less than budgeted for federal programs.

CAPITAL ASSETS

At fiscal year ended June 30, 2021, the School District had approximately $24.5 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets
Net of Depreciation

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
Land	$ 373,803	$ 373,803
Construction in Progress	10,737	323,866
Buildings and Improvements	22,114,489	22,511,515
Equipment	1,023,989	919,576
Land Improvements	947,735	408,127
	$ 24,470,753	$ 24,536,887

LONG-TERM LIABILITIES

During fiscal year 2021, the School District entered into a capital lease agreement, for the acquisition of a new district-wide phone system at a cost of $60.8 thousand. At June 30, 2021, the School District had $43.9 thousand in long-term liabilities outstanding with $15.1 thousand due within one year. Table 5 summarizes long-term liabilities at June 30, 2021 and 2020.

Table 5
Long-Term Liabilities at June 30

	Governmental Activities	
	Fiscal Year 2021	Fiscal Year 2020
Capital Lease	$ 43,882	$ -

FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The School District is financially stable. The School District's operating millage for fiscal year 2021 was 15.00, which produced approximately $167,128.60 per mill.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Nesbeth Blaxton, Financial Director, Montgomery County School District, 703 Dobbins Street, Mount Vernon, Georgia 30445. You may also email your questions to Mrs. Blaxton at nblaxton@montgomery.k12.ga.us.

Montgomery County Board of Education

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MONTGOMERY COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION

JUNE 30, 2021

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 5,101,626.69
Accounts Receivable, Net	
Taxes	380,971.95
State Government	737,765.54
Federal Government	426,434.63
Other	42,845.29
Inventories	8,197.44
Capital Assets, Non-Depreciable	384,539.98
Capital Assets, Depreciable (Net of Accumulated Depreciation)	24,086,213.42
Total Assets	31,168,594.94
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	2,926,906.60
Related to OPEB Plan	2,196,533.00
Total Deferred Outflows of Resources	5,123,439.60
LIABILITIES	
Accounts Payable	310,770.47
Salaries and Benefits Payable	1,076,072.61
Payroll Withholdings Payable	450.00
Contracts Payable	53,184.94
Net Pension Liability	9,769,262.00
Net OPEB Liability	9,549,189.00
Long-Term Liabilities	
Due Within One Year	15,136.79
Due in More Than One Year	28,745.30
Total Liabilities	20,802,811.11
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plan	628,679.00
Related to OPEB Plan	2,140,784.00
Total Deferred Inflows of Resources	2,769,463.00
NET POSITION	
Net Investment in Capital Assets	24,373,686.37
Restricted for	
Bus Replacement	154,440.00
Continuation of Federal Programs	234,139.38
Capital Projects	842,913.45
Unrestricted (Deficit)	(12,885,418.77)
Total Net Position	$ 12,719,760.43

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

MONTGOMERY COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT "B"

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 7,173,896.13	$ -	$ 6,111,052.14	$ -	$ (1,062,843.99)
Support Services					
Pupil Services	629,893.15	-	330,650.83	-	(299,242.32)
Improvement of Instructional Services	714,210.58	-	363,257.86	-	(350,952.72)
Educational Media Services	177,547.22	-	172,293.93	-	(5,253.29)
General Administration	332,459.84	-	465,864.66	-	133,404.82
School Administration	807,927.54	-	609,806.11	-	(198,121.43)
Business Administration	143,898.95	-	40,359.91	-	(103,539.04)
Maintenance and Operation of Plant	930,188.31	13,496.31	443,827.36	-	(472,864.64)
Student Transportation Services	709,244.43	-	379,111.20	231,660.00	(98,473.23)
Other Support Services	15,280.55	-	10,754.05	-	(4,526.50)
Operations of Non-Instructional Services					
Enterprise Operations	198,595.23	120,254.30	-	-	(78,340.93)
Food Services	740,040.75	22,718.40	783,311.29	-	65,988.94
Interest on Long-Term Debt	868.38	-	-	-	(868.38)
Total Governmental Activities	$ 12,574,051.06	$ 156,469.01	$ 9,710,289.34	$ 231,660.00	(2,475,632.71)
General Revenues					
Taxes					
Property Taxes					
For Maintenance and Operations					3,083,620.43
Railroad Cars					17,255.41
Sales Taxes					
Special Purpose Local Option Sales Tax					
For Capital Projects					799,031.10
Other Sales Tax					48,375.32
Grants and Contributions not Restricted to Specific Programs					472,661.00
Investment Earnings					13,040.02
Miscellaneous					301,912.33
Total General Revenues					4,735,895.61
Change in Net Position					2,260,262.90
Net Position - Beginning of Year (Restated)					10,459,497.53
Net Position - End of Year					$ 12,719,760.43

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

MONTGOMERY COUNTY BOARD OF EDUCATION

EXHIBIT "C"

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 4,256,229.02	$ 845,397.67	$ 5,101,626.69
Accounts Receivable, Net			
Taxes	309,848.38	71,123.57	380,971.95
State Government	737,765.54	-	737,765.54
Federal Government	426,434.63	-	426,434.63
Other	42,845.29	-	42,845.29
Inventories	8,197.44	-	8,197.44
Total Assets	$ 5,781,320.30	$ 916,521.24	$ 6,697,841.54
LIABILITIES			
Accounts Payable	$ 237,162.68	$ 73,607.79	$ 310,770.47
Salaries and Benefits Payable	1,076,072.61	-	1,076,072.61
Payroll Withholdings Payable	450.00	-	450.00
Contracts Payable	-	53,184.94	53,184.94
Total Liabilities	1,313,685.29	126,792.73	1,440,478.02
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	88,021.34	-	88,021.34
FUND BALANCES			
Nonspendable	8,197.44	-	8,197.44
Restricted	380,381.94	789,728.51	1,170,110.45
Assigned	152,347.94	-	152,347.94
Unassigned	3,838,686.35	-	3,838,686.35
Total Fund Balances	4,379,613.67	789,728.51	5,169,342.18
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,781,320.30	$ 916,521.24	$ 6,697,841.54

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

MONTGOMERY COUNTY BOARD OF EDUCATION

EXHIBIT "D"

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE STATEMENT OF NET POSITION

JUNE 30, 2021

Total fund balances - governmental funds (Exhibit "C")			$ 5,169,342.18
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Land	$	373,803.00	
Construction in progress		10,736.98	
Buildings and improvements		28,888,602.70	
Equipment		2,651,394.12	
Land improvements		1,650,855.04	
Accumulated depreciation		(9,104,638.44)	24,470,753.40
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liability	$	(9,769,262.00)	
Net OPEB liability		(9,549,189.00)	(19,318,451.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.			
Related to pensions	$	2,298,227.60	
Related to OPEB		55,749.00	2,353,976.60
Taxes that are not available to pay for current period expenditures are deferred in the funds.			88,021.34
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Lease liability payable			(43,882.09)
Net position of governmental activities (Exhibit "A")			$ 12,719,760.43

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

MONTGOMERY COUNTY BOARD OF EDUCATION

EXHIBIT "E"

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES			
Property Taxes	$ 3,138,357.57	$ -	$ 3,138,357.57
Sales Taxes	48,375.32	799,031.10	847,406.42
State Funds	6,796,813.77	-	6,796,813.77
Federal Funds	3,614,039.57	-	3,614,039.57
Charges for Services	156,469.01	-	156,469.01
Investment Earnings	9,191.87	3,848.15	13,040.02
Miscellaneous	301,912.33	-	301,912.33
Total Revenues	14,065,159.44	802,879.25	14,868,038.69
EXPENDITURES			
Current			
Instruction	6,295,154.63	73,776.06	6,368,930.69
Support Services			
Pupil Services	607,540.22	1,047.90	608,588.12
Improvement of Instructional Services	684,764.95	-	684,764.95
Educational Media Services	170,634.36	-	170,634.36
General Administration	312,912.50	14,832.78	327,745.28
School Administration	768,685.00	486.00	769,171.00
Business Administration	127,503.11	10,075.02	137,578.13
Maintenance and Operation of Plant	786,613.98	253,982.98	1,040,596.96
Student Transportation Services	618,458.49	100,740.14	719,198.63
Other Support Services	14,559.39	-	14,559.39
Enterprise Operations	198,595.23	-	198,595.23
Food Services Operation	703,498.43	-	703,498.43
Capital Outlay	-	328,357.80	328,357.80
Debt Services			
Principal	-	16,957.54	16,957.54
Interest	-	868.38	868.38
Total Expenditures	11,288,920.29	801,124.60	12,090,044.89
Revenues over Expenditures	2,776,239.15	1,754.65	2,777,993.80
OTHER FINANCING SOURCES			
Capital Lease	-	60,839.63	60,839.63
Net Change in Fund Balances	2,776,239.15	62,594.28	2,838,833.43
Fund Balances - Beginning (Restated)	1,603,374.52	727,134.23	2,330,508.75
Fund Balances - Ending	$ 4,379,613.67	$ 789,728.51	$ 5,169,342.18

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

MONTGOMERY COUNTY BOARD OF EDUCATION

EXHIBIT "F"

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

Net change in fund balances total governmental funds (Exhibit "E")		$ 2,838,833.43
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 588,393.19	
Depreciation expense	(654,527.24)	(66,134.05)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(37,481.73)
Proceeds Received from Capital Lease Agreements are reported as liabilities in the Statement of Activities whereas in the Governmental Funds these proceeds are reported as Other Financing Sources.		
Capital lease agreement		(60,839.63)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Lease liability payments		16,957.54
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.		
Pension expense	$ (304,793.66)	
OPEB expense	(126,279.00)	(431,072.66)
Change in net position of governmental activities (Exhibit "B")		$ 2,260,262.90

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

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, 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 certain revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property

taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, 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 resources available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

New Accounting Pronouncements

In fiscal year 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and 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 the GASB Statement No. 84 is described in the restatement note.

In fiscal year 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests*. It defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The adoption of this statement did not have an impact on the School District’s financial statements.

Cash and Cash Equivalents

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

Receivables

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

Inventories

Food Inventories

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

Capital Assets

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

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

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

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

		Capitalization Policy	Estimated Useful Life
Land		Any Amount	N/A
Land Improvements	$	10,000.00	15 to 80 years
Buildings and Improvements	$	10,000.00	50 to 80 years
Equipment	$	5,000.00	5 to 50 years
Construction in Progress	$	10,000.00	N/A
Intangible - Software	$	150,000.00	10 years
All Other Intangibles	$	100,000.00	20 years

Deferred Outflows/Inflows of Resources

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

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

Long-Term Liabilities

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. In the governmental fund financial statements, the School District recognizes the proceeds of debt as other financing sources.

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

Use of Estimates

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

Property Taxes

The Montgomery County Board of Commissioners adopted the property tax levy for the 2020 tax digest year (calendar year) on September 14, 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 Montgomery 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 amounted to $2,588,000.88.

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

School Operations	15.00 mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $533,101.28 during fiscal year ended June 30, 2021.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $799,031.10 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general fund and capital projects fund. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund, function and object. 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.

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

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

NOTE 4: DEPOSITS

Collateralization of Deposits

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

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

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

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

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

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

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

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

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2021, the School District had deposits with a carrying amount of $5,101,626.69, and a bank balance of $5,436,212.64. The bank balances insured by Federal depository insurance were $500,000.00 and the bank balances collateralized with securities held in the School District's name were $4,936,212.64.

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2020	Increases	Decreases	Balances June 30, 2021
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	$ 373,803.00	$ -	$ -	$ 373,803.00
Construction in Progress	323,866.57	242,255.15	555,384.74	10,736.98
Total Capital Assets				
Not Being Depreciated	697,669.57	242,255.15	555,384.74	384,539.98
Capital Assets				
Being Depreciated				
Buildings and Improvements	28,834,022.70	54,580.00	-	28,888,602.70
Equipment	2,517,977.19	255,558.04	122,141.11	2,651,394.12
Land Improvements	1,059,470.30	591,384.74	-	1,650,855.04
Less Accumulated Depreciation:				
Buildings and Improvements	6,322,507.90	451,605.80	-	6,774,113.70
Equipment	1,598,401.66	151,144.64	122,141.11	1,627,405.19
Land Improvements	651,342.75	51,776.80	-	703,119.55
Total Capital Assets,				
Being Depreciated, Net	23,839,217.88	246,995.54	-	24,086,213.42
Governmental Activities				
Capital Assets - Net	$ 24,536,887.45	$ 489,250.69	$ 555,384.74	$ 24,470,753.40

Current year depreciation expense by function is as follows:

Instruction		$ 513,675.59
Support Services		
General Administration	$ 2,132.45	
School Administration	7,975.87	
Maintenance and Operation of Plant	37,143.00	
Student Transportation Services	70,309.78	117,561.10
Food Services		23,290.55
		$ 654,527.24

NOTE 6: LONG-TERM LIABILITIES

The changes in long-term liabilities during the fiscal year for governmental activities were as follows:

	Governmental Activities				
	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Capital Lease	$ -	$ 60,839.63	$ 16,957.54	$ 43,882.09	$ 15,136.79

Capital Lease

The School District has acquired equipment under the provisions of a long-term lease agreement classified as a capital lease for accounting purposes because it provides for a bargain purchase option or a transfer of ownership by the end of the lease term.

The following asset was acquired through a capital lease and is reflected in the capital asset note at fiscal year-end:

	Governmental Activities
Equipment	$ 60,839.63
Less: Accumulated Depreciation	3,041.98
	$ 57,797.65

During the current fiscal year, the School District entered into a lease agreement as lessee for financing the acquisition of a phone system at a cost of 60,839.63. This lease qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The imputed interest rate is 1.41% per annum.

The capital lease currently outstanding is as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Phone System	1.41%	1/15/2021	4/15/2024	$ 60,839.63	$ 43,882.09

The following is a schedule of total capital lease payments:

Fiscal Year Ended June 30:	Principal	Interest
2022	$ 15,136.79	$ 515.05
2023	15,351.61	300.23
2024	13,393.69	83.91
Total Principal and Interest	$ 43,882.09	$ 899.19

Note 7: RISK MANAGEMENT

Insurance

Commercial Insurance

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

Workers' Compensation

Georgia School Boards Association Workers' Compensation Fund

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program to reduce the risk of loss from employee accidents. The School District pays an annual contribution to the Fund for coverage. The Fund provides statutory limits of coverage for Workers' Compensation coverage and a $2,000,000 limit per occurrence for Employers' Liability coverage. Excess insurance coverage is provided through an agreement between the Fund and the Safety National Casualty Corporation to limit the Fund's exposure to large losses.

Unemployment Compensation

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

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2020	$ -	$ 2,604.00	$ 2,604.00	$ -
2021	$ -	$ -	$ -	$ -

Surety Bond

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

Position Covered	Amount
Superintendent	$ 100,000.00

NOTE 8: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2021:

Nonspendable		
Inventories		$ 8,197.44
Restricted		
Bus Replacement	$ 154,440.00	
Continuation of Federal Programs	225,941.94	
Capital Projects	789,728.51	1,170,110.45
Assigned		
School Activity Accounts		152,347.94
Unassigned		3,838,686.35
Fund Blance, June 30, 2021		$ 5,169,342.18

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

NOTE 9: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

Benefits Provided: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $238,682.00 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2021, the School District reported a liability of $9,549,189.00 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 0.065015%, which was an increase of 0.002825% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of $364,961.00. 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	$ -	$ 1,042,475.00
Changes of assumptions	1,579,224.00	849,672.00
Net difference between projected and actual earnings on OPEB plan investments	24,889.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	353,738.00	248,637.00
School District contributions subsequent to the measurement date	238,682.00	-
Total	$ 2,196,533.00	$ 2,140,784.00

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:

Year Ended June 30:	OPEB
2022	$ (204,148.00)
2023	$ (204,816.00)
2024	$ (129,609.00)
2025	$ 63,098.00
2026	$ 215,125.00
Thereafter	$ 77,417.00

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

OPEB:

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

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

- For TRS members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 projection scale (set forward one year and adjusted 106%) is used for death prior to retirement and for service retirements and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for disability retirements. 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 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 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 which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

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

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

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

Asset class	Target allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00%	0.50%
Equities	70.00%	9.20%
Total	100.00%	

* Net of inflation

Discount Rate: The discount rate has changed since the prior measurement date from 3.58% to 2.22%. 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.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 2.22%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using the 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 liability	$ 11,218,722.00	$ 9,549,189.00	$ 8,214,029.00

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School District's proportionate share of the net OPEB liability, as well as what the 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 liability	$ 7,950,660.00	$ 9,549,189.00	$ 11,618,821.00

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

NOTE 11: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The School District's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual School District payroll. For the current fiscal year, employer contributions to the pension plan were $992,660.60 from the School District.

Public School Employees Retirement System (PSERS)

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

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

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

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

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was $20,780.00.

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

At June 30, 2021, the School District reported a liability of $9,769,262.00 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 0.040329%, which was an increase of 0.001811% 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 $121,933.00.

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

For the year ended June 30, 2021, the School District recognized pension expense of $1,297,455.00 for TRS and $24,537.00 for PSERS and revenue of $24,537.00 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 pensions from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 425,454.00	$ -
Changes of assumptions	1,006,245.00	-
Net difference between projected and actual earnings on pension plan investments	235,294.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	267,253.00	628,679.00
School District contributions subsequent to the measurement date	992,660.60	-
Total	$ 2,926,906.60	$ 628,679.00

The 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 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:

Year Ended June 30:	TRS
2022	$ 41,140.00
2023	$ 428,367.00
2024	$ 560,926.00
2025	$ 275,134.00

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.

Public School Employees Retirement System:

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

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – 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	-	5.00%	12.00%
Total	100.00%	100.00%	

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

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

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

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	$ 15,491,718.00	$ 9,769,262.00	$ 5,078,489.00

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

NOTE 12: RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

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 governmental activities and fund balance in the general fund. These changes are in accordance with generally accepted accounting principles.

Net Position, July 1, 2020 as previously reported	$ 10,445,994.96
Prior Period Adjustment - Implementation of GASB No. 84 School Activity Account Reclassification	13,502.57
Net Position, July 1, 2020, as restated	$ 10,459,497.53
Fund Balance (General Fund), July 1, 2020, as previously reported	$ 1,589,871.95
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification	13,502.57
Fund Balance (General Fund), July 1, 2020, as restated	$ 1,603,374.52

Funds Held for Others of $13,502.57, previously presented in the Fiduciary Funds, was reclassified to Net Position and Fund Balance (General Fund).

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.040329%	$ 9,769,262.00	$ -	$ 9,769,262.00	$ 5,199,580.23	187.89%	77.01%
2020	0.038518%	$ 8,282,412.00	$ -	$ 8,282,412.00	$ 4,700,355.53	176.21%	78.56%
2019	0.040022%	$ 7,428,940.00	$ -	$ 7,428,940.00	$ 4,767,202.71	155.83%	80.27%
2018	0.043313%	$ 8,049,854.00	$ -	$ 8,049,854.00	$ 4,968,490.26	162.02%	79.33%
2017	0.049081%	$ 10,125,958.00	$ -	$ 10,125,958.00	$ 5,391,949.44	187.80%	76.06%
2016	0.051468%	$ 7,835,492.00	$ -	$ 7,835,492.00	$ 5,440,677.57	144.02%	81.44%
2015	0.048024%	$ 6,067,199.00	$ -	$ 6,067,199.00	$ 4,914,298.13	123.46%	84.03%

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

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

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2021	$ 992,660.60	$ 992,660.60	$ -	$ 5,208,082.87	19.06%
2020	$ 1,099,191.26	$ 1,099,191.26	$ -	$ 5,199,580.23	21.14%
2019	$ 982,374.31	$ 982,374.31	$ -	$ 4,700,355.53	20.90%
2018	$ 801,366.78	$ 801,366.78	$ -	$ 4,767,202.71	16.81%
2017	$ 709,003.56	$ 709,003.56	$ -	$ 4,967,490.26	14.27%
2016	$ 769,431.17	$ 769,431.17	$ -	$ 5,391,949.44	14.27%
2015	$ 715,449.10	$ 715,449.10	$ -	$ 5,440,677.57	13.15%
2014	$ 603,475.81	$ 603,475.81	$ -	$ 4,914,298.13	12.28%
2013	$ 560,715.53	$ 560,715.53	$ -	$ 4,914,246.54	11.41%
2012	$ 566,278.13	$ 566,278.13	$ -	$ 5,508,542.12	10.28%

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

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.00%	$ -	$ 121,933.00	$ 121,933.00	$ 277,645.37	N/A	84.45%
2020	0.00%	$ -	$ 109,756.00	$ 109,756.00	$ 244,635.94	N/A	85.02%
2019	0.00%	$ -	$ 108,508.00	$ 108,508.00	$ 311,024.41	N/A	85.26%
2018	0.00%	$ -	$ 93,938.00	$ 93,938.00	$ 281,770.37	N/A	85.69%
2017	0.00%	$ -	$ 118,952.00	$ 118,952.00	$ 252,550.85	N/A	81.00%
2016	0.00%	$ -	$ 72,821.00	$ 72,821.00	$ 236,754.10	N/A	87.00%
2015	0.00%	$ -	$ 71,888.00	$ 71,888.00	$ 203,399.18	N/A	88.29%

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

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

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.065015%	$ 9,549,189.00	$ -	$ 9,549,189.00	$ 4,946,992.45	193.03%	3.99%
2020	0.062190%	$ 7,632,047.00	$ -	$ 7,632,047.00	$ 4,324,115.37	176.50%	4.63%
2019	0.062607%	$ 7,957,157.00	$ -	$ 7,957,157.00	$ 4,305,983.11	184.79%	2.93%
2018	0.063517%	$ 8,924,113.00	$ -	$ 8,924,113.00	$ 4,369,173.38	204.25%	1.61%

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

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

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2021	$ 238,682.00	$ 238,682.00	$ -	$ 5,123,233.69	4.66%
2020	$ 219,864.00	$ 219,864.00	$ -	$ 4,946,992.45	4.44%
2019	$ 334,934.00	$ 334,934.00	$ -	$ 4,324,115.37	7.75%
2018	$ 324,487.00	$ 324,487.00	$ -	$ 4,305,983.11	7.54%
2017	$ 331,179.00	$ 331,179.00	$ -	$ 4,369,173.38	7.58%

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

Teachers Retirement System

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

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

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

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

Public School Employees Retirement System

Changes of benefit terms: 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 3 years for males and 2 years for females).

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

School OPEB Fund

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

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

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, to 3.58% as of June 30, 2019, and to 2.22% as of June 30, 2020.

MONTGOMERY COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Property Taxes	$ 2,820,000.00	$ 2,820,000.00	$ 3,138,357.57	$ 318,357.57
Sales Taxes	32,000.00	32,000.00	48,375.32	16,375.32
State Funds	5,880,979.00	6,613,480.00	6,796,813.77	183,333.77
Federal Funds	1,840,740.00	7,063,727.64	3,614,039.57	(3,449,688.07)
Charges for Services	347,512.00	347,512.00	156,469.01	(191,042.99)
Investment Earnings	5,300.00	23,300.00	9,191.87	(14,108.13)
Miscellaneous	78,400.00	114,400.00	301,912.33	187,512.33
Total Revenues	11,004,931.00	17,014,419.64	14,065,159.44	(2,949,260.20)
EXPENDITURES				
Current				
Instruction	6,545,084.00	10,077,192.64	6,295,154.63	3,782,038.01
Support Services				
Pupil Services	493,967.00	882,133.00	607,540.22	274,592.78
Improvement of Instructional Services	624,966.00	963,935.00	684,764.95	279,170.05
Educational Media Services	152,511.00	244,940.00	170,634.36	74,305.64
General Administration	233,036.00	317,513.00	312,912.50	4,600.50
School Administration	725,067.00	1,085,909.00	768,685.00	317,224.00
Business Administration	126,877.00	187,195.00	127,503.11	59,691.89
Maintenance and Operation of Plant	798,050.00	1,260,544.00	786,613.98	473,930.02
Student Transportation Services	497,576.00	941,130.00	618,458.49	322,671.51
Central Support Services	337.00	368.00	-	368.00
Other Support Services	14,075.00	14,279.00	14,559.39	(280.39)
Enterprise Operations	-	-	198,595.23	(198,595.23)
Food Services Operation	793,385.00	1,039,274.00	703,498.43	335,775.57
Total Expenditures	11,004,931.00	17,014,412.64	11,288,920.29	5,725,492.35
Net Change in Fund Balances	-	7.00	2,776,239.15	2,776,232.15
Fund Balances - Beginning (Restated)	1,575,233.59	1,575,233.59	1,603,374.52	28,140.93
Adjustments	(14,304.45)	(6,107.01)	-	6,107.01
Fund Balances - Ending	$ 1,560,929.14	$ 1,569,133.58	$ 4,379,613.67	$ 2,810,480.09

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

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

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	215GA324N1199	$ 210,357.70
National School Lunch Program	10.555	215GA324N1199	428,385.01
Total Child Nutrition Cluster			638,742.71
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Fresh Fruit and Vegetable Program	10.582	215GA324L1603	18,240.16
State Administrative Expenses for Child Nutrition	10.560	215GA904N2533	865.84
Total Other Programs			19,106.00
Total U. S. Department of Agriculture			657,848.71
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	337,953.49
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	1,566,389.12
Total Education Stabilization Fund			1,904,342.61
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A190073	18,951.00
Grants to States	84.027A	H027A200073	220,319.15
Preschool Grants	84.173A	H173A190081	382.00
Preschool Grants	84.173A	H173A200081	7,231.46
Total Special Education Cluster			246,883.61
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A200010	26,934.91
Migrant Education - State Grant Program	84.011	S011A200011	32,709.37
Rural Education	84.358B	S358B190010	458.00
Rural Education	84.358B	S358B200010	17,197.00
Supporting Effective Instruction State Grants	84.367A	S367A200001	1,134.36
Title I Grants to Local Educational Agencies	84.010A	S010A190010	106,631.98
Title I Grants to Local Educational Agencies	84.010A	S010A200010	519,790.19
Total Other Programs			704,855.81
Total U. S. Department of Education			2,856,082.03

MONTGOMERY COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U. S. Department of			
Pass-Through From Bright From the Start			
Georgia Department of Early Care and Learning			
COVID-19 - Child Care and Development Block Grant	93.575	2110GACCC5	4,058.00
Total Expenditures of Federal Awards			$ 3,517,988.74

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Montgomery 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). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Donated Personal Protective Equipment

In response to the COVID-19 pandemic, the federal government donated personal protective equipment (PPE) to Georgia Emergency Management and Homeland Security Agency (GEMA/HS). GEMA/HS, then, donated PPE with an estimated fair market value of $11,975.00 to the Montgomery 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.

MONTGOMERY COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
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	$ 183,515.60
Education, Georgia Department of	
Quality Basic Education	
Direct Instructional Cost	
Kindergarten Program	165,664.00
Kindergarten Program - Early Intervention Program	172,639.00
Primary Grades (1-3) Program	467,812.00
Primary Grades - Early Intervention (1-3) Program	355,671.00
Upper Elementary Grades (4-5) Program	187,710.00
Upper Elementary Grades - Early Intervention (4-5) Program	267,711.00
Middle School (6-8) Program	550,203.00
High School General Education (9-12) Program	502,366.00
Vocational Laboratory (9-12) Program	194,334.00
Students with Disabilities	862,779.00
Gifted Student - Category VI	386,329.00
Remedial Education Program	220,021.00
Alternative Education Program	41,224.00
English Speakers of Other Languages (ESOL)	36,528.00
Media Center Program	106,653.00
20 Days Additional Instruction	31,781.00
Staff and Professional Development	20,321.00
Principal Staff and Professional Development	876.00
Indirect Cost	
Central Administration	369,688.00
School Administration	353,041.00
Facility Maintenance and Operations	228,242.00
Amended Formula Adjustment	(180,206.00)
Categorical Grants	
Pupil Transportation	
Regular	199,398.00
Bus Replacement	154,440.00
Nursing Services	45,000.00
Sparsity	178,512.00
Education Equalization Funding Grant	472,661.00
Other State Programs	
Food Services	17,700.00
GEMA Donations to LEAs	29,437.40
Hygiene Products	650.00
Math and Science Supplements	13,293.77
Preschool Disability Services	21,264.00
Pupil Transportation - State Bonds	77,220.00
Vocational Education	34,730.00
Vocational Supervisors	6,825.00
Office of the State Treasurer	
Public School Employees Retirement	20,780.00
	$ 6,796,813.77

See notes to the basic financial statements.

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MONTGOMERY COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2021

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
2016 Referendum:			
(i) For the purpose of making improvements and repairs to new and existing School District facilities;	$ 4,500,000.00	$ 345,824.99	Completed
(ii) For equipment purchases and repairs for use by students and School District staff;	-	1,057,721.26	Completed
(iii) Purchase of textbooks and other curricular items that are eligible to be purchased by Georgia law through sales tax proceeds; and	-	-	Completed
(iv) Acquisition, construction, and otherwise provision of school buildings and facilities and furnishings.	-	15,845,431.00	Completed
Subtotal 2016 Projects	4,500,000.00	17,248,977.25	
2021 Referendum:			
(i) For the purpose of making improvements and repairs to new and existing School District facilities;	4,500,000.00	500,000.00	6/30/2026
(ii) For equipment purchases and repairs for use by students and School District staff;	-	750,000.00	6/30/2026
(iii) Purchase of textbooks and other curricular items that are eligible to be purchased by Georgia law through sales tax proceeds; and	-	250,000.00	6/30/2026
(iv) Acquisition, construction, and otherwise provision of school buildings and facilities and furnishings.	-	3,000,000.00	6/30/2026
Subtotal 2021 Projects	4,500,000.00	4,500,000.00	
Total	$ 9,000,000.00	$ 21,748,977.25	

MONTGOMERY COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2021

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
2016 Referendum:				
(i) For the purpose of making improvements and repairs to new and existing School District facilities;	$ 81,579.69	$ 264,245.30	$ 345,824.99	$ -
(ii) For equipment purchases and repairs for use by students and School District staff;	391,187.11	666,534.15	1,057,721.26	-
(iii) Purchase of textbooks and other curricular items that are eligible to be purchased by Georgia law through sales tax proceeds; and	-	-	-	-
(iv) Acquisition, construction, and otherwise provision of school buildings and facilities and furnishings.	267,518.17	15,577,912.83	15,845,431.00	-
Subtotal 2016 Projects	740,284.97	16,508,692.28	17,248,977.25	-
2021 Referendum:				
(i) For the purpose of making improvements and repairs to new and existing School District facilities;	-	-	-	-
(ii) For equipment purchases and repairs for use by students and School District staff;	-	-	-	-
(iii) Purchase of textbooks and other curricular items that are eligible to be purchased by Georgia law through sales tax proceeds; and	-	-	-	-
(iv) Acquisition, construction, and otherwise provision of school buildings and facilities and furnishings.	-	-	-	-
Subtotal 2021 Projects	-	-	-	-
Total	$ 740,284.97	$ 16,508,692.28	$ 17,248,977.25	$ -

(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 Montgomery County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

See notes to the basic financial statements.

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Section II

Compliance and Internal Control Reports

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Stanley Rentz, Superintendent and Members of the
Montgomery County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Montgomery 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 October 28, 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

October 28, 2022

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DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Stanley Rentz, Superintendent and Members of the
Montgomery County Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Montgomery 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2021-001 that we consider to be a significant deficiency.

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

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

Respectfully submitted,



Greg S. Griffin
State Auditor

October 28, 2022

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Section III

Auditee's Response to Prior Year Findings and Questioned Costs

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

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000.00
Auditee qualified as low-risk auditee?	No

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

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

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2021-001 Strengthen Controls over Expenditures

Compliance Requirements:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
Assistance Listing Number and Title:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund
Federal Award Numbers:	S425D200012 (Year: 2020), S425D210012 (Year: 2021)
Questioned Costs:	$32,737

Description:
A review of expenditures charged to the Elementary and Secondary School Emergency Relief Fund program (Assistance Listing Number 84.425D) revealed that the School District's internal control procedures were not operating appropriately to ensure that expenditures were allowable for the program.

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

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

ESSER funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Education (ED). GaDOE was responsible for distributing funds to LEAs and overseeing the expenditure of funds by LEAs. ESSER funds totaling $1,904,342 were expended and reported on the Montgomery County Board of Education's *Schedule of Expenditures of Federal Awards* (SEFA) for fiscal year 2021.

Criteria:
As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards

pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

In addition, provisions included in Title VIII of the CARES Act state that the Education Stabilization Fund was established "to prevent, prepare for, and respond to coronavirus." Specifically, Section 18003(d) of the CARES Act lists 12 allowable uses of ESSER funds by LEAs.

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

Lastly, as a condition of receiving federal subawards from the GaDOE, LEAs are required to prepare an annual budget that reflects how funding will be expended. This budget is submitted in the Consolidated Application system and is required to be reviewed and approved by the GaDOE program and grants management prior to expending federal program funds. LEA personnel must also provide program-specific assurances related to the ESSER program within the Consolidated Application system. These assurances are reflected in the Uniform Guidance, Section 200.415 – Required Certifications, and include provisions that require LEAs "to assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets…".

Condition:

A sample of nine nonpersonal services expenditures was randomly selected for testing using a non-statistical sampling approach. One individually significant item was also selected for testing. These expenditures were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. It was noted that prior approval was not obtained from the GaDOE for four expenditures totaling $32,737 as these expenditures were not reflected in the approved budget within the Consolidated Application system as required.

Questioned Costs:

Upon testing a sample of $68,551 in nonpersonal services expenditures and individually significant or unusual expenditures totaling $4,211, known questioned costs of $32,737 were identified for expenditures not reflected within the approved project budget. Because stratified sampling techniques were applied to the population of nonpersonal services expenditures, which totaled $91,559, we also project likely questioned costs to be approximately $32,737.

Cause:

In discussing these deficiencies with management, they stated that the employee responsible for submitting an amended budget within the Consolidated Application system was on extended leave when the School District voted to expend ESSER funds for items not currently reflected within the approved budget. Therefore, an amended budget was not submitted and approved in a timely manner. Additionally, School District management was unaware of the requirement to have expenditures approved within the Consolidated Application system prior to the expending of funds.

Effect:

The School District is not in compliance with the Uniform Guidance or ED guidance related to the ESSER program. Failure to ensure that appropriate documentation exists to support the allowability of payments from the ESSER fund may expose the School District to unnecessary financial strains and shortages as ED or GaDOE may require the School District to return funds associated with unapproved expenditures.

Recommendation:

The School District should review current internal control procedures related to ESSER program expenditures. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that expenditures are appropriately approved by the GaDOE within the Consolidated Application system prior to the expending of federal program funds.

Views of Responsible Officials:

We concur with this finding.

Section V

Management's Corrective Action

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Committed to inspiring excellence in all.
Superintendent
Dr. Stan Rentz
Board of Education
Dr. Jim Paul Poole, Chair
Henry Price, Vice-Chair
Debra Gay
Eugene Ward
Susan Beard

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2021-001 Strengthen Controls over Expenditures

Compliance Requirement:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
Assistance Listing Number and Title:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund
Federal Award Number:	S425D200012 (Year: 2020), S425D210012 (Year: 2021)
Questioned Costs:	$32,737

Description:
A review of expenditures charged to the Elementary and Secondary School Emergency Relief Fund program (Assistance Listing Number 84.425D) revealed that the School District's internal control procedures were not operating appropriately to ensure that expenditures were allowable for the program.

Corrective Action Plans:
The district will conduct technical assistance meetings with the relevant staff in the fall of each new school year. Financial Department and Federal Programs will collaborate to conduct the training.

Estimated Completion Date: August 31, 2022

Contact Person: Nesbeth Blaxton, Finance Director
Telephone: 912-583-2301 Ext 201
Email: nblaxton@montgomery.k12.ga.us

Nesbeth Blaxton
Signature